Information for
Our Shareholders

Q3

July – September 2010

Nine-Month Financial Report 2010

A global team – winning together

Henkel: Financial highlights

in million euros		Q3/2009	Q3/2010	Change[1]	1–9/2009	1–9/2010	Change[1]
Sales		**3,485**	**3,961**	**13.7 %**	**10,228**	**11,363**	**11.1 %**
Operating profit (EBIT)		**290**	**501**	**73.0 %**	**787**	**1,344**	**70.9 %**
Laundry & Home Care		137	139	1.4 %	363	427	17.8 %
Cosmetics / Toiletries		99	113	13.4 %	290	325	12.0 %
Adhesive Technologies		89	268	>100.0%	231	676	>100.0 %
Return on sales (EBIT)	**in %**	**8.3**	**12.7**	**4.4 pp**	**7.7**	**11.8**	**4.1 pp**
Earnings before tax		**250**	**464**	**85.6 %**	**635**	**1,218**	**91.8 %**
Net income		**180**	**343**	**90.6 %**	**451**	**889**	**97.1 %**
– Attributable to non-controlling interests		–8	–6	–	–19	–20	–
– Attributable to shareholders of Henkel AG & Co. KGaA		172	337	95.9 %	432	869	>100.0 %
Earnings per ordinary share	**in euros**	**0.39**	**0.78**	**100.0 %**	**0.99**	**2.00**	**>100.0 %**
Earnings per preferred share	**in euros**	**0.39**	**0.78**	**100.0 %**	**1.00**	**2.01**	**>100.0 %**
Return on capital employed (ROCE)	**in %**	**10.2**	**16.3**	**6.1 pp**	**8.8**	**15.2**	**6.4 pp**
Capital expenditures on property, plant and equipment		**82**	**52**	**–36.6 %**	**267**	**164**	**–38.6 %**
Research and development expenses		**99**	**95**	**–4.0 %**	**301**	**293**	**–2.7 %**
Number of employees (as of September 30)		**50,948**	**48,151**	**–5.5 %**	**50,948**	**48,151**	**–5.5 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded

pp = percentage points

Adjusted earnings figures

in million euros		Q3/2009	Q3/2010	Change[1]	1–9/2009	1–9/2010	Change[1]
Adjusted operating profit (EBIT)[2]		**407**	**517**	**27.0 %**	**950**	**1,414**	**48.8 %**
Adjusted return on sales (EBIT)[2]	**in %**	**11.7**	**13.0**	**1.3 pp**	**9.3**	**12.4**	**3.1 pp**
Adjusted earnings before tax[2]		**367**	**480**	**30.8 %**	**776**	**1,288**	**61.4 %**
Adjusted net income[2]		**264**	**355**	**34.5 %**	**567**	**942**	**66.1 %**
– Attributable to non-controlling interests		–8	–6	–	–19	–20	–
– Attributable to shareholders of Henkel AG & Co. KGaA		256	349	36.3 %	548	922	68.2 %
Adjusted earnings per preferred share[2]	**in euros**	**0.59**	**0.80**	**35.6 %**	**1.27**	**2.13**	**67.7 %**

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded

[2] Adjusted for one-time charges/gains and restructuring charges

pp = percentage points

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Organic sales growth:
plus 6.5 percent
» Laundry & Home Care: plus 3.4 percent
» Cosmetics/Toiletries: plus 4.6 percent
» Adhesive Technologies: plus 9.7 percent

Adjusted[1)] operating profit (EBIT):
plus 27.0 percent to 517 million euros

Adjusted[1)] EBIT margin:
plus 1.3 percentage points to 13.0 percent

Adjusted[1)] earnings per preferred share (EPS):
plus 35.6 percent to 0.80 euros

[1)] Adjusted for one-time charges (0 million euros)/one-time gains (10 million euros) and restructuring charges (26 million euros)

Key facts

Laundry & Home Care performs well in a highly price-competitive market environment

Cosmetics/Toiletries continues strong sales and earnings development

Adhesive Technologies with further substantial sales growth and significant increase in earnings

Share of sales accounted for by growth regions rises to 42 percent

Net working capital improves 2.5 percentage points to 7.8 percent of sales

Debt coverage ratio increased to 55.8 percent

Innovations

Bref / WC Frisch Power Active
Fourfold power for a fresh toilet: Bref / WC Frisch Power Active is characterized by an innovative combination of active ingredients, making it the first rim block with four active pearls. This product was launched in July 2010 under the brands Bref and WC Frisch in over 30 countries in Western and Eastern Europe. The new freshener range is available in three fragrances.

Diadermine Novagen
Diadermine Dr. Caspari Novagen Intensive Age Repair is the first anti-aging skin care series to feature a plant-based stem cell complex. It protects the stem cells and activates their natural repair mechanism. With the cell renewal rate boosted by up to 70 percent, the skin appears tauter and wrinkles are softened, promoting a natural, youthful radiance.

Terophon HDF
With Terophon HDF, Henkel is able to offer the automotive industry a highly efficient damping material. It minimizes nuisance noise inside the vehicle and enables thinner sheets and lighter materials such as aluminum and magnesium to be used for the autobody elements. As Terophon HDF can be applied under automatic control, it can help to significantly reduce process costs.

For further information relating to our product innovations, please take a look at our “Innovation Letter” on our Investor Relations website: www *www.henkel.com/ir*.

Major events

On September 28, Bruno Piacenza, Corporate Senior Vice President for Cosmetics/Toiletries responsible for Western Europe, Middle East/North Africa and Asia-Pacific, and also President of Henkel in France, was nominated to succeed Dr. Friedrich Stara on the Henkel Management Board. Bruno Piacenza will join the Management Board of Henkel Management AG effective January 1, 2011 and, as of March 1, 2011, will assume responsibility as Executive Vice President in charge of the Laundry & Home Care business sector. Dr. Friedrich Stara reaches his 62nd birthday in March 2011 and is therefore due to retire at the end of February 2011.

For the fourth year running, Henkel has been named sector leader in the Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Index Europe (DJSI Europe). In the FMCG category, Henkel once again took first place and is the only company in its market segment to appear in both the DJSI World and DJSI Europe. The indexes are comprised of corporations that follow the principles of sustainable development in their business operations.

Preferred share performance

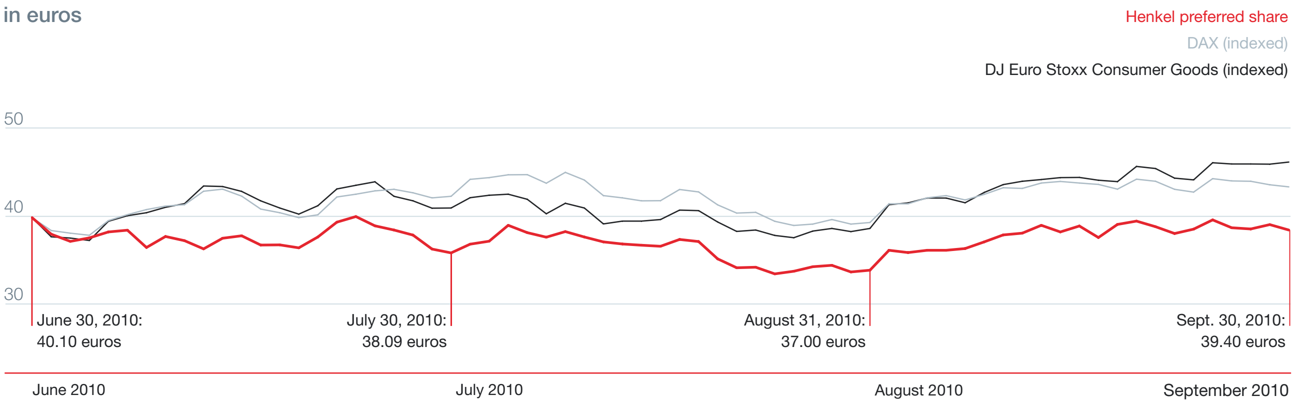
The stock markets registered strong price increases in the third quarter of 2010. The DAX gained 4.4 percent while the Dow Jones Euro Stoxx Consumer Goods Index actually rose by 8.0 percent. Within this market environment, the price of the Henkel preferred share decreased slightly – by 1.7 percent, from 40.10 euros to 39.40 euros. This meant that our stock underperformed with respect both to the DAX and to the shares representing the consumer goods segment. The associated price developments are shown in the graph below.

Shareholders who have held Henkel preferred shares since their issuance in 1985 and who invested the dividends accruing to them (without tax deduction) in further shares, will, by the end of the third quarter 2010, have enjoyed an average annual return of 10.5 percent before tax.

The annual report, our quarterly reports, current data on Henkel shares and bonds, as well as company news, financial reports and company presentations can be found on the Investor Relations website *www.henkel.com/ir*.

Performance of Henkel preferred share versus market, third quarter 2010

in euros



Key data on Henkel shares, third quarter

in euros		Q3/2009	Q3/2010
Earnings per share			
Ordinary share		0.39	0.78
Preferred share		0.39	0.78
Share price at period end [1]			
Ordinary share		24.83	33.22
Preferred share		29.42	39.40
High for the period [1]			
Ordinary share		24.86	33.71
Preferred share		29.42	40.17
Low for the period [1]			
Ordinary share		18.63	31.20
Preferred share		21.79	36.89
Market capitalization [1]	**in bn euros**	**11.7**	**15.6**
Ordinary share	in bn euros	6.5	8.6
Preferred share	in bn euros	5.2	7.0

[1] *Closing share prices, Xetra trading system*

Report third quarter 2010

Business performance third quarter 2010

Key financials [1)]

in million euros	Q3/2009	Q3/2010	+/–
Sales	3,485	3,961	13.7 %
Operating profit (EBIT)	290	501	73.0 %
Adjusted [2)] operating profit (EBIT)	407	517	27.0 %
Return on sales (EBIT)	8.3 %	12.7 %	4.4 pp
Adjusted [2)] return on sales (EBIT)	11.7 %	13.0 %	1.3 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	172	337	95.9 %
Adjusted [2)] net income – attributable to shareholders of Henkel AG & Co. KGaA	256	349	36.3 %
Earnings per preferred share in euros	0.39	0.78	100.0 %
Adjusted [2)] earnings per preferred share in euros	0.59	0.80	35.6 %

[1)] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2)] *Adjusted for one-time charges/gains and restructuring charges*

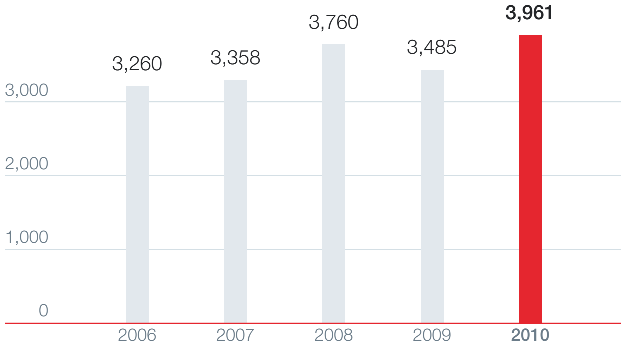
Earnings position

We generated sales of 3,961 million euros in the third quarter of 2010. Against the background of a predominantly positive market environment, this represented an increase of 13.7 percent versus the prior-year quarter. Adjusted for foreign exchange, sales improved by 6.4 percent. With growth of 6.5 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – once again exhibited a high rate of increase compared to the prior-year quarter.

Sales development

in percent	Q3/2010
Changes versus previous year	**13.7**
Foreign exchange	7.3
After adjusting for foreign exchange	**6.4**
Acquisitions/divestments	–0.1
Organic	**6.5**

Sales development, third quarter
in million euros



This gratifying development was driven by all three business sectors: Laundry & Home Care posted a positive growth rate of 3.4 percent after a slight decline in organic sales in the second quarter of 2010; the Cosmetics/Toiletries business sector once again outperformed the market with organic growth coming in at 4.6 percent; and with 9.7 percent achieved on the back of both price and volume factors, Adhesive Technologies recorded an almost double-digit increase over the prior-year quarter. We were able to slightly expand global market share in all three business sectors.

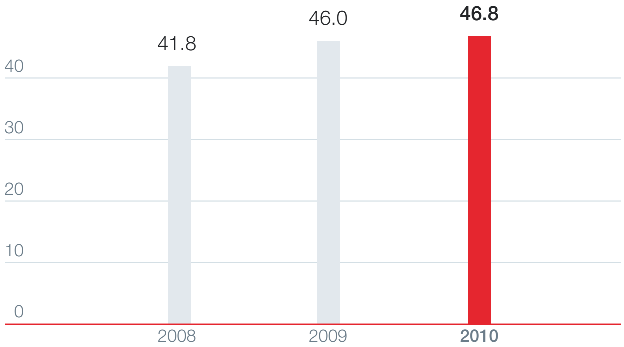
The third quarter of 2010 saw no major changes in our sales markets, nor were there any significant shifts in our competitive positions from those described in our AR *2009 annual report starting on page 59*.

Price and volume effects in third quarter 2010

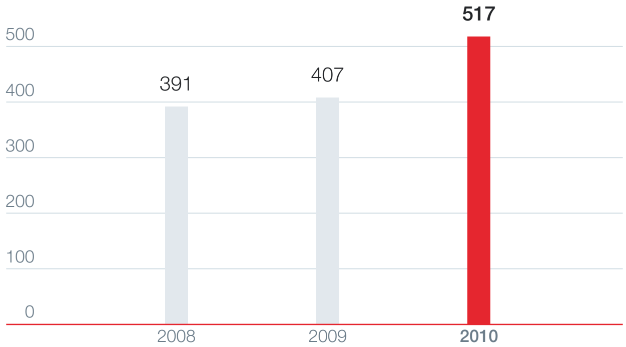
in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	3.4	–5.6	9.0
Cosmetics/Toiletries	4.6	–1.4	6.0
Adhesive Technologies	9.7	0.4	9.3
Henkel Group	**6.5**	**–1.8**	**8.3**

Gross margin increased by 0.8 percentage points to 46.8 percent. The figure for the prior-year period had been burdened by restructuring charges and a provision for an onerous supplier contract. After adjusting for these effects, gross margin underwent a decrease as, despite volume increases in all three business sectors and our cost-cutting efforts, we were unable to offset the effect of higher prices for raw materials and packaging.

Gross margin, third quarter
in percent



Adjusted EBIT, third quarter
in million euros



Marketing, selling and distribution expenses increased by 8.8 percent. We spent a total of 95 million euros on research and development. Synergies from our efficiency enhancement programs and robust sales growth resulted in a slight overall decrease in R&D expenditure to 2.4 percent of sales. As a result of extensive use of our shared service centers, administrative expenses decreased by 5.6 percent, substantially reducing the proportion of sales that they represent. Restructuring charges amounted to 26 million euros compared to 71 million euros in the prior-year quarter. The distribution of restructuring charges within the statement of income is explained on Q3 *page 25*.

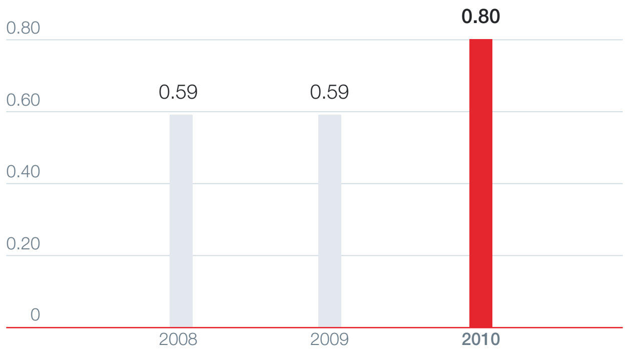
The balance of other operating income and charges increased from –16 million euros to 16 million euros. Included in other operating charges for the prior-year quarter was 24 million euros in valuation losses on assets held for sale in the Adhesive Technologies business sector.

Operating profit (EBIT) rose by 73.0 percent, from 290 million euros to 501 million euros. This is primarily due to the substantial improvement attained by Adhesive Technologies, which was able to maintain a significant rate of increase in earnings. After allowing for one-time gains (10 million euros from the release of a provision for an onerous supplier contract) and restructuring charges (26 million euros), adjusted operating profit (adjusted EBIT) improved by 27.0 percent, from 407 million euros to 517 million euros. Return on sales (EBIT margin) increased substantially, from 8.3 percent to 12.7 percent, while adjusted return on sales (adjusted EBIT margin) rose from 11.7 percent to 13.0 percent. With the substantial rise in operating profit, return on capital employed (ROCE) increased from 10.2 percent to 16.3 percent.

Attributable to lower net debt, our financial result improved from –40 million euros to –37 million euros. The tax rate amounted to 26.1 percent.

With EBIT higher, net income for the quarter increased by a substantial 90.6 percent, from 180 million euros to 343 million euros. After deducting earnings of 6 million euros attributable to non-controlling interests, net income for the quarter was 337 million euros (prior-year quarter: 172 million euros). Adjusted net income for the quarter after non-controlling interests was 349 million euros compared to 256 million euros in the prior-year quarter. Earnings per preferred share doubled from 0.39 euros to 0.78 euros. After adjustment, EPS came in at 0.80 euros compared to 0.59 euros in the prior-year quarter.

Adjusted earnings per preferred share, third quarter
in euros



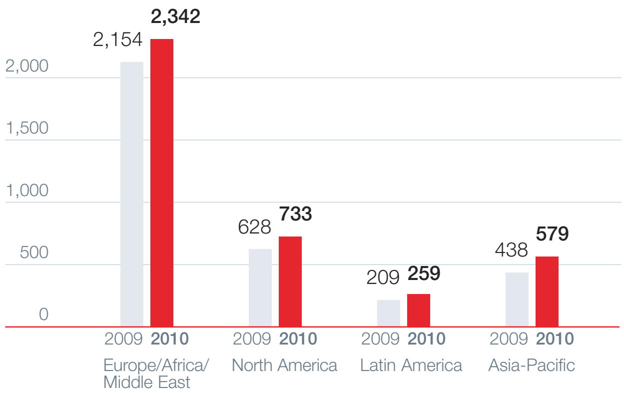
Regional performance

Henkel: Key figures by region[1], third quarter 2010

in million euros / Regions	Europe/ Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales July – September 2010	**2,342**	**733**	**259**	**579**	**49**	**3,961**
Sales July – September 2009	2,154	628	209	438	56	3,485
Change from previous year	8.7 %	16.6 %	23.5 %	32.2 %	–	13.7 %
After adjusting for foreign exchange	5.2 %	4.3 %	13.5 %	14.5 %	–	6.4 %
Organic	5.3 %	4.2 %	10.8 %	14.9 %	–	6.5 %
Proportion of Henkel sales July – September 2010	**59 %**	**18 %**	**7 %**	**15 %**	**1 %**	**100 %**
Proportion of Henkel sales July – September 2009	62 %	18 %	6 %	12 %	2 %	100 %
EBIT July – September 2010	**335**	**73**	**25**	**87**	**–19**	**501**
EBIT July – September 2009	209	41	17	58	–35	290
Change from previous year	60.6 %	75.2 %	47.3 %	48.3 %	–	73.0 %
After adjusting for foreign exchange	54.6 %	51.1 %	30.6 %	25.2 %	–	61.9 %
Return on sales (EBIT) July – September 2010	**14.3 %**	**10.0 %**	**9.7 %**	**15.0 %**	**–**	**12.7 %**
Return on sales (EBIT) July – September 2009	9.7 %	6.7 %	8.1 %	13.3 %	–	8.3 %

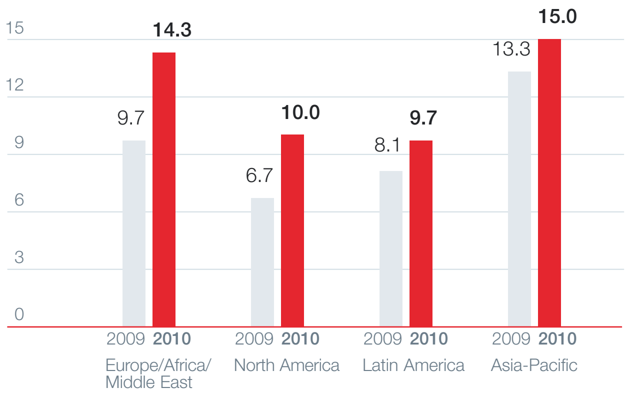
[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*

Sales by region[1], third quarter
in million euros



[1] *Excluding Corporate*

EBIT margin by region[1], third quarter
in percent



[1] *Excluding Corporate*

In the **Europe/Africa/Middle East** region, sales improved organically by 5.3 percent compared to the third quarter of 2009, an achievement to which all our business sectors contributed. In Africa/Middle East and Eastern Europe, we generated organic sales growth in the high single-digit percentage range. Western Europe including Germany posted organic growth in the mid single-digit percentage range, as was the case in the first two quarters of 2010. Operating profit of the Europe/Africa/Middle East region increased – after adjusting for foreign exchange – by 54.6 percent compared to the third quarter of 2009, driven in particular by the substantial improvement in earnings at the Adhesive Technologies business sector. Return on sales improved significantly by 4.6 percentage points to 14.3 percent.

Sales in the **North America** region grew organically by 4.2 percent compared to the prior-year quarter. Sales of the Adhesive Technologies business sector developed particularly well. There was a slight decline at Laundry & Home Care, with the Cosmetics/Toiletries business sector holding steady. Adjusted for foreign exchange, the operating profit of the region increased by 51.1 percent, with the substantial improvement in earnings posted by Adhesive Technologies making a particularly important contribution. Return on sales rose from 6.7 percent in the prior-year quarter to 10.0 percent.

We increased organic sales in the **Latin America** region by 10.8 percent, supported by all three business sectors. Operating profit improved – adjusted for foreign exchange – by 30.6 percent, thanks in particular to gratifying developments at Adhesive Technologies and Cosmetics/Toiletries. Return on sales increased by 1.6 percentage points to 9.7 percent.

In the **Asia-Pacific** region, organic growth remained double-digit at 14.9 percent, with encouraging increases in sales being posted by the business sectors Adhesive Technologies and Cosmetics/Toiletries. Adjusted for foreign exchange, operating profit improved by 25.2 percent, Adhesive Technologies making a particularly important contribution. At a strong 15.0 percent, return on sales was 1.7 percentage points above the level of the prior-year quarter.

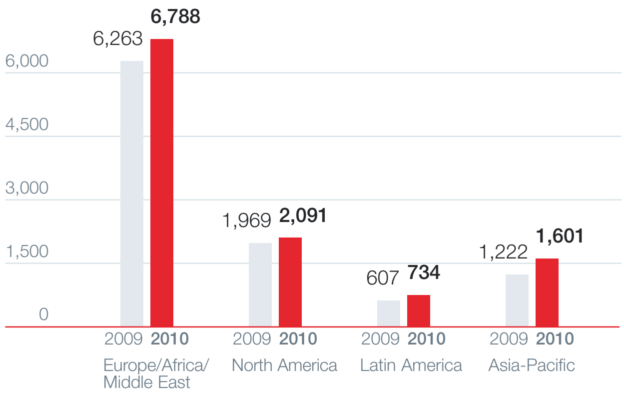
In our **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), sales increased by 20.7 percent to 1,656 million euros, representing 42 percent of total Group revenues (third quarter 2009: 39 percent). Compared to the prior-year quarter, organic growth was 10.1 percent, keeping it in the double-digit percentage range thanks in particular to the results of Adhesive Technologies and Cosmetics/Toiletries.

Henkel: Key figures by region[1], January – September 2010

in million euros Regions	Europe/ Africa/ Middle East	North America	Latin America	Asia-Pacific	Corporate	Henkel Group
Sales January – September 2010	**6,788**	**2,091**	**734**	**1,601**	**148**	**11,363**
Sales January – September 2009	6,263	1,969	607	1,222	167	10,228
Change from previous year	8.4 %	6.2 %	20.9 %	31.1 %	–	11.1 %
After adjusting for foreign exchange	5.7 %	1.3 %	13.2 %	19.2 %	–	6.6 %
Organic	5.8 %	4.7 %	11.3 %	18.9 %	–	7.3 %
Proportion of Henkel sales January – September 2010	**60 %**	**19%**	**6 %**	**14 %**	**1 %**	**100 %**
Proportion of Henkel sales January – September 2009	61 %	19 %	6 %	12 %	2 %	100 %
EBIT January – September 2010	**863**	**247**	**80**	**237**	**–84**	**1,344**
EBIT January – September 2009	602	122	44	116	–97	787
Change from previous year	43.4 %	>100 %	84.6 %	>100 %	–	70.9 %
After adjusting for foreign exchange	39.0 %	91.1 %	70.7 %	82.6 %	–	63.8 %
Return on sales (EBIT) January – September 2010	**12.7 %**	**11.8 %**	**10.9 %**	**14.8 %**	**–**	**11.8 %**
Return on sales (EBIT) January – September 2009	9.6 %	6.2 %	7.2 %	9.5 %	–	7.7 %

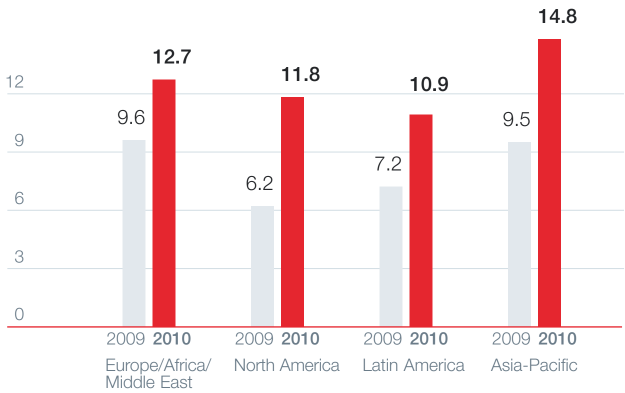
[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded

Sales by region[1], January – September
in million euros



[1] Excluding Corporate

EBIT margin by region[1], January – September
in percent



[1] Excluding Corporate

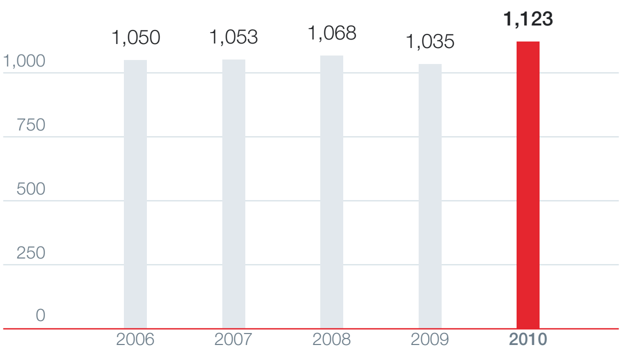
Laundry & Home Care

Key financials[1]

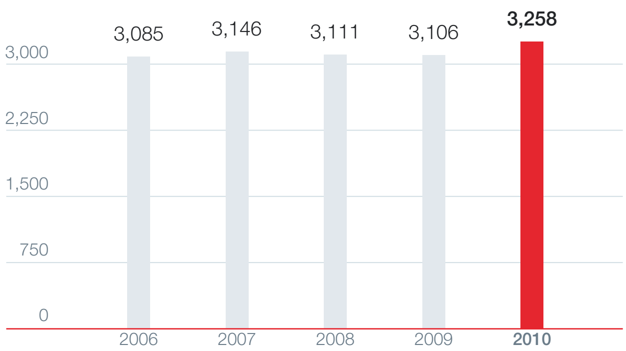
in million euros	Q3/2009	Q3/2010	+/–	1–9/2009	1–9/2010	+/–
Sales	1,035	1,123	8.4 %	3,106	3,258	4.9 %
Operating profit (EBIT)	137	139	1.4 %	363	427	17.8 %
Adjusted operating profit (EBIT)[2]	145	153	5.5 %	375	424	13.1 %
Return on sales (EBIT)	13.2 %	12.4 %	–0.8 pp	11.7 %	13.1 %	1.4 pp
Adjusted return on sales (EBIT)[2]	14.0 %	13.6 %	–0.4 pp	12.1 %	13.0 %	0.9 pp

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded
[2] Adjusted for one-time charges/gains and restructuring charges
pp = percentage points

Sales, third quarter
in million euros



Sales, January – September
in million euros



Sales development

in percent	Q3/2010	1–9/2010
Change versus previous year	**8.4**	**4.9**
Foreign exchange	5.4	3.5
After adjusting for foreign exchange	**3.0**	**1.4**
Acquisitions/divestments	–0.4	–0.4
Organic	**3.4**	**1.8**
of which price	–5.6	–4.7
of which volume	9.0	6.5

In the third quarter of 2010, the **Laundry & Home Care** business sector reported sales growth of 8.4 percent versus the prior-year quarter. Foreign exchange had a positive effect of 5.4 percent. Strong price and promotional competition in all our relevant markets continued through the third quarter, leading to a decline in prices of 5.6 percent compared to prior year. Despite this significant decrease, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – increased by 3.4 percent thanks to successes in further boosting volume growth after an already strong first half of the year. The increase in quantities sold amounted to 9.0 percent in the third quarter. One of the main drivers of the organic sales growth achieved was again the Africa/Middle East region which posted a double-digit increase. Performance in the mature markets was mixed. While sales in North America slightly declined due to high competitive pressures, we achieved a significant improvement in revenues in Western Europe, driven in particular by the strength of our German business. In the other regions, we succeeded in maintaining the sales level of the prior-year quarter, enabling us to expand market shares. In global terms too, we were able to increase our market share in our active markets.

In an aggressive competitive environment, developments in operating profit and return on sales were again encouraging, thanks in part to a slight increase in operating profit (EBIT) compared to the prior-year period. Return on sales and also, at 13.6 percent, adjusted return on sales were, however, below the high figures of the previous year, these latter having been positively influenced by high selling price levels combined with low material prices. Compared to the second quarter of 2010, adjusted return on sales improved by more than one percentage point, despite continuing pressure on gross margin arising from a further increase in material prices and declining selling price levels. Return on capital employed (ROCE) decreased by 1.5 percentage points to 20.6 percent due to the currency-related increase in the value of capital employed. Net working capital as a ratio of sales improved substantially compared to the prior-year level.

In the *Laundry* business, the quarter under review saw strong growth momentum in our heavy-duty detergents, particularly those of the Persil brand. Products of our Weisser Riese brand also performed very well, due in particular to the results achieved with the Intensive Color powder and gel variants offering active color power for radiant results. The positive trend with our fabric softeners continued, supported by further innovations. In Western Europe, we launched a fabric softener with innovative fresh pearls under the Vernel brand, combining the wash-protective character of Vernel with long-lasting and drier-resistant fragrances.

The continuing positive developments in organic sales registered by the *Home Care* business were further boosted by the results of our dish-washing products. In the machine dish-washing segment, the products Somat 9 and Somat Perfect Gel made a particularly strong contribution to the gratifying performance achieved. Our hand dish-washing products underwent similarly good growth rates. We also generated positive sales momentum with our WC products as a result of the launch of the first WC rim block with four active pearls.

Outlook

Despite a persistently high level of competitive intensity, we expect once again to further expand our global market position in 2010 and, in terms of organic sales growth, outperform our relevant markets, for which we predict a flat development. As a result of the continuation of our efficiency enhancement activities, we anticipate posting an increase in adjusted operating profit compared to the previous year, despite the forecast of further increases in material costs.

Cosmetics / Toiletries

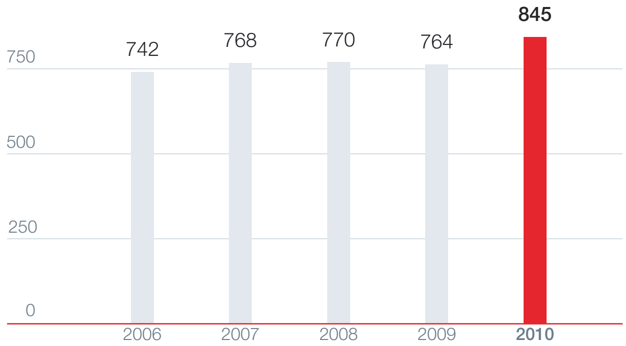
Key financials[1]

in million euros	Q3/2009	Q3/2010	+/–	1–9/2009	1–9/2010	+/–
Sales	764	845	10.7 %	2,274	2,471	8.7 %
Operating profit (EBIT)	99	113	13.4 %	290	325	12.0 %
Adjusted operating profit (EBIT)[2]	99	115	16.2 %	288	325	12.8 %
Return on sales (EBIT)	13.0 %	13.4 %	0.4 pp	12.8 %	13.1 %	0.3 pp
Adjusted return on sales (EBIT)[2]	13.0 %	13.6 %	0.6 pp	12.7 %	13.2 %	0.5 pp

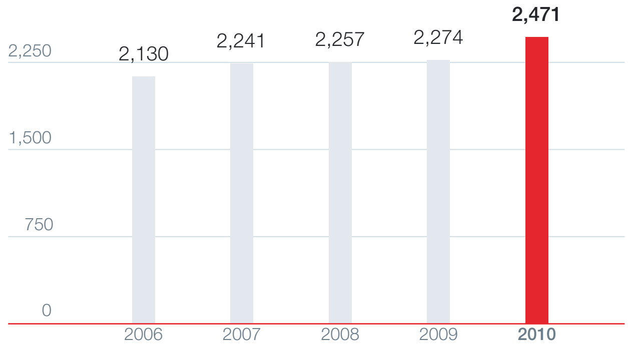
[1] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2] *Adjusted for one-time charges/gains and restructuring charges*

pp = percentage points

Sales, third quarter
in million euros



Sales, January – September
in million euros



Sales development

in percent	Q3/2010	1–9/2010
Change versus previous year	**10.7**	**8.7**
Foreign exchange	6.0	3.7
After adjusting for foreign exchange	**4.7**	**5.0**
Acquisitions/divestments	0.1	–0.1
Organic	**4.6**	**5.1**
of which price	–1.4	–0.4
of which volume	6.0	5.5

In the third quarter of 2010, the **Cosmetics/Toiletries** business sector again posted exceptional sales and earnings results, maintaining the momentum of previous quarters. With organic sales growth of 4.6 percent, we exceeded the level of the already strong prior-year quarter and once more significantly outperformed our relevant markets. Our market shares in our core countries once again grew to record levels.

The gratifying growth achieved is the result of strong performance in both the mature and the emerging markets. We succeeded in maintaining our growth momentum in Western Europe, while developments in North America remained stable. We achieved significant growth in the mature markets of Asia. Performance in the growth regions of Asia (excluding Japan), Africa/Middle East, Latin America and Eastern Europe was well above-average, with organic sales growth in the double-digit percentage range right across the board.

Operating profit (EBIT) increased by 13.4 percent, or 7.3 percent after adjusting for foreign exchange. This resulted in a further improvement in return on sales in the quarter under review to 13.4 percent, 0.4 percentage points above the figure for the prior-year quarter. Adjusted return on sales increased by 0.6 percentage points to 13.6 percent, representing another new high. This outstanding performance is due to the continuing achievement of a very good gross margin and our consistently strict approach to cost management. Marketing investments remained at a high level. As a result of the increase in operating profit, return on capital employed (ROCE) rose by 2.2 percentage points versus the prior-year quarter, reaching a new third quarter high of 21.3 percent. Net working capital as a ratio of sales improved significantly compared to the previous year.

The *Hair Cosmetics* segment again turned in an exceptionally good performance in this quarter, expanding its market shares in all categories to new record levels. In addition to the launch of the Schauma Silk Comb range, the Hair Care business also pursued the relaunch of Gliss Kur Oil Nutritive as one of its headline activities. In the Colorants business, the focus was on continuing the successful roll-out of the Syoss Color line and the introduction of the first permanent foam colorant in the form of Perfect Mousse. With its innovative application method, this product offers great market potential. In the Styling category, the relaunch of Taft and the new sub-line Taft Ultra with Argon Oil likewise contributed to the good results achieved.

The *Body Care* business reaped the rewards of expanding the innovation offensives aligned to its core brands. In Western and Eastern Europe, our high-performance deodorant brand for men, Right Guard, was able to establish a position for itself in a challenging and competitive environment. We also launched a trend-aligned innovation for shower and deodorant products in the form of Mystic Moments under the Fa brand. With the successful launch of the innovation Right Guard Total Defense 5, offering quintuple protection against perspiration, we were able to substantially expand our market share in North America.

The chief activities pursued in the *Skin Care* segment related to the launch of the new sub-line Novagen under the Diadermine brand. Novagen is the first care product for the mass market to feature a plant-based stem cell complex.

The priority in the *Oral Care* segment was on expanding the successful Theramed 2in1 series through the inclusion of the innovative Power Clean & White line.

And in the *Hair Salon* business, Schwarzkopf Professional again generated good, positive sales growth in the third quarter in comparison to the prior-year period. The further penetration achieved from the relaunch of our cross-segment brand Essensity for hair care and styling applications further boosted the growth momentum. In a persistently difficult market environment, we were therefore able to further consolidate our good market position and gain additional market share.

Outlook

We anticipate further positive business developments in 2010. Despite the persistently high level of competitive intensity, we intend – through our ongoing innovation offensive – to further expand our global market positions and, in terms of organic sales growth, to outperform our relevant markets, for which we predict a flat development. Committed to resolutely pursuing our policy of strict cost control with the measures initiated, we look forward to achieving a substantial increase in adjusted operating profit versus prior year.

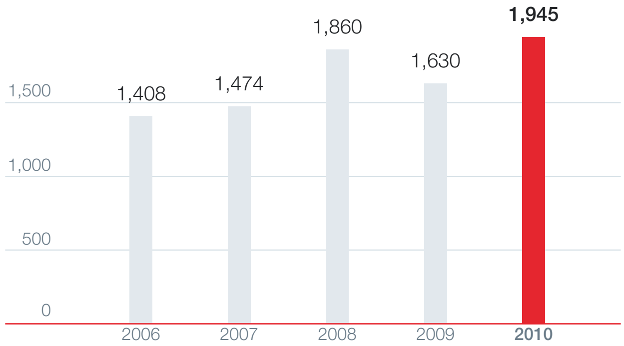
Adhesive Technologies

Key financials[1)]

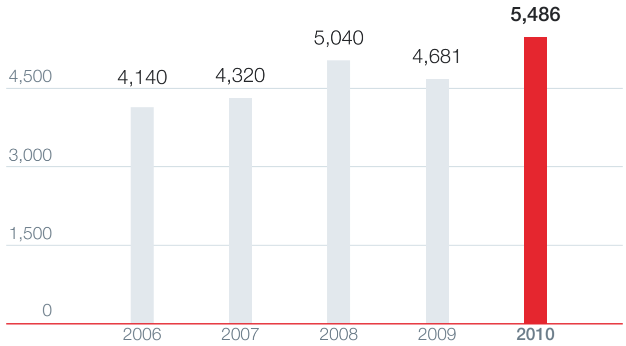
in million euros	Q3/2009	Q3/2010	+/–	1–9/2009	1–9/2010	+/–
Sales	1,630	1,945	19.3 %	4,681	5,486	17.2 %
Operating profit (EBIT)	89	268	>100.0 %	231	676	>100.0 %
Adjusted operating profit (EBIT)[2)]	172	268	>100.0 %	340	725	>100.0 %
Return on sales (EBIT)	5.5 %	13.8 %	8.3 pp	4.9 %	12.3 %	7.4 pp
Adjusted return on sales (EBIT)[2)]	10.6 %	13.8 %	3.2 pp	7.3 %	13.2 %	5.9 pp

[1)] Calculated on the basis of units of 1,000 euros; figures commercially rounded
[2)] Adjusted for one-time charges/gains and restructuring charges
pp = percentage points

Sales, third quarter
in million euros



Sales, January – September
in million euros



Sales development

in percent	Q3/2010	1–9/2010
Change versus previous year	**19.3**	**17.2**
Foreign exchange	9.2	5.7
After adjusting for foreign exchange	**10.1**	**11.5**
Acquisitions/divestments	0.4	–1.0
Organic	**9.7**	**12.5**
of which price	0.4	–0.5
of which volume	9.3	13.0

Carrying on from a very good first half year, the **Adhesive Technologies** business sector was able to generate further profitable growth in the third quarter. Sales exceeded the level of the prior-year quarter, which had been less heavily impacted by the crisis, by a substantial 19.3 percent, outpacing market growth in all regions. Organically – i.e. after adjusting for foreign exchange and acquisitions/divestments – sales rose by 9.7 percent. With price levels only slightly higher, the growth performance and the market share gains that came with it were largely driven by volume increases.

All our businesses and regions contributed to this significantly positive performance. The growth regions of Asia (excluding Japan), Africa/Middle East, Latin America and Eastern Europe continued to exhibit above-average increases in organic sales, culminating in a double-digit aggregate improvement. Sales in the mature markets of Western Europe and North America also grew significantly.

Operating profit (EBIT) tripled compared to the prior-year quarter, reaching 268 million euros, and it remained at 268 million euros after adjusting for one-time gains and restructuring charges. This represented a record high, as did the return on sales. Having undergone steady improvement, the latter increased significantly compared to the previous year, by 8.3 percentage points to 13.8 percent. This development is all the more remarkable as rising raw material and packaging prices in this quarter had a considerably more adverse effect than in the previous quarters. Nevertheless, we succeeded through substantial efficiency improvements in production and material management in increasing gross margin compared to prior year. Return on capital employed (ROCE) rose by 9.2 percentage points to 14.3 percent, despite negative foreign exchange influences on capital employed. Net working capital as a percentage of sales also improved compared to the previous year.

The *Adhesives for Craftsmen, Consumers and Building* business continued to develop well in all our regions. Both our activities involving craftsmen and consumers and also operations relating to the construction industry contributed to the growth achieved. Substantial increases compared to the prior-year quarter were registered in Latin America and Eastern Europe.

The significant improvements seen in the *Transport and Metal* business continued unabated. Particularly in Asia-Pacific, Latin America and Eastern Europe, we were able to once again post substantially higher revenue figures than those achieved in the prior-year quarter. In the regions of North America and Europe/Africa/Middle East too, we generated double-digit growth rates.

The *General Industry* segment continued to perform very encouragingly. It was here that we achieved the strongest sales growth from within the business sector in the period under review, with all regions contributing to, in some cases, substantial double-digit percentage growth rates.

We also succeeded in increasing sales in the *Packaging, Consumer Goods and Construction Adhesives* business, with the highest growth rates being achieved in Asia-Pacific, Latin America and Western Europe.

The *Electronics* business continued to benefit from the steady, strong recovery taking place in the semiconductor industry. All our regions contributed to the appreciable growth achieved, with Europe and North America performing disproportionately well.

Outlook

With the market environment recovering, we intend to continue along the path of profitable growth in 2010. In terms of organic growth, we want once again to outperform our relevant markets, which are themselves forecast to grow by around 5 percent. We anticipate that the prices for raw materials and packaging will undergo further rises, to which we will respond – where possible – with price increases of our own. There is a specific risk of shortages occurring in certain raw materials. Due to the strong improvement in our cost structures, we expect a substantial increase in adjusted operating profit for the full fiscal year, compared to the previous year.

Nine-month financial report 2010

Underlying economic conditions

The world economy recovered appreciably during the first nine months of this year. Global gross domestic product increased by almost 4 percent compared to prior year. Industrial manufacturing underwent substantially stronger expansion than private consumption which, with an increase of 2 percent, was somewhat more sluggish.

All the regions profited from the strong economic revival. The countries of our growth regions in particular were able to continue their strong rate of expansion. However, the recovery is also reflected in developments in the industrialized countries which registered growth rates of more than 2 percent.

In the USA, the rate of economic recovery was substantially higher than that of the corresponding prior-year period. Industrial manufacturing in particular was able to show substantial gains. However, the rate of growth has slowed in the course of 2010 due to declining industrial expansion, lack of momentum from the labor market and frail consumer confidence.

Gross domestic product in Asia underwent rapid expansion. The Japanese economy also contributed to growth, although developments ultimately weakened there. China and India, on the other hand, were able to continue their favorable development, registering high rates of growth in economic output.

Western Europe embarked on a moderate growth path but, due to the return to strength of the euro, was ultimately unable to maintain the high growth in exports that initially occurred. Germany is currently playing a special role in developments within Europe, its strong growth contrasting significantly with the performance of other Western European countries.

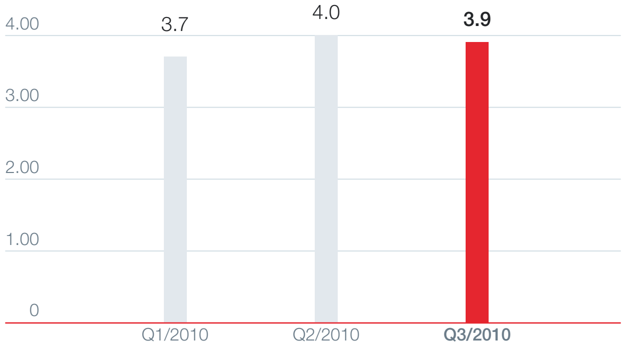
Most of the economies of Latin America were able to participate in the world economic recovery.

During the nine-month period, the euro experienced a degree of devaluation versus the US dollar. However, the fluctuations in both directions were considerable. After the euro fell to 1.20 US dollars in the first half of the year, it appreciated substantially to 1.40 US dollars.

Worldwide price levels have slightly increased. Price buoyancy was intermittently quite pronounced in the wake of strong economic recovery, although slowing down again. Inflation in both the USA and in the eurozone has been below 2 percent. While the increase in raw material prices has been the predominant factor in any rise registered, core inflation rates have remained low.

The level of unemployment throughout the world has slightly increased, with most regions registering upward movements. Only in Latin America has favorable economic development helped in reducing the number of unemployed.

Change in global GDP
in percent, real



Estimates based on FERI data

Sectors of importance for Henkel

Manufacturing production increased appreciably during the first nine months of this year. Although the speed of growth slowed somewhat in the third quarter, the average rate of increase across the nine-month period has been around 12 percent. Those industries that suffered substantially from the crisis have seen considerable expansion, in some cases with significant double-digit percentage growth rates. This applies to the metal industry, the electronics sector – and here particularly the basic segments such as chip production – and the transport industry. Machine construction has also profited substantially from the economic recovery, undergoing strong expansion as a result.

Within the transport sector, Asia's markets have experienced especially strong growth. In Europe, some countries suffered from the ending of the state support programs, with small car manufacturing suffering in particular. In the wake of the economic revival, demand has shifted somewhat more strongly in the direction of the more powerful classes of vehicle.

The consumer-aligned packaging industry underwent relatively moderate expansion, having previously suffered to a lesser extent from the effects of the economic crisis.

The worldwide construction industry contracted slightly overall, with substantial shrinkage in the industrialized regions and rapidly expanding building activity in the growth regions. The retail trade also profited from the economic recovery, growing by around 3 percent.

Effects on Henkel

The improvement in the macro-economic climate during the first nine months had a positive effect on Henkel's business performance overall.

The strong economic revival encountered in all regions meant that the company was able to generate a healthy organic sales growth rate of 7.3 percent. This was due particularly to developments in our growth regions, which underwent double-digit expansion. However, we also registered organic growth in Western Europe and North America.

The rise in industrial production had a positive influence on the performance of our Adhesive Technologies business sector. In particular, the increases in sales posted by our *Electronics* and *Transport and Metal* segments reflect the recovery of the electronics industry and the metal and transport industries respectively.

The increase in private consumption and the growth in retail trade are reflected in the rise in sales posted by our Laundry & Home Care and – in particular – our Cosmetics/Toiletries business.

Business performance January – September 2010

Key financials [1)]

in million euros	1–9/2009	1–9/2010	+/–
Sales	10,228	11,363	11.1 %
Operating profit (EBIT)	787	1,344	70.9 %
Adjusted [2)] operating profit (EBIT)	950	1,414	48.8 %
Return on sales (EBIT)	7.7 %	11.8 %	4.1 pp
Adjusted [2)] return on sales (EBIT)	9.3 %	12.4 %	3.1 pp
Net income – attributable to shareholders of Henkel AG & Co. KGaA	432	869	>100.0 %
Adjusted [2)] net income – attributable to shareholders of Henkel AG & Co. KGaA	548	922	68.2 %
Earnings per preferred share in euros	1.00	2.01	>100.0 %
Adjusted [2)] earnings per preferred share in euros	1.27	2.13	67.7 %

[1)] *Calculated on the basis of units of 1,000 euros; figures commercially rounded*
[2)] *Adjusted for one-time charges/gains and restructuring charges*

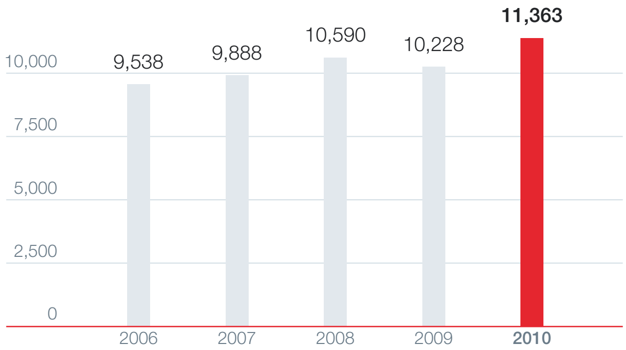
Earnings position

The first nine months of fiscal 2010 saw us generate sales of 11,363 million euros. Within an expanding market environment, this represents an increase of 11.1 percent compared to the level of the prior-year period. After adjusting for foreign exchange, sales improved by 6.6 percent. With a plus of 7.3 percent, organic sales – i.e. sales adjusted for foreign exchange and acquisitions/divestments – showed a high rate of increase versus the same period in 2009.

Sales development

in percent	1–9/2010
Changes versus previous year	**11.1**
Foreign exchange	4.5
After adjusting for foreign exchange	**6.6**
Acquisitions/divestments	–0.7
Organic	**7.3**

Sales development, January – September
in million euros



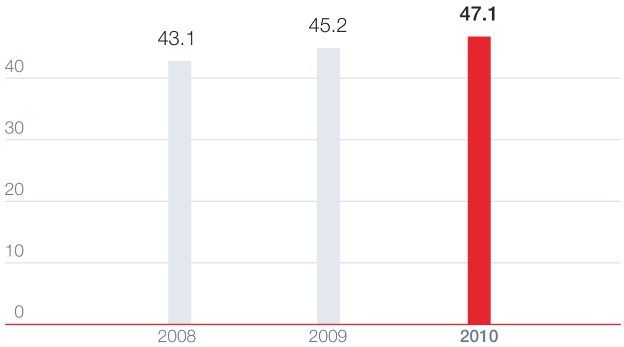
All three business units contributed to this gratifying result: Adhesive Technologies turned in an excellent performance, posting a double-digit organic growth rate of 12.5 percent; Cosmetics/Toiletries continued its positive growth trend, recording a rise of 5.1 percent and clearly outpacing the relevant markets; and the Laundry & Home Care business sector achieved a small increase in organic sales amounting to 1.8 percent. We were able to slightly expand our global market shares in all three business sectors.

Price and volume effects, January – September 2010

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	1.8	–4.7	6.5
Cosmetics/Toiletries	5.1	–0.4	5.5
Adhesive Technologies	12.5	–0.5	13.0
Henkel Group	**7.3**	**–1.8**	**9.1**

Compared to the prior-year period, gross margin increased by 1.9 percentage points to 47.1 percent. This positive development was attributable to strong volume growth in all three business sectors, accompanied by our cost-cutting efforts. These factors were able to more than offset the influence of lower selling prices and the price increases incurred for raw materials and packaging.

Gross margin, January – September
in percent

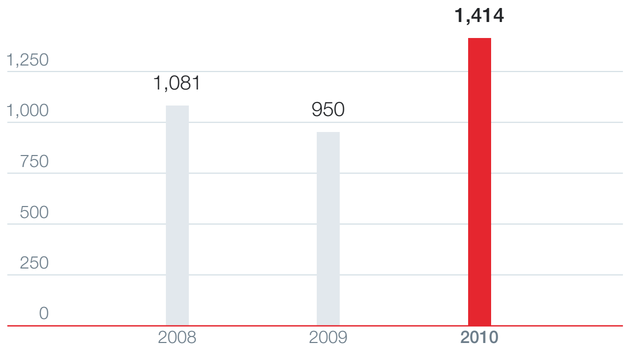


Marketing, selling and distribution expenses increased by 8.5 percent. We spent a total of 293 million euros on research and development. Synergies from our efficiency enhancement programs and robust sales growth resulted in a slight overall decrease in R&D expenditure to 2.6 percent of sales. At 0.4 percent, administrative expenses underwent an increase well below the rate of growth in sales as a result of extensive use of our shared service centers. Restructuring charges amounted to 104 million euros compared to 112 million euros in the prior-year period. The distribution of these restructuring charges within the statement of income is explained on Q3 *page 26*.

The balance of other operating income and charges increased from –11 million euros to 64 million euros. Other operating charges of the prior-year period include 24 million euros in valuation losses on assets held for sale in the Adhesive Technologies business sector. Other operating income for the first nine months of 2010 includes a compensation payment of 15 million euros received for license rights attributable to the Laundry & Home Care business sector, and also 15 million euros from the release of provisions for post-retirement health care.

Operating profit (EBIT) rose by 70.9 percent, from 787 million euros to 1,344 million euros. This is due primarily to the substantial improvement in results achieved by the Adhesive Technologies business sector after having been so heavily hit by the crisis in the first half-year 2009. After allowing for restructuring charges (104 million euros), one-time charges (9 million euros)[1] and one-time gains (43 million euros)[2], adjusted operating profit (adjusted EBIT) improved by 48.8 percent, from 950 million euros to 1,414 million euros.

Adjusted EBIT, January – September
in million euros

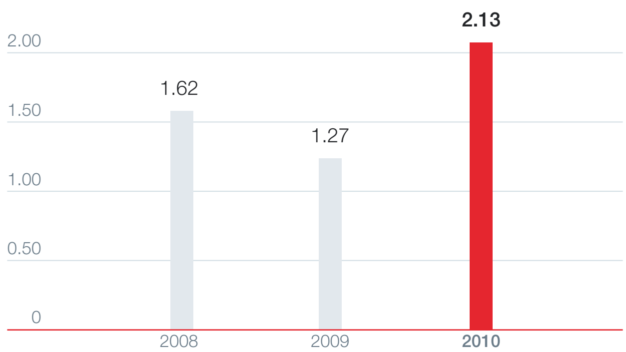


Return on sales (EBIT margin) increased substantially, from 7.7 percent to 11.8 percent, while adjusted return on sales (adjusted EBIT margin) rose from 9.3 percent to 12.4 percent. Return on capital employed (ROCE) grew from 8.8 percent to 15.2 percent, due primarily to the increased operating profits generated.

Our financial result improved from –152 million euros to –126 million euros, due mainly to a reduction in net debt. The tax rate amounted to 27.0 percent.

With EBIT higher, net income for the nine months almost doubled, from 451 million euros to 889 million euros. After deducting non-controlling interests amounting to 20 million euros, net income for the first nine months was 869 million euros (previous year: 432 million euros). Adjusted net income for the first nine months after deducting non-controlling interests was 922 million euros compared to 548 million euros in the prior-year period. Earnings per preferred share more than doubled, from 1.00 euros to 2.01 euros. After adjustments, EPS was 2.13 euros compared to 1.27 euros in the prior-year period.

Adjusted earnings per preferred share, January – September
in euros



[1] *Of which 3 million euros loss from the sale of our adhesives business involving solder bumps (spheres) in Taiwan and a charge of 6 million euros arising from the write-down of assets attributable to our held-for-sale adhesives business in South Korea*

[2] *Of which 10 million euros from the release of a provision for an onerous supplier contract, 15 million euros gain from a compensation payment for license rights, 15 million euros from the release of provisions for post-retirement health care, and 3 million euros from the release of provisions for restructuring*

Comparison between actual and forecast business performance

In our report for the second quarter published on August 4, 2010, we predicted for fiscal 2010 that the sales of our business sectors would once again outperform those of our relevant markets and that we expected adjusted operating profit (adjusted EBIT) and adjusted earnings per preferred share (adjusted EPS) to each exhibit a substantial improvement of more than 25 percent compared to the figures for 2009. Encouraged by the positive economic developments and the results of the third quarter that have ensued, we now expect our adjusted EBIT margin to gratifyingly increase to a figure well above 12.0 percent and an improvement in adjusted earnings per preferred share of more than 45 percent.

Asset position

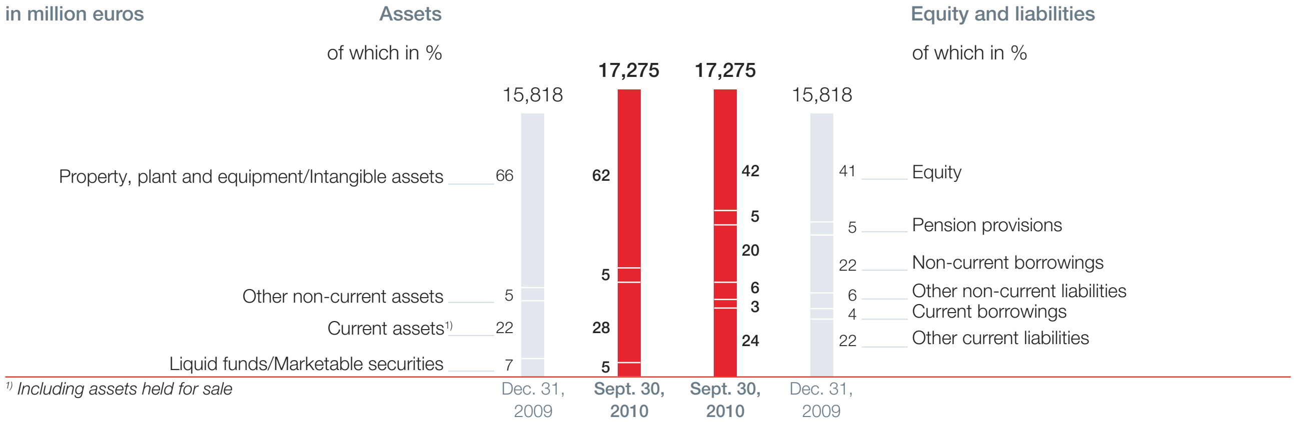
Compared to year-end 2009, our balance sheet total grew substantially, by 1.5 billion euros to 17.3 billion euros. Under **non-current assets**, intangible assets increased by 343 million euros as a result of currency translation following an 8 cent lower closing rate of 1.36 US dollars/euro as compared to the end of 2009. Under **current assets**, which increased from 4.6 billion euros to almost 5.7 billion euros, the appreciable revival in our business was reflected, in particular, by higher inventories and trade accounts receivable.

Equity including non-controlling interests (previously: minority interests) grew substantially from 6,544 million euros to 7,301 million euros. The individual components involved in the changes in equity are shown in the statement on Q3 *page 27*. Positive foreign exchange influences emanated primarily from the significant appreciation of the US dollar which has taken place since the start of the year. The equity ratio (equity as a percentage of total assets) increased from 41.4 percent to 42.3 percent.

Non-current liabilities show a slight decrease in provisions for pensions, despite a further reduction in valuation interest rates for pension obligations. This is due to contributions to the assets of our pension funds in the third quarter, facilitated by our strong operating cash inflow. Our non-current borrowings continue to be made up from three bonds – two senior bonds with a face value of 1.0 billion euros each, and a hybrid bond with a face value of 1.3 billion euros. These have enabled us to cover our foreseeable financial requirements over the next few years. **Current liabilities**, which increased from 4.1 billion euros to 4.7 billion euros, show trade accounts payable at 2,362 million euros, representing a substantial increase of 477 million euros compared to year-end 2009.

Net debt as of September 30, 2010, amounted to 2,804 million euros (December 31, 2009: 2,799 million euros). Despite the strong cash inflow from operating activities, this has thus remained roughly constant. The main reason for this is that, in the course of the financial year, we have made substantial contributions to our pension funds. In calculating net debt, we include not only our borrowings and liquid funds/marketable securities but also the fair value of the associated hedging instruments. At September 30, 2010, this fair value amounted to 323 million euros (December 31, 2009: 177 million euros). Due in particular to the substantial rise in net income, our debt coverage ratio increased in the period under review to close to 56 percent.

Balance sheet structure
in million euros



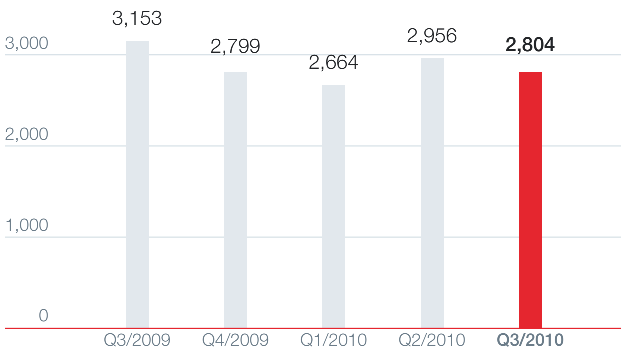
[1] *Including assets held for sale*

Key financial ratios

	Dec. 31, 2009	Sept. 30, 2010
Debt coverage ratio *(Net income + Amortization and depreciation + Interest element of pension provisions/Net borrowings and pension provisions)* [1]	41.8 %	55.8 %
Interest coverage ratio *(EBITDA/Net interest expense including interest element of pension provisions)*	8.7	13.4
Equity ratio *(Equity/Total assets)*	41.4 %	42.3 %

[1] *Hybrid bond included on a 50 percent equity basis*

Net debt
in million euros



Financial position

The development of our financial position is indicated in detail in the consolidated cash flow statement on Q3 *page 28*. **Cash flow from operating activities** for the first nine months of 2010 came in at 1,334 million euros, exceeding the comparable figure of 1,181 million euros relating to the corresponding prior-year period, with business activities in the third quarter making a particularly strong contribution. Operating cash flow was strengthened in particular by the substantially higher operating profit generated. Together with the increase in business volume, there was also a moderate outflow of funds arising from the rise in net working capital during the period under review.

Cash flow from investing activities reflects a lower level of capital expenditure on assets, and reduced acquisition costs.

The negative **cash flow from financing activities** (–1,425 million euros) was due to redemption of borrowings and contributions to pension funds.

At 879 million euros, **liquid funds/marketable securities** remained at a high level (December 31, 2009: 1,110 million euros).

Amounting to 1,087 million euros, **free cash flow** was above the comparable figure of the prior-year period (828 million euros) due to the strong cash flow from operating activities and also lower investments in property, plant and equipment.

Capital expenditures

Investments in property, plant and equipment for continuing operations amounted to 164 million euros, compared to 267 million euros in the comparable prior-year period. We invested 8 million euros in intangible assets (previous year: 21 million euros). This decrease in capital expenditures compared to the prior-year period is due to both a reduction in investment budgets and the postponement of major projects.

The majority of these investments were attributable to the Adhesive Technologies and Laundry & Home Care business sectors and related primarily to measures implemented within existing production facilities, a pilot plant for metal pretreatment plus a new production plant for powder products. In regional terms, these capital expenditures focused largely on Europe/Africa/Middle East and North America. Around two thirds of the investment sum was devoted to expansion.

Capital expenditures January – September 2010

in million euros	Continuing operations	Acquisitions	Total
Intangible assets	8	4	12
Property, plant and equipment	164	–	164
Total	**172**	**4**	**176**

Acquisitions and divestments

In the first quarter of 2010, we spent 7 million euros on acquiring outstanding non-controlling interests in Henkel Huawei Electronics Co. Ltd., China. We divested a non-core operation in Japan for 2 million euros.

In the second quarter of 2010, we sold our Taiwanese solder bumps (soldering spheres) business attributable to the Adhesive Technologies business sector for 5 million euros.

In the third quarter of 2010, we made an acquisition in the Middle East in the Cosmetics/Toiletries business sector at a cost of 1 million euros.

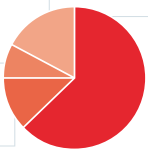
Beyond these activities, there have been no changes in our business and organizational structures. For a detailed description of our organization and business activities, please refer to the information provided in our AR *2009 annual report, page 34*.

In fiscal 2010, our priority is on regaining our target ratings “A flat” (Standard & Poor’s) and “A2” (Moody’s). Any acquisitions made will therefore be limited in scope to the extent that they cannot jeopardize the achievement of this primary objective.

Employees

As of September 30, 2010, we had 48,151 employees (September 30, 2009: 50,948). The decrease is due both to our restructuring program, completed in 2009, and the synergies arising from the integration of the National Starch businesses, complemented by our restrictive hiring policy.

Employees by region

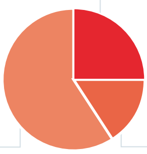


Research and development

Expenses for research and development in the first nine months of 2010 amounted to 293 million euros (previous year: 301 million euros). Synergies from our efficiency enhancement programs and robust sales growth resulted in a slight overall decrease in R&D expenditure to 2.6 percent of sales.

The development of innovative products is of key importance to our business model. The research and development strategy described in our AR *2009 annual report, starting on page 53*, has remained unchanged.

R&D expenditures by business sector



Outlook

Underlying economic conditions

The world economy will, in our estimation, further expand as we head toward the end of the year, albeit at a somewhat slower rate than previously. We expect to achieve a growth rate for full fiscal 2010 of a good 3.5 percent. The countries in our growth regions are likely to expand noticeably faster, with rates approaching 7 percent, than the industrialized countries, which are expected to end the year with around 2 percent. We again expect China and India to register the highest increases of up to 10 percent. Due to a weaker second half of the year, we anticipate that the USA will only achieve an increase in its gross domestic product of 2.5 percent. Growth in Western Europe will be around the 1.5 percent mark. The growth driver within Western Europe is Germany, which is expected to see a plus of around 3.5 percent.

The global unemployment level is likely to slightly increase from 7.8 to 8.1 percent in 2010. With the exception of Latin America, all regions will, to some degree, register a rise in the number of unemployed.

Inflation will remain subdued. We expect a moderate rise in consumer prices in 2010 of between 2.5 and 3 percent. Only in Asia do we anticipate a somewhat faster increase in prices. There we expect an inflation rate of 3 to 3.5 percent, driven primarily by the Asian growth countries (which will experience a good 5 percent rise in price levels).

Our forecast is that private consumption around the world will grow by 2 percent, lagging behind overall economic development. The consumers of Western Europe will spend only a little more in 2010 than they did in the previous year, although the consumer climate has brightened somewhat in certain countries in the last few months. Overall, relatively high unemployment levels are damping the propensity to consume. In the USA, consumer spending in 2010 will also experience no more than a moderate rise of around 1.5 percent. Higher rates of saving indicate a change in consumer behavior. We anticipate stronger expansion in consumption in the growth regions.

We expect industrial manufacturing to undergo significant growth of around 10 percent for the year as a whole. Although there is a gradient between the emerging economies (around 13 percent) and the industrialized countries (around 8 percent), all regions will make an appreciable contribution to industrial growth.

The electronics sector is likely to continue exhibiting favorable development. We expect world production to increase by over 15 percent, with demand and manufacturing accelerating noticeably in Asia.

The pace of expansion in output from the transport industry is likely to be even higher. An anticipated growth rate of almost 20 percent for fiscal 2010 must, however, be seen against the background of a major decline in the previous year. The momentum behind the expansion of the transport industry emanates primarily from the automotive segment, which is likely to grow by almost 25 percent, while marine engineering (a good 3 percent) and aircraft construction (around 7 percent) are exhibiting substantially more moderate production increases.

Machine construction and the metal industry will, with growth rates of 14 and some 13 percent respectively, also appreciably stimulate our industrial business in 2010.

In the more consumer-aligned sectors, the highs and lows of the economic cycle are far less extreme than in the case of primary materials and capital goods manufacturing. Consequently, the production increases in the packaging sector – particularly consumer-related packaging such as that for food and semi-luxuries – will be limited.

The construction industry will, in our estimation, decline somewhat worldwide. This is due in particular to the weakness of the building sector in Europe (–4 percent) and in the USA (–5 percent). Slight increases in Asia of 1.5 to 2 percent will be insufficient to offset such contraction.

Opportunities and risks

We have identified major potential in the emerging economies where there are above-average growth opportunities from which we would like to benefit through our local business activities. The regions concerned include, in particular, Asia (excluding Japan), and Eastern Europe, followed by Africa/Middle East and Latin America.

We likewise see opportunities in our research and development activities. We are constantly developing new and innovative products and problem solutions that provide our customers with added value. We have in all three business sectors a well filled pipeline of innovative products, which we intend to continue feeding into the market as we move into the fourth quarter of this year.

Further opportunities lie in our strict focus on cost and our ability to adapt our structures to the changing market environment. Part of our approach here is to constantly examine and analyze the prevailing status quo. From the ensuing results, we derive measures and activities that enable us to reduce cost, adapt capacity and streamline our portfolio, removing marginal activities and disposing of smaller brands as appropriate.

Opportunities are also likely to emanate from the resolute pursuit and implementation of our three strategic priorities. These are described in detail under the heading "Strategy and financial targets for 2012" on AR *pages 34 to 36 of our 2009 annual report*.

We see risks for our consumer businesses arising particularly from the possibility of a deteriorating consumer climate – as would ensue, for example, in the event of a hefty rise in unemployment. We also expect the intensity of competition to remain challenging, manifesting itself in persistent promotional pressure and high advertising expenditure levels.

Risks for our Adhesive Technologies business sector lie in the possibility that the current market recovery will falter, leading to the failure of individual customers and suppliers.

For all three business sectors, rapidly increasing raw material and packaging prices also represent a risk, as do supply shortages with respect to certain raw materials, particularly those required by the Adhesive Technologies business sector.

At the time of preparing this report, no risks in relation to future developments have been identified which might jeopardize the continuing existence of the company or of the Group as a going concern.

Further specific opportunities and risks are discussed in our AR *2009 annual report* in the sections *on pages 58 to 70* dealing with the individual business sectors.

Sales and profits forecast 2010

Looking at the forecasts for the current year, we anticipate that the world economy will grow by around 3.5 percent.

We are confident that we will again outperform our relevant markets in terms of organic sales growth (i.e. sales adjusted for foreign exchange and acquisitions/divestments). Details relating to relevant market developments can be found in the outlooks of the sections dealing with the performance of our business sectors.

We have initiated and implemented a number of measures relating to our operational activities, which we expect to generate additional positive momentum. For example, we anticipate further contributions to income arising from the synergies created through the integration of the National Starch businesses, and from our strict cost discipline. These factors will, together with the expected increase in sales, positively influence our results. We expect our adjusted EBIT margin to gratifyingly increase to a figure well above 12.0 percent (2009: 10.0 percent) and an improvement in adjusted earnings per preferred share of more than 45 percent (2009 EPS: 1.91 euros).

We also expect to see the following developments unfold in 2010:

» An increase in our costs for raw materials, packaging, contract manufacturing and traded goods of around 7 percent
» A research and development ratio of around 2.6 percent
» Restructuring charges amounting to between 120 and 140 million euros
» A financial result of about minus 170 million euros
» A tax rate ranging from 26 to 27 percent
» Investments in property, plant and equipment of around 250 million euros

Our strategic priorities remained unchanged
– to achieve our full business potential,
– to increase our customer focus, and
– to strengthen our global team.

For a comprehensive outline of our corporate strategy, please refer to the corresponding information provided in our AR *2009 annual report on pages 34 to 36*.

With respect to 2011 and 2012, we expect the world economy to grow at rates of around 3 percent per year. Based on this, we will be striving for increases in organic sales growth averaging 3 to 5 percent above the levels of our relevant markets. Due to the numerous measures we have implemented in order to achieve our full business potential, we are very confident that we will also attain by 2012 both our target of 14 percent for adjusted EBIT margin and our target of an average annual increase of more than 10 percent in adjusted earnings per preferred share.

For further details relating to our long-term sales and profits forecast, we refer to our AR *2009 annual report, page 78*.

Subsequent events

After September 30, 2010, there were no notifiable events likely to materially affect the net assets, financial position or results of operations of the Group.

Consolidated balance sheet

Assets

in million euros	Sept. 30, 2009	%	Dec. 31, 2009	%	Sept. 30, 2010	%
Intangible assets	8,143	50.6	8,218	52.0	8,561	49.6
Property, plant and equipment	2,290	14.2	2,248	14.2	2,216	12.8
Non-current financial assets	308	1.9	360	2.3	365	2.1
Non-current income tax refund claims	–	–	2	–	1	–
Other non-current assets	65	0.4	12	0.1	16	0.1
Deferred taxes	309	1.9	322	2.0	402	2.3
Non-current assets	**11,115**	**69.0**	**11,162**	**70.6**	**11,561**	**66.9**
Inventories	1,294	8.0	1,218	7.7	1,477	8.5
Trade accounts receivable	1,918	11.9	1,721	10.9	2,117	12.3
Other current financial assets	444	2.9	214	1.3	740	4.3
Other current assets	183	1.1	224	1.4	305	1.8
Current income tax refund claims	128	0.8	139	0.9	160	0.9
Liquid funds/Marketable securities	990	6.1	1,110	7.0	879	5.1
Current assets	**4,957**	**30.8**	**4,626**	**29.2**	**5,678**	**32.9**
Assets held for sale	29	0.2	30	0.2	36	0.2
Total assets	**16,101**	**100.0**	**15,818**	**100.0**	**17,275**	**100.0**

Equity and liabilities

in million euros	Sept. 30, 2009	%	Dec. 31, 2009	%	Sept. 30, 2010	%
Issued capital	438	2.7	438	2.8	438	2.5
Share premium	652	4.0	652	4.1	652	3.8
Treasury shares	–115	–0.7	–109	–0.7	–102	–0.5
Retained earnings	7,015	43.6	7,017	44.4	7,467	43.2
Other components of equity	–1,629	–10.1	–1,524	–9.6	–1,229	–7.1
Equity attributable to shareholders of Henkel AG & Co. KGaA	**6,361**	**39.5**	**6,474**	**41.0**	**7,226**	**41.9**
Non-controlling interests	66	0.4	70	0.4	75	0.4
Equity	**6,427**	**39.9**	**6,544**	**41.4**	**7,301**	**42.3**
Pensions and similar obligations	895	5.6	867	5.5	823	4.8
Non-current income tax provisions	122	0.8	152	1.0	160	0.9
Other non-current provisions	288	1.8	241	1.5	246	1.4
Non-current borrowings	3,691	22.8	3,426	21.7	3,475	20.1
Non-current financial liabilities	89	0.6	88	0.5	153	0.9
Other non-current liabilities	9	0.1	20	0.1	21	0.1
Deferred taxes	377	2.3	367	2.3	389	2.3
Non-current liabilities	**5,471**	**34.0**	**5,161**	**32.6**	**5,267**	**30.5**
Current income tax provisions	223	1.4	224	1.4	281	1.6
Other current provisions	1,067	6.6	938	5.9	1,026	5.9
Current borrowings	669	4.2	660	4.2	531	3.1
Trade accounts payable	1,778	11.0	1,885	11.9	2,362	13.7
Current financial liabilities	167	1.0	145	0.9	169	1.0
Other current liabilities	282	1.8	251	1.6	323	1.8
Current income tax liabilities	17	0.1	10	0.1	15	0.1
Current liabilities	**4,203**	**26.1**	**4,113**	**26.0**	**4,707**	**27.2**
Total equity and liabilities	**16,101**	**100.0**	**15,818**	**100.0**	**17,275**	**100.0**

Consolidated statement of income

in million euros	Q3/2009	%	Q3/2010	%	Change
Sales	**3,485**	**100.0**	**3,961**	**100.0**	**13.7 %**
Cost of sales[1]	–1,882	–54.0	–2,106	–53.2	11.9 %
Gross profit	**1,603**	**46.0**	**1,855**	**46.8**	**15.7 %**
Marketing, selling and distribution expenses[1]	–1,002	–28.8	–1,090	–27.5	8.8 %
Research and development expenses[1]	–99	–2.8	–95	–2.4	–4.0 %
Administrative expenses[1]	–196	–5.6	–185	–4.7	–5.6 %
Other operating income	32	0.9	37	0.9	15.6 %
Other operating charges	–48	–1.4	–21	–0.5	–56.3 %
Operating profit (EBIT)	**290**	**8.3**	**501**	**12.7**	**73.0 %**
Interest income	30	0.9	30	0.8	0.0 %
Interest expense	–70	–2.0	–67	–1.7	–4.3 %
Interest result	–40	–1.1	–37	–0.9	–7.5 %
Investment result	–	–	–	–	–
Financial result	**–40**	**–1.1**	**–37**	**–0.9**	**–7.5 %**
Income before tax	**250**	**7.2**	**464**	**11.8**	**85.6 %**
Income tax expense	–70	–2.0	–121	–3.1	72.9 %
Net income	**180**	**5.2**	**343**	**8.7**	**90.6 %**
– Attributable to non-controlling interests	–8	–0.2	–6	–0.2	–25.0 %
– Attributable to shareholders of Henkel AG & Co. KGaA	172	5.0	337	8.5	95.9 %

[1] *Restructuring charges third quarter 2010 (comparative figures for the prior-year period in parentheses): 26 million euros (71 million euros), of which: cost of sales 18 million euros (35 million euros); marketing, selling and distribution expenses 4 million euros (21 million euros); research and development expenses 1 million euros (2 million euros); administrative expenses 3 million euros (13 million euros)*

Earnings per share (basic)

in euros	Q3/2009		Q3/2010		Change
Ordinary shares	0.39		0.78		100.0 %
Non-voting preferred shares	0.39		0.78		100.0 %

Earnings per share (diluted)

in euros	Q3/2009		Q3/2010		Change
Ordinary shares	0.39		0.77		97.4 %
Non-voting preferred shares	0.39		0.77		97.4 %

Additional voluntary information

in million euros		Q3/2009	Q3/2010
EBIT (as reported)		**290**	**501**
One-time gains		–	–10
One-time charges		46	
Restructuring charges[1]		71	26
Adjusted EBIT[2]		**407**	**517**
Adjusted return on sales (EBIT)	*in %*	***11.7***	***13.0***
Adjusted financial result		**–40**	**–37**
Adjusted net income attributable to shareholders of Henkel AG & Co. KGaA		**256**	**349**
Adjusted earnings per preferred share	in euros	**0.59**	**0.80**

[1] *In Q3/2010: 0 million euros (2009: 27 million euros) from the integration of the National Starch businesses, and 26 million euros (2009: 44 million euros) from ordinary activities*

[2] *For further details on the computation of adjusted EBIT, see* Q3 *page 6*

Consolidated statement of income

in million euros	1–9/2009	%	1–9/2010	%	Change
Sales	**10,228**	**100.0**	**11,363**	**100.0**	**11.1 %**
Cost of sales[1]	–5,602	–54.8	–6,009	–52.9	7.3 %
Gross profit	**4,626**	**45.2**	**5,354**	**47.1**	**15.7 %**
Marketing, selling and distribution expenses[1]	–2,957	–28.9	–3,209	–28.2	8.5 %
Research and development expenses[1]	–301	–2.9	–293	–2.6	–2.7 %
Administrative expenses[1]	–570	–5.6	–572	–5.0	0.4 %
Other operating income	87	0.9	141	1.2	62.1 %
Other operating charges	–98	–1.0	–77	–0.7	–21.4 %
Operating profit (EBIT)	**787**	**7.7**	**1,344**	**11.8**	**70.9 %**
Interest income	85	0.8	90	0.8	5.9 %
Interest expense	–233	–2.2	–216	–1.9	–7.3 %
Interest result	–148	–1.4	–126	–1.1	–14.9 %
Investment result	–4	–	–	–	–100.0 %
Financial result	**–152**	**–1.4**	**–126**	**–1.1**	**–17.1 %**
Income before tax	**635**	**6.3**	**1,218**	**10.7**	**91.8 %**
Income tax expense	–184	–1.8	–329	–2.9	78.8 %
Net earnings	**451**	**4.5**	**889**	**7.8**	**97.1 %**
– Attributable to non-controlling interests	–19	–0.2	–20	–0.2	5.3 %
– Attributable to shareholders of Henkel AG & Co. KGaA	432	4.3	869	7.6	>100.0 %

[1] *Restructuring charges Q1–Q3/2010 (comparative figures for the prior-year period in parentheses): 104 million euros (112 million euros), of which: cost of sales 61 million euros (56 million euros); marketing, selling and distribution expenses 13 million euros (32 million euros); research and development expenses 4 million euros (4 million euros); administrative expenses 26 million euros (20 million euros)*

Earnings per share (basic)

in euros	1–9/2009	1–9/2010	Change
Ordinary shares	0.99	2.00	>100.0 %
Non-voting preferred shares	1.00	2.01	>100.0 %

Earnings per share (diluted)

in euros	1–9/2009	1–9/2010	Change
Ordinary shares	0.99	1.99	>100.0 %
Non-voting preferred shares	1.00	2.00	100.0 %

Additional voluntary information

in million euros		1–9/2009	1–9/2010
EBIT (as reported)		**787**	**1,344**
One-time gains		–3	–43
One-time charges		54	9
Restructuring charges[1]		112	104
Adjusted EBIT[2]		**950**	**1,414**
Adjusted return on sales (EBIT)	*in %*	***9.3***	***12.4***
Adjusted financial result		**–152**	**–126**
Adjusted net income attributable to shareholders of Henkel AG & Co. KGaA		**548**	**922**
Adjusted earnings per preferred share	in euros	**1.27**	**2.13**

[1] *In Q1–Q3/2010: 4 million euros (2009: 44 million euros) from the integration of the National Starch businesses, and 100 million euros (2009: 68 million euros) from ordinary activities*

[2] *For further details on the computation of adjusted EBIT, see* Q3 *page 18*

Statement of comprehensive income

in million euros	Q3/2009	Q3/2010	1–9/2009	1–9/2010
Net income	**180**	**343**	**451**	**889**
Exchange differences on translation of foreign operations	–129	–575	–200	375
Derivative financial instruments	–13	–44	–21	–74
Actuarial gains/losses	–22	–102	–89	–200
Other comprehensive income (net of taxes)	**–164**	**–721**	**–310**	**101**
Total comprehensive income for the period	**16**	**–378**	**141**	**990**
– Attributable to non-controlling interests	6	5	16	26
– Attributable to shareholders of Henkel AG & Co. KGaA	10	–383	125	964

Statement of changes in equity

in million euros	Issued capital					Other components				
	Ordinary shares	Preferred shares	Share premium	Treasury shares	Retained earnings	Translation differences	Derivative financial instruments	Shareholders of Henkel AG & Co. KGaA	Non-controlling interests	Total
At January 1, 2009	**260**	**178**	**652**	**–115**	**6,920**	**–1,199**	**–212**	**6,484**	**51**	**6,535**
Net income	–	–	–	–	432	–	–	432	19	451
Other comprehensive income	–	–	–	–	–89	–197	–21	–307	–3	–310
Total comprehensive income	**–**	**–**	**–**	**–**	***343***	***–197***	***–21***	***125***	***16***	***141***
Distributions	–	–	–	–	–224	–	–	–224	–11	–235
Sale of treasury shares	–	–	–	–	1	–	–	1	–	1
Other changes in equity	–	–	–	–	–25	–	–	–25	10	–15
At September 30, 2009	**260**	**178**	**652**	**–115**	**7,015**	**–1,396**	**–233**	**6,361**	**66**	**6,427**
At December 31, 2009/ January 1, 2010	**260**	**178**	**652**	**–109**	**7,017**	**–1,301**	**–223**	**6,474**	**70**	**6,544**
Net income	–	–	–	–	869	–	–	869	20	889
Other comprehensive income	–	–	–	–	–200	369	–74	95	6	101
Total comprehensive income	**–**	**–**	**–**	**–**	***669***	***369***	***–74***	***964***	***26***	***990***
Distributions	–	–	–	–	–225	–	–	–225	–16	–241
Sale of treasury shares	–	–	–	7	6	–	–	13	–	13
Other changes in equity	–	–	–	–	–	–	–	–	–5	–5
At September 30, 2010	**260**	**178**	**652**	**–102**	**7,467**	**–932**	**–297**	**7,226**	**75**	**7,301**

Consolidated cash flow statement

in million euros	Q3/2009	Q3/2010	1–9/2009	1–9/2010
Operating profit (EBIT)	**290**	**501**	**787**	**1,344**
Income taxes paid	–18	–107	–236	–265
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	123	120	341	346
Net gains/losses on disposal of non-current assets (excluding financial assets)	4	–	4	1
Change in inventories	19	–50	184	–215
Change in trade accounts receivable	34	–26	–81	–326
Change in other financial assets and other assets	–31	–8	–60	–107
Change in trade accounts payable	115	110	113	427
Change in other liabilities and provisions	205	76	129	129
Cash flow from operating activities	**741**	**616**	**1,181**	**1,334**
Purchase of intangible assets	–8	–3	–21	–8
Purchase of property, plant and equipment	–82	–52	–267	–164
Purchase of financial assets/acquisitions	–14	–1	–76	–4
Proceeds on disposal of subsidiaries and business units	15	–	90	6
Proceeds on disposal of other non-current assets	10	11	44	24
Cash flow from investing activities/acquisitions	**–79**	**–45**	**–230**	**–146**
Dividends paid to shareholders of Henkel AG & Co. KGaA	–	–	–224	–225
Dividends paid to non-controlling interests	–3	–4	–11	–16
Interest received	31	32	87	91
Interest paid	–58	–63	–200	–204
Dividends and interest paid and received	*–30*	*–35*	*–348*	*–354*
Change in borrowings	–418	37	82	–355
Allocation to pension funds	–41	–315	–132	–390
Other changes in pensions and similar obligations	8	13	4	14
Other financing transactions	104	–244	104	–340
Cash flow from financing activities	**–377**	**–544**	**–290**	**–1,425**
Net increase in cash and cash equivalents	**285**	**27**	**661**	**–237**
Effect of exchange rates on cash and cash equivalents	–4	–36	–9	6
Change in liquid funds/marketable securities	**281**	**–9**	**652**	**–231**
Liquid funds/marketable securities as of July 1/January 1	709	888	338	1,110
Liquid funds/marketable securities as of September 30	990	879	990	879

Additional voluntary information
Reconciliation to free cash flow

in million euros	Q3/2009	Q3/2010	1–9/2009	1–9/2010
Cash flow from operating activities	741	616	1,181	1,334
Purchase of intangible assets	–8	–3	–21	–8
Purchase of property, plant and equipment	–82	–52	–267	–164
Proceeds on disposal of other non-current assets	10	11	44	24
Net interest paid	–27	–31	–113	–113
Other changes in pensions and similar obligations	8	13	4	14
Free cash flow	**642**	**554**	**828**	**1,087**

Group segment report by business sector[1)]

Third quarter 2010

in million euros	Laundry & Home Care	Cosmetics/ Toiletries	*Adhesives for Craftsmen and Consumers*	*Industrial Adhesives*	Total Adhesive Technologies	Operating business sectors total	Corporate	Henkel Group
Sales July – September 2010	**1,123**	**845**	**532**	**1,413**	**1,945**	**3,912**	**49**	**3,961**
Change from previous year	8.4 %	10.7 %	12.5 %	22.1 %	19.3 %	14.1 %	–	13.7 %
After adjusting for foreign exchange	3.0 %	4.7 %	6.0 %	11.8 %	10.1 %	6.7 %	–	6.4 %
Organic	3.4 %	4.6 %	5.9 %	11.3 %	9.7 %	6.7 %	–	6.5 %
Proportion of Henkel sales	28 %	21 %	13 %	36 %	49 %	99 %	1 %	100 %
Sales July – September 2009	1,035	764	473	1,157	1,630	3,429	56	3,485
EBITDA July – September 2010	**167**	**125**	**111**	**232**	**343**	**635**	**–14**	**620**
EBITDA July – September 2009	166	110	56	97	153	429	–16	413
Change from previous year	0.7 %	12.6 %	>100 %	>100 %	>100 %	47.8 %	–	50.3 %
Return on sales (EBITDA) July – September 2010	**14.8 %**	**14.8 %**	**20.9 %**	**16.4 %**	**17.7 %**	**16.2 %**	**–**	**15.7 %**
Return on sales (EBITDA) July – September 2009	16.0 %	14.5 %	11.7 %	8.4 %	9.4 %	12.5 %	–	11.8 %
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment July – September 2010	**28**	**12**	**11**	**63**	**75**	**115**	**5**	**120**
of which impairment losses 2010	**1**	**–**	**2**	**14**	**16**	**17**	**–**	**17**
of which write-ups 2010	**–**	**–**	**–**	**4**	**4**	**4**	**1**	**5**
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment July – September 2009	29	11	12	52	64	104	19	123
of which impairment losses 2009	–	–	–	–	–	–	18	18
of which write-ups 2009	–	–	–	–	–	–	–	–
EBIT July – September 2010	**139**	**113**	**100**	**169**	**268**	**520**	**–19**[4)]	**501**
EBIT July – September 2009	137	99	44	45	89	325	–35	290
Change from previous year	1.4 %	13.4 %	>100 %	>100 %	>100 %	59.6 %	–	73.0 %
Return on sales (EBIT) July – September 2010	**12.4 %**	**13.4%**	**18.7 %**	**11.9 %**	**13.8 %**	**13.3 %**	**–**	**12.7 %**
Return on sales (EBIT) July – September 2009	13.2 %	13.0 %	9.2 %	3.9 %	5.5 %	9.5 %	–	8.3 %
Capital employed July – September 2010[2)]	**2,700**	**2,117**	**1,019**	**6,487**	**7,506**	**12,322**	**4**	**12,326**
Capital employed July – September 2009[2)]	2,482	2,089	1,140	5,922	7,062	11,633	–217	11,416
Change from previous year	8.8 %	1.3 %	–10.6 %	9.5 %	6.3 %	5.9 %	–	8.0 %
Return on capital employed (ROCE) July – September 2010	**20.6 %**	**21.3 %**	**39.1 %**	**10.4 %**	**14.3 %**	**16.9 %**	**–**	**16.3 %**
Return on capital employed (ROCE) July – September 2009	22.1 %	19.1 %	15.3 %	3.1 %	5.1 %	11.2 %	–	10.2 %
Capital expenditures (excl. financial assets) July – September 2010	**14**	**11**	**9**	**18**	**27**	**52**	**4**	**56**
Capital expenditures (excl. financial assets) July – September 2009	72	11	–	12	12	95	–4	91
Operating assets July – September 2010[3)]	**4,216**	**2,986**	**1,481**	**7,419**	**8,901**	**16,102**	**406**	**16,508**
Operating liabilities July – September 2010	**1,343**	**1,066**	**517**	**1,241**	**1,758**	**4,167**	**402**	**4,569**
Net operating assets employed July – September 2010[3)]	**2,873**	**1,920**	**965**	**6,178**	**7,142**	**11,935**	**4**	**11,938**
Operating assets July – September 2009[3)]	3,767	2,686	1,452	6,849	8,301	14,754	314	15,068
Operating liabilities July – September 2009	1,132	800	376	1,109	1,485	3,417	531	3,948
Net operating assets employed July – September 2009[3)]	2,635	1,886	1,076	5,740	6,816	11,337	–217	11,120

[1)] Calculated on the basis of units of 1,000 euros; figures commercially rounded [2)] Including goodwill at cost prior to any accumulated amortization in accordance with IFRS 3.79b [3)] Including goodwill at net book value [4)] Including restructuring charges for the National Starch businesses of 0 million euros (2009: 27 million euros). Ordinary restructuring charges are allocated to the operating business sectors

Group segment report by business sector[1]

January – September 2010 in million euros	Laundry & Home Care	Cosmetics/Toiletries	*Adhesives for Craftsmen and Consumers*	*Industrial Adhesives*	Total Adhesive Technologies	Operating business sectors total	Corporate	Henkel Group
Sales January – September 2010	**3,258**	**2,471**	**1,426**	**4,060**	**5,486**	**11,215**	**148**	**11,363**
Change from previous year	4.9 %	8.7 %	5.6 %	21.9 %	17.2 %	11.5 %	–	11.1 %
After adjusting for foreign exchange	1.4 %	5.0 %	1.2 %	15.7 %	11.5 %	6.9 %	–	6.6 %
Organic	1.8 %	5.1 %	5.9 %	15.2 %	12.5 %	7.5 %	–	7.3 %
Proportion of Henkel sales	29 %	22 %	13 %	36 %	48 %	99 %	1 %	100 %
Sales January – September 2009	3,106	2,274	1,350	3,331	4,681	10,061	167	10,228
EBITDA January – September 2010	**509**	**361**	**223**	**668**	**890**	**1,761**	**–72**	**1,689**
EBITDA January – September 2009	446	324	161	257	418	1,188	–60	1,128
Change from previous year	14.3 %	11.1 %	38.3 %	>100 %	>100 %	48.1 %	–	49.8 %
Return on sales (EBITDA) January – September 2010	**15.6 %**	**14.6 %**	**15.6 %**	**16.4 %**	**16.2 %**	**15.7 %**	**–**	**14.9 %**
Return on sales (EBITDA) January – September 2009	14.3 %	14.3 %	11.9 %	7.7 %	8.9 %	11.8 %	–	11.0 %
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment January – September 2010	**82**	**36**	**52**	**163**	**214**	**333**	**12**	**346**
of which impairment losses 2010	**1**	**–**	**14**	**28**	**42**	**43**	**–**	**43**
of which write-ups 2010	**–**	**–**	**–**	**4**	**4**	**4**	**1**	**5**
Amortization/depreciation and write-ups of trademark rights, other rights and property, plant and equipment January – September 2009	83	34	36	151	187	304	37	341
of which impairment losses 2009	1	–	2	6	8	9	18	27
of which write-ups 2009	–	–	–	–	–	–	–	–
EBIT January – September 2010	**427**	**325**	**171**	**505**	**676**	**1,428**	**–84** [4]	**1,344**
EBIT January – September 2009	363	290	125	106	231	884	–97	787
Change from previous year	17.8 %	12.0 %	37.1 %	>100 %	>100 %	61.5 %	–	70.9 %
Return on sales (EBIT) January – September 2010	**13.1 %**	**13.1 %**	**12.0 %**	**12.4 %**	**12.3 %**	**12.7 %**	**–**	**11.8 %**
Return on sales (EBIT) January – September 2009	11.7 %	12.8 %	9.3 %	3.2 %	4.9 %	8.8 %	–	7.7 %
Capital employed January – September 2010 [2]	**2,603**	**2,083**	**1,009**	**6,171**	**7,180**	**11,866**	**–38**	**11,828**
Capital employed January – September 2009 [2]	2,628	2,187	1,219	6,106	7,325	12,140	–205	11,935
Change from previous year	–0.9 %	–4.8 %	–17.2 %	1.1 %	–2.0 %	–2.3 %	–	–0.9 %
Return on capital employed (ROCE) January – September 2010	**21.9 %**	**20.8 %**	**23.4 %**	**10.9 %**	**12.7 %**	**16.1 %**	**–**	**15.2 %**
Return on capital employed (ROCE) January – September 2009	18.4 %	17.7 %	13.7 %	2.3 %	4.2 %	9.7 %	–	8.8 %
Capital expenditures (excl. financial assets) January – September 2010	**50**	**31**	**24**	**60**	**84**	**165**	**11**	**176**
Capital expenditures (excl. financial assets) January – September 2009	155	33	31	79	110	298	19	317
Operating assets January – September 2010 [3]	**4,061**	**2,883**	**1,433**	**7,207**	**8,640**	**15,584**	**357**	**15,941**
Operating liabilities January – September 2010	**1,288**	**998**	**479**	**1,306**	**1,785**	**4,071**	**395**	**4,467**
Net operating assets employed January – September 2010 [3]	**2,773**	**1,885**	**954**	**5,901**	**6,855**	**11,512**	**–38**	**11,474**
Operating assets January – September 2009 [3]	3,901	2,772	1,511	6,986	8,497	15,170	349	15,519
Operating liabilities January – September 2009	1,115	785	364	1,147	1,511	3,411	554	3,965
Net operating assets employed January – September 2009 [3]	2,786	1,987	1,147	5,839	6,986	11,759	–205	11,554

[1] Calculated on the basis of units of 1,000 euros; figures commercially rounded [2] Including goodwill at cost prior to any accumulated amortization in accordance with IFRS 3.79b [3] Including goodwill at net book value [4] Including restructuring charges for the National Starch businesses of 4 million euros (2009: 44 million euros). Ordinary restructuring charges are allocated to the operating business sectors

Earnings per share

In calculating earnings per share for the period January through September 2010, we have assumed a proportionate dividend on the basis of the dividends paid by Henkel AG & Co. KGaA for fiscal 2009, as there are no declarations on the distribution of retained earnings during the year.

The effect of the Stock Incentive Plan is to dilute earnings per ordinary share and earnings per preferred share by 1 eurocent in each case.

Earnings per share

		1–9/2009	1–9/2010
Net income for the nine months, attributable to shareholders of Henkel AG & Co. KGaA	**in million euros**	**432**	**869**
Number of outstanding ordinary shares		259,795,875	259,795,875
Basic earnings per ordinary share	**in euros**	**0.99**	**2.00**
Number of outstanding preferred shares [1]		173,344,218	173,921,371
Basic earnings per preferred share	**in euros**	**1.00**	**2.01**
Dilutive effect arising from Stock Incentive Plan		117,663	317,856
Number of potentially outstanding preferred shares with no voting rights [2]		173,461,881	174,239,227
Diluted earnings per ordinary share	**in euros**	**0.99**	**1.99**
Diluted earnings per preferred share	**in euros**	**1.00**	**2.00**

[1] *Weighted average of preferred shares*
[2] *Weighted average of preferred shares (adjusted for the potential number of shares arising from the Stock Incentive Plan)*

Changes in treasury shares

Treasury stock held by the corporation at September 30, 2010 amounted to 4,157,040 preferred shares. This represents 0.95 percent of the capital stock and a proportional nominal value of 4.2 million euros.

As a result of options exercised under the Stock Incentive Plan, treasury shares decreased during the period January through September 2010 by 384,830 preferred shares, representing a proportional nominal value of 0.4 million euros (0.09 percent of issued shares).

Accounting policies

The interim financial report and interim consolidated financial statements of the Henkel Group for the first nine months of the year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and consequently in compliance with IAS 34 "Interim Financial Reporting." The same accounting principles have been applied as for the 2009 consolidated financial statements, with the exception of the accounting pronouncements recently adopted in 2010. These relate primarily to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements." In order to further ensure a true and fair view of our net assets, financial position and results of operations, additional line items have been included and some line items have been renamed in the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the statement of changes in equity and the consolidated cash flow statement. In the consolidated cash flow statement specifically, other changes in pensions and similar obligations, which were previously recognized under interest paid, are now shown in a separate line, although still within cash flow from financing activities. These improvements have no impact on the comparative periods.

In order to simplify interim financial reporting, IAS 34.41 allows certain estimates and assumptions to be made beyond the scope permitted for annual financial statements, on condition that all material financial information is appropriately presented to enable a proper assessment of the financial position and performance of the company. In calculating taxes on income, the interim tax expense is determined on the basis of the estimated effective income tax rate for the current financial year.

The interim report for the first nine months of the year, comprised of condensed consolidated financial statements and an interim Group management report, was duly subjected to an auditors' review.

Scope of consolidation

In addition to Henkel AG & Co. KGaA, the scope of consolidation as of September 30, 2010 includes nine German and 190 non-German companies in which Henkel AG & Co. KGaA has the power to govern, based on the concept of control. This is generally the case where Henkel AG & Co. KGaA holds, directly or indirectly, a majority of the voting rights. Companies in which not more than half of the voting rights are held are fully consolidated if Henkel AG & Co. KGaA has the power, directly or indirectly, to govern their financial and operating policies. Compared to December 31, 2009, one new company has been included in the scope of consolidation, five companies have been merged, and a further eight companies have ceased to be subsidiaries and have therefore left the scope of consolidation. The changes in the scope of consolidation have not had any material effect on the main items of the consolidated financial statements.

Statement of comprehensive income

Of the components included in other comprehensive income, deferred tax income relating to actuarial losses amounts to 91 million euros (September 30, 2009: 64 million euros) and tax losses from cash flow hedges amount to 2 million euros (September 30, 2009: 0 million euros).

Assets held for sale

The assets held for sale are essentially attributable to the adhesives business in South Korea and other individual assets.

Contingent liabilities

Effective September 30, 2010, liabilities under guarantee and warranty agreements totaled 18 million euros. On December 31, 2009, these liabilities amounted to 11 million euros.

Rent, leasehold and lease commitments

Payment obligations under rent, leasehold and lease agreements are shown at the total amounts payable up to the earliest date when they can be terminated. The amounts shown are the nominal values. At September 30, 2010, they were due for payment as follows:

Rent, leasehold and lease commitments

in million euros	Dec. 31, 2009	Sept. 30, 2010
Due in the following year	44	51
Due within 1 to 5 years	89	106
Due after 5 years	37	36
Total	**170**	**193**

Voting rights, related party transactions

Henkel AG & Co. KGaA, Düsseldorf, Germany, has been notified that the share of voting rights of the parties to the Henkel share-pooling agreement at October 21, 2010 represented around 53.21 percent of the voting rights (138,240,804 votes) in Henkel AG & Co. KGaA.

Group segment reporting

There have been no changes in the basis by which the segments are classified or in the presentation of the segment results as compared to the annual financial statements as of December 31, 2009. For definitions of ROCE, operating assets and capital employed, please refer to our AR *2009 annual report, pages 37 and 123*.

Notes to the cash flow statement

Contributions to the pension funds in the first nine months of 2010 totaling 390 million euros (September 30, 2009: 132 million euros) resulted in a cash outflow from financing activities. For further explanations relating to the main items of the cash flow statement and the changes undergone, please refer to Q3 *page 28*.

Independent review report on the nine-month financial report

To Henkel AG & Co. KGaA, Düsseldorf

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of income, the statement of comprehensive income, the statement of changes in equity, the consolidated statement of cash flows and selected notes – and the interim group management report of Henkel AG & Co. KGaA, Düsseldorf, for the period from January 1, 2010 to September 30, 2010 which form part of the nine-month financial report according to section 37x (3) in conjunction with section 37w (2) German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, November 8, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Thomas Sauter	Michael Gewehr
German Public Auditor	German Public Auditor

Report of the Audit Committee of the Supervisory Board

In the meeting of November 8, 2010, the Audit Committee was presented the interim financial report for the first nine months of fiscal 2010 and the report prepared by KPMG AG, Wirtschaftsprüfungsgesellschaft, on its review of the interim financial statements and the interim management report. The Audit Committee also received verbal explanations from the Management Board and KPMG pertaining to the above. The Audit Committee has approved and endorses the interim financial report.

Düsseldorf, November 8, 2010
Chairman of the Audit Committee
Dr. Bernhard Walter

Credits

Published by:
Henkel AG & Co. KGaA
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Edited by:
Corporate Communications, Investor Relations,
Corporate Accounting and Reporting
Coordination: Oliver Luckenbach,
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Photographs: Henkel
Produced by: Schotte, Krefeld

Date of publication of this report:
November 10, 2010

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Financial calendar

Publication of Report for Fiscal 2010 / Press Conference and Analysts' Conference:
Thursday, February 24, 2011

Annual General Meeting
Henkel AG & Co. KGaA 2011:
Monday, April 11, 2011

Publication of Report
for the First Quarter 2011:
Wednesday, May 4, 2011

Publication of Report
for the Second Quarter / Half Year 2011:
Wednesday, August 10, 2011

Publication of Report
for the Third Quarter / Nine Months 2011:
Wednesday, November 9, 2011

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

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

Henkel