

IN THE MATTER OF THE SECURITIES LEGISLATION
OF ALBERTA, MANITOBA, NEW BRUNSWICK, NOVA SCOTIA AND PRINCE
EDWARD ISLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
HENKEL KGaA

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of Alberta, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island (collectively, the "Jurisdictions") has received an application from Henkel KGaA ("Henkel") for a decision under the securities legislation of the Jurisdictions (collectively, the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") shall not apply to:

- (a) trades in the preferred stock of Henkel (the "Shares") to a trustee on behalf of the employees of Henkel and its affiliates (the "Participants"); and
- (b) trades of Shares acquired by Participants under Henkel's Canadian employee share program (the "Plan");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Nova Scotia Securities Commission is the principal regulator for this application;

AND WHEREAS Henkel has represented to the Decision Makers that:

1. Henkel is a company incorporated under the laws of Germany. As at August 21, 2001, Henkel had the following Canadian subsidiaries eligible for the Plan: Henkel Canada Corporation, amalgamated and continued under the laws of Nova Scotia; Loctite Canada Inc., incorporated under the laws of Canada and continued under the laws of Ontario; and Schwarzkopf Professional Ltd., incorporated under the laws of Ontario.
2. Henkel is not, and has no present intention of becoming, a reporting issuer or the equivalent under the securities legislation of any jurisdiction in Canada.

3. Henkel is a reporting company with Bundesaufsichtsamt für den Wertpapierhandel and Zulassungsstellen der Börsen (both German Stock Exchange Commissions) and is current in its reporting obligations under applicable German securities legislation.

4. The issued and outstanding share capital of Henkel as at August 1, 2001 consisted of approximately 59,387,625 Shares and 86,598,625 common shares.

5. The Shares are listed and posted for trading on the Dsseldorf, Munich, Berlin, Hamburg, Hanover, Stuttgart, Bremen and Frankfurt stock exchanges in Germany. Henkel is current in all filings required by each exchange.

6. The purpose of the Plan is to encourage stock ownership in Henkel by offering Participants the opportunity to make contributions for the purchase of Shares during an initial offering period in 2001 and/or subsequent annual offering periods. Contributions for the initial offering period shall be made through cheque, whereas contributions for the subsequent annual offering periods can be made through monthly payroll deductions. Participant contributions will be permitted up to the lesser of a specified maximum percentage of the Participant's annual compensation and a specified dollar amount, to be determined by Henkel or its affiliates at the commencement of the applicable offering period. Henkel may also specify a minimum percentage and/or dollar amount.

7. Under the Plan, for each dollar contributed by a Participant, Henkel or its affiliates shall contribute for the benefit of the Participant an amount to be specified by Henkel or its affiliates for each offering period (the "Matching Contribution").

8. Henkel will use the services of a trustee (the "Trustee") to manage the Participant contributions and the Matching Contributions. These contributions will be credited by the Trustee to the Participant's Employee Subaccount and Participant's Matching Subaccount, both as defined in the Plan, respectively. No interest shall accrue on such contributions.

9. The Trustee will purchase Shares using the Participant's contributions (the "Employee Shares") and the Matching Contributions (the "Matching Shares"). All Shares will be purchased in the name of the Trustee. The Trustee will serve as trustee and/or nominee to hold the Shares on behalf of the Participants in accordance with the terms of the Plan. The Employee Subaccount and Matching Subaccount of each Participant, as applicable, will be credited with the appropriate number of Shares, including fractional Shares.

10. All Shares purchased by the Trustee will be acquired in the open market. Most purchases of Shares shall be effected through the stock exchange in Frankfurt/Main, Germany, with some purchases effected through the other German stock exchanges listed in paragraph 5 above. Employee Shares and Matching Shares shall vest according to the time periods and arrangement set forth in the Plan.

11. Dividends paid on Employee Shares shall be used by the Trustee to purchase additional Employee Shares. Dividends paid on Matching Shares shall be used by the Trustee to purchase additional Matching Shares. The Shares shall be credited (as whole and fractional shares) to

either the Participant's Employee Subaccount or the Participant's Matching Subaccount, as applicable.

12. The Trustee shall keep all records with respect to the Participants' accounts, shall authorize the sale of Shares and distribute the proceeds (as provided under the terms of the Plan) and perform other administrative services in accordance with its agreement with Henkel and the Plan.

13. A broker registered to trade in securities under the laws of Germany (the "Broker") will be used to effect trades in connection with the Plan. The Broker that has been initially selected by Henkel is Deutsche Bank AG. The Broker is not a registered broker or dealer under the Legislation.

14. Participants have not been, and will not be, induced to participate in the Plan by expectation of employment or continued employment.

15. As at August 21, 2001, Henkel had approximately 20 Participants resident in the Jurisdictions eligible to participate in the Plan.

16. At the time of the acquisition of Shares by a Canadian Participant under the Plan, residents of Canada hold not more than 10% of the issued and outstanding Shares and the number of residents in Canada holding Shares is not more than 10% of the total number of holders of Shares, as shown on Henkel's books and records.

17. All trades in Shares in connection with the Plan will be effected through the Broker. The trades will be conducted through the facilities of the Frankfurt/Main Stock Exchange or in some cases, the other German stock exchanges listed in paragraph 5 above. As such, these trades will be subject to the regulations and requirements of the exchange and German securities law.

18. A copy of the Plan will be made available to Participants resident in the Jurisdictions, and upon becoming a shareholder of Henkel, Participants resident in the Jurisdictions will be concurrently provided with the disclosure material relating to Henkel that is provided to holders of Shares resident in Germany.

19. The Shares are not listed or posted for trading on any stock exchange or over-the-counter market in Canada.

20. There is no present or anticipated future market in Canada for the Shares.

21. There is no applicable registration exemption available to Participants, the Trustee, Henkel or the Broker in connection with the initial trades of Shares to the Trustee on behalf of the Participants.

22. There is no registration exemption available to Participants or the Broker for the trades of Shares acquired by the Participants under the Plan.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that:

(a) trades of Shares under the Plan to the Trustee on behalf of the Participants;
and

(b) trades of Shares acquired under the Plan by Participants are not subject to the Registration Requirement provided that the trades are made through the Broker through the facilities of a stock exchange or organized market outside of Canada in accordance with the regulations and laws applicable to the exchange or market.

DATED this 26th day of September, 2001.

" H. Leslie O'Brien"
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