CLOROX CO /DE/

FORM 10-K
(Annual Report)

Filed 9/28/2001 For Period Ending 6/30/2001

Address	THE CLOROX COMPANY 1221 BROADWAY
	OAKLAND, California 94612-1888
Telephone	510-271-7000
CIK	0000021076
Industry	Personal & Household Prods.
Sector	Consumer/Non-Cyclical
Fiscal Year	06/30

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transmission period from _____________ to ____________

Commission file number 1-07151

THE CLOROX COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	31-0595760 (I.R.S. Employer Identification No.)
1221 Broadway, Oakland, CA (Address of principal executive offices)	94612-1888 (Zip Code)

Registrant's telephone number, including area code: (510) 271-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	New York Stock Exchange Pacific Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained,
to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of voting stock held by non-affiliates of the registrant at July 31, 2001: $6,224,377,981. Number of shares of common stock outstanding at July 31, 2001: 236,702,265.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's 2001 Annual Report to Shareholders ("Annual Report") are incorporated by reference into Part I of this report. Portions of the registrant's definitive Proxy Statement for the 2001 Annual Meeting of Stockholders to be held on November 28, 2001, which will be filed with the United States Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended June 30, 2001 ("Proxy Statement"), are incorporated by reference into Part III of this report.

PART I

ITEM l. BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS.

The Company (the term "Company" as used herein includes the registrant identified on the facing sheet, The Clorox Company, and its subsidiaries, unless the context indicates otherwise) was originally founded in Oakland, California in 1913 as the Electro-Alkaline Company. It was reincorporated as Clorox Chemical Corporation in 1922, as Clorox Chemical Co. in 1928, and as The Clorox Company (an Ohio corporation) in 1957, when the business was acquired by The Procter & Gamble Company. The Company was fully divested by The Procter & Gamble Company in 1969 and, as an independent company, was reincorporated in 1973 in California as The Clorox Company. In 1986, the Company was reincorporated in Delaware.

For recent business developments, refer to the information set forth under the caption "Management's Discussion and Analysis," on pages C-2 through C-10 of Exhibit 99 hereto, incorporated herein by reference.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The Company has three business segments: U.S Household Products and Canada, U.S. Specialty Products and International Operations. Financial information for the last three fiscal years, including net sales, earnings before income taxes, cumulative effect of

change in accounting principle and identifiable assets, attributable to each of the Company's industry segments is set forth in Note 16 - Industry Segment Information of the Notes to the Consolidated Financial Statements, which appears on pages C-34 and C-35 of Exhibit 99 hereto, incorporated herein by reference.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

The Company's business operations, represented by the aggregate of its U.S. Household Products and Canada, U.S. Specialty Products and International Operations segments, include the production and marketing of non-durable consumer products sold primarily through grocery and other retail stores. For the most part, the factors necessary for an understanding of these three segments are essentially the same.

PRINCIPAL PRODUCTS. The U.S. Household Products and Canada segment includes the Company's household cleaning, bleach and other home care products, water filtration products marketed in the United States, and all products marketed in Canada. The U.S. Specialty Products segment includes the Company's charcoal, automotive care, cat litter, insecticide, dressings, sauces, professional products and food storage and disposal categories. Finally, the International Operations segment, which includes the Company's overseas operations (excluding Canada), exports and Puerto Rico, primarily focuses on the laundry, household cleaning, automotive care and food storage and disposal categories. Principal products, by segment, currently marketed in the United States and internationally are listed on pages 21 and 22 of the Company's Annual Report incorporated herein by reference. Each of the Company's segments accounted for more than 10 percent of the Company's consolidated revenues during the last three fiscal years, as shown in Note 16 - Industry Segment Information of the Notes to the Consolidated Financial Statements, which appears on pages C-34 and C-35 of Exhibit 99 hereto, incorporated herein by reference.

PRINCIPAL MARKETS - METHODS OF DISTRIBUTION. Most non-durable household consumer products are nationally advertised and sold within the United States to grocery stores through a network of brokers and to mass merchandisers, warehouse clubs, military and other retail stores primarily through a direct sales force. The Company also sells within the United States institutional versions of specialty food and non-food products. Outside the United States, the Company sells consumer products through subsidiaries, licensees, distributors and joint-venture arrangements with local partners.

SOURCES AND AVAILABILITY OF RAW MATERIALS. The Company has obtained ample supplies of all required raw materials and packaging supplies, which, with a few exceptions, were available from a wide variety of sources during fiscal year 2001. Polyethylene resin raw materials, which are particularly important for the U.S. Specialty Products segment, were available from a wide variety of sources during fiscal year 2001, and the Company has entered into financial instruments with various maturities partially to stabilize the cost of its polyethylene resin requirements. Contingency plans have been developed for any major single-sourced supplier materials.

PATENTS AND TRADEMARKS. Although some products are covered by patents, the Company does not believe that patents, patent licenses or similar arrangements are material to its business. Most of the Company's brand name consumer products are protected by registered trademarks. Its brand names and trademarks are extremely important to its business, and the Company pursues a course of vigorous action against apparent infringements.

SEASONALITY. The U.S. Specialty Products segment is the only portion of the operations of the Company that has any significant degree of seasonality. Most sales of the Company's charcoal briquets, insecticides, and automotive appearance product lines occur in the first six months of each calendar year. Working capital to carry inventories built up in the off-season and to extend terms to customers is generally provided by internally-generated funds plus commercial paper lines of credit.

CUSTOMERS AND ORDER BACKLOG. During fiscal years 2001, 2000 and 1999, revenues from the Company's sales of its products to Wal-Mart Stores, Inc. and its affiliated companies were 20%, 19% and 19%, respectively, of the Company's consolidated net sales. Except for this relationship, the Company is not dependent upon any other single customer or a small group of customers. Order backlog is not a significant factor in the Company's business.

RENEGOTIATION. None of the Company's operations is subject to renegotiation or termination at the election of the federal government.

COMPETITION. The markets for consumer products are highly competitive. Most of the Company's products compete with other nationally advertised brands within each

category and with "private label" brands and "generic" non-branded products of grocery chains and wholesale cooperatives. Competition is encountered from similar and alternative products, many of which are produced and marketed by major national concerns having financial resources greater than those of the Company. Depending on the competitive product, the Company's products compete on price, quality or other benefits to consumers.

A newly-introduced consumer product (whether improved or newly developed) usually encounters intense competition requiring substantial expenditures for advertising and sales promotion. If a product gains consumer acceptance, it normally requires continuing advertising and promotional support to maintain its relative market position.

RESEARCH AND DEVELOPMENT. The Company incurred expenses of approximately $67 million, $63 million and $63 million in fiscal years 2001, 2000 and 1999, respectively, on research activities relating to the development of new products or the maintenance and improvement of existing products. None of this research activity was customer-sponsored.

ENVIRONMENTAL MATTERS. Historically, the Company has not made material capital expenditures for environmental control facilities or to comply with environmental laws and regulations. However, in general, the Company does anticipate spending increasing amounts annually for facility upgrades and for environmental programs. The amount of capital expenditures for environmental compliance was not material in fiscal year 2001 and is not expected to be material in the next fiscal year.

The Company is involved in certain other environmental matters, including Superfund clean-up efforts at various locations. The potential cost to the Company related to ongoing environmental matters is uncertain due to such factors as: the unknown magnitude of possible pollution and clean-up costs; the complexity and evolving nature of laws and regulations and their interpretations; and the timing, varying costs and effectiveness of alternative clean-up technologies. Based on its experience and without offsetting for expected insurance recoveries or discounting for present value, the Company does not expect that such costs individually and in the aggregate will represent a material cost to the Company or affect its competitive position.

NUMBER OF PERSONS EMPLOYED. At the end of fiscal year 2001, approximately 11,000 people were employed by the Company.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS. Except for historical information, matters discussed in this Form 10-K, including the Management's Discussion and Analysis and statements about future growth, are forward-looking statements based on management's estimates, assumptions and projections. In addition, from time to time, the Company may make forward-looking statements relating to such matters as anticipated financial performance, business prospects, new products, research and development activities, plans for international expansion, acquisitions, and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These forward-looking statements are uncertain. The risks and uncertainties that may affect operations, performance, product development, and results of the Company's business, some of which may be beyond the control of the Company, include those discussed elsewhere in this Form 10-K, marketplace conditions and events, and the following:

OPERATING RESULTS MAY NOT MEET EXPECTATIONS. The Company cannot be sure that its operating results will meet its expectations. The Company's operating results will be influenced by a number of factors, including the following:

* the introduction of new products and line extensions by the Company or its competitors;

* the mix of products sold in a given quarter;

* the Company's ability to control its internal costs and the cost of raw materials;

* significant increases in energy costs;

* changes in product pricing policies by the Company or its competitors;

* changes in accounting policies; or

* the impact of general economic conditions in the United States and in other countries in which the Company currently does business.

In addition, sales volume growth, whether due to acquisitions or to internal growth, can place burdens on the Company's management resources and financial controls that, in turn, can have a negative impact on operating results. To some extent, the Company sets its expense levels in anticipation of future revenues. If actual revenue falls short of these expectations, operating results are likely to be adversely affected.

FAILURE TO IMPLEMENT ERP SYSTEM COULD ADVERSELY IMPACT ORDER PROCESSING. The Company is in the process of implementing enterprise resource planning system software. This software is designed to improve internal systems and processes, including order fulfillment. If the Company fails to successfully implement the software, its order fulfillment process, and therefore its ability to take, ship, bill for and collect for orders, could be adversely impacted.

OPERATIONS OUTSIDE THE UNITED STATES EXPOSE THE COMPANY TO UNCERTAIN CONDITIONS IN OVERSEAS MARKETS. The Company believes that its sales outside the United States, which were 19% of net sales in fiscal year 2001, are likely to increase as a percentage of its total sales. As a result, the Company will increasingly face risks associated with having foreign operations, including:

* economic or political instability in its overseas markets; and

* fluctuations in foreign currency exchange rates that may make the Company's products more expensive in its foreign markets or negatively impact its sales or earnings.

All of these risks could have a significant impact on the Company's ability to sell its products on a timely and competitive basis in foreign markets and may have a material adverse effect on the Company's results of operations or financial position. The Company seeks to limit its foreign currency exchange risks through the use of foreign currency forward contracts when practical, but cannot be sure that this strategy will be successful. In addition, the Company's operations outside the United States are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations, credit risk of local customers and distributors, and potentially adverse tax consequences.

INTEGRATION OF ACQUISITIONS AND MERGERS MAY NOT BE SUCCESSFUL. One of the Company's strategies is to increase its sales volumes, earnings and the markets it serves through the acquisition of, or merger with, other businesses in the United States and internationally. There can be no assurance that the Company will be able to identify, acquire, or profitably manage additional companies or operations or successfully integrate recent or future acquisitions or mergers into its operations. In addition, there can be no assurance that companies or operations acquired will be profitable at the time of their acquisition or will achieve sales levels and profitability that justify the investment made.

DISPOSITION OF NON-STRATEGIC BUSINESSES MAY NOT BE SUCCESSFUL.

The Company engages in ongoing review of its portfolio of businesses. If it decides that a business no longer supports the Company's strategic direction, the Company may attempt to sell that business. There can be no assurance that any such disposition will occur, that, if it occurs, it will be at a price sufficient to recover the book value of the business disposed of or that the proceeds will be sufficient to avoid earnings dilution.

FINANCIAL PERFORMANCE DEPENDS ON CONTINUOUS AND SUCCESSFUL NEW PRODUCT INTRODUCTIONS. In most categories in which the Company competes, there are frequent introductions of new products and line extensions. An important factor in the Company's future performance will be its ability to identify emerging consumer and technological trends and to maintain and improve the competitiveness of its products. The Company cannot be sure that it will successfully achieve those goals. Continued product development and marketing efforts have all the risks inherent in the development of new products and line extensions, including development delays, the failure of new products and line extensions to achieve anticipated levels of market acceptance, and the cost of failed product introductions.

GOVERNMENT REGULATIONS COULD IMPOSE MATERIAL COSTS. The manufacture, packaging, storage, distribution and labeling of the Company's products and the Company's business operations generally all must comply with extensive federal, state, and foreign laws and regulations. For example, in the United States, many of the Company's products are regulated by the Environmental Protection Agency, the Food and Drug Administration and the Consumer Product Safety Commission. Most states have agencies that regulate in parallel to these federal agencies. The failure to comply with applicable laws and regulations in these or other areas, including taxes, could subject the Company to civil remedies, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on the Company. Loss of or failure to obtain necessary permits and registrations could delay or prevent the Company from introducing new products, building new facilities or acquiring new businesses and could adversely affect operating results.

ENVIRONMENTAL MATTERS CREATE POTENTIAL LIABILITY RISKS. The Company must comply with various environmental laws and regulations in the jurisdictions in which it operates, including those relating to air emissions, water discharges, the handling and disposal of solid and hazardous wastes and the remediation of contamination associated with the use and disposal of hazardous substances. The Company has

incurred, and will continue to incur, capital and operating expenditures and other costs in complying with those laws and regulations in the United States and internationally. The Company is currently involved in or has potential liability with respect to the remediation of past contamination in the operation of some of its presently and formerly owned and leased facilities. In addition, some of the Company's present and former facilities have been or had been in operation for many years, and over that time, some of these facilities may have used substances or generated and disposed of wastes that are or may be considered hazardous. It is possible that those sites, as well as disposal sites owned by third parties to which the Company has sent waste, may in the future be identified and become the subject of remediation. It is possible that the Company could become subject to additional environmental liabilities in the future that could result in a material adverse effect on the Company's results of operations or financial condition.

FAILURE TO PROTECT OUR INTELLECTUAL PROPERTY COULD IMPACT OUR COMPETITIVENESS. The Company relies on trademark, trade secret, patent and copyright laws to protect its intellectual property. The Company cannot be sure that these intellectual property rights can be successfully asserted in the future or will not be invalidated, circumvented or challenged. In addition, laws of some of the foreign countries in which the Company's products are or may be sold do not protect the Company's intellectual property rights to the same extent as the laws of the United States. The failure of the Company to protect its proprietary information and any successful intellectual property challenges or infringement proceedings against the Company could make it less competitive and could have a material adverse effect on the Company's business, operating results and financial condition.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS.

The following table shows net sales and assets by geographic area for the last three fiscal years:

Net Sales By Geographic Area:

(Millions)	2001	2000	1999
Foreign	$ 734	$ 767	$ 737
United States	$3,169	$3,222	$3,149

Assets at June 30:

(Millions)	2001	2000	1999
Foreign	$1,134	$1,201	$1,091
United States	$2,861	$3,152	$3,041

ITEM 2. PROPERTIES

PRODUCTION FACILITIES. The Company operates production and major warehouse facilities for its operations in 29 locations throughout the United States and in 30 locations internationally. Most of the space is owned. Warehousing space is leased from public service warehouses around the United States. The Company also utilizes six domestic regional distribution centers for many of the Company's products, which are operated by service providers. The Company closed its manufacturing facility in Akron, Ohio in fiscal year 2001 in connection with its sale of the fire logs business and has announced plans to close its manufacturing facilities in Wrens, Georgia and Moose Jaw, Saskatchewan, Canada during fiscal year 2002. The Company considers its manufacturing and warehousing facilities to be adequate to support its business.

OFFICES AND R&D FACILITIES. The Company owns its general office building located in Oakland, California. The Company also owns its Technical Center and Data Center located in Pleasanton, California. The Company leases its research and development center and its engineering research facility for Glad and GladWare products, which are located in Willowbrook, Illinois, and Kennesauw, Georgia, respectively. The Company also leases its research and development center for STP products located in Brookfield, Connecticut. Leased sales and other office facilities are located at a number of other locations.

ENCUMBRANCES. None of the Company's owned facilities are encumbered to secure debt owed by the Company, except that the manufacturing facility in Belle, Missouri, secures industrial revenue bond indebtedness incurred in relation to the construction and upgrade thereof.

ITEM 3. LEGAL PROCEEDINGS

See the description of Environmental Matters in Item 1 above.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages as of July 31, 2001 and current positions of the executive officers of the Company are set forth below:

Name	(Age)	Year Elected to Current Position	Title and Current Position(s)
G. C. Sullivan	(61)	1992	Chairman of the Board and Chief Executive Officer
G. E. Johnston	(54)	1999	President and Chief Operating Officer
R. T. Conti	(46)	1999	Group Vice President
L. S. Peiros	(46)	1999	Group Vice President
K. M. Rose	(52)	1997	Group Vice President - Chief Financial Officer
P. D. Bewley	(54)	1998	Senior Vice President - General Counsel and Secretary
A. W. Biebl	(51)	1999	Senior Vice President - Product Supply
F. A. Tataseo	(47)	1999	Senior Vice President - Sales
J. M. Brady	(47)	1993	Vice President - Human Resources
C. M. Couric	(54)	2000	Vice President - General Manager, Seasonal, Food and Professional Products
W. L. Delker	(47)	1999	Vice President - Research & Development
W. L. Every-Burns	(48)	2001	Vice President - General Manager, Asia Pacific
G. S. Frank	(41)	2001	Vice President - Treasurer
D. J. Heinrich	(45)	2001	Vice President - Controller

S. D. House	(40)	1999	Vice President - General Manager, Latin America
R. C. Klaus	(56)	1995	Vice President - Corporate Administration
D. G. Matz	(39)	1999	Vice President - General Manager, Laundry and Home Care
G. C. Roeth	(40)	2000	Vice President - Marketing
G. R. Savage	(45)	1999	Vice President - General Manager, Glad Products
S. S. Silberblatt	(49)	1999	Vice President - Corporate Communications and Public Affairs
D. G. Simpson	(47)	1997	Vice President - Strategy and Planning
K. R. Tandowsky	(43)	1998	Vice President - Chief Information Officer
S. A. Weiss	(44)	2000	Vice President - General Manager, Brita and Canada

There is no family relationship between any of the above named persons, or between any of such persons and any of the directors of the Company or any persons nominated for election as a director of the Company. See Item 10 of Part III of this Form 10-K.

G. C. Sullivan, J. M. Brady and R.C. Klaus have been employed by the Company for at least the past five years in the same respective positions as listed above. The other executive officers have held the respective positions described below for at least the past five years:

G. E. Johnston joined the Company in July 1981 as Regional Sales Manager - Special Markets. Prior to his election as President and Chief Operating Officer effective January 20, 1999, he was Group Vice President from July 1, 1996 through January 19, 1999, Vice President - Kingsford Products from November 17, 1993 through June 1996, and Vice President - Corporate Development from June 1992 through

November 16, 1993.

R. T. Conti joined the Company in 1982 as Associate Region Sales Manager, Household Products. Prior to his election as Group Vice President effective September 1, 1999, he was Vice President - General Manager from July 1999 through August 1999, Vice President - Kingsford Products from July 1996 through June 1999, and Vice President - International from June 1992 through June 1996.

L. S. Peiros joined the Company in 1982 as a brand assistant. He was elected Group Vice President effective January 20, 1999. Prior to that, he served as Vice President - Household Products from June 1, 1998 through January 19, 1999, Vice President - Food Products from July 1995 through June 1998, and Vice President - Corporate Marketing Services from September 1993 until July 1995.

K. M. Rose joined the Company in 1978 as a financial analyst. Prior to her election as Group Vice President - Chief Financial Officer effective December 1, 1997, she was Vice President - Treasurer from July 1992 through November 1997.

P. D. Bewley joined the Company in February 1998 as Senior Vice President - General Counsel and Secretary. From 1994 through January 1998, he was employed by Nova Care, Inc., as Senior Vice President - General Counsel and Secretary, and prior to that was employed by Johnson & Johnson as Associate General Counsel.

A.W. Biebl joined the Company in January 1981 as Director of Manufacturing for the Food Service Products Division. Prior to his election as Senior Vice President - Product Supply effective September 1, 1999, he was Vice President - Product Supply from May 1992 through August 1999.

F. A. Tataseo joined the Company in October 1994 as Vice President - Sales and was elected as Senior Vice President - Sales effective September 1, 1999.

C. M. Couric joined the Company in 1973 as a brand assistant in the Household Products marketing organization. Prior to his election in March 2000 as Vice President - General Manager, Seasonal, Food and Professional Products, he was Vice President - General Manager, Brita Products from July 1995 through March 2000, and had served as Director, Brita Operations since 1988.

W. L. Delker joined the Company as Vice President - Research & Development in August 1999. Prior to that, he was General Manager of Six Sigma Quality for GE Silicones, a division of GE Plastic, from February 1998 through July 1999, and General Manager of Technology for GE Silicones from January 1994 through January 1998.

W. L. Every-Burns joined the Company in 1999 as part of the First Brands merger. Prior to his election as Vice President - General Manager, Asia Pacific Division effective August 1, 2001, he was Vice President - General Manager, Australia, New Zealand, Africa and Greater China from November 2000 through July 2001, Vice President - General Manager, Australia, New Zealand and Africa from September 1999 through October 2000, and General Manager of the Glad Products companies in Australia and New Zealand, previously known as NationalPak, from July 1995 through September 1999.

G. S. Frank joined the Company in 1982 as a staff accountant. Prior to his election as Vice President - Treasurer effective March 2001, he was Vice President - Controller from October 1999 through February 2001, General Manager - Korea from September 1998 through September 1999, Director of Finance - Kingsford Products from 1997 through August 1998, Director of Finance - Armor All Products from 1996 to 1997, Director of Finance - Food Products from 1995 to 1996, and Director of Corporate Financial Planning from 1994 to 1995.

D. J. Heinrich joined the Company in March 2001 as Vice President - Controller. From October 1996 through February 2001, he was employed by Transamerica Corporation, most recently as Senior Vice President - Treasurer of Transamerica Finance Corporation. Prior to that, he was employed by Granite Management Corporation, an indirect subsidiary of Ford Motor Company, as Senior Vice President - Treasurer and Controller.

S. D. House joined the Company in 1983 as a staff accountant. Prior to his election as Vice President - General Manager, Latin America effective July 1, 1999, he was Vice President - Treasurer from December 1, 1997 through June 1999, and prior to that he had served as a Director of Finance for the international business and also had held various positions in auditing, financial analysis and forecasting.

D. G. Matz joined the Company in 1986 as a brand assistant in the Company's Household Products marketing organization. He was elected as Vice President - General Manager, Home Care effective September 1, 1999 (and his title was changed to Vice President - General Manager, Laundry and Home Care effective July 23, 2001). Prior to that, he was Category General Manager - Home Care from February 1999 through August 1999, Director of Marketing - Home Care from December 1997 through January 1999, Director of Marketing - Food Products and Auto Care from August 1995 through November 1997, and Group Marketing Manager - Laundry Care Additives from January 1994 through July 1995.

G. C. Roeth joined the company in 1987 as a brand assistant

in the marketing organization. Prior to his election as Vice President - Marketing effective April 1, 2000, he was Vice President - Brand Marketing from October 1999 through March 2000; Marketing Director - Brita from February 1998 through September 1999; Group Marketing Manager for Brita from October 1996 through January 1998, and for Home Cleaning from January 1994 through September 1996.

G. R. Savage joined the Company in 1983 as an associate marketing manager. He was elected Vice President - General Manager, Glad Products effective January 20, 1999. Prior to that, he served as Vice President - Food Products from December 1, 1997 through January 19, 1999, and Director of Marketing for the Household Products business from 1993.

S. S. Silberblatt joined the Company in 1980 in the marketing department for Kingsford products. Prior to his election as Vice President - Corporate Communications and Public Affairs in February 1999, he was Director of Business Development.

D. G. Simpson joined the Company in 1979 in the brand management function. He was elected Vice President - Strategy and Planning effective December 1, 1997. Prior to that, he had served as head of corporate strategic planning.

K. R. Tandowsky joined the Company in 1981 as a staff accountant. He was elected Vice President - Information Services effective February 7, 1998. Prior to that, he had served as Director of Finance for the Kingsford products business from 1994 and Director of Corporate Finance, Treasury from 1992.

S. A. Weiss joined the Company in 1994 as an area general manager for the Pacific Rim business. He was elected Vice President - General Manager, Brita and Canada in March 2000. Prior to that, he was Vice President - General Manager, Food & Professional Products from February 1999 to March 2000, Vice President - Asia Middle East from June 1998 through January 1999 and he held the position of Area General Manager Asia-Middle East from 1994 until his election as an officer.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) MARKET INFORMATION.

The principal markets for the Company's common stock are the New York Stock Exchange and the Pacific Exchange. The high and low sales prices quoted for New York Stock Exchange-Composite Transactions Report for each quarterly period during the past

two fiscal years appears in Note 19-Quarterly Data (Unaudited), of the Notes to the Consolidated Financial Statements, which appears on pages C-37 and C-38 of Exhibit 99 hereto, incorporated herein by reference.

(b) HOLDERS.

The approximate number of record holders of the Company's common stock as of July 31, 2001 was 15,365 based on information provided by the Company's transfer agent.

(c) DIVIDENDS.

The amount of quarterly dividends paid with respect to the Company's common stock during the past two fiscal years appears in Note 19-Quarterly Data (Unaudited), of the Notes to the Consolidated Financial Statements, which appears on pages C-37 and C-38 of Exhibit 99 hereto, incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

This information appears under "Five-Year Financial Summary," on page C-40 of Exhibit 99 hereto, incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This information appears under "Management's Discussion and Analysis," on pages C-2 through C-10 of Exhibit 99 hereto, incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information appears under "Market-Sensitive Derivatives and Financial Instruments" in the "Management's Discussion and Analysis," on pages C-8 and C-9 of Exhibit 99 hereto, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

These statements and data appear on pages C-11 through C-39 of Exhibit 99 hereto, incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM l0. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding each nominee for election as a director, including those who are executive officers of the Company, appears under "Nominees for Election as Directors" of the Proxy Statement, incorporated herein by reference.

Pursuant to Instruction 3 to Item 401(b) of Regulation S-K, information regarding the executive officers of the registrant is reported in Part I of this Report.

The information required by Item 405 of Regulation S-K appears under "Section
16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement, incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K appears under "Organization of the Board of Directors," "Compensation Interlocks and Insider Participation," "Summary Compensation Table," "Options and Stock Appreciation Rights," "Comparative Stock Performance," and "Pension Benefits" of the Proxy Statement, all incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

Information concerning the only entity or person known to the Company to be the beneficial owner of more than 5% of its common stock appears under "Beneficial Ownership of Voting Securities" of the Proxy Statement, incorporated herein by reference.

(b) SECURITY OWNERSHIP OF MANAGEMENT.

Information concerning the beneficial ownership of the Company's common stock by each nominee for election as a director and by all directors and executive officers as a group appears under "Beneficial Ownership of Voting Securities" of the Proxy Statement, incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning transactions with directors, nominees for election as directors, management and the beneficial owner of more than 5% of the Company's common stock appears under "Certain Relationships and Transactions" of the Proxy Statement, incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) Financial Statements:

Consolidated Financial Statements and Independent Auditors' Report included in Exhibit 99 hereto, incorporated herein by reference:

Consolidated Statements of Earnings for the years ended June 30, 2001, 2000 and 1999

Consolidated Balance Sheets for the years ended June 30, 2001 and 2000

Consolidated Statements of Stockholders' Equity for the years ended June 30, 2001, 2000 and 1999

Consolidated Statements of Cash Flows for the years ended June 30, 2001, 2000 and l999

Notes to Consolidated Financial Statements

Independent Auditors' Report

(2) Financial Statement Schedules have been omitted because of the absence of conditions under which they are required, or because the information is shown elsewhere in this Form 10-K.

(3) See the Index to Exhibits that is included herein. The following are management contracts and compensatory plans or arrangements:

Long-Term Compensation Program dated October 21, 1987, amended November 17, 1993 (Exhibit 10(ii) to the Annual Report on Form 10-for the year ended June 30, 1994)

Officer Employment Agreement (form) (Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended June 30, 1996)

Officer Change of Control Employment Agreement (form) (Exhibit 10(xii) to the Annual Report on Form 10-K for the year ended June 30, 1996)

Supplemental Executive Retirement Plan (July 17, 1991, amended May 18, 1994, January 17, 1996 and January 19, 2000) (Exhibit 10(viii) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2000)

Non-Qualified Deferred Compensation Plan (Exhibit 10(xiii)to the Annual Report on Form 10-K for the year ended June 30, 1996)

The Clorox Company 1995 Performance Unit Plan (Exhibit 10(xiv) to the Annual Report on Form 10-K for the year ended June 30, 1996)

The Clorox Company 1996 Stock Incentive Plan, amended and restated as of July 19, 2001 (filed as Exhibit 10(xii) to this Annual Report on Form 10-K for the year ended June 30, 2001)

The Clorox Company 1996 Executive Incentive Compensation Plan, amended and restated as of July 1, 2001 (filed as Exhibit 10(xiii) to this Annual Report on Form 10-K for the year ended June 30, 2001)

1993 Directors' Stock Option Plan dated November 17, 1993 (filed as Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended June 30, 1994)

The Clorox Company Independent Directors' Stock-Based Compensation Plan (Exhibit 10 (xix) to the Annual Report on Form 10-K for the year ended June 30, 1997)

The Clorox Company Management Incentive Compensation Plan (filed as Exhibit 10(xvi) to this Annual Report on Form 10-K for the year ended June 30, 2001)

(b) Current Reports on Form 8-K during the fourth quarter of fiscal year 2001:

None.

(c) Exhibits:

Index to Exhibits follows.

(d) (Not applicable)

Index to Exhibits

(3) (i) Restated Certificate of Incorporation (filed as Exhibit 3(iii) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 1999, incorporated herein by reference)

(ii) Bylaws (restated) of the Company (filed as Exhibit 3(ii) to the Annual Report on Form 10-K for the year ended June 30, 1998

incorporated herein by reference)

(4) Registrant agrees to file a copy of documents defining the rights of holders of long-term debt upon request of the Commission.

(10) Material contracts:

(i) Long-Term Compensation Program dated October 21, 1987, amended November 17, 1993 (filed as Exhibit 10(ii) to the Annual Report on Form 10-K for the year ended June 30, 1994, incorporated herein by reference)

(ii) Agreement between Henkel KGaA and the Company dated June l8, l981 (filed as Exhibit (l0)(v) to Form 8 dated August 11, l983, incorporated herein by reference)

(iii) Agreement between Henkel GmbH (now Henkel KGaA) and the Company dated July 3l, l974 (filed as Exhibit (l0)(vi) to Form 8 dated August 11, l983, incorporated herein by reference)

(iv) Agreement between Henkel KGaA and the Company dated July 16, 1986 (filed as Exhibit B to Current Report on Form 8-K for March 19, 1987, incorporated herein by reference)

(v) Agreement between Henkel KGaA and the Company dated March 18, 1987 (filed as Exhibit A to Current Report on Form 8-K for March 19, 1987, incorporated herein by reference)

(vi) Supplemental Executive Retirement Plan Restated (July 17, 1991, amended May 18, 1994, January 17, 1996 and January 19, 2000), (filed as Exhibit 10(viii) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, incorporated herein by reference)

(vii) 1993 Directors' Stock Option Plan dated November 17, 1993 (filed as Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended June 30, 1994, incorporated herein by reference)

(viii) Officer Employment Agreement (form) (filed as Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended June 30, 1996, incorporated herein by reference)

(ix) Officer Change of Control Employment Agreement (form) (filed as Exhibit 10(xii) to the Annual Report on Form 10-K for the year ended June 30, 1996, incorporated herein by reference)

(x) Non-Qualified Deferred Compensation Plan (filed as Exhibit 10(xiii) to the Annual Report on Form 10-K for the year ended June 30, 1996, incorporated herein by reference)

(xi) The Clorox Company 1995 Performance Unit Plan (filed as Exhibit 10(xiv) to the Annual Report on Form 10-K for the year ended June 30, 1996, incorporated herein by reference)

(xii) The Clorox Company 1996 Stock Incentive Plan, amended and restated as of July 19, 2001 (filed as Exhibit 10(xii) to this Annual Report on Form 10-K for the year ended June 30, 2001)

(xiii) The Clorox Company 1996 Executive Incentive Compensation Plan, amended and restated as of July 1, 2001 (filed as Exhibit 10(xiii) to this Annual Report on Form 10-K for the year ended June 30, 2001)

(xiv) The Clorox Company Independent Directors' Stock-Based Compensation Plan (filed as Exhibit 10 (xix) to the Annual Report on Form 10-K for the year ended June 30, 1997, incorporated herein by reference)

(xv) Agreement between Henkel KGaA and the Company dated November 2, 1999 (filed as Exhibit 10 (xix) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 1999, incorporated herein by reference)

(xvi) The Clorox Company Management Incentive Compensation Plan (filed as Exhibit 10(xvi) to this Annual Report on Form 10-K for the year ended June 30, 2001)

(13) Excerpts of 2001 Annual Report to Stockholders

(21) Subsidiaries of the Company

(23) Deloitte & Touche LLP Independent Auditors' Consent

(24) Power of Attorney (see pages 16 and 17)

(99) Management's Discussion and Analysis and Financial Statements

SIGNATURES

Pursuant to the requirements of Section l3 or l5(d) of the Securities Exchange Act of l934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CLOROX COMPANY

Date: September 19, 2001 *By: /s/ G.C. Sullivan*

G. C. Sullivan, Chairman of the Board and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Peter D. Bewley, Karen M. Rose, and Daniel J. Heinrich, jointly and severally, attorneys-in-fact and agents, with full power of substitution, for her or him in any and all capacities to sign any and all amendments to this Form 10-K, and to file the same and all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, and his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of l934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ G. C. Sullivan G. C. Sullivan	Chairman of the Board & Director (Chief Executive Officer)	September 19, 2001
D. Boggan, Jr.	Director	September 19, 2001
/s/ T. M. Friedman T. M. Friedman	Director	September 19, 2001
C. Henkel	Director	September 19, 2001

Signature	Title	Date
W. R. Johnson	Director	September 19, 2001
/s/ R. W. Matschullat R. W. Matschullat	Director	September 19, 2001
/s/ D. O. Morton Dean O. Morton	Director	September 19, 2001
K. Morwind	Director	September 19, 2001
/s/ L. R. Scott L. R. Scott	Director	September 19, 2001
/s/ M. E. Shannon M. E. Shannon	Director	September 19, 2001
/s/ C. A. Wolfe C. A. Wolfe	Director	September 19, 2001
/s/ K. M. Rose K. M. Rose	Group Vice President - Chief Financial Officer (Principal Financial Officer)	September 19, 2001
/s/ D. J. Heinrich D. J. Heinrich	Vice President-Controller (Principal Accounting Officer)	September 19, 2001

EXHIBIT 10.12

THE CLOROX COMPANY
1996 STOCK INCENTIVE PLAN

1. PURPOSES OF THE PLAN.

The purposes of this Stock Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants of the Company and its Subsidiaries and to promote the success of the Company's business. Definitions of capitalized terms used in the Plan are contained in the attached Glossary which is an integral part of the Plan.

2. STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 9, below, the maximum aggregate number of Shares which may be issued pursuant to Awards shall be 25.5 million Shares. Notwithstanding the foregoing, (i) no more than twenty percent (20%) of the total number of Shares available for grant under the Plan may be issued as Restricted Stock, SARs, Dividend Equivalent Rights, Performance Shares or Performance Units and (ii) any Shares issued pursuant to awards under the Company's Executive Incentive Compensation Plan granted after the date of the Board's adoption of the Plan shall reduce on a Share for Share basis the number of Shares otherwise available under the Plan. The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) If an Award expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Award exchange program, or if any unissued Shares are retained by the Company upon exercise of an Award in order to satisfy the exercise price for such Award or any withholding taxes due with respect to such Award, such unissued or retained Shares shall become available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

3. ADMINISTRATION OF THE PLAN.

(a) PLAN ADMINISTRATOR.

(i) ADMINISTRATION WITH RESPECT TO EMPLOYEES WHO ARE DIRECTORS AND OFFICERS.

With respect to grants of Awards to Employees who are also Officers or Directors of the Company, the Plan shall be

administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) ADMINISTRATION WITH RESPECT TO OTHER EMPLOYEES AND CONSULTANTS. With respect to grants of Awards to Employees and Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws.

(iii) ADMINISTRATION WITH RESPECT TO COVERED EMPLOYEES. Notwithstanding the foregoing, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is composed solely of two or more Directors eligible under the Code to serve on a committee making Awards qualifying as Performance-Based Compensation.

(b) POWERS OF THE ADMINISTRATOR. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees and Consultants to whom Awards may from time to time be granted hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreement for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to amend the terms of any outstanding Award granted under the Plan, provided that no such amendment shall reduce the exercise price of outstanding Options, and provided further, that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and

(viii) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

(c) EFFECT OF ADMINISTRATOR'S DECISION. All decisions, determinations and interpretations of the Administrator shall be final and binding on the Grantees and any other holders of Awards intended by the Administrator to be affected thereby.

4. ELIGIBILITY.

Awards other than Incentive Stock Options may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees. An Employee or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees and Consultants of the Company and its subsidiaries who are residing in foreign jurisdictions as the Administrator in its sole discretion may determine from time to time. The Administrator may establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable foreign jurisdictions and to afford Grantees favorable treatment under such laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan.

5. TERMS AND CONDITIONS OF AWARDS.

(a) TYPE OF AWARDS. The Administrator is authorized under the Plan to award any type of arrangement to an Employee or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) an Option, a SAR or similar right with an exercise or conversion privilege at a fixed or variable price related to the Common Stock and/or the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or (iii) any other security with the value derived from the value of the Common Stock. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Dividend Equivalent Rights, Performance Units or Performance Shares, and an Award may consist of one such security or benefit, or two or more of them in any combination or alternative.

(b) DESIGNATION OF AWARD. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the date the Option with respect to such Shares is granted.

(c) CONDITIONS OF AWARD. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, and payment contingencies. In the case of an Award (other than an Option or SAR) intended to qualify as Performance-Based Compensation, the grant, exercise and/or settlement of such Award shall be contingent upon achievement of preestablished performance goals, which shall consist of one or more of the following performance criteria: total shareholder return, stock price, Clorox Value Measure, cash value added, economic value added, operating margin, asset turnover, sales growth, asset growth, return on investment, earnings per share, return on equity, return on assets, return on capital, operating cash flow, cost of capital, net income, customer satisfaction, employee satisfaction, and personal management objectives. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and the regulations thereunder. Performance goals may differ for Awards granted to any one Grantee or to different Grantees. Achievement of performance goals in respect of Awards intended to qualify as Performance-Based Compensation shall be measured over a performance period specified in the Award of up to ten years, and the goals shall be established not later than 90 days after the beginning of the performance period applicable to the Award, or at such other date as may be required or permitted for Performance-Based Compensation. The Award may provide that partial achievement of the performance goal will result in a payment or vesting corresponding to the degree of achievement as

specified in the Award. The Administrator may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with an Award intended to qualify as Performance-Based Compensation, but may not exercise discretion to increase the award.

(d) DEFERRAL OF AWARD PAYMENT. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts or Shares so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(e) AWARD EXCHANGE PROGRAMS. The Administrator may establish one or more programs under the Plan to permit selected Grantees to exchange an Award under the Plan for one or more other types of Awards under the Plan on such terms and conditions as established by the Administrator from time to time. In no event may an award exchange program have the effect of reducing the exercise price of an outstanding Option.

(f) TERM OF AWARD. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term of an Award shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(g) INDIVIDUAL OPTION, SAR LIMIT. The maximum aggregate number of Shares with respect to which Options and SAR may be granted to any Employee in any fiscal year of the Company shall be two million (2,000,000) Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 9, below. This Section 5(g) is intended to comply with the requirements for the award of Performance-Based

Compensation applicable to stock options and stock appreciation rights and shall be construed in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder.

(h) INDIVIDUAL PERFORMANCE-BASED COMPENSATION LIMIT FOR AWARDS OTHER THAN OPTIONS AND SARS. The maximum value of any Award (other than an Option or SAR) granted to any Employee in any fiscal year of the Company and intended to qualify as Performance-Based Compensation shall be two million dollars ($2,000,000), calculated based upon the value of the Award assuming the performance goal was met on the date of the grant of the Award. This Section 5(h) is intended to comply with the requirements for the award of Performance-Based Compensation applicable to awards other than stock options and stock appreciation rights and shall be construed in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder.

(i) TRANSFERABILITY OF AWARDS. Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable to the extent provided in the Award Agreement.

(j) TIME OF GRANTING AWARDS. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other date as is determined by the Administrator. Notice of the grant determination shall be given to each Employee to whom an Award is so granted within a reasonable time after the date of such grant.

6. AWARD EXERCISE OR PURCHASE PRICE, CONSIDERATION, AND TAXES.

(a) EXERCISE OR PURCHASE PRICE. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee

described in the preceding clause, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant unless otherwise determined by the Administrator, but in no event less than eighty-five percent (85%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of any other Award, including Restricted Stock, such price, if any, as determined by the Administrator.

(b) CONSIDERATION. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares under the Plan the following:

(i) cash;

(ii) check;

(iii) delivery of Grantee's promissory note with such recourse, interest, security, and redemption provisions as the Administrator in its discretion determines as appropriate;

(iv) surrender of Shares (including withholding of Shares otherwise deliverable upon exercise of the Award) which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Award shall be exercised (but only to the extent that such exercise of the Award would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price unless otherwise determined by the Administrator);

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Award and delivery to the Company of the sale or loan proceeds required to pay the exercise price and/or related withholding taxes; or

(vi) any combination of the foregoing methods of payment.

(c) TAXES. No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the

satisfaction of federal, state, and local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of an Award, the Company shall withhold from Grantee an amount sufficient to satisfy such tax obligations.

7. EXERCISE OF AWARD.

(a) PROCEDURE FOR EXERCISE; RIGHTS AS A STOCKHOLDER.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement; provided that no Award may be exercisable prior to six (6) months from the date of grant.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been received by the Company. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to an Award, notwithstanding the exercise of an Option or other Award. The Company shall issue (or cause to be issued) such stock certificate promptly upon exercise of the Award. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in the Award Agreement or Section 9, below.

(b) EXERCISE OF AWARD FOLLOWING TERMINATION OF EMPLOYMENT RELATIONSHIP.

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Service only to the extent provided in the Award Agreement.

(ii) Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award whichever occurs first.

(iii) Any Award designated as an Incentive Stock Option to the extent not exercised within the time permitted by law

for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Service shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

(iv) Notwithstanding the foregoing, in the event of termination of a Grantee's Continuous Service after attaining age fifty-five (55) with ten (10) or more years of Vesting Service, unless otherwise provided in the Award Agreement, each outstanding Award held by such Grantee shall become fully vested and exercisable and be released from any restrictions on transfer and repurchase or forfeiture rights for all of the Shares at the time represented by such Award.

8. CONDITIONS UPON ISSUANCE OF SHARES.

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

9. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION. Subject to any required action by the stockholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, as well as the price per share of Common Stock covered by each such outstanding Award, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other similar event resulting in an increase or decrease in the number of issued shares of Common Stock. Such adjustment shall be made by the Administrator, and its determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect,

and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

10. CORPORATE TRANSACTIONS/CHANGES OF CONTROL/SUBSIDIARY DISPOSITIONS.

(a) In the event of a Corporate Transaction, each Award which is at the time outstanding under the Plan automatically shall become fully vested and exercisable and be released from any restrictions on transfer and repurchase or forfeiture rights, immediately prior to the specified effective date of such Corporate Transaction, for all of the Shares at the time represented by such Award. Effective upon the consummation of the Corporate Transaction, all outstanding Awards under the Plan shall terminate unless assumed by the successor company or its Parent.

(b) In the event of a Change of Control (other than a Change of Control which also is a Corporate Transaction), each Award which is at the time outstanding under the Plan automatically shall become fully vested and exercisable and be released from any restrictions on transfer and repurchase or forfeiture rights, immediately prior to the specified effective date of such Change of Control, for all of the Shares at the time represented by such Award. Each such Award shall remain so exercisable until the expiration or sooner termination of the applicable Award term.

(c) The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Subsidiary Disposition or at the time of an actual Subsidiary Disposition and either at the time of the grant of an Award or at any time while an Award remains outstanding, to provide for the automatic full vesting and exercisability of one or more outstanding unvested Awards under the Plan and the termination of restrictions on transfer and repurchase or forfeiture rights on such Awards, in connection with a Subsidiary Disposition, but only with respect to those Grantees who are at the time engaged primarily in Continuous Service with the subsidiary corporation involved in such Subsidiary Disposition. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the affected Grantee's Continuous Service with that subsidiary corporation within a specified period following the effective date of the Subsidiary Disposition. The Administrator may provide that any Awards so vested or released from such limitations in connection with a Subsidiary Disposition, shall remain fully exercisable until the expiration or sooner termination of the Award.

(d) The portion of any Incentive Stock Option accelerated

under this Section 10 in connection with a Corporate Transaction, Change of Control or Subsidiary Disposition shall remain exercisable as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. To the extent such dollar limitation is exceeded, the accelerated excess portion of such Option shall be exercisable as a Non-Qualified Stock Option.

11. TERM OF PLAN.

The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated.

12. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN.

(a) The Board may at any time amend, suspend or terminate the Plan, provided that no amendment shall, without the approval of the stockholders of the Company, (i) increase the number of Shares available for Awards of Restricted Stock, SARs, Dividend Equivalent Rights, Performance Shares or Performance Units above the number specified under Section 2 of the Plan, (ii) extend the term of Awards beyond ten (10) years from the date of grant, (iii) reduce the minimum exercise price for Options below the price provided under Section 6 of the Plan, (iv) allow Awards to be exercisable prior to six (6) months from the date of grant or (v) extend the term of the Plan. To the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) No Award may be granted during any suspension or after termination of the Plan.

(c) Any amendment, suspension or termination of the Plan shall not affect Awards already granted, and such Awards shall remain in full force and effect as if the Plan had not been amended, suspended or terminated, unless mutually agreed otherwise between the Grantee and the Administrator, which agreement must be in writing and signed by the Grantee and the Company.

13.AMENDMENT TO PRIOR PLANS.

No Awards shall be granted under the Company's 1977 Stock Option and Restricted Stock Plans and 1987 Long Term Compensation Program on or after stockholder approval of the Plan.

14. RESERVATION OF SHARES.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient

to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. NO EFFECT ON TERMS OF EMPLOYMENT.

The Plan shall not confer upon any Grantee any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate his or her employment or consulting relationship at any time, with or without cause.

16. STOCKHOLDER APPROVAL.

Continuance of the Plan with respect to the grant of Incentive Stock Options and grants to Covered Employees shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted, and such stockholder approval shall be a condition to the right of a Covered Employee to receive Performance-Based Compensation hereunder. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws.

GLOSSARY OF DEFINED TERMS

DEFINITIONS. As used in the Plan, the following definitions shall apply:

"ADMINISTRATOR" means the Board or any of the Committees appointed to administer the Plan.

"AFFILIATE" and "ASSOCIATE" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

"APPLICABLE LAWS" means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, and the rules of any applicable stock exchange or national market system.

"AWARD" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Performance Unit, Performance Share, or other right or benefit under the Plan.

"AWARD AGREEMENT" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

"BOARD" means the Board of Directors of the Company.

"BUSINESS COMBINATION" means a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation or entity, in each case, unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock and outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the outstanding Common Stock and outstanding Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more (or, in the case of Henkel, more than the percentage limit of the Company's issued common stock agreed to in paragraph 4(a) of the June 18, 1981 agreement between the Company and Henkel, as amended), of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

"CHANGE OF CONTROL" means a change in ownership or control of the Company effected through either of the following transactions:

The acquisition by any Person of beneficial ownership (within the meaning of Rule 13(d)(3) promulgated under the Exchange Act) of twenty percent (20%) or more (or, in the case of Henkel, more

than the percentage limit of the Company's issued common stock agreed to in paragraph 4(a) of the June 18, 1981 agreement between the Company and Henkel, as amended) of either (A) the then outstanding shares of Common Stock or (B) the combined voting power of the then outstanding Voting Securities; provided, however, that for purposes of this paragraph, the following acquisitions shall not constitute a Change of Control: (W) any acquisition directly from the Company, (X) any acquisition by the Company, including any acquisition which, by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person or by Henkel to more than the applicable percentage set forth above, (Y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (Z) any acquisition pursuant to a Business Combination which complies with clauses (i), (ii) and (iii) of the definition of "Business Combination" above; or Directors constituting the Incumbent Board cease for any reason to constitute at least a majority of the Directors.

"CLOROX VALUE MEASURE" means an economic value added model the calculation of which links profit to investment by including a capital charge for assets employed in the business.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMITTEE" means any committee appointed by the Board to administer the Plan.

"COMMON STOCK" means the common stock of the Company, as adjusted in accordance with the provisions of Section 9.

"COMPANY" means The Clorox Company.

"CONSULTANT" means any person (other than an Employee) who is engaged by the Company or any Parent or Subsidiary of the Company to render consulting or advisory services to the Company or such Parent or Subsidiary.

"CONTINUOUS SERVICE" means that the provision of services to the Company, any Parent, or Subsidiary, in any capacity of Employee or Consultant is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or
(ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by

statute or contract.

"CORPORATE TRANSACTION" means any of the following stockholder-approved transactions to which the Company is a party:

a Business Combination, or

a complete liquidation or dissolution of the Company.

"COVERED EMPLOYEE" means an Employee who is a "covered employee" under Section 162(m)(3) of the Code at the time of an Award under the Plan.

"DIRECTOR" means a member of the Board.

"DISABILITY" means disability as defined in subsection 4.1(a) of The Clorox Company Disability Plan for twelve (12) consecutive months.

"DIVIDEND EQUIVALENT RIGHT" means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

"EMPLOYEE" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. The payment of a director's fee by the Company shall not be sufficient to constitute "employment" by the Company.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FAIR MARKET VALUE" means, as of any date, the value of Common Stock determined as follows:

Where there exists a public market for the Common Stock, the Fair Market Value shall be (A) the closing sales price for a Share for the last market trading day prior to the time of the determination (or, if no sales were reported on that date, on the last trading date on which sales were reported) on the New York Stock Exchange, the NASDAQ National Market or the principal securities exchange on which the Common Stock is listed for trading, whichever is applicable or (B) if the Common Stock is not traded on any such exchange or national market system, the average of the closing bid and asked prices of a Share on the NASDAQ Small Cap Market, in each case, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

In the absence of an established market of the type described above, for the Common Stock, the Fair Market Value thereof shall be

determined by the Administrator in good faith, and such determination shall be conclusive and binding on all persons.

"GRANTEE" means an Employee who receives an Award under the Plan.

"HENKEL" means Henkel KGaA and any person controlled by Henkel KGaA.

"INCENTIVE STOCK OPTION" means an Option intended to qualify as a n incentive stock option within the meaning of Section 422 of the Code.

"INCUMBENT BOARD" means Directors who (i) are Directors as of the date of Board adoption of the Plan, (ii) were elected or nominated for election as Directors by at least a majority of the Directors described in clause (i) who were still in office at the time such election or nomination was approved by the Board, or
(iii) have been nominated as a representative of Henkel KGaA pursuant to the agreement between Henkel KGaA and the Company dated July 16, 1986; provided that a person shall not be deemed an Incumbent Board member if his or her initial assumption of office as a Director was the result of an actual or threatened election contest with respect to the election or removal of Directors, or other actual or threatened solicitation of proxies or stockholder consents, by or on behalf of a Person other than the Board.

"NON-QUALIFIED STOCK OPTION" means an Option not intended to qualify as an Incentive Stock Option.

"OFFICER" means a person who is an officer of the Company within the meaning of
Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

"OPTION" means a stock option granted pursuant to the Plan.

"PARENT" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

"PERFORMANCE-BASED COMPENSATION" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code.

"PERFORMANCE SHARES" means Shares or an Award denominated in Shares which may be earned in whole or in part upon attainment of performance criteria established by the Administrator and which may be settled for cash, securities, or a combination of cash and securities as determined by the Administrator.

"PERFORMANCE UNITS" means awards which may be earned in whole or in part upon attainment of performance criteria established by the Administrator and which may be settled for cash, securities or a combination of cash and securities as determined by the Administrator.

"PERSON" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

"PLAN" means this 1996 Stock Incentive Plan.

"RESTRICTED STOCK" means an award of Shares under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

"RULE 16B-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

"SAR" means a stock appreciation right entitling the Grantee to Shares or cash compensation measured by appreciation in the value of Common Stock.

"SHARE" means a share of the Common Stock.

"SUBSIDIARY" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

"SUBSIDIARY DISPOSITION" means the disposition by the Company of its equity holdings in any subsidiary corporation effected by a merger or consolidation involving that subsidiary corporation, the sale of all or substantially all of the assets of that subsidiary corporation or the Company's sale or distribution of substantially all of the outstanding capital stock of such subsidiary corporation.

"VESTING SERVICE" means vesting service as defined in The Clorox Company Pension Plan.

"VOTING SECURITIES" means voting securities of the Company entitled to vote generally in the election of Directors.

EXHIBIT 10.13

THE CLOROX COMPANY
EXECUTIVE INCENTIVE COMPENSATION PLAN
Amended and Restated Effective
as of July 1, 2001

1. PURPOSE

The purpose of The Clorox Company Executive Incentive Compensation Plan (the "Plan") is to provide an incentive for corporate officers and to recognize and reward those officers. The Company's executive officers are eligible to earn short-term incentive awards under this Plan and under the Company's Management Incentive Compensation Plan.

2. DEFINITIONS

The following terms will have the following meaning for purposes of the Plan:

(a) "Award" means a bonus paid in cash, Stock and/or restricted Stock.

(b) "Board" means the Board of Directors of the Company.

(c) "Clorox Value Measure" means an economic value-added model the calculation of which links profit to investment by including a capital charge for assets employed in the business.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Employee Benefits and Management Compensation Committee of the Board, or such other Committee designated by the Board to administer the Plan provided that the Committee shall consist of two or more persons, each of whom is an "outside director" within the meaning of Section 162(m) of the Code.

(f) "Company" means The Clorox Company.

(g) "Participant" means a corporate officer of the Company or a Subsidiary selected by the Committee to participate in the Plan.

(h) "Performance Criteria" means the following measures of performance: total shareholder return, Stock price, Clorox Value Measure, economic value added, profit margin (gross or net), asset turnover, sales growth, asset growth, return on investment, earnings per share, return on equity, return on assets, return on capital, operating cash flow, cost of capital, net income, market share, working capital, customer satisfaction, and employee satisfaction.

A Performance Criterion may be applied by the Committee as a measure of the performance of any, all, or any combination of the following: the Company, a Subsidiary, a division, group or other unit of the Company or a Subsidiary, or a particular product category or categories of the Company or a Subsidiary.

(i) "Performance Goal(s)" means the goal or goals established for a Participant by the Committee in accordance with Section 4(a).

(j) "Stock" means common stock of the Company.

(k) "Subsidiary" means any corporation in which the Company, directly or indirectly, controls 50 percent or more of the total combined voting power of all classes of stock.

(l) "Target Award" means the amount of the target award established for each Participant by the Committee in accordance with Section 4(a).

3. TERM

The Plan shall be effective as of July 1, 1996 and shall continue until June 30, 2006, subject to stockholders' approval unless reapproved by the Company's stockholders or unless amended or terminated pursuant to Section 9 hereof.

4. AWARDS

(a) Within 90 days after the beginning of each fiscal year of the Company (a "year"), the Committee will select Participants for the year and establish in writing (i) an objective Performance Goal or Goals for each Participant for that year based on one or more of the Performance Criteria, (ii) the specific Award amounts that will be paid to each Participant if his or her Performance Goal or Goals are achieved (the "Target Award") and (iii) the method by which such amounts will be calculated. The Committee may specify as to each Target Award the form of payment of the Award (cash, Stock, restricted Stock, and/or other property), provided that if restricted Stock is offered as an incentive to Participants to take some or all of their Award in Stock the amount of the restricted Stock shall be specified and the Target Award, including such restricted Stock, shall not exceed the maximum Award permitted under Section
4(b). The Target Award may provide for payment of all or part of the Target Award in the case of retirement, death, disability or change of ownership of control of the Company or a Subsidiary during the year.

(b) The maximum Award that may be paid to any Participant under the Plan for any year will be $4 million.

(c) The Committee may reduce or eliminate, but may not increase, any Award calculated under the methodology established in

accordance with paragraph (a) in order to reflect additional considerations relating to performance.

(d) As soon as practicable following each year while the Plan is in effect, the Committee shall determine and certify, for each Participant, the extent to which the Performance Goal or Goals have been met and the amount of the Award, if any, to be made. Awards will be paid to the Participants following such certification by the Committee and no later than ninety (90) days following the close of the year with respect to which the Awards are made.

(e) The Company shall withhold from the payment of any Award hereunder any amount required to be withheld for taxes.

5. TERMINATION OF EMPLOYMENT

Except as may be specifically provided in an Award pursuant to Section 4(a), a Participant shall have no right to an Award under the Plan for any year in which the Participant is not actively employed by the Company or its Subsidiaries on June 30 of such year. In establishing Target Awards, the Committee may also provide that in the event a Participant is not employed by the Company or its Subsidiaries on the date on which the Award is paid, the Participant may forfeit his or her right to the Award paid under the Plan.

6. ADMINISTRATION

The Plan will be administered by the Committee. The Committee will have the authority to interpret the Plan, to prescribe rules relating to the Plan and to make all determinations necessary or advisable in administering the Plan. Decisions of the Committee with respect to the Plan will be final and conclusive.

7. UNFUNDED PLAN

Awards under the Plan will be paid from the general assets of the Company, and the rights of Participants under the Plan will be only those of general unsecured creditors of the Company.

8. CODE SECTION 162(M)

It is the intent of the Company that all Awards under the Plan qualify as performance-based compensation for purposes of Code Section 162 (m)(4)(C) so that the Company's tax deduction for such Awards is not disallowed in whole or in part under Code Section 162(m). The Plan is to be applied and interpreted accordingly.

9. AMENDMENT OR TERMINATION OF THE PLAN

The Committee may from time to time suspend, revise, amend or terminate the Plan; PROVIDED, that any such amendment or revision which requires approval of the Company's shareholders in order to maintain the qualification of Awards as performance-based compensation pursuant to Code Section 162(m)(4)(C) shall not be made without such approval.

10. APPLICABLE LAW

The Plan will be governed by the laws of California.

11. NO RIGHTS TO EMPLOYMENT

Nothing contained in the Plan shall give any person the right to be retained in the employment of the Company or any of its Subsidiaries. The Company reserves the right to terminate any Participant at any time for any reason notwithstanding the existence of the Plan.

12. NO ASSIGNMENT

Except as otherwise required by applicable law, any interest, benefit, payment, claim or right of any Participant under the Plan shall not be sold, transferred, assigned, pledged, encumbered or hypothecated by any Participant and shall not be subject in any manner to any claims of any creditor of any Participant or beneficiary, and any attempt to take any such action shall be null and void. During the lifetime of any Participant, payment of an Award shall only be made to such Participant. Notwithstanding the foregoing, the Committee may establish such procedures as it deems necessary for a Participant to designate a beneficiary to whom any amounts would be payable in the event of any Participant's death.

13. STOCKHOLDER APPROVAL

This Plan shall be subject to approval by a vote of the stockholders of the Company at the 2001 Annual Meeting, and such stockholder approval shall be a condition to the right of any Participant to receive any benefits hereunder.

EXHIBIT 16.1

THE CLOROX COMPANY
MANAGEMENT INCENTIVE COMPENSATION PLAN
As Amended and Restated Effective
as of July 1, 2001

1. PURPOSE

The purpose of The Clorox Company Management Incentive Compensation Plan (the "Plan") is to attract and retain the best available personnel for positions of substantial responsibility and to provide an incentive for officers and employees of The Clorox Company (the "Company") and its subsidiaries and to recognize and reward those officers and employees. The Company's executive officers are eligible to earn short-term incentive awards under this Plan and under the Company's Executive Incentive Compensation Plan.

2. DEFINITIONS

The following terms will have the following meaning for purposes of the Plan:

(a) "Award" means a bonus paid in cash.

(b) "Board" means the Board of Directors of the Company.

(c) "Chief Executive Officer" means the chief executive officer of the Company.

(d) "Committee" means the Employee Benefits and Management Compensation Committee of the Board, or such other Committee designated by the Board to administer the Plan.

(e) "Employee" means any person employed by the Company or any Subsidiary.

(f) "Executive Committee" means the Officers who are members of the Company's management executive committee.

(g) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

(h) "Participant" means an Employee selected by the Committee to participate in the Plan.

(i) "Subsidiary" means any corporation in which the Company, directly or indirectly, controls 50 percent or more of the total combined voting power of all classes of stock.

(j) "Year" means a fiscal year of the Company.

3. AWARDS

(a) Within 90 days after the beginning of each Year, the Committee will select Participants for the Year and establish in writing the method by which the Awards will be calculated for that Year. The Committee may provide for payment of all or part of the Award in the case of retirement, death, disability or change of ownership of control of the Company or a Subsidiary during the Year.

(b) For the Chief Executive Officer and the Executive Committee, the Committee shall determine and certify the amount of the Award, if any, to be made. The Committee may increase, decrease or eliminate, any Award calculated under the methodology established in accordance with paragraph (a) in order to reflect additional considerations relating to performance.

(c) For Participants (other than the Chief Executive Officer and the Executive Committee), the Chief Executive Officer shall determine and certify the amount of the Award, if any, to be made. The Chief Executive Officer may increase, decrease or eliminate, any Award calculated under the methodology established in accordance with paragraph (a) in order to reflect additional considerations relating to performance.

(d) Awards will be paid to the Participants following certification and no later than ninety (90) days following the close of the Year with respect to which the Awards are made.

(e) The Company shall withhold from the payment of any Award hereunder any amount required to be withheld for taxes.

4. TERMINATION OF EMPLOYMENT

Except as may be specifically provided in an Award pursuant to Section 3(a), a Participant shall have no right to an Award under the Plan for any Year in which the Participant is not actively employed by the Company or its Subsidiaries on June 30 of such Year. When establishing Awards each Year, the Committee may also provide that in the event a Participant is not employed by the Company or its Subsidiaries on the date on which the Award is paid, the Participant may forfeit his or her right to the Award paid under the Plan.

5. ADMINISTRATION

The Plan will be administered by the Committee. The Committee will have the authority to interpret the Plan, to prescribe rules relating to the Plan and to make all determinations necessary

or advisable in administering the Plan. Decisions of the Committee with respect to the Plan will be final and conclusive.

6. UNFUNDED PLAN

Awards under the Plan will be paid from the general assets of the Company, and the rights of Participants under the Plan will be only those of general unsecured creditors of the Company.

7. AMENDMENT OR TERMINATION OF THE PLAN

The Committee may from time to time suspend, revise, amend or terminate the Plan.

8. APPLICABLE LAW

The Plan will be governed by the laws of California.

9. NO RIGHTS TO EMPLOYMENT

Nothing contained in the Plan shall give any person the right to be retained in the employment of the Company or any of its Subsidiaries. The Company reserves the right to terminate any Participant at any time for any reason notwithstanding the existence of the Plan.

10. NO ASSIGNMENT

Except as otherwise required by applicable law, any interest, benefit, payment, claim or right of any Participant under the Plan shall not be sold, transferred, assigned, pledged, encumbered or hypothecated by any Participant and shall not be subject in any manner to any claims of any creditor of any Participant or beneficiary, and any attempt to take any such action shall be null and void. During the lifetime of any Participant, payment of an Award shall only be made to such Participant. Notwithstanding the foregoing, the Committee may establish such procedures as it deems necessary for a Participant to designate a beneficiary to whom any amounts would be payable in the event of any Participant's death.

EXHIBIT 13.1

As of 09/24/01

Principal Products

U.S. Household Products and Canada

Brita	
Brita	Pour-through and faucet-mount water filtration systems, replacement filters; Fill & Go water-filtration bottle and replacement filter

Canada (Many U.S. brands are also sold in Canada)

Jets Steel-wool soap pads

Roomate Trash cans

Laundry and Home Care

Clorox	Liquid bleaches, outdoor bleach cleaner, disinfecting sprays and wipes, toilet bowl cleaners; Advantage smooth-pour and less-splash bleach; Stain Out laundry stain removers; FreshCare fabric refresher
Clorox Clean-Up	Dilutable, spray and gel household cleaners
Clorox 2	Dry and liquid color-safe bleaches
Formula 409	All-purpose spray cleaners, glass and surface cleaner, carpet cleaners
Handi-Wipes	Reusable cleaning cloths
Heavy-Wipes	Reusable cleaning cloths
Lestoil	Heavy-duty cleaner
Liquid-Plumr	Drain openers, buildup remover, septic-system treatment; Foaming Pipe Snake clog remover
Pine-Sol	Dilutable, all-purpose spray and floor spray cleaners
Soft Scrub	Mild-abrasive liquid and gel cleansers
S.O.S	Steel-wool soap pads, scrubber sponges; Tuffy mesh scrubbers
Tilex	Instant mildew remover, soap scum and bathroom cleaner; Fresh Shower daily shower cleaners
Wash'n Dri	Pre-moistened towelettes

U.S. Specialty Products

Auto Care	
Armor All	Protectants, cleaners and wipes, tire- and wheel-care products, waxes, washes
Formula 409	Cleaners
Rain Dance	Waxes, washes
STP	Automotive additives; Son of a Gun appearance products
Tanner's Preserve	Leather cleaner, conditioning cream for leather
Tuff Stuff	All-purpose cleaner, spot and stain remover

Cat Litter	
EverClean	Clumping cat litter
Fresh Step	Clay, scoopable and silica-gel crystals cat litter, cat odor eliminator
Jonny Cat	Clay cat litter, liners
Scoop Away	Scoopable cat litter
Charcoal	
Kingsford	Charcoal briquets, charcoal lighter; BBQ Bag single-use, lightable bag of charcoal briquets; Match Light instant-lighting charcoal briquets

Food Products

Hidden Valley Dressings and dip mixes; Salad Crispins seasoned mini-croutons

K C Masterpiece	Barbecue sauces, marinades
Kitchen Bouquet	Browning and seasoning sauce and gravy aid
Glad	
Glad	Freezer, sandwich and food storage bags, food wraps, ovenware; outdoor, indoor and recycling disposal bags, unscented and odor-fighting trash bags
GladWare	Containers
Insecticides	
Black Flag	Ant, roach and other flying insect aerosols; Roach Motel
Combat	Ant and roach bait stations and aerosols, ant granules and stakes, roach gels

Professional Products

Clorox	Germicidal bleach, toilet bowl cleanser and disinfectant
Clorox Clean-Up	Dilutable cleaner
Combat	Insecticides
Formula 409	Cleaners
Glad	Food storage bags, wraps, trash bags

Hidden Valley Dressings

Himolene	Institutional bags and liners
K C Masterpiece	Barbecue sauce
Kingsford	Charcoal briquets
Kitchen Bouquet	Browning and seasoning sauce and gravy aid

Liquid-Plumr Drain opener

Maxforce	Ant and roach bait stations, granules and gels
Pine-Sol	Cleaner
S.O.S	Pot and pan detergent, steel-wool soap pads

Tilex	Instant mildew remover, soap scum and bathroom cleaner

Principal Products Outside the United States and Canada
(Many U.S. brands are also sold internationally)

Asia-Pacific

Ant Rid	Insecticides
Astra	Disposable rubber gloves
Chux	Cleaning cloths, sponges and scourers, specialty cloths, disposable gloves

Clorox Gentle Color-safe bleach

Colour More	Color-safe bleach
Glad	Non-stick baking paper, ice cube bags, non-stick frying pan sheets, perforated wraps, aluminum foil, oven bags
Glad-Lock	Reclosable bags
Gumption	Hard paste cleaners
Home Mat	Insecticides
Home Keeper	Insecticides
Mono	Aluminum foil, trash bags, food bags, cling films
OSO	Aluminum foil, trash bags, food bags, cling films
Perfex	Disposable table cloths
Prestone	Coolant concentrate, brake fluid
Rota	Aluminum foil, trash bags, food bags, cling films
XLO	Sponges
Yuhanrox	Bleach
Latin America	
Arco Iris	Laundry additives
Arela	Laundry additives, cleaners, waxes, candles
Atlas	Toilet bowl cleaners
Ayudin	Bleach, laundry additives, spray and gel cleaners, disinfecting sprays
Blanquita	Bleaches
Bon Bril	Cleaning utensils, liquid household cleaners
Brimax	Cleaners
Ceracol	Waxes
Clorinda	Bleaches, brooms, cleaning utensils
Clorisol	Bleaches
Fleur	Carpet cleaners
Fluss	Toilet bowl cleaners
Limpido	Bleaches
Los Conejos	Bleaches
Luminosa	Candles
Lustrillo	Cleaning utensils

Mistolin	Cleaners, waxes
Mortimer	Cleaning utensils
Pinexo	Cleaners
Pinoluz	Cleaners
Poett	Laundry additives, cleaners, air fresheners
Sabra	Cleaning utensils

Sani	Cleaners
SBP	Insecticides
Sello Rojo	Bleaches
Selton	Insecticides
Super Globo	Bleaches, bags, wraps, cleaners, insecticides
Trenet	Laundry additives, fabric refreshers
X-14	Cleaners

EXHIBIT 21
(to Form 10-K)

THE CLOROX COMPANY
SUBSIDIARIES OF THE REGISTRANT

(100% owned unless otherwise indicated)

Subsidiaries	Jurisdiction of Incorporation
1216899 Ontario Inc.	Canada
1221 Olux, LLC	Delaware
A&M Products Manufacturing Company	Delaware
Aldiv Transportation, Inc.	California
American Sanitary Company (Overseas) Inc.	Cayman Islands
Amesco Ltd. (49%)	Cayman Islands
Andover Properties, Inc.	Delaware
Antifreeze Technology Systems, Inc.	Delaware
Armor All Products GmbH	Germany
The Armor All/STP Products Company	Delaware
Brita Canada Corporation	Canada
Brita Canada (Holdings) Corporation	Canada
Brita Manufacturing Company	Delaware
The Brita Products Company	Delaware
Chesapeake Assurance Limited	Hawaii
Clorosul Ltda.	Brazil
Clorox Africa Holdings (Pty) Ltd.	South Africa

Clorox Africa (Pty) Ltd.	South Africa
Clorox American Sanitary Company S.A.	Costa Rica
Clorox Argentina S.A.	Argentina
Clorox Australia Pty Limited	Australia
Clorox (Barbados) Inc.	Barbados
Clorox do Brasil Ltda.	Brazil
The Clorox Company of Canada Ltd.	Canada
Clorox Car Care Ltd.	United Kingdom
Clorox (Cayman Islands) Ltd.	Cayman Islands
Clorox Chile S.A.	Chile
The Clorox China Company	Delaware
Clorox de Colombia S.A.	Germany
Clorox Commercial Company	Delaware
Clorox (Europe) Financing S.a.r.l.	Luxembourg
The Clorox Far East Company Limited	Hong Kong
Clorox Germany GmbH	Germany
The Clorox (Guangzhou) Company Limited (95%)	People's Republic of China
Clorox Holdings Pty Limited	Australia
Clorox Hong Kong Limited	Hong Kong
Clorox Hungary Liquidity Management Kft.	Hungary
The Clorox International Company	Delaware
Clorox International Philippines, Inc.	The Philippines

Clorox Japan Limited	Japan
Clorox Korea Ltd.	Korea
Clorox (Malaysia) Industries Sdn. Bhd.	Malaysia
Clorox (Malaysia) Sdn. Bhd.	Malaysia
Clorox de Mexico, S. de R. L. de C. V.	Mexico
Clorox Mexicana, S. de R. L. de C. V.	Mexico
Clorox Netherlands B. V.	The Netherlands
Clorox New Zealand Limited	New Zealand
Clorox del Pacifico S.A.	Peru
Clorox de Panama S.A.	Panama
The Clorox Pet Products Company	Texas
Clorox Products Manufacturing Company	Delaware
Clorox Professional Products Company	Delaware
The Clorox Company of Puerto Rico	Delaware
The Clorox Sales Company	Delaware
Clorox Services Company	Delaware
Clorox Servicios Corporativos, S. de R.L. de C.V.	Mexico
The Clorox South Asia Company	Delaware
Clorox Switzerland S.a.r.l.	Switzerland
Clorox Uruguay S.A.	Uruguay
CLX Realty Co.	Delaware
Comercial STP Ltda.	Brazil
Corporacion Clorox de Venezuela, S.A.	Venezuela

EcuaClorox S.A.	Ecuador
Electroquimicas Unidas S.A.C.I.	Chile
Evolution S.A. (51%)	Uruguay
Fabricante de Productos Plasticos, S.A. de C.V.	Mexico
First Brands (Bermuda) Ltd.	Bermuda
First Brands do Brasil Ltda.	Brasil
First Brands Corporation	Delaware
First Brands (Guangzhou) Ltd. (51%)	People's Republic of China
First Brands Mexicana, S.A. de C.V.	Mexico
First Brands Zimbabwe Holdings (Private) Ltd.	Zimbabwe
First Brands Zimbabwe (Private) Ltd. (76%)	Zimbabwe
Forest Technology Corporation	Delaware
Fully Will Limited	Hong Kong
Glad Manufacturing Company	Delaware
The Glad Products Company	Delaware
Henkel Iberica, S.A. (20%)	Spain
Himolene Incorporated	Delaware
The Household Cleaning Products Company of Egypt, Ltd. (49%)	Egypt
The HV Food Products Company	Delaware
HV Manufacturing Company	Delaware
Invermark S.A.	Argentina
Jingles, LLC	Delaware

Jonapurvco ULC	Nova Scotia
Kaflex S.A.	Argentina
Kingsford Manufacturing Company	Delaware
The Kingsford Products Company	Delaware
Lerwood Holdings Limited	British Virgin Islands
Lynley IFS-A LLC	Delaware
The Mexco Company	Delaware
Mohammed Ali Abudawood and Company for Industry (30%)	Saudi Arabia
Multifoil Trading (Pty) Limited	South Africa
National Cleaning Products Company Limited (30%)	Saudi Arabia
Pacico International Limited	Hong Kong
Pacific Brands (Malaysia) Sdn. Bhd.	Malaysia
Paulsboro Packaging, Inc.	New Jersey
Percenta Enterprise Sdn. Bhd.	Malaysia
Petroplus Produtos Automotivos S.A. (51%)	Brazil
Petroplus Sul Comercio Exterior S.A. (51%)	Brazil
Polysak, Inc.	Connecticut
Productos Del Hogar, C. por A.	Dominican Republic
PT Clorox Indonesia	Indonesia
Renaissance: A Resource Recovery Corporation	Canada
Risse Limited	Republic of Ireland
Sarah Resources Limited	Canada
Sealapac Mfg.(Pvt) Limited	South Africa

Securapac (Pvt. (Ltd.)	Zimbabwe
STP do Brasil Ltda.	Brazil
STP First Brands Espana, S.L.	Spain
STP Products Manufacturing Company	Delaware
STP Scientifically Tested Products of Canada Ltd.	Canada
Traisen S.A.	Uruguay
United Cleaning Products Mfg. Co. Ltd. (33%)	Yemen Arab Republic
Yuhan-Clorox Co., Ltd. (50%)	Korea
Zao Company "Clorox"	Russia

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in The Clorox Company Registration Statements No. 333-75455 on Form S-3, and Nos. 33-41131 (Post-Effective Amendments No. 1 and No. 2), 33-24582, 33-56565, 33-56563, 333-29375, 333-16969 and 333-44675 on Form S-8 of our report dated August 17, 2001 appearing in this Annual Report on Form 10-K of The Clorox Company for the fiscal year ended June 30, 2001.

/s/ DELOITTE & TOUCHE LLP

Oakland, California
September 27, 2001

EXHIBIT 99

FINANCIAL HIGHLIGHTS
THE CLOROX COMPANY

YEARS ENDED JUNE 30	2001	2000	% CHANGE
IN MILLIONS, EXCEPT SHARE AND PER-SHARE AMOUNTS.			
Net Sales(1)	$ 3,903	$ 3,989	- 2%
Earnings before cumulative effect of change in accounting principle	$ 325	$ 394	-18%
Cumulative effect of change in accounting principle (net of tax benefit of $1)	(2)	--	--
Net Earnings	$ 323	$ 394	-18%
Stockholders' Equity	$ 1,900	$ 1,794	6%
Per Common Share			
Basic			
Earnings before cumulative effect of change in accounting principle	$ 1.38	$ 1.67	-17%
Cumulative effect of change in accounting principle	(0.01)	--	--
Net Earnings	$ 1.37	$ 1.67	-18%
Diluted			
Earnings before cumulative effect of change in accounting principle	$ 1.36	$ 1.64	-17%
Cumulative effect of change in accounting principle	(0.01)	--	--
Net Earnings	$ 1.35	$ 1.64	-18%
Dividends	$ 0.84	$ 0.80	5%
Stockholders' Equity	$ 8.03	$ 7.62	5%
Weighted Average Common Shares Outstanding (in thousands)			
Basic	236,149	236,108	0%
Diluted	239,483	239,614	0%

(1) Coupon costs, previously reported as part of advertising expense, are included in net sales in fiscal year 2001. Net sales and advertising expense for fiscal year 2000 have been restated to conform to the fiscal year 2001 presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF WORLDWIDE OPERATIONS

CONSOLIDATED RESULTS

DILUTED EARNINGS PER SHARE decreased to $1.35 in fiscal year 2001 from $1.64 in fiscal year 2000, and NET EARNINGS decreased to $323 million from $394 million for the fiscal year ended June 30, 2001, as compared to the year ago period, principally due to lower net sales, inventory write-offs and restructuring and asset impairment charges, partially offset by lower administrative costs. Diluted earnings per share increased to $1.64 in fiscal year 2000 from $1.03 in fiscal year 1999, and net earnings increased to $394 million from $246 million for the fiscal year ended June 30, 2000, as compared to fiscal year 1999, primarily due to lower merger, restructuring and asset impairment costs and to improved earnings driven by volume growth and cost savings. Merger, restructuring and asset impairment costs (including inventory write-offs) had the effect of reducing diluted earnings per share by $0.27 in fiscal year 2001, by $0.11 in fiscal year 2000, and by $0.60 in fiscal year 1999.

The Company's results reflect the January 29, 1999, merger with First Brands Corporation ("First Brands"). That merger was accounted for as a pooling of interests with all historical financial information having been restated.

NET SALES in fiscal year 2001 decreased 2% from fiscal year 2000 to $3,903 million despite an increase in volumes of 1%. The decline in net sales resulted from a 1% increase in customer trade promotion spending, a 1% decrease in net sales due to foreign currency weaknesses and a 1% decrease due to unfavorable assortment and product mixes caused by a trend towards larger sizes as well as a shift to lower-margin items. Volume gains were attributable to greater shipments in the charcoal, cat litter, auto care and international businesses partly offset by lower shipments experienced by the Company's U.S. Household Products and Canada segment.

Starting in fiscal year 2001, coupon costs are deducted from sales. Previously, such costs were included in advertising expense. Amounts for prior periods have been reclassified for comparative purposes. Such reclassifications decreased net sales by 2% in fiscal year 2000 and 3% in fiscal year 1999 from previously reported amounts. This reclassification had no impact on net earnings or earnings per share.

Net sales in fiscal year 2000 increased 3% from fiscal year 1999 to $3,989 million due to a 2% volume increase driven by product introductions and shipment gains in certain products. These gains were partly offset by volume declines in the Company's First Brands businesses resulting from decreased trade support and coupon spending, elimination of non-core and low-margin items, changing the pricing structure for the cat litter business, and by declines in shipments of Tilex Fresh Shower daily shower cleaner products. Volume growth was positively impacted by gains in shipments of Hidden Valley dressings, Brita faucet-mount filter systems, and Kingsford and Match Light charcoal products, as well as the acquisition of the Bon Bril cleaning utensils business in Latin America.

COST OF PRODUCTS SOLD as a percentage of sales increased to 59.4% in fiscal year 2001 from 56.4% in fiscal year 2000 mostly due to the provision for inventory obsolescence of $54 million which included $39 million for inventories associated primarily with discontinued product lines, packaging and unsuccessful product launches. Higher energy, raw-material and packaging costs and an unfavorable assortment mix due to a shift to larger sizes also contributed to the increase. These write-offs and higher costs are somewhat mitigated by cost savings generated from the Company's ongoing manufacturing initiatives, transferring auto care and Scoop Away cat litter manufacturing in-house from co-packers, and restructuring the Company's Asia operations.

Cost of products sold as a percentage of sales increased to 56.4% in fiscal year 2000 from 56.1% in fiscal year 1999. This increase was primarily due to higher raw-material costs, start-up costs associated with the introduction of products, and the provision for inventory obsolescence of $15 million, which included a charge of $4 million relating to the write down of the Company's fire logs inventory to its net realizable value.

These increases were partially offset by cost-savings initiatives and trade-spending efficiencies in the former First Brands businesses.

SELLING AND ADMINISTRATION EXPENSES declined 6% to $495 million in fiscal year 2001 from $525 million in fiscal year 2000. The decline represents lower commissions due to renegotiated broker rates in certain of the domestic businesses as well as the impact of the fiscal year 2000 acquisition of a distribution business in Argentina, lower market-research expenditures, reductions in corporate overhead and lower costs resulting from restructuring the Company's Asia operations in the prior year. These savings are partially offset by higher spending in Latin America to support volume growth. Selling and administrative expenses declined by 5% to $525 million in fiscal year 2000 from $554 million in fiscal year 1999 due to the ongoing benefit of including the former First Brands businesses; savings from lower commission expense primarily due to the consolidation of the Company's broker network; the consolidation of the Company's logistic network; and bringing sales and distribution activities in-house in major Latin America markets.

ADVERTISING EXPENSE as a percentage of sales was 9% in fiscal years 2001, 2000 and 1999. Advertising expense in fiscal year 2001 as compared with fiscal year 2000 reflects higher media expenditures to support the cat litter and Glad businesses offset by decreased noncoupon promotional spending in the auto care business. The increase in advertising expense in fiscal year 2000 as compared with fiscal year 1999 of $14 million reflects higher media spending to support new product launches.

MERGER, RESTRUCTURING AND ASSET IMPAIRMENT COSTS of $59 million, $36 million and $180 million were recognized in fiscal years 2001, 2000 and 1999, respectively. In fiscal year 2001, the $59 million of restructuring and asset impairment reflects charges resulting from the Company's review of its operations, which it announced in December 2000. The Company will be conducting this review over calendar year 2001 and anticipates incurring additional charges associated with actions that will streamline certain of the Company's manufacturing operations.

As previously announced, by the end of fiscal year 2002, the Company anticipates that restructuring, asset impairment and inventory write-offs, resulting from the Company's current operations review, will total approximately $200 million. As of June 30, 2001, the Company has recognized $98 million, of which $59 million has been recorded for restructuring and asset impairment and $39 million, relating to inventory write-offs, has been included in cost of products sold. Restructuring and asset impairment for fiscal year 2001 included $34 million for the write off of equipment no longer necessary due to changes in technology, elimination of redundancies and discontinued product lines, $15 million for the closure of the Company's Wrens, Ga., cat litter plant and the planned transfer of the Jonny Cat clay litter production to a third-party manufacturer, $7 million for the write off of intangible assets, and $3 million for severance and other restructuring costs.

In fiscal year 2000, the $36 million of charges included $23 million of First Brands merger-related charges related to the consolidation of First Brands distribution centers, relocation and retention bonuses paid to former First Brands employees; $11 million of restructuring and asset impairment related to the restructuring of the Company's Asia operations; and a $2 million asset impairment charge related to the Company's fire logs business.

In fiscal year 1999, the $180 million of charges included $36 million of merger-related charges recognized in connection with the First Brands merger, $53 million of other restructuring costs and $91 million of provisions for asset impairment. Restructuring activities in fiscal year 1999 primarily related to the consolidation of administration and distribution functions; the reduction in employee headcount primarily at the First Brands' headquarters location in Danbury, Conn., and at sales offices; and the termination of related leases and other contracts. Asset impairment losses recognized in fiscal year 1999 were for the write off of software development and other costs incurred by First Brands before the merger, and the write down, to expected realizable value, of certain insecticide and international intangible assets.

INTEREST EXPENSE in fiscal year 2001 as compared with fiscal year 2000 decreased by $10 million due to the Company's ability to reduce short-term borrowings using excess cash flow from operations. Interest expense

in fiscal year 2000 as compared to fiscal year 1999 remained relatively flat year over year. Rising interest rates in fiscal year 2000 were offset by the effect of refinancing First Brands debt in fiscal year 1999.

OTHER EXPENSE, NET in fiscal year 2001 as compared with fiscal year 2000 increased by $12 million due to higher amortization of intangibles resulting from acquisitions made in fiscal year 2001 and lower equity and royalty income. Other expense, net in fiscal year 2000 as compared to fiscal year 1999 remained unchanged year over year. Lower amounts of equity and royalty income were mostly offset by decreased amortization of intangibles and higher interest income.

THE EFFECTIVE TAX RATE was 33.3%, 36.7% and 42.8% in fiscal years 2001, 2000 and 1999, respectively. The decrease in the tax rate from 36.7% in fiscal year 2000 to 33.3% in fiscal year 2001 was due primarily to the reversal of deferred tax liabilities on foreign earnings as a result of the Company's increasing ability to utilize foreign tax credits and due to the adjustment of prior year tax accruals. The reduction in the effective tax rate from 42.8% in fiscal year 1999 to 36.7% in fiscal year 2000 was primarily attributable to the tax effect of merger, restructuring and asset impairment costs, which were not deductible in fiscal year 1999.

THE CUMULATIVE EFFECT OF THE CHANGE IN ACCOUNTING PRINCIPLE of $2 million (net of tax benefit of $1 million) was recognized as a transition adjustment due to the implementation of the Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The Company adopted SFAS No. 133, as amended, effective July 1, 2000.

SEGMENT RESULTS

U.S. HOUSEHOLD PRODUCTS AND CANADA

Fiscal Year 2001 vs. Fiscal Year 2000: U.S. Household Products and Canada's net sales decreased by 3% from fiscal year 2000 and earnings before tax decreased by 6% from fiscal year 2000.

The decline in net sales was caused by a 2% decrease in volumes, an unfavorable assortment mix resulting from a shift towards larger sizes, and higher trade-promotion spending. The segment's volume decline follows a year in which 21 new products were introduced and the economy softened. Laundry and home care's volume decline of 1% resulted from lower shipments of Clorox disinfecting spray due to increased competitive activity and discontinued dry Clorox bleach and Clorox FreshCare dry cleaning product; these volume declines were partly offset by increases in shipments of Ultra Clorox liquid bleach. Brita's shipments decreased 8% from the prior year despite the Company's advertising and marketing efforts to improve shipments of Brita pour-through pitchers and filters. Partially offsetting this decline were increased shipments of Brita faucet-mount systems and Brita Fill & Go sports bottles.

The decline in net earnings before tax resulted from lower volumes, an unfavorable assortment mix and higher raw material costs and trade spending, partly offset by costs savings generated from manufacturing initiatives and lower advertising costs.

Fiscal Year 2000 vs. Fiscal Year 1999: U.S. Household Products and Canada's fiscal year 2000 net sales increased by 5% while earnings before tax decreased by 2% from fiscal year 1999.

The improvement in net sales reflected the positive impact of product introductions including Clorox disinfecting spray and wipes, Liquid-Plumr Foaming Pipe Snake drain cleaner, Meadow Fresh Pine-Sol cleaner, Ultra Clorox liquid bleach, Clorox FreshCare dry cleaning product and Brita Fill & Go sports bottle. Partially offsetting these revenue gains were declines in net sales of Tilex Fresh Shower daily shower cleaner.

Earnings before tax were impacted by higher product costs and advertising expenditures. Higher resin and corrugated costs, start-up costs for product launches, higher product costs in the Brita business due to an increase in production of faucet-mount filter systems introduced in late fiscal year 1999 and additional components in the Brita pitchers, all contributed to the increase in cost of products sold. Advertising expenditures also increased over the prior year due to the introduction of Ultra Clorox liquid bleach and other new products.

U.S. SPECIALTY PRODUCTS

Fiscal Year 2001 vs. Fiscal Year 2000: U.S. Specialty Products' fiscal year 2001 net sales decreased 1% from the prior year despite a 2% increase in volumes from fiscal year 2000. Earnings before tax for the segment declined 8% from fiscal year 2000.

The net sales decrease of 1% was due to higher trade-promotion spending. The 2% volume growth was driven by higher volumes in the seasonal, cat litter and auto care businesses, offset by declines in the food and Glad bags and wrap businesses. Seasonal's increased volumes of 6% from the prior year reflect greater charcoal shipments boosted by marketing support and a narrowing price spread with private label products. The 5% increase in cat litter's volumes came from the prior year launch of Fresh Step crystals cat litter, higher Scoop Away cat litter volumes due to the price rollback in June of the prior year, and the relaunch of Scoop Away cat litter along with increased advertising and trade spending. These increases were partly offset by poorer performance early in the year due to difficulties experienced in the execution of a packaging conversion and a cat toy promotion. The 4% increase in auto care's shipments resulted from the introduction of Armor All cleaning and protectant wipes. Offsetting volume gains in these businesses were declines in the food and the Glad bags and wraps businesses. The 5% volume decline in the food business reflects signs of slowing growth in salad dressing consumption and intense competitive pressure in this category that resulted in decreased consumption in Hidden Valley dressings. The Glad bags and wraps business volumes decreased 2% from the prior year despite signs of volume improvement seen in the fourth quarter of fiscal year 2001. Driving the fourth quarter volume improvement were higher shipments in the GladWare line of containers.

The decline in net earnings before tax resulted from an unfavorable assortment mix, higher raw material and energy-related costs, costs associated with product and packaging improvements for the relaunch of Scoop Away cat litter, and greater advertising and trade spending. Offsetting these decreases were savings achieved by transferring auto care and Scoop Away cat litter manufacturing in-house from co-packers and other manufacturing cost-savings initiatives.

Fiscal Year 2000 vs. Fiscal Year 1999: U.S. Specialty Products' fiscal year 2000 net sales remained relatively flat from the prior year while earnings before tax increased 8% over the prior year.

Net sales remained relatively flat due to lower volumes from the former First Brands businesses offset by the favorable results of eliminating First Brand's inefficient trade-promotion and coupon spending practices. Sales volumes decreased in the auto care, Glad and cat litter businesses due to the Company's strategic integration of former First Brands businesses. Auto care volumes declined due to the elimination of approximately one-half of the STP product line in an effort to focus on more strategic and higher-margin products. Volumes in the Glad business were lower than the prior year due to the elimination of non-core and low-margin items. Cat litter volumes also declined due to reducing the number of cat litter items, decreasing spending for trade promotions and changing the price structure. This decline in volume was offset by higher volumes resulting from the introductions of K C Masterpiece marinades and GladWare disposable container products and gains in shipments of Hidden Valley dressings and Kingsford and Match Light charcoal products.

Earnings before tax increased 8% over the prior year due principally to cost-savings initiatives. Cost savings were achieved from shifting the manufacturing of certain auto care products from contract packers to Company facilities, eliminating unprofitable product lines from the First Brands businesses, reductions in inefficient coupon spending partially offset by increased focus on media spending, and efficiencies gained from integrating former First Brands businesses. These cost savings were partially offset by higher resin costs.

INTERNATIONAL OPERATIONS

Fiscal Year 2001 vs. Fiscal Year 2000: International's earnings before tax increased 4% while net sales decreased 4%. Despite a volume increase of 5%, the decrease in net sales was due to foreign currency weaknesses in Australia, New Zealand and most Latin America countries and higher trade-promotion spending. Had it not been for the negative impact of foreign currency devaluations, international's net sales

would have increased 2%. The increase in volumes from the prior year resulted from the prior-year acquisitions of Bon Bril cleaning utensils businesses in certain Latin American countries, the recent launch of Poett and other fragranced cleaners in Argentina, Chile, Mexico, Brazil, Peru, Panama and Venezuela, and increased insecticide consumption in Korea. The increase in earnings before tax was generated from the restructuring of the Company's Asia operations, lower commission expense resulting from the prior-year acquisition of a distribution business in Argentina, and the Company's ongoing efforts to improve operating margins.

Fiscal Year 2000 vs. Fiscal Year 1999: International's fiscal year 2000 earnings before tax increased 35% from fiscal year 1999, due mostly to a 4% increase in net sales as well as the impact of cost savings from the integration of the sales force and distribution network in Latin America. Net sales reflect an 8% increase in volumes driven primarily by new product launches in Latin America and the acquisitions of Bon Bril cleaning utensils businesses in Latin America and the Astra rubber gloves business in Australia, partly offset by higher promotional spending.

CORPORATE, INTEREST AND OTHER

Fiscal Year 2001 vs. Fiscal Year 2000: "Corporate, Interest and Other" loss before tax increased 15% from fiscal year 2000 to fiscal year 2001 due to the recognition of restructuring and asset impairment costs, offset by lower interest expense.

Fiscal Year 2000 vs. Fiscal Year 1999: "Corporate, Interest and Other" loss before tax improved 24% from fiscal year 1999 to fiscal year 2000 mostly due to the impact of merger-related charges incurred in fiscal year 1999, and not in fiscal year 2000, and a decrease in pension costs resulting from changes in actuarial assumptions.

FINANCIAL POSITION AND LIQUIDITY

CASH FLOWS FROM OPERATIONS

The Company's financial position and liquidity remains strong due to continuing cash flow provided by operations during fiscal years 2001, 2000 and 1999. Cash provided by operations was $747 million in fiscal year 2001, $681 million in fiscal year 2000 and $617 million in fiscal year 1999.

Net cash provided by operations increased 10% in fiscal year 2001 as compared to fiscal year 2000. The increase in cash provided by operations in fiscal year 2001 is attributable to improved management of working capital. Working capital changes from fiscal year 2000 included decreases in accounts receivable and inventories and an increase in accrued liabilities, offset partially by lower accounts payable. The decrease in accounts receivable is due to a decrease in net sales for the month of June 2001 versus June 2000 and successful collection of some past due receivables. Lower inventory levels in fiscal year 2001 reflect better inventory management and a decrease in seasonal product inventories. Inventory levels were favorably impacted due to management's continuing efforts to optimize inventories and to eliminate underperforming stock keeping units. Seasonal product inventories were lower than planned due to stronger sales in charcoal during the fourth quarter of this year versus the year ago quarter. The decrease in accounts payable is related to lower raw-material purchases consistent with the decline in inventories and the effect resulting from the discontinuation of certain products.

The increase in cash provided by operations in fiscal year 2000, as compared to fiscal year 1999, is principally attributable to higher earnings and increased cash effects from an improved working capital position. Working capital changes from fiscal year 1999 included increases in accounts receivable, inventories and other current assets, and lower restructuring liabilities; these working capital increases were offset by increases in accounts payable and accrued liabilities. The 4% increase in accounts receivable over the prior year corresponded with a 5% increase in net sales in the fourth quarter. Higher inventory levels in fiscal year 2000 reflected the impact from new product introductions, and a build of charcoal inventories due to unseasonably cool weather. Other current assets increased mostly due to the short-term classification of the

Argentine forward-purchase agreement, which matured in fiscal year 2001. Increases in accounts payable and accrued liabilities are partly attributable to higher purchases and accruals resulting from new product launches.

BORROWING INFORMATION

The Company's overall level of indebtedness (both short-term and long-term debt) decreased $359 million from $1,363 million at June 30, 2000, to $1,004 million at June 30, 2001, as excess cash provided by operations was used to reduce commercial paper borrowings and repay a $142 million short-term note due in March 2001. In February 2001, the Company increased its borrowings with the issuance of $300 million of 6.125% unsecured senior unsubordinated notes due in February 2011.

In fiscal year 2000, the Company reduced certain of its long-term financing agreements, entered into a $236 million Canadian dollar denominated commercial paper agreement that is hedged with a forward currency contract for the same amount, and entered into a 7.38% short-term bank loan totaling $142 million, which was paid when due in March 2001.

ACQUISITIONS

During fiscal year 2001, the Company invested $126 million in new businesses. The Company acquired for $122 million (or $116 million, net of cash acquired) from Brita GmbH the rights to the Brita trademark and other intellectual property in North and South America, an increase in the Company's ownership from 50% to 100% in Brita Limited and Brita South America Inc., and certain other net assets. The Company also increased its ownership to 100% in its two joint ventures in Costa Rica, previously 49% and 51% owned. The investments in Brita Limited, Brita South America Inc. and Costa Rica were previously accounted for under the equity method of accounting and are fully consolidated from the date of acquisition. These acquisitions were accounted for as purchases and were funded using a combination of cash and debt.

During fiscal year 2000, the Company invested $120 million in new international businesses. These acquisitions included the Bon Bril cleaning utensils businesses in Colombia, Venezuela and Peru, the Agrocom S.A. distribution business in Argentina, an increase in ownership to 100% in Clorox de Colombia S.A. (formerly Tecnoclor S.A. and previously 72% owned) and the Astra rubber gloves business purchased in Australia.

During fiscal year 1999, the Company invested $116 million in new businesses, including the U.S. acquisition of the Handi Wipes and Wash'n Dri businesses. International acquisitions included the Mistolin bleach and household cleaners business in Venezuela, the Homekeeper insecticide business in Korea, the Gumption household cleaner business in Australia, as well as a 12% increase in ownership in the Company's joint venture in Colombia, Clorox de Colombia S.A.

CAPITAL EXPENDITURES

Capital expenditures were $192 million in fiscal year 2001, $158 million in fiscal year 2000 and $176 million in fiscal year 1999. In fiscal year 2001, capital expenditures included the Company's purchases of property, plant and equipment and $41 million of expenditures for the Company's new enterprise resource planning system and customer relationship management system. The Company will be implementing these systems over the next three calendar years, with total implementation costs estimated to be approximately $250 million. Approximately $150 million represents incremental spending over and above previously planned spending on systems projects. Total expenditures for the fiscal year ended June 30, 2001 were $47 million, of which $41 million were capitalized as property, plant and equipment and other assets and $6 million were recorded as selling and administration expense.

COMMON STOCK DIVIDENDS, COMPANY STOCK PURCHASES AND STOCK AUTHORIZATION INFORMATION

Dividends paid in fiscal years 2001, 2000 and 1999 were $199 million, or $0.84 per share; $189 million, or $0.80 per share; and $162 million, or $0.71 per share, respectively. Also, on July 18, 2001, the Company announced a regular quarterly dividend of $0.21 per share.

Treasury share purchases and related premiums were $10 million in fiscal year 2001; $135 million, or 3,123,000 shares in fiscal year 2000; and $33 million, or 800,000 shares in fiscal year 1999. Purchases made in fiscal year 2000 were under a common stock repurchase and hedging program authorized in August 1999 by the Board of Directors. The purpose of that program was to reduce or eliminate dilution when shares are issued in accordance with the Company's various stock compensation plans. Prior to August 1999, the Company had canceled a prior share repurchase and hedging program (previously authorized in September 1996 by the Board of Directors to offset the dilutive effects of employee stock exercises) when it merged with First Brands. Purchases made in fiscal year 1999 were under the share repurchase and hedging program authorized in September 1996. In August 2001, the Company's Board of Directors authorized the Company to repurchase up to $500 million of the Company's common stock over a two- to three-year period. This program is in addition to the program approved in August 1999.

At June 30, 2001, the Company had three share repurchase agreements totaling approximately $246 million, whereby the Company contracted for future delivery of 2,260,000 shares each on September 15, 2002 and on September 15, 2004, at a strike price of $43 per share, and for future delivery of 1,000,000 shares on November 1, 2003 at a strike price of $51.70 per share.

LIQUIDITY

In fiscal years 2001, 2000 and 1999, cash flows from operations exceeded cash requirements to fund acquisitions, capital expenditures, dividends and scheduled debt service. The Company believes that cash flow from operations, supplemented by financing expected to be available from external sources, will provide sufficient liquidity for the foreseeable future. At June 30, 2001, the Company had credit agreements with available credit lines totaling $800 million, which expire on dates through April 2002. These agreements are available for general corporate purposes and for the support of additional commercial paper. There were no borrowings under these agreements at June 30, 2001. The Company's credit agreements have some limitations and restrictive covenants and require maintenance of a minimum net worth of $704 million. The most restrictive of covenants limits certain sale and leaseback transactions to the greater of $100 million or 15% of the Company's consolidated net tangible assets.

Based on the Company's working capital requirements, the current availability under its credit agreements, and its ability to generate positive cash flows from operations in the future, the Company does not believe that such limitations will have a material effect on the Company's long-term liquidity. The Company believes that it will have the funds necessary to meet all of its above described financing requirements and all other fixed obligations. Should the Company undertake strategic acquisitions, requiring funds in excess of its current cash reserves and available credit lines, it might be required to seek additional debt or equity financing. Depending upon conditions in the financial markets, the availability of acceptable terms, and other factors, the Company may consider the issuance of debt or other securities to finance acquisitions, to refinance debt or to fund other activities for general business purposes.

MARKET-SENSITIVE DERIVATIVES AND FINANCIAL INSTRUMENTS

The Company is exposed to the impact of interest rates, foreign currency fluctuations, commodity prices and changes in the market value of its investments. The Company has certain restrictions on the use of derivatives, including a prohibition of the use of any leveraged instrument. Derivative contracts are entered into for non-trading purposes with several major credit worthy institutions, thereby minimizing the risk of credit loss. In the normal course of business, the Company employs practices and procedures to manage its exposure to changes in interest rates, foreign currencies and commodity prices using a variety of derivative instruments.

The Company's objective in managing its exposure to changes in interest rates, foreign currencies and commodity prices is to limit the impact of fluctuations on earnings, cash flow and, in the case of interest rate changes, to manage interest rate exposure. To achieve its objectives, the Company uses swaps and forward and futures contracts to manage its exposures to interest rate changes, foreign currency fluctuations and commodity pricing risks.

For fiscal years 2001 and 2000, the Company's exposure to market risk has been estimated using sensitivity analysis, which is defined as the change in the fair value of a derivative or financial instrument assuming a hypothetical 10% adverse change in market rates or prices. The results of the sensitivity analysis are summarized below. Actual changes in interest rates or market prices may differ from the hypothetical changes.

The Company has market risk exposure to changing interest rates. Interest rate risk is managed through the use of a combination of fixed and floating rate debt. Interest rate swaps may be used to adjust interest rate risk exposures when appropriate, based on market conditions. These instruments have the effect of converting fixed rate instruments to floating, or floating to fixed. Changes in interest rates would result in gains or losses in the market value of the Company's fixed-rate debt instruments and the Company's interest rate swap agreements that convert debt instruments from floating to fixed, due to differences between current market rates and the rates implicit for these instruments. Based on the results of the sensitivity analysis, at June 30, 2001 and 2000, the Company's estimated market exposure for interest rates was $16 million and $10 million, respectively.

The Company seeks to minimize the impact of certain foreign currency fluctuations by hedging transactional exposures with foreign currency forward contracts and similar instruments. The Company's foreign currency transactional exposures exist primarily with the Canadian, Australian and New Zealand dollars. The Company also had certain positions in the Argentine peso, with no hedging designations. The foreign exchange sensitivity analysis includes forward contracts and other financial instruments affected by foreign exchange risk. Based on the hypothetical change in foreign currency exchange rates, the net unrealized losses at June 30, 2001, and 2000 would be $12 million and $23 million, respectively.

Commodity futures and swap contracts are used to manage cost exposures on certain raw material purchases with the objective of ensuring relatively stable costs for these commodities. The Company also had a commodity purchase contract with no hedging designation. The commodity price sensitivity analysis includes commodity futures and swap contracts affected by commodity price risk. Based on the results of the sensitivity analysis, at June 30, 2001, and 2000, the Company's estimated market exposure for commodity prices was $11 million and $14 million, respectively.

ENVIRONMENTAL MATTERS

The Company is committed to an ongoing program of comprehensive, long-term environmental assessment of its facilities. This program is monitored by the Company's Department of Health, Safety and Environment with guidance from legal counsel. During each facility assessment, compliance with applicable environmental laws and regulations is evaluated and the facility is reviewed in an effort to identify possible future environmental liabilities. The Company believes that there are no potential future environmental liabilities that will have a material adverse effect on its financial position or future operating results, although no assurance can be given with respect to the ultimate outcome of any such matters. This premise is based on the accrual for such costs as of June 30, 2001, and the probable future costs of such environmental claims and actions without an offset for expected insurance recoveries or discounting for present value.

ACCOUNTING AND REPORTING CHANGES

In December 1999, the Securities and Exchange Commission ("SEC") issued SEC Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," as amended. SAB No. 101, as amended, summarizes the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company adopted SAB 101 at June 30, 2001, and it did not have a material impact on the Company's financial statements.

Effective July 1, 2000, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The affect of this new standard was a reduction of net earnings of $2 million (net of tax benefit of $1 million), which was recognized as a cumulative effect of a change in accounting principle and an increase in other comprehensive income of $10 million (net of tax of $7 million). The ongoing effects will depend on future market conditions and the Company's hedging activities.

In July 2000, the FASB Emerging Issues Task Force ("EITF") reached a consensus on EITF No. 00-14, "Accounting for Coupons, Rebates and Discounts," which addresses both the accounting for sales subject to rebates and revenue sharing arrangements as well as coupon costs and discounts. The Company adopted EITF No. 00-14 effective June 30, 2001. Coupon and consumer rebate sales incentives are now recognized as a reduction in net sales, rather than as expense. The impact of adopting this consensus reduced both net sales and advertising expense by $94 million and $117 million, in fiscal years 2000 and 1999, respectively, and prior years have been restated to reflect these changes.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, " Goodwill and Other Intangible Assets." SFAS No. 141 will apply to all business combinations that the Company enters into after June 30, 2001, and eliminates the pooling-of-interests method of accounting. SFAS No. 142 eliminates the amortization of goodwill and intangible assets having indefinite lives and requires that annual reviews for impairment be made for such assets on a "fair value basis." Intangible assets with definitive lives will continue to be amortized. This standard applies to all goodwill and intangible assets acquired after June 30, 2001, as well as goodwill and intangible assets existing at that date. The new standard will require the Company to review its goodwill and intangible assets to determine which assets will no longer be amortized, and which assets may require a change in their amortizable lives; and to assess potential asset impairment, measured on a "fair value basis." The Company is currently reviewing the new standards and adopted the new standards effective July 1, 2001. The Company has not determined the effect on earnings of the provision to cease amortization of goodwill, nor has it completed the required tests for impairment. The Company had net brands, trademarks, patents and other intangibles of $1,574 million at June 30, 2001, and had related amortization expense of $60 million, $55 million and $61 million in fiscal years 2001, 2000 and 1999 respectively.

CAUTIONARY STATEMENT

Except for historical information, matters discussed above and in the financial statements and footnotes, including statements about future plans, objectives, expectations, growth or profitability, are forward-looking statements based on management's estimates, assumptions and projections. These forward-looking statements are subject to risks and uncertainties, and actual results could differ materially from those discussed in this Appendix C to the Company's 2001 Proxy Statement. Important factors that could affect performance and cause results to differ materially from management's expectations are described in "Forward-Looking Statements and Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ending June 30, 2001, which is expected to be filed with the SEC on or about September 28, 2001, and in subsequent SEC filings. Those factors include, but are not limited to, marketplace conditions and events, the Company's actual cost performance, implementation of the Company's new enterprise resource planning and customer relationship management systems, risks inherent in litigation and international operations, the success of new products, the integration of acquisitions and mergers, divestiture of non-strategic businesses and environmental, regulatory and intellectual property matters. These forward-looking statements speak only as of the date of this document.

CONSOLIDATED STATEMENTS OF EARNINGS
THE CLOROX COMPANY

YEARS ENDED JUNE 30	2001	2000	1999
IN MILLIONS, EXCEPT SHARE AND PER-SHARE AMOUNTS.			
Net Sales	$ 3,903	$ 3,989	$ 3,886
Costs and Expenses			
Cost of products sold	2,319	2,250	2,181
Selling and administration	495	525	554
Advertising	352	371	357
Research and development	67	63	63
Merger, restructuring and asset impairment	59	36	180
Interest expense	88	98	97
Other expense-net	36	24	24
Total Costs and Expenses	3,416	3,367	3,456
Earnings before income taxes and cumulative effect of change in accounting principle	487	622	430
Income taxes	162	228	184
Earnings before cumulative effect of change in accounting principle	325	394	246
Cumulative effect of change in accounting principle (net of tax benefit of $1)	(2)	--	--
Net Earnings	$ 323	$ 394	$ 246
Earnings per Common Share			
Basic			
Earnings before cumulative effect of change in accounting principle	$ 1.38	$ 1.67	$ 1.05
Cumulative effect of change in accounting principle	(0.01)	--	--
Net Earnings	$ 1.37	$ 1.67	$ 1.05
Diluted			
Earnings before cumulative effect of change in accounting principle	$ 1.36	$ 1.64	$ 1.03
Cumulative effect of change in accounting principle	(0.01)	--	--
Net Earnings	$ 1.35	$ 1.64	$ 1.03
Weighted Average Common Shares Outstanding (in thousands)			
Basic	236,149	236,108	235,364
Diluted	239,483	239,614	240,002

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS
THE CLOROX COMPANY

YEARS ENDED JUNE 30	2001	2000
IN MILLIONS, EXCEPT SHARE AND PER-SHARE AMOUNTS.		
ASSETS		
Current Assets		
Cash and cash equivalents	$ 251	$ 254
Receivables-net	514	624
Inventories	281	376
Other current assets	57	200
Total Current Assets	1,103	1,454
Property, Plant and Equipment -- Net	1,046	1,079
Brands, Trademarks, Patents and Other Intangibles -- Net	1,574	1,536
Investments in Affiliates	90	110
Other Assets	182	174
Total	$3,995	$4,353
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes and loans payable	$ 117	$ 768
Current maturities of long-term debt	202	5
Accounts payable	314	378
Accrued liabilities	436	387
Income taxes payable	--	36
Total Current Liabilities	1,069	1,574
Long-term Debt	685	590
Other Liabilities	194	204
Deferred Income Taxes	147	191
Stockholders' Equity		
Common stock, $1.00 par value, 750,000,000 shares authorized, 249,826,934 shares issued and 236,691,020 and 235,361,130 shares outstanding at June 30, 2001, and 2000, respectively	250	250
Additional paid-in capital	195	175
Retained earnings	2,142	2,020
Treasury shares, at cost, 13,135,914 and 14,465,804 shares at June 30, 2001, and 2000, respectively	(441)	(451)
Accumulated other comprehensive net losses	(235)	(183)
Unearned compensation	(11)	(17)
Stockholders' Equity-Net	1,900	1,794
Total	$3,995	$4,353

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THE CLOROX COMPANY

IN MILLIONS, EXCEPT PER-SHARE AMOUNTS.	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY SHARES	ACCUMULATED OTHER COMPREHENSIVE NET LOSSES	UNEARNED COMPENSATION	TOTAL	COMPREHENSIVE INCOME
Balance, June 30, 1998...	$249	$ 8	$1,735	$(392)	$(116)	$(11)	$1,473	
Comprehensive Income								
Net earnings...			246				246	$246
Translation adjustments...					(43)		(43)	(43)
Minimum pension liability adjustments...					(1)		(1)	(1)
Total Comprehensive Income...								$202
Dividends ($.71 per share)...			(162)				(162)	
Employee stock plans and other...	1	68	(3)	33		(9)	90	
Treasury stock purchased and related operations...				(33)			(33)	
Balance, June 30, 1999...	250	76	1,816	(392)	(160)	(20)	1,570	
Comprehensive Income								
Net earnings...			394				394	$394
Translation adjustments...					(23)		(23)	(23)
Total Comprehensive Income...								$371
Dividends ($.80 per share)...			(189)				(189)	
Employee stock plans and other...		35	(1)	21		3	58	
Treasury stock purchased and related premiums...		(12)		(135)			(147)	
Settlement of share repurchase obligations and option contracts...		76		55			131	
Balance, June 30, 2000...	250	175	2,020	(451)	(183)	(17)	1,794	
Comprehensive Income								
Net earnings...			323				323	$323
Translation adjustments...					(54)		(54)	(54)
Minimum pension liability adjustments...					(3)		(3)	(3)
Cumulative effect and change in valuation of derivatives (net of tax benefit of $2)...					5		5	5
Total Comprehensive Income...								$271
Dividends ($.84 per share)...			(199)				(199)	
Employee stock plans and other...		20	(2)	20		6	44	
Treasury stock purchased and related premiums...				(10)			(10)	
Balance, June 30, 2001...	$250	$195	$2,142	$(441)	$(235)	$(11)	$1,900	

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
THE CLOROX COMPANY

YEARS ENDED JUNE 30	2001	2000	1999
IN MILLIONS.			
Operations:			
Net earnings	$ 323	$ 394	$ 246
Adjustments to reconcile net earnings to net cash provided by operations:			
Depreciation and amortization	225	201	202
Deferred income taxes	(41)	(16)	(29)
Merger, restructuring and asset impairment	59	7	91
Other	19	11	(14)
Cash effects of changes in (excluding effects of businesses acquired):			
Accounts receivable	123	(10)	24
Inventories	90	(50)	48
Other current assets	8	(3)	2
Accounts payable and accrued liabilities	(78)	144	(5)
Income taxes payable	19	3	52
Net cash provided by operations	747	681	617
Investing Activities:			
Capital expenditures	(192)	(158)	(176)
Acquisitions, net of cash acquired	(126)	(120)	(116)
Proceeds from disposals of property, plant and equipment	6	3	16
Other	(24)	15	(37)
Net cash used for investing	(336)	(260)	(313)
Financing Activities:			
Notes and loans payable, net	(651)	34	(232)
Collection of prepaid forward contract	150	--	--
Long-term borrowings	310	5	205
Long-term repayments	(19)	(117)	(16)
First Brands receivables financing program -- net	--	--	(100)
Cash dividends	(199)	(189)	(162)
Treasury stock purchased and related premiums	(10)	(135)	(33)
Settlement of share repurchase obligations and option contracts	--	76	--
Issuance of common stock for employee stock plans, and other	12	27	64
Net cash used for financing	(407)	(299)	(274)
Effect of exchange rate changes on cash and cash equivalents	(7)	--	--
Net increase (decrease) in cash and cash equivalents	(3)	122	30
Cash and cash equivalents:			
Beginning of year	254	132	102
End of year	$ 251	$ 254	$ 132
Supplemental Cash Flow Information:			
Cash paid for:			
Interest (net of amounts capitalized)	$ 83	$ 92	$ 98
Income taxes	156	166	85
Non-cash transactions:			
Share repurchase and other obligations	$ --	$ 55	$ --
Acquisitions:			
Fair value of assets net of cash acquired	132	129	116
Less liabilities assumed	(6)	(9)	--
Acquisitions net of cash acquired	$ 126	$ 120	$ 116

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE CLOROX COMPANY

YEARS ENDED JUNE 30, 2001, 2000 AND 1999

(MILLIONS OF DOLLARS, EXCEPT SHARE AND PER-SHARE AMOUNTS)

1. SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

The Company is principally engaged in the production and marketing of nondurable consumer products through grocery stores, mass merchandisers and other retail outlets. The consolidated financial statements include the statements of the Company and its majority-owned and controlled subsidiaries. Minority investments in foreign entities are accounted for under the equity method, the most significant of which is an equity investment in Henkel Iberica, S.A. of Spain. All significant intercompany transactions and accounts are eliminated in consolidation.

The Company's results reflect the January 29, 1999 merger with First Brands Corporation ("First Brands"), which was accounted for as a pooling of interests. Pursuant to the merger agreement, First Brands stockholders obtained the right to receive .349 of a share of the Company's common stock in exchange for each share of First Brands common stock, with cash paid in lieu of fractional shares. Pursuant to the merger, 40.3 million shares of First Brands common stock were converted into 28.2 million shares of the Company's common stock. In addition, options to acquire 1.8 million shares of First Brands' common stock were converted to 1.2 million options to acquire shares of the Company's common stock. In connection with the merger, the Company also assumed approximately $435 of First Brands debt. All historical financial information has been restated to include First Brands.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from estimates and assumptions made.

ACCOUNTING AND REPORTING CHANGES

In December 1999, the Securities and Exchange Commission ("SEC") issued SEC Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," as amended. SAB No. 101, as amended, summarizes the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company adopted SAB 101 at June 30, 2001, and it did not have a material impact on the Company's financial statements.

In March 2000, the Financial Accounting Standards Board ("FASB") issued guidance on stock compensation issues in the form of FASB Interpretation No. 44, "Accounting for Certain Transactions involving Stock Compensation, an Interpretation of Accounting Principles Board ("APB") Opinion No. 25." The interpretation clarifies the application of APB Opinion No. 25 for certain issues. The Company adopted the interpretation beginning July 1, 2000, and it did not significantly impact the fiscal year 2001 financial statements.

Effective July 1, 2000, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

derivative instruments embedded in other contracts, and for hedging activities. The statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The affect of this new standard was a reduction of net earnings of $2 (net of tax benefit of $1), which was recognized as a cumulative effect of a change in accounting principle and an increase in other comprehensive income of $10 (net of tax benefit tax of $7). The ongoing effects will depend on future market conditions and the Company's hedging activities.

In July 2000, the FASB Emerging Issues Task Force ("EITF") reached a consensus on EITF No. 00-14, "Accounting for Coupons, Rebates, and Discounts," which addresses both the accounting for sales subject to rebates and revenue sharing arrangements as well as coupon costs and discounts. The Company adopted EITF No. 00-14 effective June 30, 2001. Coupon and consumer rebate sales incentives are now recognized as a reduction in net sales, rather than as expense. The impact of adopting this consensus reduced both net sales and advertising expense by $94 and $117, in fiscal years 2000 and 1999, respectively, and prior years have been restated to reflect these changes.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 will apply to all business combinations that the Company enters into after June 30, 2001, and eliminates the pooling-of-interests method of accounting. SFAS No. 142 eliminates the amortization of goodwill and intangible assets having indefinite lives and requires that annual reviews for impairment be made for such assets on a "fair value basis." Intangible assets with definitive lives will continue to be amortized. This standard applies to all goodwill and intangible assets acquired after June 30, 2001, as well as goodwill and intangible assets existing at that date. The new standard will require the Company to review its goodwill and intangible assets to determine which assets will cease being amortized and which assets may require a change in their amortizable lives; and to assess potential impairment testing on a "fair value basis." The Company is currently reviewing the new standards and adopted the new standards effective July 1, 2001. The Company has not determined the effect on earnings of the provision to cease amortization of goodwill, nor has it completed the required tests for impairment. The Company had net brands, trademarks, patents and other intangibles of $1,574 at June 30, 2001, and had related amortization expense of $60, $55 and $61 in fiscal years 2001, 2000, and 1999 respectively.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of money market and other high quality instruments with an initial maturity of three months or less. Such investments are stated at cost, which approximates market value.

INVENTORIES

Inventories are stated at the lower of cost or market. Cost for the majority of the domestic inventories, excluding former First Brands businesses, is determined on the last-in, first-out (LIFO) method. The cost method for all other inventories, including former First Brands businesses, is determined on the first-in, first-out (FIFO) method.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over estimated useful lives generally ranging from 3-40 years. Carrying values are reviewed periodically for possible impairment. If an impairment condition exists, an impairment is recorded based on estimates of fair value of assets.

BRANDS, TRADEMARKS, PATENTS AND OTHER INTANGIBLES

Brands, trademarks, patents and other intangible assets arising from transactions after October 30, 1970, are amortized over their estimated useful lives not to exceed 40 years. Carrying values are reviewed periodically for possible impairment. Impairment charges are recorded when appropriate based on estimates of fair value of assets.

CAPITALIZED SOFTWARE COSTS

The Company capitalizes significant costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials, consultants, interest and payroll and payroll-related costs for employees incurred in developing internal-use computer software once final selection of software is made. Costs incurred prior to the final selection are charged to expense. Capitalized software amortization expense was $18, $13 and $9, in fiscal years 2001, 2000 and 1999, respectively. The net book value of capitalized software costs included in other assets at June 30, 2001 and 2000 was $59 and $41, respectively.

FORWARD-PURCHASE FINANCING AGREEMENTS

In connection with the financing of an acquisition in Argentina in 1996 and the acquisition of the Brita water systems business in Canada in 1995, the Company entered into forward-purchase agreements with third parties. Under the terms of the forward-purchase agreements, the Company purchased preferred stock of certain of its foreign subsidiaries for future delivery from third parties with the right to acquire this preferred stock according to the terms of certain subscription agreements. The Brita forward-purchase agreement matured in June 2000, and the Argentine forward-purchase agreement matured in March 2001, and the third parties delivered the subsidiary preferred stock to the Company. At June 30, 2000, the Company's Argentine forward purchase amount totaled $144 and was included in other current assets. The forward purchases of the preferred stock were accreted to redemption amounts on a straight-line basis over their five-year terms and the amount of accretion was included in other expense, net.

REVENUE RECOGNITION

Customer sales are recognized when revenue is realized and earned. The Company recognizes revenue when the risk and title passes to the customer, generally at the time of shipment. Customer sales are recorded net of allowances for estimated returns, trade promotions and other discounts, which are recognized as a deduction to sales at the time of sale.

The Company provides for an allowance for doubtful accounts based on historical experience and a review of its receivables. Receivables are presented net of an allowance for doubtful accounts of $(14) and $(12) at June 30, 2001, and 2000, respectively. The Company's provision for doubtful accounts and deductions for

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

charge-offs of receivables were $(5) and $3, respectively in fiscal year 2001 and $(8) and $5, respectively in fiscal year 2000.

ADVERTISING

The Company expenses advertising costs as incurred.

INCOME TAXES

The Company uses the asset and liability method to account for income taxes, including recognition of deferred tax assets included in other current assets and liabilities for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. Income tax expense is recognized currently for taxes payable on remittances of foreign earnings, while no provision for expense is made for taxes on foreign earnings that are deemed to be permanently reinvested. (see Note 14).

FOREIGN CURRENCY TRANSLATION

Local currencies are the functional currencies for most of the Company's foreign operations. Assets and liabilities are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rates during the year. Translation gains and losses and the effects of exchange rate changes on transactions designated as hedges of net foreign investments are reported in accumulated other comprehensive income or loss in stockholders' equity. Deferred taxes are not provided on translation gains and losses where the Company expects that earnings of a foreign subsidiary are reinvested on a permanent basis. Transaction and foreign currency translation gains and losses where the U.S. dollar is the functional currency are included in other expense, net.

EARNINGS PER COMMON SHARE

Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding each period. Diluted earnings per share is computed by dividing net earnings by the diluted weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution from common shares issuable through stock options, restricted stock, performance unit grants and share repurchase contracts.

DERIVATIVE INSTRUMENTS

The use of derivative instruments, principally swap, forward and option contracts, is limited to non-trading purposes and includes management of interest rate movements, foreign currency exposure and commodity exposure. Most interest rate swaps, commodity purchase and foreign exchange contracts are designated as fair-value or cash-flow hedges of fixed and variable rate debt obligations, raw material purchase obligations, foreign currency denominated debt instruments, or foreign currency denominated purchase obligations based on certain hedge criteria. The criteria used to determine if hedge accounting treatment is appropriate are (a) the designation of the hedge to an underlying exposure, (b) whether or not overall risk is being reduced and (c) if there is correlation between the value of the derivative instrument and the underlying obligation. Effective July 1, 2000, changes in the fair value of such derivatives are recorded as either assets or liabilities

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in the balance sheet with an offset to current earnings or other comprehensive income, depending on whether the derivative is designated as a hedge transaction and the type of hedge transaction. For fair-value hedge transactions, changes in fair value of the derivative and changes in the fair value of the item being hedged are recorded in earnings. For cash-flow hedge transactions, changes in fair value of derivatives are reported as other comprehensive income and are recognized into earnings in the period or periods during which the hedge transaction effects earnings. The Company also has contracts with no hedging designations. These contracts are accounted for by adjusting the carrying amount of the contracts to market and recognizing any gain or loss in other income or expense.

The Company has policies with restrictions on the usage of derivatives, including a prohibition of the use of any leveraged instrument. Derivative contracts are entered into with several major credit worthy institutions, thereby minimizing the risk of credit loss. In the normal course of business, the Company employs practices and procedures to manage its exposure to changes in interest rates, foreign currencies and commodity prices using a variety of derivative instruments.

STOCK-BASED COMPENSATION

The Company continues to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Compensation cost for stock options, if any, is measured as the excess of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Restricted stock awards are recorded as compensation cost over the requisite vesting periods based on the market value on the date of grant. Compensation cost for shares issued under performance share plans is recorded based upon the current market value of the Company's stock at the end of each period. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation plans. The Company has elected to retain its current method of accounting as described above and has adopted the disclosure requirements of SFAS No. 123. (See Note 11).

RECLASSIFICATIONS

Certain reclassifications, including those related to the adoption of EITF No. 00-14, have been made to the prior years' financial statements to conform to the current year's presentation.

2. MERGER, RESTRUCTURING AND ASSET IMPAIRMENT

Merger, restructuring and asset impairment charges were $59, $36 and $180 in fiscal years 2001, 2000 and 1999, respectively. Details of these costs through June 30, 2001 are as follows:

	MERGER	RESTRUCTURING	TOTAL MERGER AND RESTRUCTURING	ASSET IMPAIRMENT	TOTAL
Expense for the year:					
June 30, 1999	$ 36	$ 53	$ 89	$ 91	$180
June 30, 2000	17	11	28	8	36
June 30, 2001	--	4	4	55	59
Total incurred through June 30, 2001	53	68	121	$154	$275
Payments for the year:					
June 30, 1999	(31)	(35)	(66)		
June 30, 2000	(17)	(18)	(35)		
June 30, 2001	(5)	(4)	(9)		
Total paid through June 30, 2001	(53)	(57)	(110)		
Accrued restructuring as of June 30, 2001	$ --	$ 11	$ 11		

The $59 of restructuring and asset impairment charges in fiscal year 2001 reflects the results of the Company's review of its operations, which was announced in December 2000. Restructuring and asset impairment for fiscal year 2001 include $34 for the write off of equipment no longer necessary due to changes in technology, elimination of redundancies and discontinued product lines, $15 for the closure of the Company's Wrens, Ga., cat litter plant and the planned transfer of the Jonny Cat clay litter production to a third-party manufacturer, $7 for the write off of intangible assets and $3 for severance and other restructuring charges. The Company is continuing this operational review during the calendar year 2001, and anticipates incurring charges associated with actions that will streamline certain of the Company's operations. The Company anticipates that additional restructuring, asset impairment and inventory write-offs will total approximately $100 and will be recognized when incurred. As of June 30, 2001, the Company has recognized $98, of which $59 has been recorded as restructuring and asset impairment, and $39, relating to inventory write-offs, has been included in cost of products sold.

The $36 of merger, restructuring and asset impairment charges in fiscal year 2000 include $23 incurred in connection with the merger of First Brands, $11 related to the restructuring of the Company's Asia operations, and $2 recognized for the write down of property, plant and equipment related to the Company's fire logs business. The Company restructured its Asia operations by moving to third-party distributors in various Asian countries. Asia restructuring activities included the reduction in employee headcount, the termination of lease obligations, charges for professional services and the write off of certain assets.

The $180 of merger costs in fiscal year 1999 includes $156 of merger, restructuring and asset impairment incurred in connection with the First Brands merger, and $24 for impairment and write down of certain insecticide brands and certain international assets. First Brands restructuring activities in fiscal year 1999 primarily related to the elimination of redundancies and the consolidation of administration and distribution

2. MERGER, RESTRUCTURING AND ASSET IMPAIRMENT (CONTINUED)

functions, the reduction in employee headcount primarily at the First Brands' headquarters location in Danbury, Conn., and at sales offices, and the termination of lease and other contractual obligations.

3. BUSINESSES ACQUIRED

The Company made acquisitions in fiscal years 2001, 2000 and 1999, which were accounted for by the purchase method as follows:

Acquisitions in fiscal year 2001 totaled $126. These acquisitions included the purchase for $122 (or $116, net of cash acquired) from Brita GmbH of the rights to the Brita trademark and other intellectual property in North and South America, an increase in the Company's ownership from 50% to 100% in Brita Limited and Brita South America Inc. and certain other net assets. The Company also increased its ownership to 100% in its two joint ventures in Costa Rica previously 49% and 51% owned. The investments in Brita Limited, Brita South America Inc. and Costa Rica were previously accounted for under the equity method of accounting and are fully consolidated from the date of acquisition. Net assets acquired included net working capital assets of $11, property, plant and equipment of $9, and brands, trademarks and other intangibles of $121 to be amortized over estimated lives not to exceed 40 years, less the investment in the remaining interest for $15. Because the Company previously owned 50% to 51% in these equity investments, only the incremental equity and its underlying net book value of the net assets were adjusted to their fair value.

Acquisitions in fiscal year 2000 totaled $120. These acquisitions included the Bon Bril cleaning utensils business in Colombia, Venezuela and Peru, the Agrocom S.A. distribution business in Argentina, an increase in ownership to 100% in Clorox de Colombia S.A. (formerly Tecnoclor, S.A. and previously 72% owned), and the Astra rubber glove business purchased in Australia. Net assets, acquired at fair value, included net working capital assets of $6, property, plant and equipment of $12, and brands, trademarks and other intangibles of $94 to be amortized over estimated lives not to exceed 40 years. In addition, approximately $8 was paid to acquire minority interests in Clorox de Colombia S.A.

Acquisitions in fiscal year 1999 totaled $116. These acquisitions included the domestic purchase of the Handi Wipes and Wash'n Dri businesses and the international purchases of the Mistolin bleach and household cleaners business in Venezuela, the Homekeeper insecticide business in Korea, the Gumption household cleaner business in Australia, as well as a 12% increase in ownership in the Company's joint venture in Colombia, Clorox de Colombia S.A. Approximately $105 of the acquisition cost has been allocated to brands, trademarks and other intangibles to be amortized over estimated lives not to exceed 40 years, with the remainder of $11 allocated to the fair value of other assets acquired.

Operating results of acquired businesses are included in the consolidated net earnings from the date of acquisition. All acquisitions were funded from cash provided by operations, long-term debt or commercial paper. In any year presented, the operating results of businesses acquired were not significant to the consolidated results.

4. INVENTORIES

Inventories are comprised of the following:

	2001	2000
Finished goods and work in process	$ 219	$ 266
Raw materials and packaging	122	135
LIFO allowances	(11)	(10)
Allowances for obsolescence	(49)	(15)
Total	$ 281	$ 376

The LIFO method was used to value approximately 35% of inventory at June 30, 2001, and 39% at June 30, 2000. If the cost of LIFO inventories had been determined using the FIFO method, inventory amounts would have increased by approximately $11 at June 30, 2001, and $10 at June 30, 2000. The affect on earnings of the liquidation of any LIFO layers was not material for fiscal years ended June 30, 2001, 2000 and 1999.

Inventories at June 30 are presented net of an allowance for obsolescence as follows:

	2001	2000
Allowance for obsolescence at beginning of year	$ (15)	$ (8)
Provision for inventory obsolescence	(54)	(15)
Deductions for inventory write-offs	20	8
Allowance for obsolescence at end of year	$ (49)	$ (15)

Provision for inventory obsolescence totaling $54 and $15 was charged to cost of products sold during the fiscal years ended June 30, 2001, and 2000, respectively, and included charges of $39 in fiscal year 2001 that were related primarily to discontinued products, packaging, and unsuccessful product launches and charges of $4 in fiscal year 2000 that were related to the write down of the Company's fire logs inventory to its net realizable value.

5. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment are as follows:

	2001	2000
Land and improvements	$ 93	$ 91
Buildings	448	418
Machinery and equipment	1,333	1,313
Construction in progress and other	97	135
	1,971	1,957
Less accumulated depreciation	(925)	(878)
Net	$1,046	$1,079

Depreciation expense was $134 in fiscal year 2001, $121 in fiscal year 2000 and $115 in fiscal year 1999.

6. BRANDS, TRADEMARKS, PATENTS AND OTHER INTANGIBLES

The components of brands, trademarks, patents and other intangibles are as follows:

	2001	2000
Brands and trademarks	$1,849	$1,771
Patents and other intangibles	340	320
	2,189	2,091
Less accumulated amortization	(615)	(555)
Net	$1,574	$1,536

At June 30, 2001, and 2000, respectively, brands and trademarks totaling $1,591 and $1,484 are amortized over 40 years, $61 and $39 are amortized over 30 years, $152 and $202 are amortized over 20 years and $3 and $4 are amortized over 10 years. Amounts totaling $42 relating to transactions prior to October 31, 1970 are not amortized. Patents and other intangibles are amortized over lives ranging from 2 to 20 years.

7. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	2001	2000
Accrued sales promotion	$ 123	$ 106
Other accrued taxes	173	110
Other	140	171
Total	$ 436	$ 387

8. DEBT

Notes and loans payable includes the following:

	2001	2000
U.S. dollar commercial paper	$ --	$ 377
Canadian dollar denominated commercial paper	105	236
Notes payable and other	12	155
Total	$ 117	$ 768

At June 30, 2001 and 2000 the Company had $105 and $236, respectively, of Canadian dollar denominated commercial paper that was fully hedged by a forward currency contract.

The weighted average interest rate for notes and loans payable was 6.1%, 6.4% and 5.2% for fiscal years 2001, 2000 and 1999, respectively. The carrying value of notes and loans payable at June 30, 2001 and 2000 approximates fair value of such debt.

8. DEBT (CONTINUED)

Long-term debt includes the following:

	2001	2000
Senior unsecured notes and debentures:		
6.125%, due February 2011	$ 301	$ --
8.8%, due July 2001	200	200
7.25%, due March 2007	150	150
Preferred interest transferable securities, due July 2003, with a preferred dividend rate of 4.6% as amended January 2001	200	200
Industrial revenue bond, due October 2003, interest at bond market association index, secured by manufacturing facility in Belle, Missouri	13	13
Foreign bank loans	23	32
Total long-term debt	887	595
Current maturities of long-term debt	(202)	(5)
Long-term debt	$ 685	$590

The weighted average interest rate on long-term debt was 6.3%, 6.4%, 6.5% for fiscal years 2001, 2000 and 1999, respectively. The estimated fair value of long-term debt and related carrying value at June 30, 2001, and 2000 is $696 and $685, and $600 and $590, respectively.

At June 30, 2001 the Company had the following interest rate swaps:

MATURITY DATES	NOTIONAL PRINCIPAL AMOUNT	INTEREST RATE		VARIABLE RATE INDEX
		PAID	RECEIVED	
February 2011	$100	6.125%	6.125%	3 month LIBOR
July 2001	50	4.01%	6.26%	12 month LIBOR
July 2003	200	3.71%	5.78%	3 month LIBOR

Certain of the Company's unsecured notes, debentures and credit agreements contain restrictive covenants and limitations, the most restrictive of which limits certain sale and leaseback transactions to the greater of $100 or 15% of the Company's consolidated net tangible assets, and requires a minimum net worth, as defined, of $704. The Company is in compliance with all restrictive covenants and limitations at June 30, 2001.

The Company has credit agreements of $800 that expire on various dates through April 2002. There are no borrowings under any of these agreements, which are available for general corporate purposes and to support additional commercial paper issuance. These agreements also require the maintenance of a minimum net worth of $704.

Long-term debt maturities as of June 30, 2001 are $202, $2, $215, $2, $2 and $464 in fiscal years 2002, 2003, 2004, 2005, 2006 and thereafter, respectively.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's derivative instruments are summarized below as of June 30:

	2001		2000	
	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE
Derivative Instruments				
Debt-related contracts	$350	$--	$261	$(11)
Foreign exchange contracts	335	(1)	500	(3)
Commodity contracts	126	5	146	17
Commodity option contract	46	(1)	69	(3)

The Company utilizes derivative instruments, principally swaps, forward contracts and options to enhance its ability to manage risk, including interest rates, foreign currency fluctuations, commodity price changes and share repurchase obligations, which exist as part of its ongoing business operations. These contracts hedge transactions and balances for periods consistent with the related exposures and do not constitute investments independent of these exposures. The Company is not a party to any leveraged contracts.

Most interest rate swap, commodity purchase and foreign exchange contracts are designated as fair-value or cash-flow hedges of fixed and variable rate debt obligations, raw material purchase obligations, foreign currency-denominated debt instruments, or foreign currency-denominated purchase obligations. The estimated fair values of the interest rate swap, commodity purchase and foreign exchange contracts are calculated based on market rates. These values represent the estimated amounts that the Company would pay or receive to terminate the contracts. The Company also holds a commodity purchase contract at June 30, 2001 and 2000 and held Argentine foreign currency contracts at June 30, 2000 with no hedging designations. These contracts are accounted for by adjusting the carrying amount of the contracts to market, and recognizing any gain or loss in other income or expense.

Interest rate swap agreements are used to manage interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. The Company also has a Deutsche mark-denominated financing arrangement. The Company manages its interest rate and Deutsche mark exposures through a series of swaps with notional amounts totaling $200 to eliminate foreign currency exposure risks and to effectively convert the Company's 4.6% fixed Deutsche mark obligation to a floating U.S. dollar rate of 90 day LIBOR less 133 basis points, as amended in January 2001. The terms of the swap agreements match the terms of the underlying debt.

The Company uses foreign exchange contracts, including forward currency contracts and swap contracts, to hedge existing foreign exchange exposures. Foreign currency contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for U.S. dollars and other currencies. Such currency contracts existed at June 30, 2001 and 2000 for Canadian dollars and certain other currencies. Contracts outstanding as of June 30, 2001 will mature over the next year.

The Company uses commodity futures contracts to fix the price on a portion of its raw material purchase requirements and swap contracts to hedge the market risk of diesel fuel included as part of carrier contracts. Contract maturities are correlated to actual purchases, and contract gains and losses are reflected as adjustments of the cost of the related item. The Company also uses swap contracts and an option contract to fix the price and to stabilize partially the cost of its polyethylene resin requirements. These contracts cover a

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

portion of the Company's domestic resin requirements. The Company's commodity contracts have maturities until December 2006. All hedges accorded hedge accounting treatment are considered highly effective.

The carrying values of cash, short-term investments, accounts and notes receivable, accounts payable, forward purchase financing agreements and other derivative instruments approximate their fair values at June 30, 2001 and 2000. The Company has used market information for similar instruments and applied judgment in estimating fair values. See Note 8 for fair values of notes and loans payable and long-term debt.

Exposure to counterparty credit risk is considered low because these agreements have been entered into with major credit-worthy institutions with strong credit ratings, and they are expected to perform fully under the terms of the agreements.

10. STOCKHOLDERS' EQUITY

On July 20, 1999, the Company's Board of Directors authorized a 2-for-1 split of its common stock, effective August 23, 1999, in the form of a stock dividend for stockholders of record at the close of business on July 30, 1999. All share and per share amounts in the accompanying consolidated financial statements have been restated for the stock split.

On November 17, 1999, the stockholders approved an amendment of the Company's Certificate of Incorporation to increase the authorized capital of the Company to consist of 750,000,000 shares of common stock and 5,000,000 shares of preferred stock, each with a par value of $1.00 per share. No shares of the preferred stock have been issued.

Treasury share purchases and related premiums were $10 in fiscal year 2001, $135 (or 3,123,000 shares) in fiscal year 2000 and $33 (or 800,000 shares) in fiscal year 1999. Purchases made in fiscal year 2000 were under a common stock repurchase and hedging program authorized in August 1999 by the Board of Directors. The purpose of that program was to reduce or eliminate dilution when shares are issued in accordance with the Company's various stock compensation plans. Prior to August 1999, the Company had canceled a prior share repurchase and hedging program (previously authorized in September 1996 by the Board of Directors to offset the dilutive effects of employee stock exercises) when it merged with First Brands. Purchases made in fiscal year 1999 were under the share repurchase and hedging program authorized in September 1996. In August 2001, the Company's Board of Directors authorized the Company to repurchase up to $500 of the Company's common stock over a two to three-year period. This program is in addition to the program approved in August 1999.

At June 30, 2001 the Company had three share repurchase agreements totaling approximately $246, whereby the Company contracted for future delivery of 2,260,000 shares each on September 15, 2002 and on September 15, 2004, at a strike price of $43 per share, and for future delivery of 1,000,000 shares on November 1, 2003 at a strike price of $51.70 per share.

Accumulated other comprehensive net losses included translation gains and losses incurred in connection with the Company's foreign operations, changes in the valuation of certain of the Company's derivative contracts, and minimum pension liability adjustments (refer to Note 15).

The Company has various employee performance unit and restricted stock programs. Restricted stock awards are recorded as compensation cost over the requisite vesting periods based on the market value on the

10. STOCKHOLDERS' EQUITY (CONTINUED)

date of grant. Compensation cost for shares issued under performance share plans is recorded based upon the current market value of the Company's stock at the end of each period. Compensation costs are amortized over vesting periods ranging from one to four years. Unearned compensation cost on these programs is shown as a reduction to stockholder's equity.

11. STOCK COMPENSATION PLANS

At June 30, 2001, the Company had various non-qualified stock-based compensation programs which include stock options, performance units and restricted stock awards. The Company's various stock options plans, which include the pre-merger plans of First Brands, provide for the granting of stock options to officers, key employees and directors. The 1996 Stock Incentive Plan ("1996 Plan") and the 1993 Directors' Stock Option Plan are the only plans with stock option awards currently available for grant. The 1996 Plan, the 1993 Directors' Stock Option Plan and prior plans have shares exercisable at June 30, 2001. The Company is authorized to grant options for up to 14 million common shares under the 1996 Plan, of which 6 million common shares are remaining. Effective July 1, 2001, the Board authorized and reserved for issuance an additional 11.5 million common shares under the 1996 Plan, subject to shareholder approval. Options outstanding under the Company's plans (except First Brands options which became exercisable upon the merger) have been granted at prices which are either equal to or above the market value of the stock on the date of grant, vest over a one to seven-year period, and expire no later than ten years after the grant date.

The status of the Company's stock option plans at June 30, 2001 is summarized below:

	NUMBER OF SHARES (IN THOUSANDS)	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at June 30, 1998	12,440	$21
Granted	4,590	60
Exercised	(3,174)	20
Cancelled	(216)	35
Outstanding at June 30, 1999	13,640	34
Granted	3,104	40
Exercised	(1,381)	20
Cancelled	(301)	44
Outstanding at June 30, 2000	15,062	36
Granted	3,077	36
Exercised	(1,077)	19
Cancelled	(3,367)	62
Outstanding at June 30, 2001	13,695	$31
Options exercisable at:		
June 30, 2001	8,570	$26
June 30, 2000	7,687	21
June 30, 1999	7,618	19

11. STOCK COMPENSATION PLANS (CONTINUED)

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for options granted under the plans. Accordingly, no compensation expense has been recognized. If compensation expense for the Company's various stock option plans had been determined based upon fair values at the grant dates for awards under those plans in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," then the Company's pro-forma net earnings, basic and diluted earnings per common share would have been $286, $1.21 and $1.19, respectively in fiscal year 2001; $373, $1.58 and $1.56, respectively in fiscal year 2000; and $235, $1.00 and $0.98, respectively in fiscal year 1999. The pro forma effects of applying SFAS No. 123 are not indicative of future amounts because this statement does not apply to awards granted prior to fiscal year 1996.

The weighted average fair value per share of each option granted during fiscal years 2001, 2000 and 1999, estimated on the grant date using the Black-Scholes option pricing model, was $12.76, $12.43 and $13.16, respectively.

The following assumptions were used to estimate the fair value of the fiscal years 2001, 2000 and 1999 option grants:

	2001	2000	1999
Dividend yield	2.28%	1.80%	1.30%
Expected volatility	38.9%	36.5%	29.5%
Risk-free interest rate	4.6% to 6.5%	5.7% to 6.8%	4.4% to 5.7%
Expected life	4 to 5 years	3 to 6 years	3 to 6 years

Summary information about the Company's stock options outstanding at June 30, 2001 is as follows (number of shares in thousands):

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING	WEIGHTED AVERAGE CONTRACTUAL PERIODS IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$10-$21	4,026	3.5	$17	4,026	$17
22- 33	1,675	5.0	24	1,657	24
33- 44	6,916	8.4	37	2,478	37
45- 55	475	7.9	52	405	53
56- 67	603	7.9	67	4	58
$10-$67	13,695	6.5	$31	8,570	$26

12. LEASES

The Company leases transportation equipment and various manufacturing, warehousing and office facilities. Most leases are classified as operating leases and will expire over the next 15 years. The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

FISCAL YEAR	FUTURE MINIMUM RENTAL PAYMENTS
2002	$ 33
2003	23
2004	15
2005	11
2006	8
Thereafter	20
Total	$110

Rental expense was $50 in fiscal year 2001, $49 in fiscal year 2000 and $36 in fiscal year 1999.

Space not occupied by the Company in its headquarters building is rented to other tenants under operating leases expiring in 2008. Future minimum rentals to be received total $3 and do not exceed $1 in any one year.

13. OTHER EXPENSE -- NET

The components of other (income) expense, net are:

	2001	2000	1999
Amortization of goodwill and intangibles	$ 60	$ 55	$ 61
Equity in earnings of affiliates	(16)	(17)	(24)
Interest income	(10)	(10)	(7)
Other -- net	2	(4)	(6)
Total	$ 36	$ 24	$ 24

14. INCOME TAXES

Income tax expense consists of the following:

	2001	2000	1999
Current			
Federal	$159	$193	$175
State	24	25	25
Foreign	19	25	13
Total current	202	243	213
Deferred			
Federal	(40)	(11)	(26)
State	(2)	--	(2)
Foreign	1	(4)	(1)
Total deferred	(41)	(15)	(29)
Total expense (net of tax benefit of $1 on cumulative effect of change in accounting principle in fiscal year 2001)	$161	$228	$184

The components of income before income taxes are as follows:

	2001	2000	1999
United States	$435	$568	$422
Foreign	49	54	8
Total income before income taxes	$484	$622	$430

Income taxes receivable at June 30, 2001 was $3 and is included in other current assets.

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate follows:

	2001	2000	1999
Statutory federal tax rate	35.0%	35.0%	35.0%
State taxes (net of federal tax benefits)	2.9	2.7	3.0
Merger-related costs	--	--	5.9
Adjustment to prior year tax accruals	(3.3)	--	--
Other differences	(1.3)	(1.0)	(1.1)
Effective tax rate	33.3%	36.7%	42.8%

Applicable U.S. income and foreign withholding taxes have not been provided on approximately $195 of undistributed earnings of foreign subsidiaries at June 30, 2001. Accumulated undistributed earnings of foreign subsidiaries are considered permanently reinvested and are not subject to such taxes.

The tax benefit for tax deductions related to the Company's stock option plans are recorded as an increase to equity when realized. In fiscal years 2001, 2000 and 1999, the Company realized tax benefits of approximately $9, $14 and $29, respectively.

14. INCOME TAXES (CONTINUED)

Deferred income tax assets (liabilities) at June 30 result from the tax effects of the following temporary differences:

	2001	2000
Deferred Taxes -- Current		
Safe harbor lease agreements	$ (2)	$ (3)
Merger and restructuring costs	--	5
Tax credit carryforwards	11	--
Net operating loss carryforwards	--	2
Other, net	17	23
Subtotal	26	27
Valuation allowance	--	(2)
Total current	26	25
Deferred Taxes -- Noncurrent		
Amortization and depreciation	(195)	(183)
Safe harbor lease agreements	(13)	(13)
Unremitted foreign earnings	(2)	(33)
Post employment benefits	37	29
Merger and restructuring costs	18	18
Income previously recorded for book purposes	(22)	(19)
Tax credit carryforward	4	--
Net operating loss carryforwards	38	27
Other, net	16	10
Subtotal	(119)	(164)
Valuation allowance	(28)	(27)
Total noncurrent	(147)	(191)
Deferred tax liabilities -- net	$(121)	$(166)

As of June 30, 2001, the Company had foreign tax credit carryforwards of $15 and foreign net operating loss carryforwards of $30 with expiration dates from 2002 to 2011. Additionally, foreign net operating loss carryforwards of $8 may be carried forward indefinitely. Realization depends on generating sufficient taxable income before expiration of the loss carryforwards. The valuation allowance at June 30, 2001 and 2000 was $28 and $29, respectively, and was provided to reduce such deferred tax assets to the amounts considered realizable. Details of the valuation allowance at June 30 are as follows:

	2001	2000
Valuation allowance at beginning of year	$ (29)	$ (18)
Income tax expense	1	(11)
Valuation allowance at end of year	$ (28)	$ (29)

15. EMPLOYEE BENEFIT PLANS

RETIREMENT INCOME PLANS

The Company has qualified and non-qualified defined benefit plans that cover substantially all of the Company's domestic employees and certain of its international subsidiaries. Benefits are based on either employee years of service and compensation or a stated dollar amount per year of service. Except for its Canadian plan, the Company is the sole contributor to the plans in amounts deemed necessary to provide benefits and to the extent deductible for federal income tax purposes. Assets of the plans consist primarily of stocks and bonds.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Supplemental Executive Retirement Plan which had an accumulated benefit obligation in excess of plan assets was $34, $28 and $23, respectively, as of June 30, 2001 and $35, $28 and $27, respectively, as of June 30, 2000.

RETIREMENT HEALTH CARE

The Company provides certain health care benefits for employees who meet age, participation and length of service requirements at retirement. The health care plans were amended in fiscal year 2001 to limit the Company's contribution to certain levels for non-union retirees. The plans pay stated percentages of covered expenses after annual deductibles have been met. Benefits paid take into consideration payments by Medicare. The plans are unfunded, and the Company has the right to modify or terminate certain of these plans.

The assumed health care cost trend rate used in measuring the accumulated post-retirement benefit obligation ("APBO") was 12% for fiscal years 2001 and 2002. These rates were assumed to gradually decrease to 5.5% for 2008-2009 and remain at that level for years thereafter. Changes in these rates can have a significant effect on amounts reported. A one percentage point increase in the trend rates would increase the June 30, 2001 APBO by $2 and increase the fiscal year 2001 expense by less than $1. A one percentage point decrease in the trend rates would decrease the June 30, 2001 APBO by $2 and decrease the fiscal year 2001 expense by less than $1.

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

Summarized information for the Company's retirement income and health care plans are as follows:

	RETIREMENT INCOME PLANS		RETIREMENT HEALTH CARE	
	2001	2000	2001	2000
Change in benefit obligations				
Benefit obligation at beginning of year	$ 252	$ 247	$ 79	$ 77
Service cost	9	10	2	3
Interest cost	20	19	5	5
Plan amendments	4	--	(14)	--
Reduction in prior service cost due to remeasurement	--	2	--	--
Actuarial (gain) or loss	18	(6)	9	(2)
Benefits paid	(20)	(20)	(5)	(4)
Benefit obligation at end of year	283	252	76	79
Change in plan assets				
Fair value of assets at beginning of year	327	324	--	--
Actual return on plan assets	(26)	23	--	--
Employee contribution	4	--	--	--
Employer contribution	--	--	5	4
Benefits paid	(20)	(21)	(5)	(4)
Fair value of plan assets at end of year	285	326	--	--
Funded (unfunded) status	2	74	(76)	(79)
Unrecognized transition obligation	--	--	--	7
Unrecognized prior service cost	(8)	(9)	(5)	2
Unrecognized (gain) or loss	29	(49)	1	(8)
Prepaid or (accrued) benefit cost	$ 23	$ 16	$ (80)	$ (78)
Amount recognized in the balance sheets consists of:				
Prepaid benefit cost	$ 27	$ 31	$ --	$ --
Accrued benefit liability	(7)	(15)	(80)	(78)
Accumulated other comprehensive income	3	--	--	--
Net amount recognized	$ 23	$ 16	$ (80)	$ (78)

	2001	2000	2001	2000
Weighted-average assumptions as of June 30:				
Discount rate	7% to 7.5%	6% to 8.25%	7.50%	8.25%
Long-term rate of compensation increase	3.5% to 7.5%	3% to 8.25%	N/A	N/A
Long-term rate of return on plan assets	8% to 9.5%	7% to 9.5%	N/A	N/A

15. EMPLOYEE BENEFIT PLANS (CONTINUED)

	RETIREMENT INCOME PLANS			RETIREMENT HEALTH CARE		
	2001	2000	1999	2001	2000	1999
Components of net periodic benefit cost						
Service cost	$ 9	$10	$12	$2	$ 3	$ 3
Interest cost	20	19	19	5	5	5
Expected return on plan assets	(31)	(30)	(26)	--	--	--
Amortization of unrecognized items						
Transition obligation or (asset)	--	(2)	(2)	1	1	1
Prior service cost	(1)	(1)	--	--	--	--
Net (gain) or loss	(3)	(3)	3	--	(1)	--
Total net periodic benefit cost or (income)	(6)	(7)	6	8	8	9
Total benefits and curtailment (gains) or losses	--	(1)	1	--	--	1
Termination benefits related to First Brands merger	--	--	6	--	--	--
Total expense (income)	$ (6)	$(8)	$13	$8	$ 8	$10

The $1 curtailment gain in fiscal year 2000 relates to the closure of certain facilities associated with the First Brands merger. The $7 cost of termination benefits and curtailment losses in fiscal year 1999 relates to termination benefits related to the First Brands merger and the closure of certain facilities. Employee termination expense related to the First Brands merger in fiscal year 1999 was charged to merger, restructuring and asset impairment costs.

The Company has defined contribution plans for most of its domestic employees not covered by collective bargaining agreements. The cost of those plans is based on either the Company's profitability and/or participants' deferrals. The aggregate cost of the defined contribution plans was $4 in fiscal year 2001, $16 in fiscal year 2000 and $21 in fiscal year 1999.

16. INDUSTRY SEGMENT INFORMATION

Information regarding the Company's operating segments is shown below. Each segment is individually managed with separate operating results that are reviewed regularly by the chief operating decision makers. The operating segments include:

- U.S. Household Products and Canada: Includes cleaning, bleach and other home care products, and water filtration products, and all products marketed in Canada.

- U.S. Specialty Products: Includes charcoal, automotive care, cat litter, insecticides, food products, professional products and the food storage and disposal categories.

- International Operations: Includes operations outside the United States and Canada.

The table below represents operating segment information. Operating segment net sales information for fiscal years ended June 30, 2000 and 1999 has been restated to conform to the current year's presentation of sales,

16. INDUSTRY SEGMENT INFORMATION (CONTINUED)

net of coupon costs (See Note 1). Previously coupons were included in advertising expense. Intersegment sales are insignificant.

	FISCAL YEAR	U.S. HOUSEHOLD PRODUCTS & CANADA	U.S. SPECIALTY PRODUCTS	INTERNATIONAL	CORPORATE INTEREST & OTHER	TOTAL COMPANY
Net sales	2001	$1,521	$1,778	$ 604	--	$3,903
	2000	1,570	1,791	628	--	3,989
	1999	1,499	1,785	602	--	3,886
Earnings before income taxes and cumulative effect of change in accounting principle	2001	470	466	84	$(533)	487
	2000	500	506	81	(465)	622
	1999	510	469	60	(609)	430
Identifiable assets	2001	959	1,340	1,032	664	3,995
	2000	1,048	1,510	1,084	711	4,353
	1999	1,322	1,220	970	620	4,132
Capital expenditures	2001	37	57	31	67	192
	2000	49	52	21	36	158
	1999	59	64	23	30	176
Depreciation and amortization	2001	55	75	42	53	225
	2000	48	69	36	48	201
	1999	45	68	38	51	202
Interest expense	2001	--	--	--	88	88
	2000	--	--	--	98	98
	1999	--	--	--	97	97

Corporate, interest and other includes certain non-allocated administrative costs, goodwill amortization, interest income, interest expense, and other income and expense. Corporate interest and other also includes merger, restructuring and asset impairment costs and related inventory write-offs totaling $98, $40 and $188 in fiscal years 2001, 2000 and 1999, respectively. Merger, restructuring and asset impairment costs were $59, $36 and $180, and inventory write-offs were $39, $4 and $8 in fiscal years 2001, 2000 and 1999, respectively. Had the Company allocated these charges by segment, the amounts allocated would have been as follows: U.S. Household Products & Canada, $30 in fiscal year 2001; U.S. Specialty Products, $57 in fiscal year 2001, $6 in fiscal year 2000 and $15 in fiscal year 1999; International, $11 in fiscal year 2001, $11 in fiscal year 2000 and $17 in fiscal year 1999; and Corporate, interest and other, $23 in fiscal year 2000 and $156 in fiscal year 1999. Corporate assets include cash, marketable securities, the Company's headquarters and research and development facilities.

Net sales to the Company's largest customer, Wal-Mart Stores, Inc. and its affiliates, were 20%, 19% and 19% of consolidated net sales in fiscal years 2001, 2000 and 1999, respectively. No other customer exceeded 5% of net sales in any year.

17. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has obligations to certain suppliers to purchase raw materials, at various prices for estimated annual requirements for periods through September 2010. Estimated purchase commitments based on estimated annual requirements and current market prices do not exceed $6 in any year for the next 5 years.

The Company is subject to various lawsuits and claims, which include contract disputes, environmental issues, product liability, patent and trademark matters, advertising and taxes. Although the results of litigation cannot be predicted with certainty, it is the opinion of management, after consultation with counsel, that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material adverse effect, individually or in the aggregate, on the Company's consolidated financial statements taken as a whole.

18. EARNINGS PER SHARE

A reconciliation of the weighted average number of common shares outstanding (in thousands) used to calculate basic and diluted earnings per share is as follows:

	2001	2000	1999
Basic	236,149	236,108	235,364
Stock options and other	3,334	3,506	4,638
Diluted	239,483	239,614	240,002

19. QUARTERLY DATA (UNAUDITED)

The Company's quarterly data is as follows:

	QUARTERS ENDED				
IN MILLIONS, EXCEPT PER-SHARE AMOUNTS.	SEPTEMBER 30	DECEMBER 31	MARCH 31	JUNE 30	TOTAL YEAR(4)
Fiscal year ended June 30, 2001					
Net Sales(1)	$ 963	$ 876	$ 962	$1,102	$3,903
Cost of Products Sold	549	525	584	662	2,319
Earnings before cumulative effect of change in accounting principle	$ 100	$ 64	$ 79	$ 81	$ 325
Cumulative effect of change in accounting principle	(2)	--	--	--	(2)
Net Earnings(2),(3)	$ 98	$ 64	$ 79	$ 81	$ 323
Per Common Share					
Basic					
Earnings before cumulative effect of change in accounting principle	$ 0.43	$ 0.27	$ 0.33	$ 0.34	$ 1.38
Cumulative effect of change in accounting principle	(0.01)	--	--	--	(0.01)
Net Earnings	$ 0.42	$ 0.27	$ 0.33	$ 0.34	$ 1.37
Diluted					
Earnings before cumulative effect of change in accounting principle	$ 0.42	$ 0.27	$ 0.33	$ 0.34	$ 1.36
Cumulative effect of change in accounting principle	(0.01)	--	--	--	(0.01)
Net Earnings	$ 0.41	$ 0.27	$ 0.33	$ 0.34	$ 1.35
Dividends	0.21	0.21	0.21	0.21	0.84
Market Price (NYSE)					
High	$45.88	$ 48.63	$37.40	$36.18	$48.63
Low	33.44	28.38	30.15	29.95	28.38
Year-end					33.85

19. QUARTERLY DATA (UNAUDITED -- CONTINUED)

	QUARTERS ENDED				
IN MILLIONS, EXCEPT PER-SHARE AMOUNTS.	SEPTEMBER 30	DECEMBER 31	MARCH 31	JUNE 30	TOTAL YEAR(4)
Fiscal year ended June 30, 2000					
Net Sales(1)	$ 918	$ 930	$1,009	$1,132	$3,989
Cost of Products Sold	517	535	573	625	2,250
Net Earnings(2),(3)	87	76	106	125	394
Per Common Share					
Net Earnings					
Basic	$ 0.37	$ 0.32	$ 0.45	$ 0.53	$ 1.67
Diluted	0.36	0.32	0.44	0.52	1.64
Dividends	0.20	0.20	0.20	0.20	0.80
Market Price (NYSE)					
High	$58.25	$ 56.00	$56.38	$47.00	$58.25
Low	37.56	37.50	29.06	32.38	29.06
Year-end					44.81

(1) Coupon costs, previously reported as part of advertising expense, are now included in net sales. Net sales and advertising expense for prior periods have been restated to conform to the current presentation.

(2) The Company expenses advertising costs as incurred, although costs incurred during interim periods are generally expensed ratably in relation to revenues.

(3) Net earnings for the second, third and fourth quarters of fiscal year 2001 include the effect of restructuring and asset impairment charges of $4, $23 and $32, respectively. Net earnings for the first, second, third and fourth quarters of fiscal year 2000 include the effect of restructuring and asset impairment charges of $2, $6, $13 and $15, respectively.

(4) Due to rounding, totals for the year may not equal the sum of the quarterly amounts.

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of the accompanying consolidated financial statements and for their content as well as other information contained herein. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts which are based on management's best estimates and judgments.

The Company maintains a system of internal accounting controls that includes selection and development of employees, division of duties, and written accounting and operating policies and procedures augmented by a continuing internal audit program. Although there are inherent limitations to the effectiveness of any system of accounting controls, the Company believes that its system provides reasonable, but not absolute, assurance that its assets are safeguarded from unauthorized use or disposition and that its accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with accounting principles generally accepted in the United States of America.

The Company has retained Deloitte & Touche LLP, independent public accountants, to audit the financial statements. Their accompanying report is based on an examination conducted in accordance with auditing standards generally accepted in the United States of America, which includes a review of the Company's systems of internal control as well as tests of accounting records and procedures sufficient to enable them to render an opinion on the Company's financial statements.

The Board of Directors has an audit committee composed of independent directors. The Committee meets periodically and independently throughout the year with management, internal auditors and the independent accountants to discuss the Company's internal accounting controls, auditing and financial reporting matters. The internal auditors and independent accountants have unrestricted access to the audit committee.

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors of The Clorox Company:

We have audited the accompanying consolidated balance sheets of The Clorox Company and its subsidiaries (the "Company") as of June 30, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and cash flows for the fiscal years ended June 30, 2001, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2001 and 2000, and the results of its operations and its cash flows for the fiscal years ended June 30, 2001, 2000, and 1999 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Oakland, California
August 17, 2001

FIVE-YEAR FINANCIAL SUMMARY

THE CLOROX COMPANY

YEARS ENDED JUNE 30	2001	2000	1999	1998	1997
IN MILLIONS, EXCEPT SHARE AND PER-SHARE DATA.					
OPERATIONS					
Net sales(1)	$ 3,903	$ 3,989	$ 3,886	$ 3,762	$ 3,470
Cost of products sold	2,319	2,250	2,181	2,124	1,976
Operating expenses(1)	914	959	974	965	892
Other	124	122	121	114	84
Merger, restructuring and asset impairment	59	36	180	3	19
Total costs and expenses	3,416	3,367	3,456	3,206	2,971
Earnings before income taxes and cumulative effect of change in accounting principle	487	622	430	556	499
Income taxes	162	228	184	206	199
Earnings before cumulative effect of change in accounting principle	325	394	246	350	300
Cumulative effect of change in accounting principle	(2)	--	--	(7)	--
Net earnings	$ 323	$ 394	$ 246	$ 343	$ 300
Change in net sales	-2%	3%	3%	8%	10%
Change in net earnings	-18%	60%	-28%	14%	4%
COMMON STOCK					
Weighted average shares (in thousands)					
Basic	236,149	236,108	235,364	234,666	235,042
Diluted	239,483	239,614	240,002	239,540	239,346
Net earnings per common share					
Basic					
Earnings before cumulative effect of change in accounting principle	$ 1.38	$ 1.67	$ 1.05	$ 1.49	$ 1.27
Cumulative effect of change in accounting principle	(0.01)	--	--	(0.03)	--
Net Earnings	$ 1.37	$ 1.67	$ 1.05	$ 1.46	$ 1.27
Diluted					
Earnings before cumulative effect of change in accounting principle	$ 1.36	$ 1.64	$ 1.03	$ 1.46	$ 1.25
Cumulative effect of change in accounting principle	(0.01)	--	--	(0.03)	--
Net Earnings	$ 1.35	$ 1.64	$ 1.03	$ 1.43	$ 1.25
Dividends per common share	$ 0.84	$ 0.80	$ 0.71	$ 0.63	$ 0.56
Stockholders' equity per common share at end of year	$ 8.03	$ 7.62	$ 6.67	$ 6.32	$ 6.10
OTHER DATA					
Property, plant and equipment -- net	$ 1,046	$ 1,079	$ 1,054	$ 1,016	$ 948
Capital expenditures	192	158	176	190	161
Long-term debt	685	590	702	704	946
Total assets	3,995	4,353	4,132	4,065	3,799
Stockholders' equity	1,900	1,794	1,570	1,473	1,430
Return on net sales	8.3%	9.9%	6.3%	9.1%	8.6%
Return on average stockholders' equity	18.4%	23.4%	16.1%	23.9%	21.7%

(1) Coupon costs, previously included in operating expenses, are now deducted from sales. Net sales and operating expenses for prior periods have been restated to conform to the current presentation.

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