

Henkel AG & Co. KGaA, Düsseldorf

**Notice of Convocation of the  
Annual General Meeting 2015 and of the  
Extraordinary Meeting of  
Preferred Shareholders 2015**



Excellence is our Passion

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## Agenda at a Glance

### Annual General Meeting 2015

1. Presentation of the annual financial statements and the consolidated financial statements, of the management reports relating to Henkel AG & Co. KGaA and the Group, each as endorsed by the Supervisory Board, including the corporate governance/corporate management and remuneration reports and the information required according to Sections 289 (4), 315 (4), 289 (5) and 315 (2) of the German Commercial Code [HGB], and presentation of the report of the Supervisory Board for fiscal 2014. Resolution to approve the annual financial statements of Henkel AG & Co. KGaA for fiscal 2014
2. Resolution for the appropriation of profit
3. Resolution to approve and ratify the actions of the Personally Liable Partner
4. Resolution to approve and ratify the actions of the Supervisory Board
5. Resolution to approve and ratify the actions of the Shareholders' Committee
6. Resolution on the appointment of the auditor of the annual financial statements and the consolidated financial statements and the examiner for the financial review of interim financial reports for fiscal 2015
7. Resolution on the approval of conclusion of control and profit and loss transfer agreements between Henkel AG & Co. KGaA (controlling entity) and Henkel Vierte Verwaltungsgesellschaft mbH, Henkel Fünfte Verwaltungsgesellschaft mbH, and Schwarzkopf & Henkel Production Europe Geschäftsführungsgesellschaft mbH (controlled entities)
8. Resolution for authorization to purchase, appropriate and utilize the Corporation's own shares ("treasury shares") and to exclude the pre-emptive subscription and tendering rights of existing shareholders
9. Resolution to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly
10. Resolution to approve the remuneration system for members of the Management Board

### Extraordinary Meeting of Preferred Shareholders 2015

1. Announcement of the resolution of the Annual General Meeting of April 13, 2015 to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) to be issued for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly
2. Special resolution of the preferred shareholders pertaining to the resolution of the Annual General Meeting to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) to be issued for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly, as per the resolution proposed under Item 1 of this agenda

# Notice of Convocation of the Annual General Meeting Henkel AG & Co. KGaA, Düsseldorf

**Securities ID Numbers:**

Ordinary Shares      604 840  
Preferred Shares      604 843

**International Securities Identification Numbers:**

Ordinary Shares      DE 0006048408  
Preferred Shares      DE 0006048432

The shareholders of our Corporation  
are hereby invited to attend our  
**Annual General Meeting**  
in the Congress Center Düsseldorf,  
CCD-Stadthalle entrance,  
Rotterdammer Strasse 141,  
40474 Düsseldorf, Germany  
taking place on  
**Monday, April 13, 2015,**  
at 10:00 a.m.

Admission is from 8:30 a.m.

## I. AGENDA

### 1. Presentation of the annual financial statements and the consolidated financial statements, of the management reports relating to Henkel AG & Co. KGaA and the Group, each as endorsed by the Supervisory Board, including the corporate governance/corporate management and remuneration reports and the information required according to Sections 289 (4), 315 (4), 289 (5) and 315 (2) of the German Commercial Code [HGB], and presentation of the report of the Supervisory Board for fiscal 2014. Resolution to approve the annual financial statements of Henkel AG & Co. KGaA for fiscal 2014

Pursuant to Section 171 of the German Stock Corporation Act [AktG], the Supervisory Board has endorsed the annual financial statements and the consolidated financial statements prepared by the Personally Liable Partner. Pursuant to Section 286 (1) AktG, it is proposed that the annual financial statements be approved and adopted by the Annual General Meeting; the other documents mentioned above shall be made available to the Annual General Meeting without the requirement of adoption or approval.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the annual financial statements, stating an unappropriated profit of 713,647,739.32 euros, be approved as presented.

### 2. Resolution for the appropriation of profit

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the unappropriated profit of 713,647,739.32 euros for fiscal 2014 be applied as follows:

a) Payment of a dividend of 1.29 euros per ordinary share (259,795,875 shares)	= 335,136,678.75 euros
b) Payment of a dividend of 1.31 euros per preferred share (178,162,875 shares)	= 233,393,366.25 euros
c) The remainder to be carried forward to retained earnings	= 145,117,694.32 euros <u>= 713,647,739.32 euros</u>

According to Section 71 AktG, treasury shares do not qualify for a dividend. The amount in unappropriated profit which relates to the shares held by the Corporation (treasury shares) at the date of the Annual General Meeting will be carried forward as retained earnings. As the number of such treasury shares can change until the Annual General Meeting, an appropriately adapted proposal for the appropriation of profit will be submitted to it, providing for an unchanged payout of 1.29 euros per ordinary share qualifying for a dividend and 1.31 euros per preferred share qualifying for a dividend, with corresponding adjustment of the retained earnings carried forward to the following year.

### 3. Resolution to approve and ratify the actions of the Personally Liable Partner

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the Personally Liable Partner be approved and ratified for fiscal 2014.

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

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the members of the Supervisory Board officiating in fiscal 2014 be approved and ratified for that fiscal year.

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

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the members of the Shareholders' Committee officiating in fiscal 2014 be approved and ratified for that fiscal year.

### 6. Resolution on the appointment of the auditor of the annual financial statements and the consolidated financial statements and the examiner for the financial review of interim financial reports for fiscal 2015

Finding itself in agreement with the recommendations of its Audit Committee, the Supervisory Board proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany, be appointed as auditor of the annual financial statements and of the consolidated financial statements and as examiner for the financial review of interim financial reports for fiscal 2015.

**7. Resolution on the approval of conclusion of control and profit and loss transfer agreements between Henkel AG & Co. KGaA (controlling entity) and Henkel Vierte Verwaltungsgesellschaft mbH, Henkel Fünfte Verwaltungsgesellschaft mbH, and Schwarzkopf & Henkel Production Europe Geschäftsführungsgesellschaft mbH (controlled entities)**

Control and profit and loss transfer agreements were concluded on January 29, 2015 between Henkel AG & Co. KGaA as the controlling entity (dominant company) and each of the wholly owned subsidiaries (controlled entities) indicated below, thereby creating a single-entity relationship with them for the purpose of corporate income tax:

- a) Henkel Vierte Verwaltungsgesellschaft mbH, Düsseldorf,
- b) Henkel Fünfte Verwaltungsgesellschaft mbH, Düsseldorf,
- c) Schwarzkopf & Henkel Production Europe Geschäftsführungsgesellschaft mbH, Düsseldorf.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the Annual General Meeting approve the control and profit and loss transfer agreements indicated.

The contents of control and profit and loss transfer agreements are essentially as follows:

- The subsidiary subordinates its management to Henkel AG & Co. KGaA, which is entitled to issue instructions to said management.
- According to the provisions of Section 301 AktG as most recently amended, the subsidiary is obliged to transfer its entire profit to Henkel AG & Co. KGaA.
- To the extent allowed under law, Henkel AG & Co. KGaA may, in the course of the trading year, demand reasonable payments in advance against transferrable profit.
- The subsidiary may, with the approval of Henkel AG & Co. KGaA, carry amounts from its annual net income to other retained earnings to the extent permissible under commercial law and in line with the precepts of economic prudence. Other retained earnings accruing during the period of validity of the agreement shall be released to Henkel AG & Co. KGaA on demand and transferred as profit or as compensation for a net loss made in a trading year. The transfer of amounts arising from the release of capital reserves and retained earnings formed before the start of this agreement is precluded from this requirement.

- Pursuant to the provisions of Section 302 AktG as most recently amended, Henkel AG & Co. KGaA is obliged to compensate for any net loss incurred in a trading year by the subsidiary.
- The control and profit and loss transfer agreement comes into economic force as of January 1 of the year of entry in the commercial register in which the subsidiary is itself recorded.
- The contract has been concluded for an unlimited term. It can be terminated with three months' notice to the end of a trading year, but only on expiry of the fourth year following the year of entry in the commercial register (giving a minimum term of five years). As long as such notice has not been given, the agreement shall be automatically extended for another year with the same period of notice applying. The right to immediate termination with good cause or for good reason remains unaffected. Such good cause or reason exists in cases of one of the parties undergoing a merger, spin-off, carve-out or liquidation. Henkel AG & Co. KGaA may further terminate the agreement in the event of its shares in the subsidiary being wholly or partially sold.
- The agreement contains a so-called severability clause. The invalidity or unenforceability of any provisions of this Agreement, or open loophole contained therein, shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. Any invalid or unenforceable provision will be replaced by another effective provision that corresponds to the spirit and purpose of the invalid or unenforceable provision. In the event of an open loophole, a provision shall be agreed that corresponds to that which would have been agreed in accordance with the spirit and purpose of this Agreement, had the matter come to light at the time.

As Henkel AG & Co. KGaA is the sole shareholder of each of the above controlled entities, it is not required to make compensatory or settlement payments to outside shareholders in accordance with Sections 304 and 305 AktG.

From the date of this Notice of Convocation, the following documents are available on the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)) and will also be made available at the Annual General Meeting of Henkel AG & Co. KGaA:

- The relevant control and profit and loss transfer agreements between Henkel AG & Co. KGaA and the controlled entities,
- the annual financial statements, consolidated financial statements and management reports of Henkel AG & Co. KGaA for the last three fiscal years,
- the annual financial statements as of December 31, 2014 (stub fiscal year) of the controlled entities,
- the joint reports of each of the managements of the subsidiaries and the Personally Liable Partner of Henkel AG & Co. KGaA prepared in accordance with Section 293a AktG.

## **8. Resolution for authorization to purchase, appropriate and utilize the Corporation's own shares ("treasury shares") and to exclude the pre-emptive subscription and tendering rights of existing shareholders**

According to Section 71 (1) no. 8 AktG, the Corporation needs special authorization by the Annual General Meeting to purchase, appropriate and utilize its own shares ("treasury stock") unless such actions are expressly permitted under law. As the authorization granted by the Annual General Meeting on April 19, 2010, for a maximum period of five years expires on April 18, 2015, a new resolution for a further authorization is to be put before the Annual General Meeting. The authorization is again to be valid for five years.

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

a) That the Personally Liable Partner be authorized in accordance with Section 71 (1) no. 8 AktG to purchase, at any time up to April 12, 2020, ordinary and/or preferred shares in the Corporation for any legally permissible purpose and in accordance with the following provisions in an amount up to 10 percent of the capital stock of the Corporation at the time of the resolution by the Annual General Meeting or – if of lower value – of the capital stock of the Corporation at the time of each utilization of the said authorization. This authorization shall be granted subject to the condition that the shares acquired on the basis of this authorization, together with the other treasury shares that the Corporation has already acquired and still holds, and which is attributable to the Corporation in accordance with Sections 71d and 71e AktG, shall not at any time exceed 10 percent in total of the capital stock. The purchase may be limited to shares of one class.

The authorization may be exercised in parts, once or several times, individually or jointly by the Corporation or by companies dependent upon it in accordance with Section 17 AktG, or by third parties engaged by the Corporation or by companies dependent upon it in accordance with Section 17 AktG.

The authorization to purchase the Corporation's own shares ("treasury shares") at any time up to April 18, 2015, approved by the Annual General Meeting held on April 19, 2010, shall be canceled with effect from the date when this new authorization becomes operative.

b) The purchases may be made, at the discretion of the Personally Liable Partner, (1) in the market or (2) either by means of a public offer of purchase addressed to all shareholders or by means of a public invitation to submit offers of sale (sale tenders) or (3) through the granting of tender rights to the shareholders.

(1) If the shares are purchased in the market, the consideration paid by the Corporation (excluding incidental costs) for each share must not be more than 10 percent above or below the arithmetic average of the prices of the Corporation shares of the same class established at the closing auction of the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last five trading days prior to conclusion of the contractual purchase transaction.

(2) In the case of purchase by means of a public offer of purchase, or a public invitation to submit offers of sale (sale tenders), the Personally Liable Partner shall stipulate the share purchase price or the share purchase price spread. Where a share purchase price spread is stipulated, the final price shall be determined from the declarations of acceptance or sale tenders received. The public offer or the invitation to tender may include a time limit for acceptance or submissions, certain conditions and also the proviso that the share purchase price spread may be adjusted during the time limit for acceptance or tender submissions if, following publication of the formal offer or the invitation to submit sale tenders, there are significant movements in price during the time limit for acceptance or submissions.

The consideration paid by the Corporation (excluding incidental costs) for each share, or the share purchase price spread, must not be more than 10 percent above or below the arithmetic average of the closing prices of the Corporation's shares of the same class quoted on the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last five trading days prior to the date of the announcement of the offer or the invitation to submit sales tenders. In the case of an adjustment to the share purchase price, the relevant amount shall be determined on the basis of the closing price of Henkel shares of the same class prevailing on the last trading day before the final decision on the purchase price adjustment.

The volume purchased may be limited. If, in the case of a public purchase offer or a public invitation to submit sale tenders, the volume of the shares tendered exceeds the envisaged buy-back volume, the purchase may then be effected – with partial exclusion of rights to tender as appropriate – on a pro-rata basis in accordance with the ratio of shares offered (tender ratios) in each case, rather than according to the ratio of participation of tendering shareholders in the Corporation (participation ratios). Likewise provision may be made – again with partial exclusion of rights to tender as appropriate – for preferential acceptance of lower numbers of up to 100 shares for the purchase of offered or tendered shares per shareholder, with commercial rounding being implemented in order to avoid arithmetic fractions of shares.

- (3) In the event that purchase is made on the basis of tender rights afforded to shareholders, these may be issued on the basis of one per share in the Corporation. Aligned to the ratio of the Corporation's capital stock to the volume of the shares to be bought back by the Corporation, a correspondingly determined number of tender rights would entitle the holder to sell one share in the Corporation to the Corporation. Tender rights can also be issued such that one tender right grants the sale of a number of shares derived from the ratio of capital stock to buy-back volume. Fractions of tender rights shall not be granted; in such cases, the corresponding fractional tender rights are voided. The price or the limits of the purchase price spreads offered (excluding incidental costs in each case) at which a share may be sold to the Corporation on exercise of tender rights, is determined in accordance with the provisions in the preceding section (2), whereby the effective date is the date of publication of the offer or the request for submission of sales tenders with tender rights granted. If a purchase price adjustment takes place, the effective date is that prior to publication of the adjustment. The Personally Liable Partner shall determine the details relating to the form that such tender rights may take, in particular their period of validity and, where appropriate, their tradability.
- c) The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and of the Supervisory Board, to use the Corporation's own shares ("treasury shares") acquired on the basis of this or an earlier authorization for any permissible purpose, including in particular the following:
- (1) The Personally Liable Partner may offer and transfer treasury shares to third parties against payment in kind, particularly for the purpose of business combinations or the (direct or indirect) acquisition of entities, operations, parts of businesses, equity interests or other assets, including claims against the Corporation or companies dependent upon it, in accordance with Section 17 AktG.
- (2) The Personally Liable Partner may sell treasury shares for cash consideration provided that the purchase price is not significantly below the market price for the relevant shares in the Corporation at the time of the sale. The proportion of the capital stock represented by the shares sold on the basis of such authorizations, together with the proportion of the capital stock represented by new shares issued or sold during the period of validity of this authorization with the pre-emptive subscription rights of existing shareholders excluded in accordance with Section 186 (3) sentence 4 AktG, must not exceed a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised. Also to be taken into account in this restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with exclusion of shareholder pre-emptive rights, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive subscription rights in appropriate application of Section 186 (3) sentence 4 AktG.
- (3) The Personally Liable Partner may also use treasury shares to fulfill warrants or conversion rights or a conversion obligation granted on the issuance of bonds by the Corporation or one of the companies dependent upon it as defined in Section 17 AktG.
- d) In the event of the Corporation's shares acquired on the basis of this authorization being used for one or several of the purposes cited under c), the pre-emptive subscription rights of existing shareholders to treasury shares are excluded. Moreover, the Personally Liable Partner may, in the case of disposal of purchased treasury shares under the terms of an offer addressed to all shareholders and subject to the approval of the Shareholders' Committee and the Supervisory Board, exclude the pre-emptive subscription rights of existing shareholders in respect of fractional entitlements. Where treasury shares are to be sold by means of an offer addressed to all shareholders, the Personally Liable Partner is further authorized, subject to the approval of the Shareholders' Committee and of the Supervisory Board, to exclude the pre-emptive subscription rights of existing shareholders to the extent necessary in order to grant to holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation, as issued by the Corporation or by companies dependent upon it as defined in Section 17 AktG, shares in the amount to which said bondholders would be entitled in the event of exercising the warrant options or conversion rights or after fulfillment of the conversion obligation.
- e) The Personally Liable Partner may cancel treasury shares in part or in whole without such cancellation or its implementation requiring a further resolution in General Meeting. Cancellation shall be implemented by way of a capital reduction. Alternatively, the Personally Liable Partner may decide that cancellation should be implemented in such a way that the capital stock remains unchanged and the proportional nominal share of capital stock represented by the other shares increases in accordance with Section 8 (3) AktG. In this case, the Personally Liable Partner is authorized to adapt the number of shares appearing in the Articles of Association.
- f) The above authorizations under sections c), d) and e) may be exercised once or several times, in whole or in parts, and individually or jointly. They also encompass the use of shares in the Corporation acquired on the basis of earlier authorizations to purchase treasury shares, and those acquired on the basis of Section 71d sentence 5 AktG or yet to be acquired (i)



by a company dependent on the Corporation or an entity in which the Corporation has a majority holding or (ii) by third parties on behalf of the Corporation or by third parties on behalf of a company dependent on the Company or an entity in which the Corporation has a majority holding.

**9. Resolution to cancel the existing authorized capital and to create a new authorized capital (Authorized Capital 2015) for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly**

The authorized capital approved by the Annual General Meeting on April 19, 2010 (Authorized Capital 2010) expires on April 18, 2015. In order to ensure that authorized capital is always available, the provision previously contained in Art. 6 (5) of the Articles of Association relating to Authorized Capital 2010 is to be cancelled and a new Authorized Capital 2015 against cash and/or in-kind consideration created with an increase in volume and the facility to exclude pre-emptive subscription rights.

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

- a) That the Personally Liable Partner be authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to increase the capital stock of the Corporation during the period until April 12, 2020 by up to a nominal total of 43,795,875 euros through the issuance of up to 43,795,875 new preferred shares with no voting rights for cash or in-kind consideration. The authorization may be utilized to the full extent allowed or once or several times in partial amounts. The proportion of the capital stock represented by the shares issued on the basis of this authorization for consideration in kind must not exceed 10 percent of the capital stock in existence at the time of this authorization becoming effective. According to Section 139 (2) AktG, new non-voting preferred shares may be issued on the basis of this authorization up to the point where shares of this class make up no more than half the capital stock; non-voting preferred shares issued from conditional or authorized capital to service bonds with warrants or conversion rights or bonds that establish a conversion obligation also count toward this limit.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to exclude the pre-emptive subscription rights of shareholders in the case of a capital increase against contributions in kind, particularly for the purpose of business combinations or the (direct or indirect) acquisition of entities, operations, parts of businesses, equity interests or other assets, including claims against the Corporation or companies dependent upon it, in accordance with Section 17 AktG.

If capital is increased against cash contributions, shareholders shall essentially be granted pre-emptive subscription rights.

In this case, the shares must be transferred to banks and similar credit institutions for the purpose of offering them for sale to existing shareholders. The Personally Liable Partner is, however, authorized, subject to the approval of the Shareholders' Committee and of the Supervisory Board, to exclude the pre-emptive subscription rights of existing shareholders in cases of capital increases against cash contributions

- in order to dispose of any fractional amounts to the exclusion of the pre-emptive subscription rights of shareholders,
- to the extent necessary in order to grant to holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation issued by the Corporation or one of the companies dependent upon it, pre-emptive subscription rights to new shares in the amount to which said bondholders would be entitled if they were to exercise the warrant options or conversion rights or after fulfillment of the conversion obligation,
- if the issue price of the new shares is not significantly below the quoted market price of the shares of the same class. The proportion of the capital stock represented by the shares sold on the basis of this authorization, together with the proportion of the capital stock represented by new shares issued or sold during the period of validity of this authorization, with the pre-emptive rights of existing shareholders excluded in accordance with Section 186 (3) sentence 4 AktG, must not exceed a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised. Also to be taken into account in this restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with the exclusion of the pre-emptive subscription rights of shareholders, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive rights in appropriate application of Section 186 (3) sentence 4 AktG.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to stipulate the further specifics of the share rights and the conditions of share issue (Authorized Capital 2015).

- b) With cancellation of the existing authorization, the previous Authorized Capital 2010 per Art. 6 (5) of the Articles of Association is to be canceled and Art. 6 (5) of the Articles of Association is to be amended as follows:

“(5) The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to increase the capital stock of the Corporation during

the period until April 12, 2020, by up to a nominal total of 43,795,875 euros through the issuance of up to 43,795,875 new preferred shares with no voting rights for cash or in-kind consideration. The authorization may be utilized to the full extent allowed or once or several times in partial amounts. The proportion of the capital stock represented by the shares issued on the basis of this authorization for consideration in kind must not exceed 10 percent of the capital stock in existence at the time of this authorization becoming effective. According to Section 139 (2) AktG, new non-voting preferred shares may be issued on the basis of this authorization up to the point where shares of this class make up no more than half the capital stock; non-voting preferred shares issued from conditional or authorized capital to service bonds with warrants or conversion rights or bonds that establish a conversion obligation also count toward this limit.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to exclude the pre-emptive subscription rights of shareholders in the case of a capital increase against contributions in kind, particularly for the purpose of business combinations or the (direct or indirect) acquisition of entities, operations, parts of businesses, equity interests or other assets, including claims against the Corporation or companies dependent upon it, in accordance with Section 17 AktG.

If capital is increased against cash contributions, shareholders shall essentially be granted pre-emptive subscription rights. In this case, the shares must be transferred to banks and similar credit institutions for the purpose of offering them for sale to existing shareholders. The Personally Liable Partner is, however, authorized, subject to the approval of the Shareholders' Committee and of the Supervisory Board, to exclude the pre-emptive subscription rights of existing shareholders in cases of capital increases against cash contributions

- in order to dispose of any fractional amounts to the exclusion of the pre-emptive subscription rights of shareholders,
- to the extent necessary in order to grant to holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation issued by the Corporation or one of the companies dependent upon it, pre-emptive subscription rights to new shares in the amount to which said bondholders would be entitled if they were to exercise the warrant options or conversion rights or after fulfillment of the conversion obligation,
- if the issue price of the new shares is not significantly below the quoted market price of the shares of the same class. The proportion of the capital stock represented by the shares sold on the basis of this authorization, together with the proportion of the capital stock represented by new shares issued or sold during the period of validity of this authorization, with the pre-emptive rights of existing shareholders excluded in accordance with Section 186 (3) sentence 4 AktG, must not exceed a total of 10 percent of

the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised. Also to be taken into account in this restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with the exclusion of the pre-emptive subscription rights of shareholders, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive rights in appropriate application of Section 186 (3) sentence 4 AktG.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to stipulate the further specifics of the share rights and the conditions of share issue (Authorized Capital 2015)."

- c) The Personally Liable Partner is instructed only to register the resolutions per sections a) and b) above regarding the creation of Authorized Capital 2015 and the cancellation of Authorized Capital 2010 subject to the condition that Authorized Capital 2010 shall only be canceled once the new Authorized Capital 2015 has been registered.
- d) The Supervisory Board is authorized to amend Articles 5 and 6 of the Articles of Association in accordance with the level of utilization of Authorized Capital 2015 and on expiry of the authorization validity.

#### **10. Resolution to approve the remuneration system for members of the Management Board**

The current remuneration system for members of the Management Board is based on the remuneration system approved with a large majority at the Annual General Meeting of April 19, 2010.

Now that, in agreement with the recommendations of the Human Resources Subcommittee of the Shareholders' Committee, the Supervisory Board of Henkel Management AG has reviewed the remuneration system in place for members of the Management Board and has resolved to develop it further as from fiscal 2015, the Annual General Meeting is also to be asked to consider a resolution approving this further developed remuneration system (Compensation 2015).

This further development essentially concerns the interrelationship of the individual remuneration components – with a reduction in the variable annual cash remuneration and an increase in the share of the Long Term Incentive within the overall compensation package – and also the method of calculating the variable annual cash remuneration. The company pension scheme has also been simplified.

The resultant changes with respect to the previous compensation arrangements are explained in this notice of convocation in the separate report provided under section II.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that these further developed remuneration system for members of the Management Board, applicable as from fiscal 2015, be approved.

## **II. REPORTS AND SUPPLEMENTARY INFORMATION RELATING TO THE AGENDA ITEMS**

### **I. Report to the Annual General Meeting in accordance with Sections 71 (1) no. 8 and 186 (4) sentence 2 AktG pertaining to Item 8 of the Agenda**

In accordance with Sections 71 (1) no. 8 and 186 (4) sentence 2 AktG, the Personally Liable Partner has prepared a written report detailing the reasons for the authorization proposed in Item 8 of the Agenda to exclude possible tender rights of shareholders in relation to a share buy-back, and to exclude their pre-emptive subscription rights when selling or otherwise disposing of treasury shares. The report states as follows:

The authorization proposed under Item 8 of the Agenda relates to the purchase of the Corporation's own shares. The authorization approved by the Annual General Meeting on April 19, 2010 allowing purchase of the Corporation's own shares ("treasury shares") is only valid until April 18, 2015. A new authorization is therefore required in conjunction with the authorizations relating to the other dispositions according to Section 71 (1) no. 8 sentence 5 AktG and the authorization to cancel shares per Section 71 (1) no. 8 sentence 6 AktG. The proposal would enable the Personally Liable Partner to acquire shares despite restrictions on the principle of equal treatment and on the tender rights of shareholders, and to use treasury shares acquired on the basis of this or earlier authorizations to the exclusion of pre-emptive subscription rights of existing shareholders. The authorization is to remain valid for five years. The proposed authorization will enable the Corporation to realize the benefits associated with the acquisition of its own shares in the interests of the Corporation and its shareholders.

The authorization relates to the purchase of both ordinary and preferred shares. The purchase may be limited to shares of one class.

#### **Acquisition of own shares with exclusion of tender rights**

As permitted under Section 71 (1) no. 8 AktG, other forms of purchase and disposal may be applied in addition to the typical method of purchase and disposal in the market. Thus, treasury shares may also be acquired by means of a public offer addressed to the shareholders or by public invitation to submit sales tenders. In these cases, the shareholders may decide how many shares they wish to sell and, in the event of a price spread being stipulated, at which price they wish to tender them.

In acquiring the Corporation's own shares, the principle of equal treatment as defined in Section 53a AktG must be upheld. The proposed acquisition of the shares in the market or by way of a public offer or a public invitation to submit sales tenders is in keeping with this principle. Inasmuch as the number of shares offered or tendered exceeds the envisaged number of shares to be acquired, purchase or acceptance must be effected on a quota basis. The purchase will then be effected on a pro-rata basis in accordance with the ratio of shares offered (tender ratios) in each case, rather than participation ratios, as this enables the purchasing process to be technically managed on a commercially sound basis. Allowing pre-emptive rights in respect of smaller numbers of up to 100 shares tendered per shareholder also serves to simplify the purchasing process. Applying the principles of commercial rounding avoids the problem of arithmetic fractions of shares. The Personally Liable Partner considers that the exclusion contained herein of more comprehensive tender rights of shareholders to be objectively justified and fair to shareholders.

Aside from purchasing in the market or by means of a public offer of purchase extended to all shareholders, or a public invitation to submit offers of sale (sale tenders) extended to all shareholders, the authorization also makes provision for acquisition on the basis of tender rights available to shareholders. These tender rights are structured such that the Corporation is only obligated to purchase whole shares. Where tender rights cannot be exercised on this basis, they are voided. This process treats shareholders equally and facilitates the technical management of the share buy-back procedure.

#### **Use of acquired treasury shares and exclusion of pre-emptive subscription rights**

The acquired treasury shares may be resold through a public offer addressed to all shareholders or by placement in the market, thereby upholding the right of shareholders to equal treatment. In addition, the treasury shares acquired may also be used for the following purposes to the exclusion of pre-emptive subscription rights:

The proposal contains the authorization that treasury shares may be offered and transferred to third parties against consideration in kind, particularly for the purpose of business combinations or the (direct or indirect) acquisition of entities, operations, parts of businesses, equity interests or other assets, including claims against the Corporation or companies dependent upon it, in accordance with Section 17 AktG.

Treasury shares are an important instrument and acquisition currency. International competition and the process of business globalization increasingly demand that a company's treasury stock be used as consideration for the acquisition of other businesses, parts of businesses, operations or equity interests in businesses or for forming business combinations. The granting of treasury stock can be a useful means of pro-

viding consideration as it protects the liquidity of the company and avoids the tax disadvantages arising from the fiscal regulations in force in certain countries. The authorization proposed here for transferring the shares purchased is therefore intended to place the Corporation in a position of being able to make the most of opportunities to acquire businesses, parts of businesses, operations or equity interests rapidly and in a flexible, liquidity-preserving manner as such opportunities arise, and particularly without having to wait the often unfeasible time required for resolution in General Meeting. In addition to business acquisitions, the authorization may in particular be used for the acquisition of assets, in particular the acquisition of claims (loans and bonds) against the Corporation or against companies dependent upon it and thus for the purpose of reducing external debt. Whether, in individual cases, treasury stock or – if applicable – shares from authorized capital are to be used is decided upon by the Personally Liabe Partner taking into account the interests of the shareholders of the Corporation. In determining the valuation ratios, the Personally Liabe Partner shall consider the market price of the relevant Henkel shares; there is no schematic link with the market price so that negotiation results, once achieved, cannot be put in question by possible fluctuations in the market price. There are currently no definite plans to use this authorization.

It is also envisaged that Management should be authorized to dispose of acquired treasury shares against cash with exclusion of pre-emptive subscription rights according to Section 186 (3) sentence 4 AktG through sale and transfer to third parties by means other than in the market or through an offer addressed to all shareholders. The authorization serves the purpose of ensuring that the Corporation always has adequate equity at its disposal, enabling it to respond quickly and effectively to favorable stock exchange developments. The investment and financial interests of shareholders are suitably safeguarded by such an approach. The authorization ensures that the proportion of the capital stock represented by the shares sold on the basis of such authorizations, together with the proportion of the capital stock represented by new shares issued or sold with the pre-emptive subscription rights of existing shareholders excluded in accordance with Section 186 (3) sentence 4 AktG during the period of validity of this authorization, does not exceed a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised. Also to be taken into account in this restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of this provision with exclusion of shareholder pre-emptive rights, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive subscription rights in appropriate application of Section 186 (3) sentence 4 AktG. Moreover, the shares may only be sold at a price that is not significantly below the prevailing

market price. The sale price is only finalized shortly before the sale. Management will endeavor to keep any discount on the quoted price as small as possible, taking into account the prevailing market conditions. Limiting the number of shares sold and requiring the selling price to be fixed close to the market price ensure that shareholders are adequately protected against the value of their shares becoming diluted. There are currently no definite plans to use this authorization.

The Corporation is also to be authorized to use treasury stock to fulfill warrants or conversion rights or a conversion obligation granted on the issuance of bonds by the Corporation or one of the companies dependent upon it as defined in Section 17 AktG. It may be expedient to service the rights to the purchase of Henkel shares derived from such arrangements by using treasury shares in part or in full instead of new shares issued from a corresponding capital increase. The exclusion of the pre-emptive subscription rights of existing shareholders would be a necessary prerequisite in such a process. The authorization also creates a facility whereby the pre-emptive subscription rights of existing shareholders may be selectively excluded in the event of a sale of shares by means of an offer addressed to existing shareholders, in favor of the holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation. This creates the possibility whereby, on the issuance of bonds with warrants or conversion rights or bonds that establish a conversion obligation, purchasers can be granted a pre-emptive right to shares as protection against dilution rather than being offered a reduction in the warrant or conversion price. This can facilitate a larger flow of funds to the Corporation.

Finally, the Personally Liabe Partner is to be authorized, in the case of disposal of treasury stock under the terms of an offer of sale addressed to all shareholders, to exclude the pre-emptive subscription rights of shareholders in respect of fractional entitlements – subject to the approval of the Shareholders' Committee and the Supervisory Board. This is necessary in order to enhance technical efficiency in the disposal of acquired treasury stock by way of such an offer to shareholders. The free fractional amounts of treasury stock excluded from the pre-emptive subscription rights of the shareholders shall be disposed of to the best possible effect for the Corporation, either by sale in the market or by some other process.

This authorization applies to shares acquired on the basis of this authorization resolution, on the basis of authorization resolutions of earlier Annual General Meetings, and on the basis of Section 71d sentence 5 AktG, or yet to be acquired, (i) by a company dependent on the Corporation or an entity in which the Corporation has a majority holding or (ii) by third parties on behalf of the Corporation or by third parties on behalf of a company dependent on the Company or an entity in which the Corporation has a majority holding. Such shares purchased may be canceled by the Corporation without any further resolution in General Meeting being required. Cancellation shall either be

effected by way of capital stock reduction or, as permitted by Section 237 (3) no. 3 AktG, such that the capital stock remains unchanged and by increasing the nominal proportion of the other shares relative to the capital stock pursuant to Section 8 (3) AktG. The Personally Liable Partner is authorized in such cases to adapt the Articles of Association in line with the change in the number of shares ensuing.

In the event that the authorization is used, the Personally Liable Partner shall inform the subsequent Annual General Meeting thereof.

**2. Report to the Annual General Meeting in accordance with Section 203 (2) sentence 2, Section 186 (4) sentence 2 AktG pertaining to Item 9 of the Agenda**

In accordance with Sections 203 (2) sentence 2 and 186 (4) sentence 2 AktG, the Personally Liable Partner has prepared a written report detailing the reasons for the resolution proposal in Item 9 of the Agenda to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly. The report states as follows:

The proposal before the Annual General Meeting is that it approve the creation of an Authorized Capital 2015 totaling up to a nominal of 43,795,875 euros through the issuance of 43,795,875 new non-voting preferred shares, with an accompanying proposal being put before the Extraordinary Meeting of Preferred Shareholders that it ratify such resolution as passed in General Meeting. The new Authorized Capital 2015 is to be made available for both cash and in-kind consideration, with the issue of partial amounts also permitted. It will therefore replace the existing and unutilized remainder of Authorized Capital 2010. The availability of Authorized Capital 2015 will enable the Corporation to quickly and flexibly meet current and future financial demands and in particular to finance acquisitions – whether in cash or using treasury shares – without having to wait the often unfeasible time required for a resolution in General Meeting.

Any utilization of Authorized Capital 2015, whether in part or in whole, shall not in total exceed the nominal amount of 43,795,875 euros. Moreover, the proportion of the capital stock represented by the shares issued on the basis of this authorization for contributions in kind must not exceed 10 percent of the capital stock in existence at the time of this authorization becoming effective. This has no bearing on compliance with Section 139 (2) AktG, which states that non-voting preferred shares may only make up to half the issued capital stock. This means that, when utilizing authorized capital and also other authorized or conditional capital created in the future, the number of new non-voting preferred shares that can be issued is limited by a cap corresponding to half the capital stock in existence at the time of issuance. The Personally Liable Partner will ensure compliance with this cap when utilizing the authorization. It shall also take into account

non-voting preferred shares issued from unutilized conditional or authorized capital that are required to service bonds with warrants or conversion rights or bonds that establish a conversion obligation. The proposed amount of Authorized Capital 2015 totaling up to 43,795,875 new preferred shares would, if fully utilized, result in a 10 percent increase in the current capital stock.

In the event of utilization of Authorized Capital 2015 in the form of cash capital increases, shareholders will essentially retain pre-emptive subscription rights. However, the proposed authorization provides the Personally Liable Partner with the option, subject to the approval of the Shareholders' Committee and the Supervisory Board, of excluding such pre-emptive subscription rights in respect of fractional entitlements. The purpose of the exclusion of pre-emptive subscription rights in respect of fractional amounts is to facilitate efficiency and the practical management of disposal based on rounded entitlements. The free fractional amounts of new shares excluded from the pre-emptive subscription rights of the shareholders shall be disposed of to the best possible effect for the Corporation, either by sale in the market or by some other process.

The facility of exclusion of pre-emptive subscription rights is also required so that, to the extent necessary, creditors/holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation may be granted pre-emptive subscription rights to new shares where stipulated in the conditions of issue underlying such bonds. In order to facilitate placement in the capital market, such bonds are regularly provided with anti-dilution protection so that creditors/holders of the bonds concerned are granted a pre-emptive right to purchase shares subsequently issued corresponding to the pre-emptive subscription entitlement of shareholders. The creditors/holders are therefore treated as if they are already shareholders. In order to provide bonds with such anti-dilution protection, the pre-emptive subscription rights of existing shareholders to such shares must be excluded. This facilitates bond placement and therefore serves the interests of shareholders in that the Corporation's financial structure can be appropriately optimized.

It should also be possible in the case of cash capital increases to exclude pre-emptive subscription rights, subject to the approval of the Shareholders' Committee and the Supervisory Board, when the shares are issued at a price not significantly below the market quotation. Exclusion allows placement closer to market price so that, in the interest of strengthening the Corporation's equity base, the usual market price discount associated with a rights issue is avoided.

The investment and financial interests of shareholders are suitably safeguarded by such an approach. The authorization ensures that, even together with other similar authorizations, not more than a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised, can be issued or sold with the pre-emptive subscription rights of existing shareholders excluded.

ed through direct or corresponding application of Section 186 (3) sentence 4 AktG. Also to be taken into account in this 10 percent restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with the exclusion of the pre-emptive subscription rights of shareholders, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive rights in appropriate application of Section 186 (3) sentence 4 AktG. This stipulation ensures that, in keeping with statutory requirements, due consideration is given to the need to provide anti-dilution protection of the investment of existing shareholders. Because the issue price for the new shares is to be close to the market quotation, every shareholder will have the opportunity of purchasing new shares under almost the same conditions, in order to maintain their shareholding ratio. Given the liquidity of Henkel preferred shares in the market, there is constant opportunity to purchase additional shares via the stock exchange. In utilizing this authorization, the Personally Liable Partner shall endeavor to keep the market price discount as low as possible, taking into account the market conditions prevailing at the time of placement.

In the case of capital increases for in-kind consideration, pre-emptive subscription rights may be fully excluded. The corporation competes on a global scale. It must be in a position at all times to be able to act in national and international markets quickly and flexibly in the interest of its shareholders. This means it must also be able to quickly acquire businesses, parts of businesses, operations or equity interests so as to improve its competitive position. The granting of treasury stock can be a useful means of providing consideration, as it protects the liquidity of the company and avoids the tax disadvantages arising from the fiscal regulations in force in certain countries. Moreover, practical experience has also shown that, in both the international and national markets, the provision of shares in the acquirer is often demanded as consideration for attractive acquires.

The proposed authorization to issue preferred shares from Authorized Capital 2015 for in-kind consideration would give the Corporation the necessary scope to quickly and flexibly utilize in particular those opportunities that arise for business combinations and for the acquisition of businesses, parts of businesses, operations or equity interests, without resorting to the stock exchange. This is further facilitated by the proposed exclusion of pre-emptive subscription rights in the event of in-kind contributions. In addition to business acquisitions, the authorization may in particular be used for the acquisition of assets, in particular the acquisition of claims (loans and bonds) against the Corporation or against companies dependent upon it. Where such claims acquired as in-kind capital contributions made to the Corporation, the liability is eliminated or there is at least a reduction in external indebtedness, leading to a strengthening of equity.

There are no specific plans to make use of this authorization. However, anticipatory decisions allowing the facility to exclude pre-emptive subscription rights are permissible and are common national and international practice. The Personally Liable Partner will, in all cases, carefully examine whether utilizing Authorized Capital 2015 in the interest of the Corporation. The Supervisory Board and Shareholders' Committee will give the necessary approval to using Authorized Capital 2015 and for exclusion of pre-emptive subscription rights only if they are likewise convinced of the need to do so.

Taking into account all the circumstances, it can be stated that the authorization to exclude pre-emptive subscription rights under the conditions indicated to achieve the objects pursued is necessary, appropriate and reasonable, and is in the interests of the Corporation.

The Personally Liable Partner will inform the Annual General Meeting of all cases of Authorized Capital 2015 usage.

### **3. Report to the Annual General Meeting on Item 10 of the Agenda**

The remuneration of the members of the Management Board of Henkel Management AG is determined – following prior discussion in the Human Resources Subcommittee of the Shareholders' Committee – by the Supervisory Board of Henkel Management AG which is made up of three members of the Shareholders' Committee.

In agreement with the recommendations of the Human Resources Subcommittee of the Shareholders' Committee, the Supervisory Board of Henkel Management AG has reviewed the remuneration system in place for members of the Management Board and has resolved to develop it further as from fiscal 2015.

The proven division of remuneration between non-performance-related and variable performance-related compensation is to be retained, but with the relationship between the individual remuneration components changed in favor of the multi-year compensation arrangement. The method of calculating the variable annual cash remuneration has also been modified, accompanied by a simplification of the company pension scheme.

From January 1, 2015, the specific differences proposed compared to the remuneration system previously in place, which is described in detail in the 2014 Annual Report and can also be accessed via the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)), are as follows:

#### **Remuneration structure**

The remuneration of the members of the Management Board will continue to comprise four components: the fixed salary (including in-kind emoluments and other benefits), a variable annual cash remuneration (Short Term Incentive, abbreviated STI) with a share deferral arrangement, a cash sum related to the long-term

performance of the Corporation (Long Term Incentive, abbreviated LTI) and the company pension scheme.

The proposal is to increase the weighting of the LTI so that, on attainment of “at target” remuneration (excluding the company pension), the fixed salary is around 21 percent, the STI including the share deferral is around 56 percent and the LTI is around 23 percent of the total compensation package.

**Fixed salary**

Taking into account developments in the market environment, the fixed salary for the Chairman of the Management Board has been increased from 1,050,000 euros per year to 1,200,000 euros per year, and that of the other members of the Management Board from 700,000 euros per year to 750,000 euros per year.

**Variable annual cash remuneration**

The performance criteria governing the variable annual cash remuneration (STI) remain return on capital employed (ROCE) and earnings per preferred share (EPS) in the relevant fiscal year, adjusted in each case for exceptional items, plus individual targets.

From fiscal 2015, adjusted ROCE and adjusted EPS will each be allocated a weighting of 40 percent when calculating the STI, with 20 percent allocated to individual targets. The target values for adjusted ROCE will, as before, be derived from a strategic target return figure. EPS performance will be determined on the basis of an actual value comparison, with the figures for the current year being compared to the figure for the previous year. Thresholds have been defined for both these financial indicators, below which no payment is triggered. If EPS should be more than 25 percent above or below the prior-year figure due to exceptional circumstances, the Supervisory Board of Henkel Management AG may, at its discretion and in line with its mandate, decide on an adjustment in the target achievement rating within this corridor and/or stipulate a new reference value for performance measurement in subsequent years.

As before, the factors to be specifically applied in determining individual performance are as follows: the Group results and the results of the relevant business unit, the quality of management demonstrated in the business and corporate units, and the individual contribution made by the Management Board member concerned.

The STI is also generally subjected to a cap of 150 percent of the at-target amount.

**Short-term and long-term variable annual remuneration components payable in cash**

The STI is paid annually in arrears in the full amount in cash once the corporation’s annual financial statements have been approved by the Annual General Meeting.

The recipients can dispose of around 65 percent of this payment as they wish (= short-term variable cash remuneration). The members of the Management Board invest the remaining amount, corresponding to about 35 percent, in Henkel preferred shares (= long-term variable cash remuneration, share deferral) which they purchase on the stock exchange at the price prevailing at the time of acquisition. These shares are placed in a blocked custody account with a drawing restriction. The lock-up period in each case expires on December 31 of the fourth year following the remuneration year. This share deferral ensures that the members of the Management Board participate through a portion of their compensation in the long-term performance of the corporation.

**Long Term Incentive (LTI)**

As before, the long-term incentive payable is dependent on the future increase registered in EPS over three consecutive years (the performance period).

On completion of the performance period, target achievement is ascertained by the Supervisory Board of Henkel Management AG on the basis of the increase in EPS attained. The EPS of the fiscal year preceding the remuneration year is compared to the EPS of the second fiscal year following the remuneration year. The amounts included in the calculation of the increase are, in each case, the earnings per preferred share adjusted for exceptional items, as disclosed in the certified and approved consolidated financial statements of the relevant fiscal years.

The LTI is also generally subjected to a cap of 150 percent of the at-target amount.

**Caps on remuneration**

Taking into account the above-mentioned caps for the performance-related components of remuneration, the minimum and maximum remuneration amounts that result for a fiscal year (excluding other emoluments and pension expenses) are as follows:

Figures in euros	Fixed salary	Variable cash remuneration	Long-term variable cash remuneration (share deferral)	Long Term Incentive, conditional entitlement	Total remuneration minimum	Total remuneration maximum
Chairman of the Management Board	1,200,000	0 to 3,315,000	0 to 1,785,000	0 to 2,100,000	1,200,000	8,400,000
Ordinary member of the Management Board	750,000	0 to 1,950,000	0 to 1,050,000	0 to 1,200,000	750,000	4,950,000

**Pension benefits (retirement pensions and survivors’ benefits)**

The previous pension system, whereby once a covered event occurs, the beneficiaries receive a superannuation lump-sum payment combined with a continuing basic annuity, has been simplified and, from January 1, 2015, converted into a pure defined benefit scheme. The members of the Management Board

now receive a lump-sum payout corresponding to the total of allocations made during their activities as board executives. The annual allocations – related to a full fiscal year – amount to 750,000 euros for the Chairman of the Management Board, and 450,000 euros for the other board members. The other conditions remain unchanged.

#### **Provisions governing termination of position on the Management Board**

The regulations governing severance payments remain unchanged. In particular, severance payments will continue to be limited to two years' compensation (severance payment cap) and may not extend over a period that exceeds the residual term of the executive contract.

The executive contracts also continue to include a post-contractual non-competition clause with a term of up to two years. In the event that the Supervisory Board of Henkel Management AG does not waive the non-competition rule, the discretionary payment will continue at an amount corresponding to 50 percent of the annual remuneration for a fiscal year, with appropriate reductions for any severance payments received. Equally, any earnings from new extra-contractual activities during the non-competition period shall be offset against this discretionary payment to the extent that such earnings and discretionary payment together exceed the actual compensation paid in the last fully ended fiscal year by 10 percent or more. No entitlements exist in the event of premature termination of executive duties resulting from a change in control.

This further development of the compensation system serves to both simplify executive remuneration arrangements and to further strengthen their long-term alignment. The requirements of German stock corporation law and of the German Corporate Governance Code in relation to executive compensation continue to be satisfied.

### **III. FURTHER INFORMATION AND ADVISORIES**

#### **1. Total number of shares and voting rights**

At the time of convocation of the Annual General Meeting, the capital stock of the Corporation amounted to 437,958,750 euros. This is divided into a total of 437,958,750 bearer shares of no par value with a proportional nominal value of 1.00 euros each, of which 259,795,875 are ordinary shares carrying the same number of voting rights, and 178,162,875 are preferred shares with no voting rights. As stated in Section 140 (2) sentence 1 AktG, preferred shares with no voting rights cannot be used to vote in the Annual General Meeting.

#### **2. Conditions of participation in the Annual General Meeting and of exercising voting rights**

##### **Note**

In accordance with Article 20 of the Articles of Association, only those shareholders (holders of ordinary and/or preferred shares) who, by the end of **April 7, 2015** (24:00 hours/midnight CET), present to the Corporation a special validation issued by their depository/custodial bank confirming ownership of shares shall be entitled to attend – either in person or represented by their proxy holder – the Annual General Meeting and to exercise voting rights (ordinary shares only). This validation should be sent to the following address:

**Henkel AG & Co. KGaA**  
**c/o Computershare Operations Center**  
**80249 Munich, Germany**  
**Fax: +49 89 30903-74675**  
**E-mail: anmeldestelle@computershare.de**

The validation of share ownership must relate to the start of the **21<sup>st</sup> day prior to the Annual General Meeting (Record Date), that is, to the beginning of March 23, 2015 (00:00 hours/midnight CET)**. In the case of shares not held in a securities depository managed by a bank or a custodial financial services institution at the relevant time, certification of share ownership may be provided by the Corporation or by a notary, by a central depository of securities or another bank or financial services institution.

The registration and validation documentation must be in either German or English. A text format is sufficient for validation purposes.

The Record Date is the cutoff date for determining share ownership for participation in the Annual General Meeting and exercising voting rights. Pursuant to Section 123 (3) sentence 6 AktG as related to the Corporation in respect of participation in the Annual General Meeting (holders of ordinary and holders of preferred shares) and exercising voting rights (holders of ordinary shares only), only shareholders who have validated share ownership as of the Record Date will be recognized as such.

In the event of doubt as to the correctness or authenticity of the validation, the Corporation is entitled to demand a further suitable means of proof. If this means of proof is not forthcoming, or is not provided in the appropriate form, the Corporation may refuse participation in the Annual General Meeting and the exercising of voting rights (Article 20 (3) of the Articles of Association).

##### **Free disposability of shares**

Shares will not be blocked or frozen as a result of registration for the Annual General Meeting; shareholders can therefore still dispose of their shares as they wish following registration.



Normally, the depositary institutions take care of the registration formalities and presentation of the validation of shareholdings on behalf of their clients. On receipt of their registration and validation of their ownership of shares, shareholders will be sent admission cards allowing participation in the Annual General Meeting, together with the relevant proxy assignment forms or postal vote forms, by the Registration Office. In order to ensure the timely receipt of these admission cards, we ask that shareholders intending to attend the Annual General Meeting request an admission card from their depositary bank at the earliest possible time.

To ensure efficient organization of the Annual General Meeting, we request that shareholders register early, and that they only register if they seriously intend to participate in the Annual General Meeting. Having an admission card is not a prerequisite for participation. Its purpose is merely to facilitate the organizational procedures.

### 3. Postal voting procedure

Shareholders not attending the Annual General Meeting personally may exercise their voting rights (ordinary shares only) by way of the postal voting system. In this case too, shareholders need to register by the deadline and present validation of their share ownership (cf. item 2 above).

Postal voting can be effected in writing (i.e. by conventional mail) or through electronic communications.

If submitting a postal vote by conventional mail, please ensure that you only use the form sent to you with the admission card for this purpose. Postal votes submitted by conventional mail must reach the Corporation in written text form at the address shown at the bottom of the form by **April 10, 2015**. Voting rights can also be exercised electronically via the internet subject to compliance with the procedures laid down by the Corporation.

Postal votes may be withdrawn or amended while in transit, right up to the time when they can be cast at the Annual General Meeting.

Opting for a postal vote does not prevent a shareholder from attending the Annual General Meeting. Personal attendance at the Annual General Meeting results in the automatic withdrawal of postal votes already submitted.

If both postal votes and proxies/instructions are received by proxy holders of the Corporation, the postal votes will be given precedence.

Please note, however, that when selecting the postal voting option, you will not be able to vote on countermotions made or on candidates for election nominated in the course of the Annual General Meeting. Similarly, the postal voting option means that you will not have an opportunity to speak, object to Annual General Meeting proposals, pose questions or submit motions.

For further instructions relating to the postal vote option, please refer to the advisory leaflet sent to shareholders together with the admission card. The corresponding information is also available on the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)).

### 4. Voting, assignment of powers of representation (proxies) and proxy voting procedures

#### Assigning powers of representation (proxy) to third parties

Shareholders who do not want to participate personally at the Annual General Meeting can appoint a representative (proxy holder) to attend on their behalf, to exercise their shareholder rights and – if they own ordinary shares – exercise their voting rights. In this case, too, shareholders need to register by the deadline and present validation of their share ownership (cf. item 2 above).

The assignment of a proxy, its revocation/cancellation and verification of such power of representation to the Corporation must be in text form unless otherwise stipulated below. Revocation may also be effected by the shareholder personally attending the Annual General Meeting.

Shareholders can assign powers of representation to their chosen proxy holders by completing the proxy form (information to be provided in text form) printed on the admission card and passing it to their assigned representative (proxy holder) who, on presentation of said form at the Annual General Meeting, will receive in exchange for the admission card form, voting card documents (ordinary shares only) or a participation document (preferred shares). Alternatively, powers of representation (proxies) can be also assigned electronically via the internet with the data on the admission card by following the procedures laid down by the Corporation.

When assigning powers of representation to banks, similar institutions or corporate entities (Sections 135 (10) and 125 (5) AktG) or persons pursuant to Section 135 (8) AktG, and in particular shareholder associations, the law neither stipulates a text form, nor do the Articles of Association contain any special provision governing such actions. For this group of proxy holders, therefore, the assignment of powers of representation (proxies) should be as required by the assignee (i.e. the prospective proxy holder).

#### Assigning powers of representation to proxy holders in the employ of the Corporation

As usual, we also offer our ordinary shareholders the option of being represented at the Annual General Meeting by proxy holders nominated by the Corporation. Ordinary shareholders wishing to avail themselves of this facility can use the proxy/instruction form printed on the admission card for the Annual General Meeting, and issue their instructions accordingly. Without such instructions, the proxy is invalid. However, only instructions relating to the proposals for resolution announced by the Corporation prior to the Annual General Meeting are pos-

sible, including any proposal on profit appropriation amended in the Annual General Meeting as described under Item 2 on the Agenda, or relating to previously announced proposals for resolution from shareholders submitted prior to the Annual General Meeting by the Corporation in response to a request submitted by a minority per Section 122 (2) AktG, as a countermotion per Section 126 (1) AktG or as a nomination for election per Section 127 AktG. The proxy holders are obliged to cast the votes as instructed and may not exercise voting rights at their own discretion. Ordinary shareholders wishing to avail themselves of this facility must submit their appropriately completed proxy form (in text form) to the address given in the proxy form by **April 10, 2015** at the latest. Please note that proxy holders cannot accept instructions or commissions to speak, lodge appeals against Annual General Meeting resolutions, nor instructions or commissions relating to procedural motions, nor can they ask questions or propose motions.

Using the data on the admission card, shareholders can assign powers of representation (proxies), including those for proxy holders nominated by the Corporation, and issue instructions electronically via the internet by following the procedures laid down by the Corporation.

If a shareholder appoints more than one proxy holder, the Corporation may reject one or several of these per Section 134 (3) sentence 2 AktG.

##### **5. Partial broadcast of the Annual General Meeting via the internet**

By order of the Chairperson of the Annual General Meeting, the opening of the Annual General Meeting and the address given by the Chairperson of the Management Board may be transmitted live via the internet.

##### **6. Additional agenda item proposals requested by a minority pursuant to Section 122 (2) AktG**

Ordinary and/or preferred shareholders, whose shareholdings together equate to one twentieth of the capital stock or a proportional share of the capital stock equivalent to 500,000 euros – corresponding to 500,000 ordinary and/or preferred shares or a combination of the two classes –, can request that items be included on the agenda and announced accordingly. Each new item must be accompanied by a justification or a formulated resolution. Such request must be addressed in writing to the Management Board and be received by the Corporation by the end of **March 13, 2015** (24:00 hours/midnight CET). Corresponding requests should be sent to the address indicated in No. 7 below.

Amendments and supplements to the AGM agenda that need to be published/announced in advance must – unless already announced in the Notice of Convocation – be published/announced immediately on receipt of the request in the same way as the Notice of Convocation.

##### **7. Countermotions and election nominations by shareholders pursuant to Sections 126 (1) and 127 AktG**

Ordinary and/or preferred shareholders can submit countermotions in relation to proposals submitted by the Personally Liable Partner and/or Supervisory Board and/or Shareholders' Committee on individual agenda items, and may also submit nominations for the elections detailed on the agenda (Sections 126 (1) and 127 AktG).

Any countermotions (with justification) or election nominations by shareholders pursuant to Sections 126 (1) and 127 AktG should be exclusively submitted to the address immediately below; countermotions or election nominations submitted in some other way cannot be considered.

##### **Henkel AG & Co. KGaA**

– **Annual General Meeting 2015** –

##### **Investor Relations**

**Henkelstr. 67**

**40589 Düsseldorf, Germany**

**Fax: +49 211 / 798 - 2863**

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

Countermotions (with justification) or election nominations by shareholders requiring announcement will, on receipt, be published together with the name of the proposing shareholder on the Corporation's website ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/aggm](http://www.henkel.com/aggm)). Countermotions or election nominations received at the address indicated above by the end of **March 29, 2015** (24:00 hours/midnight CET) will be included for consideration. Any response from Management will likewise be published on the web address indicated.

Shareholders are requested to validate their ownership of shares at the time of submitting the motion.

##### **8. Information rights pursuant to Sections 131 (1) and 293g (3) AktG**

Pursuant to Section 131 (1) AktG, each shareholder, i.e. whether a holder of ordinary or preferred shares, may in the Annual General Meeting verbally request and require of the Personally Liable Partner that it provide information on Corporation matters, the legal and business relations of the Corporation with affiliated entities, and the position of the Group and of companies included in the consolidated financial statements, where such information is necessary in appraising an item on the agenda and there is no valid right of refusal to provide such information. Regarding Item 7 on the Agenda, moreover, pursuant to Section 293g (3) AktG, each shareholder shall, on request, be provided in the Annual General Meeting with information on all affairs and matters pertaining to subsidiaries that are or may be material to any change in the control and profit and loss transfer agreements relating to same.

Pursuant to Section 131 (2) sentence 2 AktG in conjunction with Article 23 (2) sentences 3 and 4 of the Corporation's Articles of Association, the Chairperson of the Annual General Meeting may place a reasonable limit on the time afforded under the right of shareholders to speak and ask questions.

**9. Supplementary information/Website via which information required per Section 124a AktG can be accessed**

The Notice of Convocation of the Annual General Meeting, the documents and motions of shareholders to which access must be provided, and other information and explanations, particularly with regard to participation in the Annual General Meeting, postal voting, the assignment of powers of representation (proxies) and the issuance of instructions to proxy holders, and also relating to shareholder rights per Sections 122 (2), 126 (1), 127, 131 (1) and 293g AktG, can be obtained from the Corporation's website ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)).

Together with their admission card, shareholders will be sent details pertaining to participation in the Annual General Meeting, postal voting and the appointment of proxy holders, and the issuance of instructions to same.

The ballot results will be announced on the same websites on conclusion of the Annual General Meeting.

This Notice of Convocation was published in the Federal Gazette on March 4, 2015 and transmitted to other media likely and able to broadcast and disseminate the information throughout the European Union. In the event of discrepancies, the version published in the Federal Gazette shall be solely authoritative.

Düsseldorf, March 2015

Henkel AG & Co. KGaA

Henkel Management AG  
(Personally Liable Partner)

The Management Board

# Notice of Convocation of the Extraordinary Meeting of Preferred Shareholders

## Henkel AG & Co. KGaA, Düsseldorf

**Securities ID Number:**

Preferred Shares      604 843

**International Securities Identification Number:**

Preferred Shares      DE 0006048432

The Preferred Shareholders of our Corporation  
are hereby invited to attend our  
**Extraordinary Meeting of Preferred Shareholders**  
in the Congress Center Düsseldorf,  
CCD-Stadthalle entrance,  
Rotterdammer Strasse 141,  
40474 Düsseldorf, Germany  
**immediately following the Annual General Meeting,**  
on Monday, **April 13, 2015,**  
**earliest time 12:30 a.m.**

Admission is from 8:30 a.m.

## I. AGENDA

### 1. Announcement of the resolution of the Annual General Meeting of April 13, 2015 to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) to be issued for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly

According to the provisions of stock corporation law, the resolution passed in the Annual General Meeting relating to Authorized Capital 2015 must be made available to the Extraordinary Meeting of Preferred Shareholders; provision for approval of this resolution has been made under Item 2 of this Agenda.

Item 9 of the Agenda of the Annual General Meeting convened at 10:00 hours on April 13, 2015, reads as follows:

#### **Resolution to cancel the existing authorized capital and to create a new authorized capital (Authorized Capital 2015) for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly**

The authorized capital approved by the Annual General Meeting on April 19, 2010 (Authorized Capital 2010) expires on April 18, 2015. In order to ensure that authorized capital is always available, the provision previously contained in Art. 6 (5) of the Articles of Association relating to Authorized Capital 2010 is to be cancelled and a new Authorized Capital 2015 against cash and/or in-kind consideration created with an increase in volume and the facility to exclude pre-emptive subscription rights.

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

- a) That the Personally Liable Partner be authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to increase the capital stock of the Corporation during the period until April 12, 2020 by up to a nominal total of 43,795,875 euros through the issuance of up to 43,795,875 new preferred shares with no voting rights for cash or in-kind consideration. The authorization may be utilized to the full extent allowed or once or several times in partial amounts. The proportion of the capital stock represented by the shares issued on the basis of this authorization for consideration in kind must not exceed 10 percent of the capital stock in existence at the time of this authorization becoming effective. According to Section 139 (2) AktG, new non-voting preferred shares may be issued on the basis of this authorization up to the point where shares of this class make up no more than half the capital stock; non-voting preferred shares issued from conditional or authorized capital to service bonds with warrants or conversion rights or bonds that establish a conversion obligation also count toward this limit.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to exclude the pre-emptive subscription rights of shareholders in the case of a capital increase against contributions in kind, particularly for the purpose of business combinations or the (direct or indirect) acquisition of entities, operations, parts of businesses, equity interests or other assets, including claims against the Corporation or companies dependent upon it, in accordance with Section 17 AktG.

If capital is increased against cash contributions, shareholders shall essentially be granted pre-emptive subscription rights. In this case, the shares must be transferred to banks and similar credit institutions for the purpose of offering them for sale to existing shareholders. The Personally Liable Partner is, however, authorized, subject to the approval of the Shareholders' Committee and of the Supervisory Board, to exclude the pre-emptive subscription rights of existing shareholders in cases of capital increases against cash contributions

- in order to dispose of any fractional amounts to the exclusion of the pre-emptive subscription rights of shareholders,
- to the extent necessary in order to grant to holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation issued by the Corporation or one of the companies dependent upon it, pre-emptive subscription rights to new shares in the amount to which said bondholders would be entitled if they were to exercise the warrant options or conversion rights or after fulfillment of the conversion obligation,
- if the issue price of the new shares is not significantly below the quoted market price of the shares of the same class. The proportion of the capital stock represented by the shares sold on the basis of this authorization, together with the proportion of the capital stock represented by new shares issued or sold during the period of validity of this authorization, with the pre-emptive rights of existing shareholders excluded in accordance with Section 186 (3) sentence 4 AktG, must not exceed a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised. Also to be taken into account in this restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with the exclusion of the pre-emptive subscription rights of shareholders, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive rights in appropriate application of Section 186 (3) sentence 4 AktG.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to stipulate the further specifics of the share rights and the conditions of share issue (Authorized Capital 2015).

b) With cancelation of the existing authorization, the previous Authorized Capital 2010 per Art. 6 (5) of the Articles of Association is to be canceled and Art. 6 (5) of the Articles of Association is to be amended as follows:

“(5) The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to increase the capital stock of the Corporation during the period until April 12, 2020, by up to a nominal total of 43,795,875 euros through the issuance of up to 43,795,875 new preferred shares with no voting rights for cash or in-kind consideration. The authorization may be utilized to the full extent allowed or once or several times in partial amounts. The proportion of the capital stock represented by the shares issued on the basis of this authorization for consideration in kind must not exceed 10 percent of the capital stock in existence at the time of this authorization becoming effective. According to Section 139 (2) AktG, new non-voting preferred shares may be issued on the basis of this authorization up to the point where shares of this class make up no more than half the capital stock; non-voting preferred shares issued from conditional or authorized capital to service bonds with warrants or conversion rights or bonds that establish a conversion obligation also count toward this limit.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to exclude the pre-emptive subscription rights of shareholders in the case of a capital increase against contributions in kind, particularly for the purpose of business combinations or the (direct or indirect) acquisition of entities, operations, parts of businesses, equity interests or other assets, including claims against the Corporation or companies dependent upon it, in accordance with Section 17 AktG.

If capital is increased against cash contributions, shareholders shall essentially be granted pre-emptive subscription rights. In this case, the shares must be transferred to banks and similar credit institutions for the purpose of offering them for sale to existing shareholders. The Personally Liable Partner is, however, authorized, subject to the approval of the Shareholders' Committee and of the Supervisory Board, to exclude the pre-emptive subscription rights of existing shareholders in cases of capital increases against cash contributions

- in order to dispose of any fractional amounts to the exclusion of the pre-emptive subscription rights of shareholders,
- to the extent necessary in order to grant to holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation issued by the Corporation or one of

the companies dependent upon it, pre-emptive subscription rights to new shares in the amount to which said bondholders would be entitled if they were to exercise the warrant options or conversion rights or after fulfillment of the conversion obligation,

- if the issue price of the new shares is not significantly below the quoted market price of the shares of the same class. The proportion of the capital stock represented by the shares sold on the basis of this authorization, together with the proportion of the capital stock represented by new shares issued or sold during the period of validity of this authorization, with the pre-emptive rights of existing shareholders excluded in accordance with Section 186 (3) sentence 4 AktG, must not exceed a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised. Also to be taken into account in this restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with the exclusion of the pre-emptive subscription rights of shareholders, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive rights in appropriate application of Section 186 (3) sentence 4 AktG.

The Personally Liable Partner is authorized, subject to the approval of the Shareholders' Committee and the Supervisory Board, to stipulate the further specifics of the share rights and the conditions of share issue (Authorized Capital 2015).”

- c) The Personally Liable Partner is instructed only to register the resolutions per sections a) and b) above regarding the creation of Authorized Capital 2015 and the cancelation of Authorized Capital 2010 subject to the condition that Authorized Capital 2010 shall only be canceled once the new Authorized Capital 2015 has been registered.
- d) The Supervisory Board is authorized to amend Articles 5 and 6 of the Articles of Association in accordance with the level of utilization of Authorized Capital 2015 and on expiry of the authorization validity.

**2. Special resolution of the preferred shareholders pertaining to the resolution of the Annual General Meeting to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) to be issued for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly, as per the resolution proposed under Item 1 of this agenda**

The bring into effect the resolution of the Annual General Meeting announced under Item 1 of this Agenda, it requires the approval by special resolution of the preferred shareholders in accordance with Section 141 (2) sentence 1 AktG.

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

That the resolution by the Annual General Meeting of April 13, 2015 on Item 9 of its Agenda repeated as Item 1 of this Agenda

(Resolution to cancel the existing authorized capital and to create a new authorized capital (Authorized Capital 2015) for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly)

be approved.

**Report to the Extraordinary Meeting of Preferred Shareholders in accordance with Sections 203 (2) sentence 2, 186 (4) sentence 2 and 141 (3) sentence 4 AktG pertaining to Item 2 on the Agenda**

In accordance with Sections 203 (2) sentence 2, 186 (4) sentence 2 and 141 (3) sentence 4 AktG, the Personally Liable Partner has prepared a written report detailing the reasons for the resolution proposal in Item 2 of the Agenda to cancel the existing authorized capital amount and to create a new authorized capital amount (Authorized Capital 2015) for cash and/or in-kind consideration with and without pre-emptive subscription rights, and to amend the Articles of Association accordingly. The report states as follows:

The proposal before the Annual General Meeting is that it approve the creation of an Authorized Capital 2015 totaling up to a nominal 43,795,875 euros through the issuance of 43,795,875 new non-voting preferred shares, with an accompanying proposal being put before the Extraordinary Meeting of Preferred Shareholders that it ratify such resolution as passed in General Meeting. The new Authorized Capital 2015 is to be made available for both cash and in-kind consideration, with the issue of partial amounts also permitted. It will therefore replace the existing and unutilized remainder of Authorized Capital 2010. The availability of Authorized Capital 2015 will enable the Corporation to quickly and flexibly meet current and future financial demands and in particular to finance acquisitions – whether in cash or using treasury shares – without having to wait the often unfeasible time required for a resolution in General Meeting.

Any utilization of Authorized Capital 2015, whether in part or in whole, shall not in total exceed the nominal amount of 43,795,875 euros. Moreover, the proportion of the capital stock represented by the shares issued on the basis of this authorization for contributions in kind must not exceed 10 percent of the capital stock in existence at the time of this authorization becoming effective. This has no bearing on compliance with Section 139 (2) AktG, which states that non-voting preferred shares may only make up to half the issued capital stock. This means that, when utilizing authorized capital and also other authorized or conditional capital created in the future, the number of new non-voting preferred shares that can be issued is limited by a cap corresponding to half the capital stock in existence at the time of issuance. The Personally Liable Partner will ensure compliance with this cap when utilizing the authorization. It shall also take into account non-voting preferred shares issued from unutilized conditional or authorized capital that are required to service bonds with warrants or conversion rights or bonds that establish a conversion obligation. The proposed amount of Authorized Capital 2015 totaling up to 43,795,875 new preferred shares would, if fully utilized, result in a 10 percent increase in the current capital stock.

In the event of utilization of Authorized Capital 2015 in the form of cash capital increases, shareholders will essentially retain pre-emptive subscription rights. However, the proposed authorization provides the Personally Liable Partner with the option, subject to the approval of the Shareholders' Committee and the Supervisory Board, of excluding such pre-emptive subscription rights in respect of fractional entitlements. The purpose of the exclusion of pre-emptive subscription rights in respect of fractional amounts is to facilitate efficiency and the practical management of disposal based on rounded entitlements. The free fractional amounts of new shares excluded from the pre-emptive subscription rights of the shareholders shall be disposed of to the best possible effect for the Corporation, either by sale in the market or by some other process.

The facility of exclusion of pre-emptive subscription rights is also required so that, to the extent necessary, creditors/holders of bonds with warrants or conversion rights or bonds that establish a conversion obligation may be granted pre-emptive subscription rights to new shares where stipulated in the conditions of issue underlying such bonds. In order to facilitate placement in the capital market, such bonds are regularly provided with anti-dilution protection so that creditors/holders of the bonds concerned are granted a pre-emptive right to purchase shares subsequently issued corresponding to the pre-emptive subscription entitlement of shareholders. The creditors/holders are therefore treated as if they are already shareholders. In order to provide bonds with such anti-dilution protection, the pre-emptive subscription rights of existing shareholders to such shares must be excluded. This facilitates bond placement and therefore serves the interests of shareholders in that the Corporation's financial structure can be appropriately optimized.

It should also be possible in the case of cash capital increases to exclude pre-emptive subscription rights, subject to the approval of the Shareholders' Committee and the Supervisory Board, when the shares are issued at a price not significantly below the market quotation. Exclusion allows placement closer to market price so that, in the interest of strengthening the Corporation's equity base, the usual market price discount associated with a rights issue is avoided.

The investment and financial interests of shareholders are suitably safeguarded by such an approach. The authorization ensures that, even together with other similar authorizations, not more than a total of 10 percent of the capital stock in existence at the time of this authorization becoming operative or – if of lower value – being exercised, can be issued or sold with the pre-emptive subscription rights of existing shareholders excluded through direct or corresponding application of Section 186 (3) sentence 4 AktG. Also to be taken into account in this 10 percent restriction are shares that are issued from authorized or conditional capital during the period of validity of this authorization through direct or corresponding application of Section 186 (3) sentence 4 AktG with the exclusion of the pre-emptive subscription rights of shareholders, or which are issued to service bonds with warrants or conversion rights or bonds that establish a conversion obligation, where such bonds have been issued since the resolution by the Annual General Meeting approving this authorization with exclusion of pre-emptive rights in appropriate application of Section 186 (3) sentence 4 AktG. This stipulation ensures that, in keeping with statutory requirements, due consideration is given to the need to provide anti-dilution protection of the investment of existing shareholders. Because the issue price for the new shares is to be close to the market quotation, every shareholder will have the opportunity of purchasing new shares under almost the same conditions, in order to maintain their shareholding ratio. Given the liquidity of Henkel preferred shares in the market, there is constant opportunity to purchase additional shares via the stock exchange. In utilizing this authorization, the Personally Liable Partner shall endeavor to keep the market price discount as low as possible, taking into account the market conditions prevailing at the time of placement.

In the case of capital increases for in-kind consideration, pre-emptive subscription rights may be fully excluded. The corporation competes on a global scale. It must be in a position at all times to be able to act in national and international markets quickly and flexibly in the interest of its shareholders.

This means it must also be able to quickly acquire businesses, parts of businesses, operations or equity interests so as to improve its competitive position. The granting of treasury stock can be a useful means of providing consideration, as it protects the liquidity of the company and avoids the tax disadvantages arising from the fiscal regulations in force in certain countries. Moreover, practical experience has also shown that, in both the international and national markets, the provision of shares in the acquirer is often demanded as consideration for attractive acquires.

The proposed authorization to issue preferred shares from Authorized Capital 2015 for in-kind consideration would give the Corporation the necessary scope to quickly and flexibly utilize in particular those opportunities that arise for business combinations and for the acquisition of businesses, parts of businesses, operations or equity interests, without resorting to the stock exchange. This is further facilitated by the proposed exclusion of pre-emptive subscription rights in the event of in-kind contributions. In addition to business acquisitions, the authorization may in particular be used for the acquisition of assets, in particular the acquisition of claims (loans and bonds) against the Corporation or against companies dependent upon it. Where such claims acquired as in-kind capital contributions made to the Corporation, the liability is eliminated or there is at least a reduction in external indebtedness, leading to a strengthening of equity.

There are no specific plans to make use of this authorization. However, anticipatory decisions allowing the facility to exclude pre-emptive subscription rights are permissible and are common national and international practice. The Personally Liable Partner will, in all cases, carefully examine whether utilizing Authorized Capital 2015 in the interest of the Corporation. The Supervisory Board and Shareholders' Committee will give the necessary approval to using Authorized Capital 2015 and for exclusion of pre-emptive subscription rights only if they are likewise convinced of the need to do so.

Taking into account all the circumstances, it can be stated that the authorization to exclude pre-emptive subscription rights under the conditions indicated to achieve the objects pursued is necessary, appropriate and reasonable, and is in the interests of the Corporation.

The Personally Liable Partner will inform the Annual General Meeting of all cases of Authorized Capital 2015 usage.



## II. Further information and advisories

### 1. Total number of shares and voting rights

At the time of convocation of the Extraordinary Meeting of the Preferred Shareholders, the capital stock of the Corporation amounted to 437,958,750 euros. This is divided into a total of 437,958,750 bearer shares of no par value with a proportional nominal value of 1.00 euros each, of which 178,162,875 are preferred shares with as many voting rights in the Extraordinary Meeting of the Preferred Shareholders, and 259,795,875 are ordinary shares. The ordinary shares carry no voting rights in the Extraordinary Meeting of Preferred Shareholders.

### 2. Conditions of participation in the Extraordinary Meeting of Preferred Shareholders and of exercising voting rights

#### Note

In accordance with Article 20 of the Articles of Association, only those preferred shareholders who, by the end of **April 7, 2015** (24:00 hours/midnight CET), present to the Corporation a special validation issued by their depository/custodial bank confirming ownership of shares shall be entitled to attend the Extraordinary Meeting of Preferred Shareholders and to exercise voting rights. This validation should be sent to the following address:

**Henkel AG & Co. KGaA**  
**c/o Computershare Operations Center**  
**80249 Munich, Germany**  
**Fax: +49 89 30903-74675**  
**E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)**

The validation of share ownership must relate to the start of the **21<sup>st</sup> day prior to the Extraordinary Meeting of the Preferred Shareholders (Record Date), that is, to the beginning of March 23, 2015 (0:00 hours/midnight CET)**. In the case of shares not held in a securities depository managed by a bank or a custodial financial services institution at the relevant time, certification of share ownership may be provided by the Corporation or by a notary, by a central depository of securities or another bank or financial services institution.

The registration and validation documentation must be in either German or English. A text format is sufficient for validation purposes.

The Record Date is the cutoff date for determining preferred share ownership for participation in the Extraordinary Meeting of the Preferred Shareholders and exercising voting rights. Pursuant to Section 123 (3) sentence 6 AktG as related to the Corporation in respect of participation in the Extraordinary Meeting of the Preferred Shareholders and exercising voting rights, only shareholders who have validated preferred share ownership as of the Record Date will be recognized as such.

In the event of doubt as to the correctness or authenticity of the validation, the Corporation is entitled to demand a further suitable means of proof. If this means of proof is not forthcoming, or is not provided in the appropriate form, the Corporation may refuse participation in the Extraordinary Meeting of the Preferred Shareholders and the exercising of voting rights (Article 20 (3) of the Articles of Association).

### Free disposability of shares

Shares will not be blocked or frozen as a result of registration for the Extraordinary Meeting of the Preferred Shareholders; shareholders can therefore still dispose of their shares as they wish following registration.

Normally, the depository institutions take care of the registration formalities and presentation of the validation of shareholdings on behalf of their clients. On receipt of their registration and validation of their ownership of shares, preferred shareholders will be sent admission cards allowing participation in the Extraordinary Meeting of the Preferred Shareholders, together with the relevant proxy assignment forms or postal vote forms, by the Registration Office. In order to ensure the timely receipt of these admission cards, we ask that preferred shareholders intending to attend the Extraordinary Meeting of the Preferred Shareholders request an admission card from their depository bank at the earliest possible time.

To ensure efficient organization of the Extraordinary Meeting of the Preferred Shareholders, we request that shareholders register early, and that they only register if they seriously intend to participate in the Extraordinary Meeting. Having an admission card is not a prerequisite for participation. Its purpose is merely to facilitate the organizational procedures.

### 3. Postal voting procedure

Preferred shareholders not attending the Extraordinary Meeting of the Preferred Shareholders personally may exercise their voting rights (preferred shares only) by way of the postal voting system. In this case, too, preferred shareholders need to register by the deadline and present validation of their preferred share ownership (cf. item 2 above).

Postal voting can be effected in writing (i.e. by conventional mail) or through electronic communications.

If submitting a postal vote by conventional mail, please ensure that you only use the form sent to you with the admission card for this purpose. Postal votes submitted by conventional mail must reach the Corporation in written text form at the address shown at the bottom of the form by **April 10, 2015**. Voting rights can also be exercised electronically via the internet subject to compliance with the procedures laid down by the Corporation.

Postal votes may be withdrawn or amended while in transit, right up to the time when they can be cast at the Extraordinary Meeting of the Preferred Shareholders.

Opting for a postal vote does not prevent a preferred shareholder from attending the Extraordinary Meeting of the Preferred Shareholders. Personal attendance at the Extraordinary Meeting of the Preferred Shareholders results in the automatic withdrawal of postal votes already submitted.

If both postal votes and proxies/instructions are received by proxy holders of the Corporation, the postal votes will be given precedence.

Please note, however, that when selecting the postal voting option, you will not be able to vote on counter motions made or on candidates for election nominated in the course of the Extraordinary Meeting of the Preferred Shareholders. Similarly, the postal voting option means that you will not have an opportunity to speak, object to Extraordinary Meeting proposals, pose questions or submit motions.

For further instructions relating to the postal vote option, please refer to the advisory leaflet sent to shareholders together with the admission card. The corresponding information is also available on the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/aggm](http://www.henkel.com/aggm)).

#### **4. Voting, assignment of powers of representation (proxies) and proxy voting procedures**

##### **Assigning powers of representation (proxy) to third parties**

Preferred shareholders who do not want to participate personally at the Extraordinary Meeting of the Preferred Shareholders can appoint a representative (proxy holder) to attend on their behalf, to exercise their shareholder rights. In this case, too, preferred shareholders need to register by the deadline and present validation of their share ownership (cf. item 2 above).

The assignment of a proxy, its revocation/cancellation and verification of such power of representation to the Corporation must be in text form unless otherwise stipulated below. Revocation may also be effected by the preferred shareholder personally attending the Extraordinary Meeting of the Preferred Shareholders.

Preferred shareholders can assign powers of representation to their chosen proxy holders by completing the proxy form (information to be provided in text form) printed on the admission card and passing it to their assigned representative (proxy holder) who, on presentation of said form at the Extraordinary Meeting of the Preferred Shareholders, will receive in exchange for the admission card form, voting card documents (preferred shares only). Alternatively, powers of representation (proxies)

can be also assigned electronically via the internet with the data on the admission card by following the procedures laid down by the Corporation.

When assigning powers of representation to banks, similar institutions or corporate entities (Sections 135 (10) and 125 (5) AktG) or persons pursuant to Section 135 (8) AktG, and in particular shareholder associations, the law neither stipulates a text form, nor do the Articles of Association contain any special provision governing such actions. For this group of proxy holders, therefore, the assignment of powers of representation (proxies) should be as required by the assignee (i.e. the prospective proxy holder).

##### **Assigning powers of representation to proxy holders in the employ of the Corporation**

We also offer our preferred shareholders the option of being represented at the Extraordinary Meeting of the Preferred Shareholders by proxy holders nominated by the Corporation. Preferred shareholders wishing to avail themselves of this facility can use the proxy / instruction form printed on the admission card for the Extraordinary Meeting of the Preferred Shareholders, and issue their instructions accordingly. Without such instructions, the proxy is invalid. However, only instructions relating to the proposals for resolution announced by the Corporation prior to the Extraordinary Meeting of the Preferred Shareholders are possible, including any previously announced proposals for resolution announced by the Corporation in response to a request submitted by a minority per Section 122 (2) AktG, as a counter motion per Section 126 (1) AktG. The proxy holders are obliged to cast the votes as instructed and may not exercise voting rights at their own discretion. Preferred shareholders wishing to avail themselves of this facility must submit their appropriately completed proxy form (in text form) to the address given in the proxy form by **April 10, 2015** at the latest. Please note that proxy holders cannot accept instructions or commissions to speak, lodge appeals against Extraordinary Meeting resolutions, nor instructions or commissions relating to procedural motions, nor can they ask questions or propose motions.

Using the data on the admission card, shareholders can assign powers of representation (proxies), including those for proxy holders nominated by the Corporation, and issue instructions electronically via the internet by following the procedures laid down by the Corporation.

If a shareholder appoints more than one proxy holder, the Corporation may reject one or several of these per Section 134 (3) sentence 2 AktG.

### **5. Additional agenda item proposals requested by a minority pursuant to Sections 122 (2) AktG and 138 AktG**

Ordinary and/or preferred shareholders, whose shareholdings together equate to one twentieth of the capital stock or a proportional share of the capital stock equivalent to 500,000 euros – corresponding to 500,000 ordinary and/or preferred shares or a combination of the two classes –, can request that items be included on the agenda and announced accordingly (Sections 122 (2) AktG and 138 AktG). The same rights are granted to preferred shareholders whose shares together amount to 10 percent of the preferred shares granting a vote in the Extraordinary Meeting of Preferred Shareholders (Section 138 sentence 3 AktG); this corresponds to 17,816,288 preferred shares. Each new item must be accompanied by a justification or a formulated resolution. Such request must be addressed in writing to the Management Board and be received by the Corporation by the end of March 13, 2015 (24:00 hours/midnight CET). Corresponding requests should be sent to the address indicated in No. 6 below.

Amendments and supplements to the Extraordinary Meeting agenda that need to be published/announced in advance must – unless already announced in the Notice of Convocation – be published/announced immediately on receipt of the request in the same way as the Notice of Convocation.

### **6. Countermotions and election nominations by shareholders pursuant to Sections 126 (1) and 138 AktG**

Ordinary and/or preferred shareholders can submit countermotions in relation to proposals submitted by the Personally Liable Partner and/or Supervisory Board and/or Shareholders' Committee on individual agenda items (Sections 126 (1) and 138 AktG).

Any countermotions (with justification) by shareholders pursuant to Sections 126 (1) and 138 AktG should be exclusively submitted to the address immediately below; countermotions submitted in some other way cannot be considered.

#### **Henkel AG & Co. KGaA**

**– Extraordinary Meeting of Preferred Shareholders 2015 –  
Investor Relations**

**Henkelstr. 67**

**40589 Düsseldorf, Germany**

**Fax: +49 211 / 798 - 2863**

**E-mail: investor.relations@henkel.com**

Countermotions (with justification) requiring announcement will, on receipt, be published together with the name of the proposing shareholder on the Corporation's website ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)). Countermotions or election nominations received at the address indicated above by the end of **March 29, 2015** (24:00 hours/midnight CET) will be included for consideration. Any response from Management will likewise be published on the web address indicated.

Shareholders are requested to validate their ownership of shares at the time of submitting the motion.

### **7. Information rights pursuant to Section 131 (1) AktG**

Only preferred shareholders have the right in the Extraordinary Meeting of Preferred Shareholders to submit motions and proposals, receive information and submit questions. Pursuant to Section 131 (1) AktG, each preferred shareholder may in the Extraordinary Meeting of Preferred Shareholders require of the Personally Liable Partner that it provide information on Corporation matters, where such information is necessary in appraising an item on the agenda of the Extraordinary Meeting of Preferred Shareholders.

Pursuant to Section 131 (2) sentence 2 AktG in conjunction with Article 23 (2) sentences 3 and 4 of the Corporation's Articles of Association, the Chairperson of the Annual General Meeting may place a reasonable limit on the time afforded under the right of shareholders to speak and ask questions.

### **8. Supplementary information/Website via which information required per Section 124a AktG can be accessed**

The Notice of Convocation of the Extraordinary Meeting of Preferred Shareholders, the documents and motions of shareholders to which access must be provided, and other information and explanations, particularly with regard to participation in the Extraordinary Meeting of Preferred Shareholders, postal voting, the assignment of powers of representation (proxies) and the issuance of instructions to proxy holders, and also relating to shareholder rights per Sections 122 (2), 126 (1) and 131 (1) AktG, can be obtained from the Corporation's website ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)).

Together with their admission card, shareholders will be sent details pertaining to participation in the Extraordinary Meeting of Preferred Shareholders, postal voting and the appointment of proxy holders, and the issuance of instructions to same.

The ballot results will be announced on the same websites on conclusion of the Extraordinary Meeting of Preferred Shareholders.

This Notice of Convocation was published in the Federal Gazette on March 4, 2015 and transmitted to other media likely and able to broadcast and disseminate the information throughout the European Union. In the event of discrepancies, the version published in the Federal Gazette shall be solely authoritative.

Düsseldorf, March 2015

Henkel AG & Co. KGaA

Henkel Management AG  
(Personally Liable Partner)

The Management Board







