Condensed Consolidated Statements of Earnings (Unaudited) In millions, except share and per-share amounts

	Three Months Ended		Six Months Ended	
	12/31/2004	12/31/2003	12/31/2004	12/31/2003
Net sales Cost of products sold	\$1,000 569	\$920 527	\$2,048 1,160	\$1,926 1,104
Gross profit	431	393	888	822
Selling and administrative expenses	134	127	264	246
Advertising costs	92	87	197	191
Research and development costs	21	20	42	39
Restructuring and asset impairment costs	2	-	32	-
Interest expense	17	7	25	13
Other (income) expense:				
Equity earnings and gain on exchange of Henkel Iberica, S.A.	(22)	(2)	(25)	(5)
Other, net	(7)	<u>-</u>	(8)	6
Earnings from continuing operations before income taxes	194	154	361	332
Income taxes on continuing operations	60	53	118	116
Reversal of deferred taxes from equity investment in Henkel Iberica, S.A.	(2)	-	(2)	-
Earnings from continuing operations	136	101	245	216
Discontinued operations:				
Gain on exchange	550	-	550	-
Earnings from exchanged businesses	11	16	33	39
Reversal of deferred taxes from exchanged businesses	6	-	6	-
Losses from Brazil operations	-	(3)	-	(5)
Income tax expense on discontinued operations	(4)	(5)	(12)	(12)
Earnings from discontinued operations	563	8	577	22
Net earnings	\$699	\$109	\$822	\$238
Earnings per common share: Basic				
Continuing operations	\$0.73	\$0.48	\$1.22	\$1.03
Discontinued operations	3.00	0.04	2.89	0.10
Basic net earnings per common share	\$3.73	\$0.52	\$4.11	\$1.13
Diluted				
Continuing operations	\$0.72	\$0.47	\$1.21	\$1.01
Discontinued operations	2.96	0.04	2.85	0.10
Diluted net earnings per common share	\$3.68	\$0.51	\$4.06	\$1.11
Weighted average common shares outstanding (in thousands)				
Basic	187,310	210,500	200,107	211,577
Diluted	189,806	212,959	202,555	213,924
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Segment Information (Unaudited)

In millions

Second Quarter		Net Sales			m Continuing ore Income Ta	
	Three Months Ended		%	Three Mor	Three Months Ended	
	12/31/2004	12/31/2003	Change (1)	12/31/2004	12/31/2003	Change (1)
Household Products- North America	\$584	\$536	9%	\$154	\$139	11%
Specialty Products	267	255	5%	93	82	13%
International	149	129	16%	38	32	19%
Corporate (2)				(91)	(99)	8%
Total Company	\$1,000	\$920	9%	\$194 	\$154	26%
<u>Year To Date</u>		Net Sales			m Continuing are Income Ta	
	Six Mont	x Months Ended % Six Months		hs Ended %		
	12/31/2004	12/31/2003	Change (1)	12/31/2004	12/31/2003	Change (1)
Household Products- North America	\$1,209	\$1,121	8%	\$295	\$282	5%
Specialty Products	568	560	1%	193	180	7%
International	271	245	11%	65	61	7%
Corporate (2)				(192)	(191)	-1%
Total Company	\$2,048	\$1,926	6%	\$361	\$332	9%

⁽¹⁾ Percentages based on rounded numbers.

Includes gain of \$20 million related to the company's investment in the Henkel Iberica, S.A., joint venture.

Condensed Consolidated Balance Sheets (Unaudited)

In millions

In millions	12/31/2004	6/30/2004
Assets		
Current assets		
Cash and cash equivalents	\$300	\$232
Receivables, net	354	460
Inventories	342	301
Income taxes receivable	8	-
Other current assets	43	50
Total current assets	1,047	1,043
Property, plant and equipment, net	991	1,052
Goodwill, net	748	742
Trademarks and other intangible assets, net	606	633
Other assets, net	318	364
Total assets	\$3,710	\$3,834
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities	Ф Г .4 Г	_ф ეეე
Notes and loans payable	\$545	\$289
Current maturities of long-term debt	2	2
Accounts payable Accrued liabilities	293	310
	629	643
Income taxes payable		24
Total current liabilities	1,469	1,268
Long-term debt	2,124	475
Other liabilities	390	377
Deferred income taxes	184	174
Stockholders' (deficit) equity		
Common stock	250	250
Additional paid-in capital	314	301
Retained earnings	3,542	2,846
Treasury shares, at cost	(4,339)	(1,570)
Accumulated other comprehensive net losses	(207)	(274)
Unearned compensation	(17)	(13)
Stockholders' (deficit) equity	(457)	1,540
Total liabilities and stockholders' (deficit) equity	\$3,710	\$3,834