We are successful because of our people. Only with talented, experienced and well-trained employees can we succeed in identifying and satisfying varying customer and consumer needs. Determined to achieve our three strategic priorities, we are committed to strengthening our global team. With a highly skilled workforce of some 50,000, our brands and our technologies, our objective is: **winning together.**

### Our three strategic priorities

- **Achieve our full business potential**
- **Focus more on our customers**
- **Strengthen our global team**
Employees from throughout the world give our company its unique character. They are the foundation of our success. As an international and innovative company, we are committed to developing our people and continuously extending the diversity of our team.

» Globally structured
» Around 50,000 employees
Further information

You will notice a number of cross-references on the pages of this Annual Report for 2009 indicating locations in this publication, in our Sustainability Report for 2009 and on the internet where you can find further information.

AR  Annual Report
SR  Sustainability Report
www  Internet

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Dr. Simone Bagel-Trah
Chairwoman of the Shareholders’ Committee
and of the Supervisory Board
Fiscal 2009 was an eventful year. Thanks to its dedicated team, Henkel succeeded in coping with a difficult economic environment by playing to the strengths inherent in each of its business sectors. The two consumer goods businesses Laundry & Home Care and Cosmetics/Toiletries again made outstanding contributions to consolidated sales and earnings in 2009, while the industrial operations under the Adhesive Technologies business sector recovered remarkably from the consequences of the economic crisis in the course of the year.

All our employees around the world deserve great recognition for these achievements. On behalf of the Supervisory Board, I would therefore like to give my thanks to all Henkel personnel for their dedication to our common cause. I would also like to express my gratitude to the members of the Management Board and the Works Councils for their constructive support and close cooperation.

And the Supervisory Board also thanks you, our shareholders, for the loyalty and trust you have shown in our company, its management, its employees, its products and its strategy.

Again in fiscal 2009, the Supervisory Board performed the duties incumbent upon it according to the requirements of legal statute, the corporation’s Articles of Association and applicable procedural rules.

Collaboration with the Management Board

During the reporting period, we carefully and regularly monitored the work of the Management Board of Henkel Management AG, which is the sole personally liable partner of the corporation, advising and supporting it in its executive duties, in the strategic further development of the corporation and on individual matters of importance.

Our engagement with the Management Board was characterized by an intensive and collaborative exchange of information. The Management Board kept us regularly informed in detail through both written and verbal communications relating to major issues affecting the corporation and the Group companies. These included, in particular, aspects of the business situation and the development of the Group, business policy, the profitability of our operations, and our short-term and long-term corporate, financial and personnel planning, as well as capital expenditures and restructurings. In the course of preparing the quarterly reports, details were provided of the sales and profits of Henkel as a whole, with further analysis by business sector and region. Outside Supervisory Board meetings, the Chair of the Supervisory Board also remained in regular contact with the Chair of the Management Board for the purpose of regularly conferring on current developments and salient business events.

Major issues discussed in Supervisory Board meetings

The Supervisory Board met a total of four times in fiscal 2009. At these meetings, we examined in detail the reports of the Management Board and deliberated together with the Management Board on the development of the corporation as well as on strategic issues.

We dealt in depth with the effects of the difficult economic situation and how it was influencing business performance at Henkel. The Adhesive Technologies business sector was the subject of particularly intensive discussion, leading to appropriate measures being introduced to facilitate structural change and cost adjustment.

At the meeting of February 17, 2009, we concerned ourselves primarily with the annual and consolidated financial statements of 2008 as well as the proposals to be put before the Annual General Meeting. We also dealt with the research and development strategy of the company and issues relating to our R&D organization.

Aside from general business development, at our meeting of April 20, 2009, we also discussed in depth the integration of the Adhesives and Electronic Materials divisions of National Starch. We deliberated on our human resources diversity strategy, agreeing the objective of utilizing the different talents, philosophies, perspectives and capabilities of our employees in order to ensure our success in the competitive environment while establishing a balanced and effective organization.

The main issues dealt with at our meeting of September 22 were the financial position and strategy of the Henkel Group, the current status of our customer focus program and the general strategy for brand consolidation and brand management within our business sectors.

At our meeting of December 15, 2009, we conferred in detail on our financial and balance sheet planning, including aspects relating to our income statement and the budgets of the individual business sectors. We also discussed issues arising from the Accounting Law Reform Act [BilMoG] and agreed a corresponding amendment to the procedural rules governing the activities of our Audit Committee.

Members of the Supervisory Board of Henkel AG & Co. KGaA are obliged to declare potential conflicts of interest...
to the plenary body and to refrain from participating in matters which could lead to such conflict of interest. Dr. h.c. Bernhard Walter, Member of the Supervisory Board of Henkel AG & Co. KGaA, is also a member of the supervisory board of Daimler AG. In order to avoid a potential conflict of interest in conjunction with a now settled legal dispute concerning sponsorship claims of Daimler's Formula One team, Brawn GP, Dr. h.c. Walter has, at his own request, been excluded from discussion of this matter in the Supervisory Board and has not received any information whatsoever in this regard.

Committee activities
In order to efficiently comply with the duties incumbent upon us according to legal statute and our Articles of Association, we have assigned certain activities to two different committees: an Audit Committee comprised of three shareholder-representative members and three employee-representative members, and a Nominations Committee made up of three shareholder-representative members. The memberships of the committees are shown in the table on page 136.

These committees do the groundwork preparing for certain resolutions passed by the plenary Supervisory Board; they also take decisions related to specific responsibilities assigned to them in accordance with relevant procedural rules. In the year under review, the respective chairpersons of the committees each provided detailed reports of the results of their meetings to the plenary Supervisory Board.

The Audit Committee met four times in 2009. During these sessions, the members primarily reviewed the quarterly reports and the half-year financial report, discussing their contents with the Management Board. The meeting of August 3, 2009, at which the half-year financial report was discussed, was also attended by the auditor which submitted a report on the results of its review. This gave rise to no objections.

Further issues of importance included the implications of the Accounting Law Reform Act with respect to the work of the Audit Committee, and also the modifications required to relevant procedural rules. We further deliberated on the question of the effectiveness of Henkel’s internal control and risk management system, and the status reports of the Chief Compliance Officer and of the Head of Internal Audit. The audit plan submitted by Internal Audit was also approved at this session.

The Audit Committee mandated the external auditor, pursuant to the latter’s appointment by the 2009 Annual General Meeting, to audit the annual and consolidated financial statements for fiscal 2009, at the same time defining the main areas on which the audit was to concentrate. The audit fee was also established.

At the meeting of February 22, 2010, the Audit Committee discussed together with the external auditor the annual and consolidated financial statements for fiscal 2009 and also the risk report, thereupon preparing the corresponding resolutions for consideration by the plenary Supervisory Board. The Committee also made recommendations to the Supervisory Board regarding its proposal for the appointment by the Annual General Meeting of the external auditor for the subsequent financial year. A declaration from the auditor relating to its independence was duly received; the auditor likewise provided details of the non-audit services rendered in fiscal 2009 and those envisaged for fiscal 2010.

The Nominations Committee made appropriate recommendations in preparation for the resolution to be formulated by the Supervisory Board and placed before the 2010 Annual General Meeting with respect to the upcoming supplementary elections to the Supervisory Board.

Corporate governance and declaration of compliance
In 2009, the Supervisory Board consulted on issues relating to corporate governance, and in particular, the latest edition of the German Corporate Governance Code. For details relating to the corporation’s corporate governance policy, please refer to the corporate governance report on pages 22 to 26, with which we fully acquiesce.

At the meeting of February 23, 2010, we discussed and approved the joint Declaration of Compliance of the Management Board, the Shareholders’ Committee and the Supervisory Board with respect to the German Corporate Governance Code for 2010. The full wording of the current and the previous declarations of compliance can be found on the company website www.henkel.com.

Efficiency review
The Supervisory Board and the Audit Committee perform an internal review of their operational efficiency at regular intervals on the basis of comprehensive checklists. These include questions relating to corporate governance and potential for further improvement.

Corresponding internal reviews were conducted in the period under review. At the meetings of the Audit Committee on February 22, 2010, and of the Supervisory Board on February 23, 2010, the results of these self-assessments were discussed in detail. There were no reservations with respect to the operational efficiency of either the Supervisory Board or the Audit Committee, nor with respect to the requisite independence of their members.
Annual and consolidated financial statements; audit

The annual financial statements of Henkel AG & Co. KGaA and the management report have been prepared in accordance with the provisions of the German Commercial Code [HGB]. The consolidated financial statements and the Group management report have been prepared according to International Financial Reporting Standards (IFRS) as endorsed by the European Union, supplemented by the provisions under commercial law applicable according to Clause 315a (1) HGB.

The auditor appointed for 2009 by the last Annual General Meeting – KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin – has examined the 2009 annual financial statements of Henkel AG & Co. KGaA and the 2009 consolidated annual financial statements, including the management reports, in compliance with the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and – in the case of the consolidated financial statements – in supplementary compliance with International Standards on Auditing (ISA), and has issued them with an unqualified opinion.

KPMG reports that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of Henkel AG & Co. KGaA in accordance with generally accepted German accounting principles, and that the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the year under review, in compliance with International Financial Reporting Standards. KPMG further confirms that the consolidated financial statements and Group management report for the year under review meet the requirements of Clause 315a (1) HGB.

The annual financial statements and management report, consolidated financial statements and Group management report, the audit reports of KPMG and the recommendations by the personally liable partner for the appropriation of the profit made by Henkel AG & Co. KGaA were laid before all members of the Supervisory Board in good time. We examined these documents and discussed them at our meeting of February 23, 2010 attended by the auditor, which reported on its main audit findings. We received the audit reports and voiced our acquiescence therewith. Having received the final results of the review conducted by the Audit Committee and concluded our own examination, we see no reason for objection. At our meeting of February 23, 2010, we approved the annual financial statements, the consolidated financial statements and the management reports as prepared by the personally liable partner.

We discussed the recommendation by the personally liable partner for appropriation of the profit of Henkel AG & Co. KGaA, taking into account the financial and earnings position of the corporation, and expressed our endorsement of said recommendation. At this meeting, we also ratified our proposals for resolution to be presented before the Annual General Meeting relating to the appointment of the external auditor for the next financial year, taking into account the recommendations of the Audit Committee, and discussed the costs of the audit of the financial statements.

Risk management

Risk management issues were examined not only by the Audit Committee but also in the plenary sessions of the Supervisory Board. The emphasis here was on the risk management system in place at Henkel and any reportable major individual risks. There were no identifiable risks that could endanger the continued existence of the corporation as a going concern. The structure and function of the risk management system were also integral to the audit performed by KPMG, which found no cause for reservation. It is also our considered opinion that the risk management system corresponds to the statutory requirements.

Changes in the Supervisory Board and the Management Board

Dipl.-Ing. Albrecht Woeste, who joined our Supervisory Board in 1988 and became its Chairman in 1990, resigned his offices effective the end of September 22, 2009. Dr. Simone Bagel-Trah was elected the new Chairwoman. Following a decision by Düsseldorf District Court, Mr. Johann-Christoph Frey was appointed as a new shareholder-representative member of the Supervisory Board, this appointment being limited in accordance with the recommendations of the German Corporate Governance Code to the end of the 2010 Annual General Meeting.

We expressed our deep gratitude to Dipl.-Ing. Albrecht Woeste for his more than twenty highly successful years on the Supervisory Board and his unwavering commitment to the long-term success and solid financial policies of the company. He was a champion of the fairness, mutual trust and respect that characterize our corporate culture. With great pleasure, we have appointed him Honorary Chairman of the Henkel Group in recognition of his services to the corporation.

There were no changes to the Management Board in 2009.

Düsseldorf, February 23, 2010

The Supervisory Board

Dr. Simone Bagel-Trah (Chairwoman)
Sitting from the left:
Dr. Lothar Steinebach
Executive Vice President
Finance/Purchasing/IT/Law,
born 1948; with Henkel since 1980.

Kasper Rorsted
Chairman of the Management Board,
born 1962; with Henkel since 2005.

Standing from the left:
Dr. Friedrich Stara
Executive Vice President
Laundry & Home Care,
born 1949; with Henkel since 1976.

Hans Van Bylen
Executive Vice President
Cosmetics/Toiletries,

Thomas Geitner
Executive Vice President
Adhesive Technologies,
born 1955; with Henkel since 2008.
“Diversity is a key factor in Henkel’s success. We want to have a versatile team that is both motivated and capable while at the same time being ready and willing to constantly improve. Standing shoulder to shoulder, we will be able to meet and master the challenges that the future has in store.”
Kasper Rorsted

“Profitable growth is achieved not just through isolated measures aimed at increasing sales and earnings. It is also a function of the motivation felt by our employees and their identification with our values and objectives. Only with strong and committed teams will we be able to successfully develop and sell products while also keeping our costs competitive. We have a great team dedicated to achieving our ambitious goals. And we are dedicated to further strengthening and developing that team.”
Dr. Lothar Steinebach

“Creativity and entrepreneurship are among the indispensable attributes of our team. Only with these tools at our fingertips can we think beyond the current status quo and develop true innovations capable of securing profitable growth over the longer term. Our task is to give our employees the motivation and the necessary freedom to be creative.”
Dr. Friedrich Stara

“We are interested in our employees not just as factors of production but also as people and colleagues. Trust, constructive criticism and communication are essential tools that every manager must be able to use with expertise. Leadership is a ‘people skill’ that has to be demonstrated at every level – starting with the board.”
Hans Van Bylen

“It is important that our people adopt an entrepreneurial approach, accept responsibility and show the right kind of fighting spirit – for the sake of our customers and for the sake of Henkel. Commitment and creative scope are the yardsticks by which we gage ourselves and our team.”
Thomas Geitner
“Strengthening our global team” is one of the three strategic priorities that Henkel is pursuing. As a global team, our aim is to be successful in our markets and to win together with our customers. It is to this end that we align the principles underlying our human resources work, placing our focus on the following five core elements:

**Harnessing internationality and diversity**
There are people from 116 nations working for Henkel. The number of company employees engaged outside Germany is continuously rising – and has now reached more than 80 percent. However, it is not just employees of different nationalities but also a balance of gender and experience in our teams that serves to enrich our corporate culture. Such a mix gives us a decisive competitive advantage – because it enables us to better understand our markets and therefore secure long-term success.

**Talent identification and development**
We assess all employees on an objective, fair and transparent basis. In 2008, we introduced a new process of appraisal and development for our managerial staff, applying the same set of global criteria: in annual “Development Round Tables,” line managers deliberate on the performance and potential of their employees and prepare individual development plans for them.

**Differentiated compensation**
We analyze the personal contribution made by our employees to our corporate success and link it in a clear and transparent manner to their individual compensation. For this, the managers responsible agree specific targets with their employees and provide regular constructive feedback regarding the attainment of those objectives, with the two parties jointly agreeing on performance-promoting measures.

**Providing clear feedback**
Open feedback on the performance levels achieved, with due reference to our expectations, is decisive for the success of Henkel. It is the task of all line managers to identify the strengths and development potential of their employees and to discuss with them how to best harness these. The measures derived from such discussions lead to performance enhancement and enable each employee to be ideally deployed in accordance with their competences.

**Succession planning**
We further improved our succession planning in 2009 in order to ensure the best possible assignment of personnel to the most important managerial positions over the short, medium and long term. Our approach is to identify suitable successors as part of our talent management process and to agree measures enabling their further development. These will likely include specific training courses and job rotation on the basis of our “Triple Two” program in which up-and-coming managers are encouraged to work in two business sectors, in two countries and in two functions.
Human Resources at Henkel supports all the business sectors with tailored measures for the further development of their teams while also helping the company to attract the best employees available.

From the left:
- Zuzana Schütz-Halkova: Henkel’s Head of HR in Central and Eastern Europe
- Kathrin Menges: Head of Global HR at Henkel
- Edmundo Gonzales: Manager – Remuneration and Bonus Payments
- Dorian Williams: Head of Henkel HR in Africa/Middle East
- Christina Rositzka: International Job Rotation Officer
In the first three months of 2009, Henkel shares initially weakened slightly, as did the market as a whole. Then there was a further dip in Henkel share prices as a response to our ad-hoc announcement of April 9, 2009. However, our shares gained steadily in value thereafter and for the remainder of the year. This price rise was boosted by the fact that an increasing number of analysts and investors appeared to feel that, although ambitious, our financial targets for 2012 were becoming increasingly achievable. Toward the end of the year, our preferred shares began to consistently improve on their year-high prices, completing a generally gratifying performance for 2009 and substantially outperforming the relevant benchmark indexes.
The Company

Key data on Henkel shares 2005 to 2009

Trading volumes decreased compared to the previous year, as did the average trading volume figures for the DAX as a whole. Each trading day saw an average of 1.0 million preferred shares changing hands (previous year: 1.7 million). The average volume in the case of our ordinary shares decreased to 200,000 per trading day (previous year: 330,000). Due to the increase in price levels, the market capitalization of our ordinary and preferred shares combined rose from 8.9 billion euros to 14.6 billion euros.

Henkel shares remain an attractive investment for long-term investors. Shareholders who invested 1,000 euros when Henkel’s preferred shares were issued in 1985, and then re-invested the dividends received (excluding taxes) in the stock, would have had a portfolio value of about 11,070 euros by the end of 2009. This represents investment growth of 1,007 percent or an average yield of 10.4 percent per year. Over the same period, DAX tracking would have provided an annual yield of 7.0 percent. And over the last five and ten years, the Henkel share has shown an average yield of 13.4 and 7.0 percent per year respectively.

Henkel shares listed in all major indexes

Henkel shares are predominantly traded on the Xetra electronic market of the Frankfurt Stock Exchange. Henkel is also represented on the floor of this and all other regional stock exchanges in Germany. In the USA, investors are able to invest in Henkel preferred and ordinary shares by way of stock ownership certificates obtained through the Sponsored Level I ADR (American Depositary Receipt) Program. The number of ADRs representing ordinary and preferred shares outstanding at the end of the year was about 5.1 million (end of 2008: 6.3 million).

The international significance of Henkel preferred shares derives not least from their inclusion in major indexes that serve as important indicators for the capital market and as benchmarks for fund managers. Particularly noteworthy in this respect are the MSCI World, the Dow Jones Euro Stoxx, and the FTSE World Europe indexes. Henkel is also listed in the Dow Jones Titans 30 Personal & Household Goods index, confirming our position as one of the 30 most important listed corporations operating in the personal and household goods sectors worldwide. And as a DAX stock, Henkel counts as one of the 30 most important listed companies
in Germany. As of year-end 2009, the market capitalization of the DAX-relevant preferred shares was 6.5 billion euros, placing Henkel 20th among the DAX companies (2008: 24th). In terms of trading volumes, Henkel was ranked 28th on the list (2008: 29th). Our DAX weighting was 1.22 percent.

**International shareholder structure**
According to notices of disclosure received by the company, the Henkel family owns a majority of the ordinary shares amounting to 52.57 percent. Silchester International Investors Limited headquartered in London, UK, holds 3.01 percent of our ordinary shares. We have received no further notices of disclosure from other shareholders indicating a notifiable shareholding in excess of 3 percent of the voting shares. The ownership pattern of our preferred shares – the significantly more liquid class of stock – shows a free float of 100 percent. A majority of these shares are owned by institutional investors with globally distributed shareholdings.

In the period up to 2007, Henkel repurchased around 7.5 million preferred shares to fund the Stock Incentive Plan operated for our senior executive personnel. As of December 31, 2009, this treasury stock amounted to 4.5 million preferred shares.

**Employee shares**
Since 2001, Henkel has been operating a share ownership plan for all employees worldwide. For each euro invested by an employee (limited to 4 percent of salary up to a maximum of 5,000 euros per year), Henkel added an additional 33 cents in 2009. The number of participants in this Employee Share Program (ESP) decreased in the year under review with around 9,500 employees in 56 countries buying Henkel shares within the framework of the 2009 tranche. At year-end, around 14,000 employees held a total of some four million shares within the ESP, representing roughly 2.2 percent of the total preferred shares outstanding. The vesting period for newly acquired ESP shares is three years.

**Henkel bonds**
Henkel is represented in the international bonds markets by three bonds with a total volume of 3.3 billion euros:

**Bond data**

<table>
<thead>
<tr>
<th>Bond data</th>
<th>Senior bond</th>
<th>Senior bond</th>
<th>Hybrid bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due date</td>
<td>June 10, 2013</td>
<td>March 19, 2014</td>
<td>Nov. 25, 2104 1)</td>
</tr>
<tr>
<td>Volume</td>
<td>1.0 bn euros</td>
<td>1.0 bn euros</td>
<td>1.3 bn euros</td>
</tr>
<tr>
<td>Nominal coupon</td>
<td>4.25 %</td>
<td>4.625 %</td>
<td>5.375 %</td>
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<tr>
<td>Coupon payment date</td>
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<td>March 19</td>
<td>Nov. 25</td>
</tr>
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</tr>
</tbody>
</table>

1) First call option for Henkel on November 25, 2015

Further detailed information regarding these bonds, current developments in their respective prices and the associated risk premium (credit margin) can be found on our website www.henkel.com/ir.

**Committed to capital market communication**
Henkel is covered by numerous financial analysts, primarily in the UK, Germany and the USA. Over 35 equity and debt analysts regularly publish reports and commentaries on the performance of the company.

**Analyst recommendations**

<table>
<thead>
<tr>
<th>Analyst recommendations</th>
<th>Sell 19 %</th>
<th>Hold 39 %</th>
<th>Buy 42 %</th>
</tr>
</thead>
</table>

At December 31, 2009; basis: 30 equity analysts

Henkel places great importance on meaningful dialogue with both investors and analysts. In 2009, institutional investors and financial analysts were afforded the opportunity to talk directly with our top management in more than 30 capital market conferences and road shows held in Europe and North America. The two highlights of the year...
were our Analyst and Investor Conference held in Düsseldorf on February 25, 2009, and our Investor Day for the Laundry & Home Care business sector which took place on September 2, 2009. At this latter conference, Dr. Friedrich Stara and his management team presented the strategy and new developments of the Laundry & Home Care business sector to about 50 analysts and investors from around the world. In addition, we held numerous telephone conferences and one-on-one meetings – amounting to more than 500 events in all.

Private investors are able to receive all relevant information through telephone enquiry or via the Investor Relations website [www.henkel.com/ir](http://www.henkel.com/ir). This also serves as the medium for the live broadcast of telephone and analyst conferences as well as the transmission of the Annual General Meeting. The latter also offers all shareholders the possibility of obtaining extensive information from Henkel’s management.

The quality of our capital market communication was again evaluated in 2009 by various independent ranking organizations. Once more, our Investor Relations team garnered a number of top positions in various comparisons with European corporations in the home & personal care category.

You will find a [financial calendar](#) with all our important publishing and announcement dates on the inside back cover of this Annual Report.