

Condensed Consolidated Statements of Earnings (Unaudited)

In millions, except share and per-share amounts

	Three Months Ended	
	9/30/2005	9/30/2004
Net sales	\$ 1,104	\$ 1,048
Cost of products sold	638	591
Gross profit	466	457
Selling and administrative expenses	144	130
Advertising costs	113	105
Research and development costs	23	21
Restructuring and asset impairment costs	1	30
Interest expense	30	8
Other expense (income):		
Equity earnings from Henkel Iberica, S.A.	-	(3)
Other, net	1	(1)
Earnings from continuing operations before income taxes	154	167
Income taxes on continuing operations	46	58
Earnings from continuing operations	108	109
Discontinued operations:		
Earnings from exchanged businesses	1	22
Income tax expense on exchanged businesses	-	(8)
Earnings from discontinued operations	1	14
Net earnings	\$ 109	\$ 123
Earnings per common share:		
Basic		
Continuing operations	\$ 0.71	\$ 0.51
Discontinued operations	0.01	0.07
Basic net earnings per common share	\$ 0.72	\$ 0.58
Diluted		
Continuing operations	\$ 0.70	\$ 0.50
Discontinued operations	0.01	0.07
Diluted net earnings per common share	\$ 0.71	\$ 0.57
Weighted average common shares outstanding (in thousands)		
Basic	150,835	212,905
Diluted	152,882	215,117

Segment Information (Unaudited)

In millions

<u>First Quarter</u>	Net Sales			Earnings (Losses) from Continuing Operations Before Income Taxes		
	Three Months Ended		%	Three Months Ended		%
	9/30/2005	9/30/2004		9/30/2005	9/30/2004	
			Change ⁽¹⁾			Change ⁽¹⁾
Household Group - North America	\$524	\$508	3%	\$170	\$167	2%
Specialty Group	425	412	3%	89	73	22%
International	155	128	21%	35	28	25%
Corporate	-	-	-	(140)	(101)	-39%
Total Company	\$1,104	\$1,048	5%	\$154	\$167	-8%

⁽¹⁾ Percentages based on rounded numbers.

Condensed Consolidated Balance Sheets (Unaudited)

In millions

	<u>9/30/2005</u>	<u>6/30/2005</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 273	\$ 293
Receivables, net	362	411
Inventories	344	323
Other current assets	64	63
	<u>1,043</u>	<u>1,090</u>
Total current assets	1,043	1,090
Property, plant and equipment, net	993	999
Goodwill, net	748	743
Trademarks and other intangible assets, net	597	599
Other assets, net	189	186
	<u>189</u>	<u>186</u>
Total assets	<u>\$ 3,570</u>	<u>\$ 3,617</u>
Liabilities and Stockholders' Deficit		
Current liabilities		
Notes and loans payable	\$ 556	\$ 359
Current maturities of long-term debt	3	2
Accounts payable	309	347
Accrued liabilities	404	614
Income taxes payable	-	26
	<u>1,272</u>	<u>1,348</u>
Total current liabilities	1,272	1,348
Long-term debt	2,120	2,122
Other liabilities	624	618
Deferred income taxes	86	82
	<u>86</u>	<u>82</u>
Total liabilities	4,102	4,170
Stockholders' deficit		
Common stock	250	250
Additional paid-in capital	330	328
Retained earnings	3,742	3,684
Treasury shares, at cost: 99,125,297 and 98,143,620 shares at September 30, 2005, and June 30, 2005, respectively	(4,534)	(4,463)
Accumulated other comprehensive net losses	(320)	(336)
Unearned compensation	-	(16)
	<u>(532)</u>	<u>(553)</u>
Stockholders' deficit	(532)	(553)
Total liabilities and stockholders' deficit	<u>\$ 3,570</u>	<u>\$ 3,617</u>