The Clorox Company

quarterly report pursuant to section 13 or 15(d) of the securities exchange act of 1934

For the quarterly period ended September 30, 2004

1-07151

Commission file number

THE CLOROX COMPANY

Delaware

(Exact name of registrant as specified in its charter)

(I.R.S. Employer Identification No.)

31-0595760

1221 Broadway

Oakland, California

(Address of principal executive offices)

94612-1888

(Former name, former address and former fiscal year, if changed since last report)

(510) 271-7000

(Registrant’s telephone number, including area code)

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.

Yes X No

As of September 30, 2004 there were 213,376,010 shares outstanding of the registrant’s common stock (par value - $1.00), the
THE CLOROX COMPANY

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

The Clorox Company

Condensed Consolidated Statements of Earnings

(In millions, except share and per-share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/2004</td>
<td>9/30/2003</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$ 1,090</td>
<td>$ 1,048</td>
<td></td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>605</td>
<td>591</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>485</td>
<td>457</td>
<td></td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>132</td>
<td>122</td>
<td></td>
</tr>
<tr>
<td>Advertising costs</td>
<td>108</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Research and development costs</td>
<td>21</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Restructuring and asset impairment costs</td>
<td>30</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>8</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>(3)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Earnings from continuing operations before income taxes</td>
<td>189</td>
<td>201</td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>66</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>123</td>
<td>130</td>
<td></td>
</tr>
</tbody>
</table>
PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements (Unaudited)

The Clorox Company

Condensed Consolidated Balance Sheets

(In millions, except share amounts)

<table>
<thead>
<tr>
<th></th>
<th>9/30/2004</th>
<th>6/30/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 255</td>
<td>$ 232</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>385</td>
<td>460</td>
</tr>
<tr>
<td>Inventories</td>
<td>305</td>
<td>301</td>
</tr>
<tr>
<td>Other current assets</td>
<td>53</td>
<td>50</td>
</tr>
<tr>
<td>Assets held for exchange</td>
<td>132</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,130</td>
<td>1,043</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>995</td>
<td>1,052</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>736</td>
<td>742</td>
</tr>
<tr>
<td>Trademarks and other intangible assets, net</td>
<td>602</td>
<td>633</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>309</td>
<td>364</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 3,772</td>
<td>$ 3,834</td>
</tr>
</tbody>
</table>

**Liabilities and Stockholders’ Equity**

Current liabilities
Notes and loans payable | $ 170 | $ 289 |
Current maturities of long-term debt | 3 | 2 |
Accounts payable | 287 | 310 |
Accrued liabilities | 617 | 643 |
Income taxes payable | 18 | 24 |
### Condensed Consolidated Statements of Cash Flows

(In millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>9/30/2004</th>
<th>9/30/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,095</td>
<td>1,268</td>
</tr>
<tr>
<td><strong>Long-term debt</strong></td>
<td>474</td>
<td>475</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>385</td>
<td>377</td>
</tr>
<tr>
<td><strong>Deferred income taxes</strong></td>
<td>174</td>
<td>174</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>304</td>
<td>301</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,906</td>
<td>2,846</td>
</tr>
<tr>
<td>Treasury shares, at cost, 36,450,924 and 36,838,394 shares</td>
<td>(1,552)</td>
<td>(1,570)</td>
</tr>
<tr>
<td>at September 30, 2004, and June 30, 2004, respectively</td>
<td>(252)</td>
<td>(274)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(12)</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td>1,644</td>
<td>1,540</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$3,772</td>
<td>$3,834</td>
</tr>
<tr>
<td><strong>See Notes to Condensed Consolidated Financial Statements</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### PART I - FINANCIAL INFORMATION (Continued)

**Item 1. Financial Statements (Unaudited)**

**The Clorox Company**

**Condensed Consolidated Statements of Cash Flows**

(In millions)

<table>
<thead>
<tr>
<th>Three Months Ended</th>
<th>9/30/2004</th>
<th>9/30/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$123</td>
<td>$129</td>
</tr>
<tr>
<td>Adjustments to reconcile net earnings to net cash provided by operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Restructuring and asset impairment</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Cash effects of changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, net</td>
<td>74</td>
<td>86</td>
</tr>
<tr>
<td>Inventories</td>
<td>(8)</td>
<td>(9)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(67)</td>
<td>(80)</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>5</td>
<td>(6)</td>
</tr>
<tr>
<td>Pension contribution to qualified plans</td>
<td>-</td>
<td>(37)</td>
</tr>
<tr>
<td><strong>Net cash provided by operations</strong></td>
<td>216</td>
<td>140</td>
</tr>
<tr>
<td><strong>Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(27)</td>
<td>(39)</td>
</tr>
<tr>
<td>Low income housing contributions</td>
<td>(9)</td>
<td>(10)</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Net cash used for investing activities</strong></td>
<td>(35)</td>
<td>(48)</td>
</tr>
</tbody>
</table>
PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements (Unaudited)

The Clorox Company

Notes to Condensed Consolidated Financial Statements

(In millions, except share and per-share amounts)

1) Interim Financial Statements

Basis of Presentation

The unaudited interim condensed consolidated financial statements for the three-month periods ended September 30, 2004 and 2003, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the consolidated results of operations, financial position and cash flows of The Clorox Company and its subsidiaries (the "Company") for the periods presented. Certain reclassifications were made in the prior periods’ condensed consolidated financial statements to conform to the current periods’ presentation. The results for the interim period ended September 30, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2005 or for any future period.

The condensed consolidated statements of earnings reflect the results of the Company’s business in Brazil as a discontinued operation. The Brazil business had no net sales during the three-month periods ended September 30, 2004 and 2003.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been omitted or condensed pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The information in this report should be read in conjunction with the Company’s Annual Report on Form 10-K filed with the SEC for the fiscal year ended June 30, 2004, which includes a complete set of footnote disclosures, including the Company’s significant accounting policies.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ materially from estimates and assumptions made.
In October 2004, the Company reached a definitive agreement with a major shareholder, Henkel KGaA (“Henkel”), under which it will exchange its ownership interest in a subsidiary for Henkel's interest in Clorox common stock. The exchange is expected to qualify as a tax-free exchange under Section 355 of the Internal Revenue Code and is expected to close no later than December 1, 2004, subject to customary closing conditions and regulatory approvals.

As of September 30, 2004, Henkel’s shares represent approximately 29 percent of the outstanding shares of the Company. The subsidiary to be exchanged will contain the existing insecticides business, which includes Combat, Home Mat and Home Keeper branded products; the Soft Scrub cleanser business; the 20 percent interest in Henkel Iberica, S.A. (“Henkel Iberica”), a joint venture with Henkel; and approximately $2,100 in cash. The Company and Henkel have agreed to an aggregate value of $745 for the businesses and the Henkel Iberica joint venture being transferred. For the three-month periods ended September 30, 2004 and 2003, the businesses being exchanged had net sales of $42 for both periods, and net income of $17 and $18, respectively.

As part of the agreement, certain transitional services will be provided to Henkel, including some interim production of insecticides and Soft Scrub. Other than the interim services being provided, the Company will no longer have an ongoing relationship with Henkel, and Henkel’s right to representation on the Company’s board of directors will end.

The Company has separately classified the assets to be exchanged under the terms of the definitive agreement as current assets in the condensed consolidated balance sheet as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>9/30/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets, net of current liabilities of $6</td>
<td>$12</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>7</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>15</td>
</tr>
<tr>
<td>Trademarks and other intangible assets, net</td>
<td>32</td>
</tr>
<tr>
<td>Equity investment in Henkel Iberica</td>
<td>62</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
</tr>
<tr>
<td><strong>Assets held for exchange</strong></td>
<td><strong>$132</strong></td>
</tr>
</tbody>
</table>

3) Restructuring and Asset Impairment

Restructuring and asset impairment charges were $30 for the three-month period ended September 30, 2004, and related primarily to the Glad Supply Chain restructuring. Changes in the Company’s accrued restructuring liability, substantially all of which is classified as a component of accrued liabilities in the condensed consolidated balance sheets, were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>9/30/2004</th>
<th>9/30/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued restructuring at beginning of the period</td>
<td>$3</td>
<td>$6</td>
</tr>
<tr>
<td>Restructuring expenses recognized, net</td>
<td>1</td>
<td>(1)</td>
</tr>
<tr>
<td>Payments</td>
<td>(1)</td>
<td>(1)</td>
</tr>
</tbody>
</table>
PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements (Unaudited)

The Clorox Company

Notes to Condensed Consolidated Financial Statements

(In millions, except share and per-share amounts)

4) Financial Instruments

The Company utilizes derivative instruments, principally swaps, forwards and options to manage the ongoing business risks associated with fluctuations in interest rates, foreign currencies and commodity prices. These contracts are economic hedges for transactions that have notional balances, and periods consistent with the related exposures and do not constitute investments independent of these exposures.

At September 30, 2004, and June 30, 2004, the Company’s derivative financial instruments are recorded at fair value in the condensed consolidated balance sheets as assets (liabilities) as follows:

<table>
<thead>
<tr>
<th></th>
<th>9/30/2004</th>
<th>6/30/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity purchase contracts</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity purchase contracts</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>(1)</td>
<td>-</td>
</tr>
</tbody>
</table>

The estimated notional and fair value amounts of the Company’s derivative instruments are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>Notional</th>
<th>Fair Value</th>
<th>9/30/2004</th>
<th>6/30/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange contracts</td>
<td>$32</td>
<td>($1)</td>
<td>$36</td>
<td>$1</td>
</tr>
<tr>
<td>Commodity purchase contracts</td>
<td>43</td>
<td>3</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td>Commodity option contracts</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

Exposure to counterparty credit risk is considered low because these agreements have been entered into with major institutions with strong credit ratings who are expected to fully perform under the terms of the agreements.
5) Inventories

Inventories at September 30, 2004 and June 30, 2004 consisted of:

<table>
<thead>
<tr>
<th></th>
<th>9/30/2004</th>
<th>6/30/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>$244</td>
<td>$243</td>
</tr>
<tr>
<td>Work in process</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Raw materials and packaging</td>
<td>73</td>
<td>68</td>
</tr>
<tr>
<td>LIFO allowances</td>
<td>(11)</td>
<td>(9)</td>
</tr>
<tr>
<td>Allowance for obsolescence</td>
<td>(5)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$305</strong></td>
<td><strong>$301</strong></td>
</tr>
</tbody>
</table>

6) Other Assets

Other assets at September 30, 2004 and June 30, 2004 consisted of:

<table>
<thead>
<tr>
<th></th>
<th>9/30/2004</th>
<th>6/30/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Henkel Iberica</td>
<td>$ -</td>
<td>$ 62</td>
</tr>
<tr>
<td>Other entities</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>Investment in low income housing partnerships</td>
<td>57</td>
<td>51</td>
</tr>
<tr>
<td>Derivative contracts</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Other investments</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Prepaid benefit costs</td>
<td>117</td>
<td>119</td>
</tr>
<tr>
<td>Non-qualified retirement plan assets</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$309</strong></td>
<td><strong>$364</strong></td>
</tr>
</tbody>
</table>

Equity Investments

The Company holds various equity investments in a number of consumer products businesses, most of which operate outside the United States. The most significant of these investments is a 20 percent joint venture interest in Henkel Iberica, a subsidiary of Henkel, which is a related party of the Company. Under the terms of the share exchange agreement reached with Henkel (Note 2), the Company has classified the equity investment in Henkel Iberica as assets held for exchange in the condensed consolidated balance sheet as of September 30, 2004.
7) Net Earnings per Common Share ("EPS")

Net earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding each period on an unrounded basis. Diluted EPS reflects the earnings dilution that would occur from common shares that may be issued through stock options, restricted stock and performance units. The weighted average number of common shares outstanding (denominator) used to calculate both basic and diluted EPS was as follows (in thousands):

<table>
<thead>
<tr>
<th>Weighted Average Number of Common Shares Outstanding</th>
<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/2004</td>
</tr>
<tr>
<td>Basic</td>
<td>212,905</td>
</tr>
<tr>
<td>Stock options and other</td>
<td>2,212</td>
</tr>
<tr>
<td>Diluted</td>
<td>215,117</td>
</tr>
</tbody>
</table>

Stock options to purchase 753,220 and 1,566,754 shares of common stock for the three-month periods ended September 30, 2004 and 2003, respectively, were not included in the computation of diluted EPS because the exercise price of the stock options was greater than the average market price of the Company's common shares.

8) Comprehensive Income

Comprehensive income includes net earnings, foreign currency translation adjustments and net changes in the valuation of cash flow hedges that are excluded from net earnings but included as a separate component of stockholders' equity. Comprehensive income was as follows:

<table>
<thead>
<tr>
<th>Three Months Ended</th>
<th>9/30/2004</th>
<th>9/30/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td>$123</td>
<td>$129</td>
</tr>
<tr>
<td>Other comprehensive gains (losses), net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>23</td>
<td>(3)</td>
</tr>
<tr>
<td>Net derivative loss</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>$144</td>
<td>$125</td>
</tr>
</tbody>
</table>
9) Goodwill, Trademarks and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," the Company’s policy is to separately identify, value, and determine the useful lives for all intangible assets acquired. Assets with definite lives are amortized over such periods, while those with indefinite lives are not amortized, but tested for impairment. The annual impairment tests are performed in the third quarter of each fiscal year unless events suggest an impairment may have occurred in the interim. No goodwill impairment charges were recorded for the quarter ended September 30, 2004.

Changes in the carrying amount of goodwill for the three-month period ended September 30, 2004, by operating segment, are as follows:

<table>
<thead>
<tr>
<th>Net Balance</th>
<th>Reclassification to Assets Held for Exchange</th>
<th>Translation Adjustments</th>
<th>Net Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2004</td>
<td></td>
<td>9/30/2004</td>
<td></td>
</tr>
<tr>
<td>Household Products - North America</td>
<td>$123</td>
<td>$ -</td>
<td>$3</td>
</tr>
<tr>
<td>Specialty Products</td>
<td>381</td>
<td>(15)</td>
<td>-</td>
</tr>
<tr>
<td>International</td>
<td>169</td>
<td>6</td>
<td>175</td>
</tr>
<tr>
<td>Corporate, Interest and Other</td>
<td>69</td>
<td>-</td>
<td>69</td>
</tr>
<tr>
<td>Total Company</td>
<td>$742</td>
<td>($15)</td>
<td>$9</td>
</tr>
</tbody>
</table>

Changes in trademarks and other intangible assets at September 30, 2004 are summarized below. Trademarks and other intangible assets subject to amortization are net of accumulated amortization of $155 and $152 at September 30, 2004 and June 30, 2004, respectively. Estimated amortization expense for these intangible assets is $11 for each of the fiscal years 2006 through 2010.

<table>
<thead>
<tr>
<th>Net balance</th>
<th>Reclassification to Assets Held for Exchange</th>
<th>Translation Adjustments</th>
<th>Amortization</th>
<th>Net balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2004</td>
<td></td>
<td>9/30/2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trademarks and other intangible assets subject to amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>$97</td>
<td>-</td>
<td>-</td>
<td>($3)</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sub-total</td>
<td>118</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Trademarks not subject to amortization</td>
<td>515</td>
<td>(32)</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$633</td>
<td>($32)</td>
<td>$4</td>
<td>($3)</td>
</tr>
</tbody>
</table>

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements (Unaudited)

The Clorox Company

Notes to Condensed Consolidated Financial Statements

(In millions, except share and per-share amounts)

10) Stock Option Plans

The Company’s stock option plans provide for the granting of stock options to officers, key employees and directors. The
Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, whereby stock options are granted at market price and no compensation cost is 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,” the Company’s pro forma net earnings, and basic and diluted EPS would have been as follows:

<table>
<thead>
<tr>
<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/30/2004</td>
</tr>
<tr>
<td>Net earnings - as reported</td>
</tr>
<tr>
<td>Fair value-based expense, net of tax</td>
</tr>
<tr>
<td>Pro forma net earnings</td>
</tr>
</tbody>
</table>

Net earnings per common share

Basic
- As reported | $0.58 | $0.61 |
- Pro forma | $0.55 | $0.58 |

Diluted
- As reported | $0.57 | $0.60 |
- Pro forma | $0.55 | $0.57 |

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements (Unaudited)

The Clorox Company

Notes to Condensed Consolidated Financial Statements

(In millions, except share and per-share amounts)

11) Retirement Income and Healthcare Benefit Plans

The following table summarizes the components of net periodic benefit cost for the Company’s Retirement Income and Retirement Healthcare plans:

<table>
<thead>
<tr>
<th>Retirement Income Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three Months Ended</td>
</tr>
<tr>
<td>9/30/2004</td>
</tr>
<tr>
<td>Components of net periodic benefit cost (income)</td>
</tr>
<tr>
<td>Service cost</td>
</tr>
<tr>
<td>Interest cost</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
</tr>
<tr>
<td>Amortization of unrecognized items</td>
</tr>
<tr>
<td>Total net periodic benefit cost</td>
</tr>
</tbody>
</table>

The Company does not anticipate making significant contributions to its retirement income plans during the current fiscal year.
12) Guarantees

In conjunction with divestitures and other transactions, the Company may provide routine indemnifications relating to the enforceability of trademarks, retention of pre-existing legal, tax, environmental and employee liabilities, as well as provisions for product returns and other items. The Company has several indemnification agreements in effect through fiscal year 2006 that specify maximum possible exposures. The Company’s aggregate exposure from these agreements is $8. In addition, the Company is party to a $22 letter of credit issued to one of its insurance carriers. Based on historical experience and evaluation of the specific agreements, the Company does not believe that any significant payments related to its indemnifications and letter of credit will result and therefore has not recorded any associated liabilities.

13) Environmental Contingencies

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations, and has a recorded liability of $29 at both September 30, 2004 and June 30, 2004, for its share of the related aggregate future remediation costs. One matter in Dickinson County, Michigan, accounts for a substantial majority of the recorded liability at both September 30, 2004 and June 30, 2004. The Company is subject to a cost-sharing arrangement with one other party for this matter, under which it is liable for 24.3 percent of the aggregate remediation and associated costs, other than legal fees. In October 2004, the Company agreed to a consent judgment with the Michigan Department of Environmental Quality (“MDEQ”), which sets forth certain remediation goals and monitoring activities. Based on the current status of this matter, and with the assistance of environmental consultants, the Company maintains an undiscounted liability representing its best estimate of its share of costs associated with the capital expenditures, maintenance and other costs to be incurred over an estimated 30-year remediation period. The most significant components of the liability relate to the estimated costs associated with the remediation of groundwater contamination and excess levels of subterranean methane deposits. Currently, the Company cannot accurately predict the timing of the payments that will likely be made under this estimated obligation. In addition, the Company’s estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements by the MDEQ and the timing, varying costs and availability of alternative clean-up technologies that may become available in the future. Although it is possible that the Company’s exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

14) Income Tax Contingencies

In conjunction with its audit of the Company’s tax returns, the IRS is auditing the tax returns of the investment fund, a partnership in which the Company is a limited partner. Based on its audit of the investment fund, the IRS has proposed certain adjustments to reattribute taxable income generated by the partnership to the Company. The amount of tax potentially resulting from these proposed adjustments, excluding interest and possible penalties, is approximately $200. The Company strongly disagrees with the proposed adjustments and filed a petition in the Federal Tax Court on June 10, 2004 contesting those adjustments. There were no significant developments related to this matter during the quarter ended September 30, 2004, and the Company believes it has appropriately accrued for an unfavorable outcome of the dispute and does not currently anticipate that the outcome will have a material effect on its effective tax rate or earnings. Settlement of this issue could require a material cash payment in the period of resolution. Assuming the dispute resolution process follows a normal course, final resolution of the matter and the
PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements (Unaudited)

The Clorox Company

Notes to Condensed Consolidated Financial Statements

(In millions, except share and per-share amounts)

15) Segment Results

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:

Household Products – North America: Includes cleaning, bleach, water filtration products, and the food storage and disposal categories marketed in the United States and all products marketed in Canada.

Specialty Products: Includes charcoal, the United States and European automotive care businesses, cat litter, insecticides, food products and professional products.

International, formerly known as Household Products – Latin America/Other: Includes operations outside the United States and Canada, excluding the European automotive care business.

Corporate includes certain non-allocated administrative costs, amortization of trademarks and other intangible assets, interest income, interest expense, and other non-operating income and expense.

The table below represents operating segment information.

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Earnings (Losses) from Continuing Operations Before Income Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three Months Ended</td>
<td>Three Months Ended</td>
</tr>
<tr>
<td>Household Products - North America</td>
<td>$642</td>
<td>$603</td>
</tr>
<tr>
<td>Specialty Products</td>
<td>314</td>
<td>318</td>
</tr>
<tr>
<td>International</td>
<td>134</td>
<td>127</td>
</tr>
<tr>
<td>Corporate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Company</td>
<td>$1,090</td>
<td>$1,048</td>
</tr>
</tbody>
</table>

Net sales to the Company’s largest customer, Wal-Mart Stores, Inc. and its affiliates, were 26% and 25% of consolidated net sales for the three-month periods ended September 30, 2004 and 2003, respectively.

PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition
Comparison of the three-month periods ended September 30, 2004 and 2003

**Diluted net earnings per common share** decreased 5% to 57 cents for the quarter ended September 30, 2004 as compared to the year ago quarter. The decrease reflects $30 (pre-tax) of restructuring and asset-impairment charges and higher selling and administrative costs, offset by higher net sales.

**Net sales** increased by 4% to $1,090, due to a volume increase of 4%, which was driven by new products and higher shipments of Clorox disinfecting wipes.

The *Household Products – North America* segment reported a net sales increase of 6% and a volume increase of 8%. Volume growth in the segment was driven by strong shipments of Glad trash bags behind the launch of the new Glad Force Flex trash bags. Also contributing to volume growth were strong shipments of Clorox disinfecting wipes and the new Clorox ToiletWand disposable toilet-cleaning system. This growth was partially offset by decreased shipments of the Clorox Ready Mop mopping system. Sales growth trailed volume growth due to higher trade-promotion spending behind new products.

The *Specialty Products* segment reported a net sales decrease of 1% and a volume decrease of 2%. The segment’s sales decline was driven by strong competition for auto-care products and lower shipments of Kingsford charcoal due to category softness. These items were partially offset by increased shipments of cat litter. Sales declined at a lower rate than volume growth due to price increases.

The *International* segment, formerly known as Household Product – Latin America/Other, reported net sales and volume increases of 6%. Volume improvements were primarily driven by new products, category and share growth in Latin America, and the launch of Clorox laundry and home-cleaning products in Australia and New Zealand.

**Cost of products sold** as a percentage of net sales decreased to 55.5% for the quarter ended September 30, 2004 as compared to 56.4% for the quarter ended September 30, 2003. This decrease was driven primarily by the Company’s ongoing cost savings initiatives combined with lower costs for the third-party production of some Match Light charcoal. These factors were partially offset by increased raw materials costs as well as higher logistics costs.

**Selling and administrative expenses** increased by 8% to $132 driven primarily by higher costs primarily related to the amortization from the Company’s information systems projects and higher sales commissions driven by sales increases. The Company completed the implementation of its new enterprise resource planning and customer relationship management systems in June 2004.

**Advertising costs** were approximately 10% of net sales for the three-month periods ended September 30, 2004 and 2003.

**Restructuring and asset impairment costs** of $30 recognized in the quarter ended September 30, 2004 related primarily to the supply chain restructuring initiative for the Glad business (For a discussion of this initiative, refer to the section entitled “Restructuring and Asset Impairment” on page 18).

**Other (income) expense, net** was ($3) for the quarter ended September 30, 2004 as compared to $3 for the quarter ended September 30, 2003. This increase was driven primarily by a favorable mark-to-market adjustment on one of the Company’s commodity derivative contracts and other smaller items.

**The effective tax rate** on continuing operations was 35.0% and 35.3% for the quarters ended September 30, 2004 and 2003. The lower rate in the quarter ended September 30, 2004 as compared to the quarter ended September 30, 2003 was due primarily to lower taxes on foreign activities.

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PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition

The Clorox Company
Financial Condition, Liquidity and Capital Resources

The Company’s financial position and liquidity continue to be strong as of September 30, 2004. Net cash provided by operations was $216 for the quarter ended September 30, 2004, up from $140 in the year-ago quarter. This increase in operating cash flows was driven by continued strong net earnings (which included $30 of restructuring and asset impairment costs), a $37 discretionary pension contribution made during the quarter ended September 30, 2003, and other working capital changes.

Working Capital

The Company’s balance of working capital, defined in this context as total current assets net of total current liabilities, increased from June 30, 2004 to September 30, 2004 principally due to decreases in short-term borrowing and other current liability balances and the classification of assets held for exchange, offset by a decrease in receivables.

The $118 decrease in short-term borrowings was due primarily to the payoff of commercial paper balances enabled by strong earnings and cash flows. The $55 decrease in payable and accrued liability balances was driven by $43 of profit sharing and incentive compensation payments.

The Company has separately classified assets to be exchanged of $132 under the terms of the definitive agreement described below.

The $75 decrease in receivable balances was due primarily to the seasonality of sales and collections in the Charcoal, Food and Insecticide categories, which drove a $90 decrease in those categories. This decrease was partially offset by a $19 increase in receivable balances in the Household Products- North America segment, which was driven by higher sales.

Share Exchange Agreement

In October 2004, the Company reached a definitive agreement with a major shareholder, Henkel KgaA (“Henkel”), under which it will exchange its ownership interest in a subsidiary for Henkel’s interest in Clorox common stock. The exchange is expected to qualify as a tax-free exchange under Section 355 of the Internal Revenue Code and is expected to close no later than December 1, 2004, subject to customary closing conditions and regulatory approvals.

As of September 30, 2004, Henkel’s shares represent approximately 29 percent of the outstanding shares of the Company. The subsidiary to be exchanged will contain the existing insecticides business, which includes Combat, Home Mat and Home Keeper branded products; the Soft Scrub cleanser business; the 20 percent interest in Henkel Iberica, S.A. (“Henkel Iberica”), a joint venture with Henkel; and approximately $2,100 in cash. The Company and Henkel have agreed to an aggregate value of $745 for the businesses and the Henkel Iberica joint venture being transferred. For the three-month periods ended September 30, 2004 and 2003, the businesses being exchanged had net sales of $42 for both periods, and net income of $17 and $18, respectively. Upon closing the transaction, the Company anticipates recognizing a gain on the transfer of the businesses and the investment in Henkel Iberica in the range of $3.00 to $3.15 per diluted share and anticipates its fiscal year 2005 annual effective tax rate to range from 19% to 21%.

As part of the agreement, certain transitional services will be provided to Henkel, including some interim production of insecticides and Soft Scrub. Other than the interim services being provided, the Company will no longer have an ongoing relationship with Henkel, and Henkel’s right to representation on the Company’s board of directors will end. The Company intends to use a combination of existing cash and the issuance of commercial paper to initially fund the cash that will be included in the subsidiary at closing. Subsequent to closing, the Company intends to issue approximately $1,500 to $1,700 in long-term debt to reduce outstanding commercial paper balances.
Restructuring and Asset Impairment

In July 2004, the board of directors approved a restructuring plan involving the Glad business, a division of the Household Products-North America operating segment. This restructuring plan includes closing a manufacturing facility and assigning remaining production between Glad’s North American plants and third-party suppliers during fiscal year 2005. The Company recorded restructuring charges of approximately $28 during the first quarter of fiscal year 2005 in conjunction with this initiative, including asset impairment charges of $27, and employee severance charges of $1. In addition, the Company recorded $2 of asset impairment charges during the first quarter of fiscal year 2005 related to certain manufacturing operations in the international operating segment.

Share Repurchases

The Company has two share repurchase programs, consisting of an open-market program and a program to offset the impact of share dilution related to the exercise of stock options (“evergreen program”).

There were no share repurchases during the three-month period ended September 30, 2004. During the three-month period ended September 30, 2003, the Company acquired 3.3 million shares of its common stock at a total cost of $147. These repurchases relate to $1,700 board-authorized open-market program. The total number of shares repurchased as of September 30, 2004 under the open-market program is 22 million at a cost of $932, leaving $768 of authorized repurchases remaining under that program.

Capital Expenditures

Capital expenditures were $27 and $39 for the three-month periods ended September 30, 2004 and 2003, respectively. This decrease was principally due to the completion of the implementation of the Company’s enterprise resource planning and customer relationship management data processing systems during last fiscal year. During the three-month period ended September 30, 2003, the capital expenditures related to these new systems were $14.

Credit Arrangements

During the three months ended September 30, 2004 and 2003, cash flow from continuing operations exceeded cash requirements to fund 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 during the next twelve months.

The Company intends to use a combination of existing cash and the issuance of commercial paper to initially fund the approximate $2,100 of cash that will be included in the share exchange with Henkel, and intends to issue approximately $1,500 to $1,700 in long-term debt to reduce outstanding commercial paper balances subsequent to closing.

At September 30, 2004, the Company had two domestic credit agreements with available credit lines totaling $950, including a $600 facility expiring June 2005 and a $350 facility expiring March 2007. At September 30, 2004 and June 30, 2004, there were no borrowings under these agreements, which are available for general corporate purposes and to support additional commercial paper issuance.
In addition, the Company had $12 of foreign working capital credit lines and overdraft facilities at September 30, 2004, of which $6 is available for borrowing. The Company is in compliance with all restrictive covenants and limitations as of September 30, 2004. The Company does not anticipate any problems in securing future credit agreements.

**Income Tax Contingencies**

In conjunction with its audit of the Company’s tax returns, the IRS is auditing the tax returns of the investment fund, a partnership in which the Company is a limited partner. Based on its audit of the investment fund, the IRS has proposed certain adjustments to reattribute taxable income generated by the partnership to the Company. The amount of tax potentially resulting from these proposed adjustments, excluding interest and possible penalties, is approximately $200. The Company strongly disagrees with the proposed adjustments and filed a petition in the Federal Tax Court on June 10, 2004 contesting those adjustments. There were no significant developments related to this matter during the quarter ended September 30, 2004, and the Company believes it has appropriately accrued for an unfavorable outcome of the dispute and does not currently anticipate that the outcome will have a material effect on its effective tax rate or earnings. Settlement of this issue could require a material cash payment in the period of resolution. Assuming the dispute resolution process follows a normal course, final resolution of the matter and the impact, if any, on the earnings and cash flows of the Company will probably occur within 18 months.

**PART I - FINANCIAL INFORMATION (Continued)**

**Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition**

The Clorox Company

(In millions, except share and per-share amounts)

**Environmental Contingencies**

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations, and has a recorded liability of $29 at both September 30, 2004 and June 30, 2004 for its share of the related aggregate future remediation costs. One matter in the Dickinson County, Michigan, accounts for a substantial majority of the recorded liability at both September 30, 2004 and June 30, 2004. The Company is subject to a cost-sharing arrangement with one other party for this matter, under which it is liable for 24.3 percent of the aggregate remediation and associated costs, other than legal fees. In October 2004, the Company agreed to a consent judgment with the Michigan Department of Environmental Quality (“MDEQ”), which sets forth certain remediation goals and monitoring activities. Based on the current status of this matter, and with the assistance of environmental consultants, the Company maintains an undiscounted liability representing its best estimate of its share of costs associated with the capital expenditures, maintenance and other costs to be incurred over an estimated 30-year remediation period. The most significant components of the liability relate to the estimated costs associated with the remediation of groundwater contamination and excess levels of subterranean methane deposits. Currently, the Company cannot accurately predict the timing of the payments that will likely be made under this estimated obligation. In addition, the Company’s estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements by the MDEQ and the timing, varying costs and availability of alternative clean-up technologies that may become available in the future. Although it is possible that the Company’s exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

**Cautionary Statement**

Except for historical information, matters discussed above and in the financial statements and footnotes, including statements about future volume, sales, cost savings, earnings plans, objectives, expectations, growth or profitability, are forward-looking statements based on management’s estimates, assumptions and projections. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations on such words, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed above and in the financial statements and footnotes. Important factors that could affect performance and cause results to differ materially from management’s expectations are described in the section entitled “Forward-Looking Statements and Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2004, as updated from time to time in the Company’s SEC filings. Those factors include, but are not limited to, general economic and marketplace conditions and events; competitors’ actions; the Company’s costs, including changes in exposure to commodity costs; the Company’s actual cost performance; risks inherent in litigation and international operations; the effect on
cash flow of tax payments and share repurchases; the success of new products; the integration of acquisitions and mergers; the divestiture of non-strategic businesses; and environmental, regulatory and intellectual property matters. In addition, the Company's future performance is subject to risks particular to the share exchange transaction with Henkel, including the sustainability of cash flows and the actual level of debt costs. Rating agency decisions and other external factors could increase interest costs. Declines in cash flow, which reduce the Company's ability to repay debt, or interest cost increases greater than management expects, could adversely affect the Company's earnings.

The above forward-looking statements speak only as of the date this document is filed with the SEC and the Company assumes no duty to update such statements to reflect information obtained or changes occurring after the date it is filed.

PART I - FINANCIAL INFORMATION (Continued)

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Clorox Company

(In millions, except share and per-share amounts)

There have not been any material changes to the Company's market risk during the three-month period ended September 30, 2004. For additional information, refer to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2004.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the specified time periods. The chief executive officer and chief financial officer of the Company, with the participation of the Company's management, have evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2004 and, based on that evaluation, which disclosed no significant deficiencies or material weaknesses, have concluded that such disclosure controls and procedures are effective. During the first quarter of fiscal year 2005, there have not been any significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The Clorox Company

Issuer Purchases of Equity Securities

The following table sets out the purchases of the Company's securities by the Company and any Affiliated Purchasers within the meaning of Rule 10b-18(a)(3) (17 CFR 240.10b-18(a)(3)) during the period of this report.

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares (or Units) Purchased</th>
<th>Average Price Paid per Share Unit</th>
<th>Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</th>
<th>Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1 to July 31, 2004</td>
<td>3,740</td>
<td>$53.75</td>
<td>None</td>
<td>$767,723,099</td>
</tr>
<tr>
<td>August 1 to August 31, 2004</td>
<td>2,100</td>
<td>$52.33</td>
<td>None</td>
<td>$767,723,099</td>
</tr>
<tr>
<td>Sept. 1 to Sept. 30, 2004</td>
<td>11,317</td>
<td>$53.17</td>
<td>None</td>
<td>$767,723,099</td>
</tr>
</tbody>
</table>
(1) The shares repurchased relate entirely to the surrender to the Company of 17,157 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock granted to employees. There were no surrenders to the Company of already owned shares of common stock to pay the exercise price or to satisfy tax withholding obligations in connection with the exercise of employee stock options.

(2) For information on a share exchange agreement, executed as of October 6, 2004, which provides for the Company to acquire the shares of common stock held by its major shareholder, Henkel KGaA, refer to the information set forth under the caption "Management's Discussion and Analysis," on page 17 hereto.

(3) The board of directors approved a $500,000,000 share repurchase program on August 7, 2001, all of which has been utilized; a $500,000,000 share repurchase program on July 17, 2002, of which $67,723,099 remains available for repurchases; and a $700,000,000 share repurchase program on July 16, 2003, of which all remains available for repurchases. On September 1, 1999, the Company also announced a share repurchase program to offset the potential impact of stock option dilution. The program initiated in 1999 has no specified cap and therefore is not included in column [d] above. None of these programs has a specified termination date. The Company suspended share repurchases under the July 2002 and July 2003 programs in December 2003 after Henkel KGaA announced that it might sell its shares in the Company.

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PART II – OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

The Clorox Company

(a) Exhibits

(10-1) Share Exchange Agreement dated as of October 6, 2004 by and among the Company, Henkel KGaA and HC Investments, Inc.

(10-2) The Company’s 1993 Directors’ Stock Option Plan as amended and restated September 15, 2004

(10-3) Form of Option Award under the Company’s 1993 Directors’ Stock Option Plan as amended and restated September 15, 2004

(10-4) The Company’s 1996 Stock Incentive Plan as amended and restated September 15, 2004

(10-5) Form of Option Award under the Company’s 1996 Stock Incentive Plan as amended and restated September 15, 2004

(10-6) Form of Performance Unit Award under the Company’s 1996 Stock Incentive Plan as amended and restated September 15, 2004

(10-7) Form of Award under the Company’s Executive Incentive Compensation Plan, adopted in 1996, re-adopted in 2001, and amended and restated as of July 20, 2004

(12) Computation of the Ratio of Earnings to Fixed Charges

(31-1) Certification by the Chief Executive Officer of the Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(31-2) Certification by the Chief Financial Officer of the Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(32) Certification by the Chief Executive Officer and Chief Financial Officer of the Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

The Company filed a current report on Form 8-K containing information pursuant to Item 12 (“Results of Operations and Financial Condition”) on August 5, 2004, relating to the issuance of an earnings release for the quarter ended June 30, 2004, and a current report on Form 8-K containing information pursuant to Item 1.01 (“Entry into a Material Definitive Agreement”) on September 21, 2004, relating to certain amendments to The Clorox Company 1993 Directors’ Stock Option Plan and The Clorox Company 1996 Stock Incentive Plan. The amended and restated plans described in the latter filing are attached hereto as Exhibits 10-2 and 10-4.
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE CLOROX COMPANY

(Registrant)

DATE: November 4, 2004

BY /s/ Thomas D. Johnson

Thomas D. Johnson

Vice-President – Controller

EXHIBIT 10-1

SHARE EXCHANGE AGREEMENT

by and among

THE CLOROX COMPANY,

HENKEL KGaA

and

HC INVESTMENTS, INC.

As of October 6, 2004

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SHARE EXCHANGE AGREEMENT

This SHARE EXCHANGE AGREEMENT, dated as of October 6, 2004 (together with the schedules, exhibits, annexes and disclosure schedule hereto, this “Agreement”), is entered into by and among THE CLOROX COMPANY, a Delaware corporation having its principal place of business at 1221 Broadway, Oakland, California (“Clorox”), HENKEL KGaA, a Kommanditgesellschaft auf Aktien organized under the laws of Germany having its principal place of business at Henkelstrasse 67, 40191 Düsseldorf, Germany (“Parent”), and HC INVESTMENTS, INC., a Delaware corporation having its principal place of business at 1105 North Market Street, Suite 1206, Wilmington, Delaware 19801 (“HCI”).

RE bâtals

WHEREAS, Clorox and certain of its Subsidiaries, collectively, currently own and operate, among other things, the Transferred Businesses;

WHEREAS, on or prior to the Closing, Clorox will complete the Reorganization, pursuant to which the Transferred Businesses, each as a going concern, and certain additional assets will be transferred, whether by contribution or otherwise, to a newly organized Delaware corporation, wholly owned indirectly by Clorox (“Splitco”), in accordance with this Agreement;

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, (a) Clorox desires to acquire all of the 61,386,509 shares of common stock, par value $1.00 per share, of Clorox (“Clorox Common Stock”) currently held by HCI (such shares, the “HCI-Owned Clorox Shares”) in exchange for all of the issued and outstanding shares of capital stock of Splitco (the “Splitco Shares”), and (b) HCI desires to exchange the HCI-Owned Clorox Shares for the Splitco Shares (such transaction, the “Exchange”);

WHEREAS, the parties hereto intend the Exchange to qualify as a tax-free exchange under Section 355(a) of the Code;

WHEREAS, the Board of Directors of Clorox has determined that it is in the best interests of Clorox to complete the Exchange in order to, among other things, (i) eliminate certain corporate governance issues related to the composition of the Board of Directors of Clorox by virtue of HCI’s ownership of Clorox Common Stock and its rights under the Stockholder’s Agreements, (ii) remove the market overhang represented by HCI’s ownership of Clorox Common Stock, (iii) separate the Transferred Businesses from the Retained Businesses, thereby allowing Clorox to focus on its core operations, and (iv) enable Clorox to redeploy cash flow to improve Clorox’s return on invested capital; and, in consideration of the foregoing, the Board of Directors of Clorox has approved this Agreement and the transactions contemplated by this Agreement; and

WHEREAS, the Board of Directors of HCI has, the Board of Management and the Shareholder Committee of Parent have, and the sole stockholder of HCI has, in each case, determined that it is in the best interests of their respective corporations to enter into this Agreement and have approved this Agreement and the transactions contemplated by this Agreement.
NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound, the parties hereto agree as follows:

CERTAIN DEFINITIONS AND OTHER MATTERS

<table>
<thead>
<tr>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION</td>
<td>means any administrative, regulatory, judicial or other formal proceeding by or before any Governmental Authority or arbitrator.</td>
</tr>
<tr>
<td>ADDITIONAL ASSETS</td>
<td>means the Cash Amount and the HIBSA Equity Interest.</td>
</tr>
<tr>
<td>AFFILIATE</td>
<td>means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ability to elect the members of the board of directors or other governing body of a Person, and the terms “controlled” and “controlling” have correlative meanings. For purposes of this Agreement, Parent or any of its Affiliates shall be deemed not to be an “Affiliate” of Clorox or any of its Affiliates and Clorox or any of its Affiliates shall be deemed not to be an “Affiliate” of Parent or any of its Affiliates; provided, however, that following the Closing, Splitco shall be an “Affiliate” of Parent and shall not be an “Affiliate” of Clorox.</td>
</tr>
<tr>
<td>AFFILIATED GROUP</td>
<td>means an affiliated group as that term is defined in Section 1504(a) of the Code.</td>
</tr>
<tr>
<td>ANCILLARY AGREEMENTS</td>
<td>means the Tax Matters Agreement, the Co-Pack Agreements, the Distribution Agreement, the IP Licenses and the Transition Services Agreement, each of which shall be substantially in the form of the applicable exhibit to this Agreement.</td>
</tr>
<tr>
<td>ANTITRUST DIVISION</td>
<td>means the Antitrust Division of the United States Department of Justice.</td>
</tr>
<tr>
<td>BUSINESS BENEFIT PLAN</td>
<td>means each Employee Benefit Plan that (i) is sponsored or maintained by Splitco or Clorox Korea or with respect to which Splitco or Clorox Korea has any obligation to contribute, is a party or otherwise bound or may have any material liability or (ii) covers or provides benefits to or in respect of any individual employed or formerly employed by a Clorox Entity or an Affiliate thereof and whose services are or were Related to the Transferred Businesses (or his or her beneficiary or dependent) and in which any such individual (or beneficiary or dependent) is eligible to participate (a) that is sponsored or maintained by Clorox or any of its Affiliates or (b) to which Clorox or any of its Affiliates contributes, is obligated to contribute, is a party or is otherwise bound.</td>
</tr>
<tr>
<td>BUSINESS CONTRACTS</td>
<td>means the Contracts of Clorox or any of its Subsidiaries that are Related to the Transferred Businesses, including the Contracts referred to in Section 3.2(d) of Clorox’s Disclosure Schedule, other than (i) any Contract of Clorox Korea constituting Excluded Assets and (ii) any Employee Benefit Plan not listed in such Schedule.</td>
</tr>
<tr>
<td>BUSINESS DAY</td>
<td>means a day on which national banks are open for business in New York, New York and Düsseldorf, Germany.</td>
</tr>
<tr>
<td>BUSINESS INTELLECTUAL PROPERTY</td>
<td>means, collectively, the Owned Intellectual Property and the Licensed Intellectual Property.</td>
</tr>
<tr>
<td>BUSINESS PP&amp;E</td>
<td>means, collectively, (a) the machinery and equipment referred to in Section 3.2(b) and (b) all buildings, structures, improvements, furnishings, furniture, fixtures, displays, machinery, equipment, appliances and other personal property of every kind and nature owned or leased by Clorox Korea, other than, in the case of clause (b), any such items constituting Excluded Assets.</td>
</tr>
<tr>
<td>CASH AMOUNT</td>
<td>means an amount in cash equal to $2,094,626,041.</td>
</tr>
<tr>
<td>CLAIMS</td>
<td>means any and all (i) claims, (ii) demands or (iii) causes of action (in the case of clause (iii), relating to or resulting from an Action).</td>
</tr>
<tr>
<td>CLOROX Affiliated</td>
<td>means the Affiliated Group that includes Clorox as a common parent.</td>
</tr>
</tbody>
</table>
“Group”
“CLOROX ENTITIES” means each Affiliate of Clorox (other than Splitco) that is engaged in the operation or conduct of one of the Transferred Businesses or that has title to any asset that constitutes a Business Asset or is subject to a liability that constitutes a Business Liability, in each case, as of the date of this Agreement or at any time prior to the Closing.


“CLOROX’S DISCLOSURE SCHEDULE” means the disclosure schedule that Clorox has delivered to HCI on the date of this Agreement prior to the execution hereof.

“CLOROX KOREA” means Clorox Korea Ltd., a company organized under the laws of the Republic of Korea, and any successor thereto.


“CONFIDENTIAL BUSINESS INFORMATION” means marketing data, financial information, customer lists, supplier lists, pricing and cost information, business and marketing plans and proposals and other non-technical proprietary business information.

“CONFIDENTIALITY AGREEMENT” means the confidentiality agreement between Clorox and Parent dated August 30, 2004 and agreed September 17, 2004.

“CONTRACT” means any legally binding contract, agreement, indenture, deed of trust, license, note, bond, loan instrument, mortgage, lease, purchase or sales order, guarantee and any similar undertaking, commitment, understanding or arrangement, whether written or oral.

“CO-PACK AGREEMENTS” means each of the Co-Pack Agreements to be entered into by and between the Subsidiary of Clorox designated therein and Splitco as of the Closing set forth in Exhibits A-1, A-2 and A-3 hereto.

“DISTRIBUTION AGREEMENT” means the Distribution Agreement to be entered into by and between Clorox International Corporation and Clorox Korea as of the Closing set forth in Exhibit B hereto.

“EMPLOYEE BENEFIT PLAN” means each material (i) “employee benefit plan,” within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, and (ii) employment, consulting, severance, termination, retirement, change in control, retention, incentive or deferred compensation, bonus, stock option or other equity based, vacation or holiday pay, dependent care assistance, excess benefit, salary continuation, medical, life, disability or other welfare or fringe benefit or compensation plan, policy, program, agreement, arrangement or commitment.

“ENCUMBRANCES” means security interests, liens (statutory or otherwise), Claims, charges, title defects, mortgages, pledges, easements, encroachments, restrictions on use, rights-of-way, rights of first refusal, conditional sales or other title retention agreements, covenants, conditions or other similar restrictions (including restrictions on transfer) or other encumbrances of any nature whatsoever.

“ENVIRONMENT” means any ambient workplace or indoor air, surface water, drinking water supply, groundwater, land surface or subsurface strata, river sediment and buildings, structures and fixtures.

“ENVIRONMENTAL CLAIM” means any legal proceeding, lien, order, notice of violation or investigation, or demand from any Governmental Authority or any Person (other than HCI or its Affiliates) alleging liability under Environmental Law, resulting from or based upon: (a) the failure to comply with Environmental Law; (b) the failure to comply with any Environmental Permit; (c) the presence in the Environment or Release of, or human exposure to, any Regulated Substance or any other substance, material or waste alleged to be toxic, hazardous or dangerous; or (d) the obligation to conduct any Remedial Action.

“ENVIRONMENTAL LAW” means any applicable Law concerning: (a) the Environment, including pollution, contamination, cleanup, preservation, protection, and reclamation thereof; (b) human health or safety to the extent relating to workplace conditions or the exposure of employees and other persons to any Regulated Substance; (c) any Release or threatened Release of any Regulated Substance; or (d) the environmental aspects of the management of any Regulated Substance, including the manufacture, generation, use, treatment, handling, storage, disposal, transportation, re-use, recycling or reclamation of any Regulated Substance.

“ENVIRONMENTAL PERMIT” means any permit, registration, approval, identification number, license or other authorization required under or issued pursuant to any Environmental Law.


“EXISTING AGREEMENTS” means the Stockholder’s Agreements, the Share Repurchase Agreement and the HIBSA Agreement.


“FTC” means the United States Federal Trade Commission.

“GAAP” means United States generally accepted accounting principles.

“GOVERNMENTAL AUTHORITY” means any supranational, national, federal, state or local government, foreign or domestic, or the government of any political subdivision of any of the foregoing, or any entity, authority, agency, commission, court, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity or self-regulatory body or stock exchange established by a Governmental Authority to perform any of such functions.

“HENKEL DIRECTORS” means Mr. Christoph Henkel, Dr. Klaus Morwind, Mr. Michael Shannon and any predecessor member of the Clorox Board of Directors who served as such at the request of Parent under the Stockholder’s Agreements.

“HIBSA” means Henkel Iberica S.A., a company organized under the laws of the Kingdom of Spain.

“HIBSA AGREEMENT” means the Joint Venture Agreement, dated as of October 1, 1985, together with the Joint Venture Termination Agreement, dated as of October 2, 1985, in each case between Clorox and Parent.

“HIBSA EQUITY INTEREST” means Clorox’s equity interest in HIBSA as of the date hereof.

“Income Tax” means any Federal Income Tax, State Income Tax, or any Tax imposed by any country or any possession of the United States, or by any political subdivision of any country or United States possession, which is an income tax as defined in Treas. Reg. § 1.901-2 or as defined in any relevant United States income Tax treaty.

“INDEBTEDNESS” of any Person means, without duplication, (a) all obligations of such Person for money borrowed; (b) all obligations of such Person evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (c) all obligations of such Person issued or assumed for deferred purchase price payments associated with acquisitions, divestitures or other similar transactions; (d) all obligations of such Person under leases required to be capitalized in accordance with GAAP, as consistently applied by such Person; and (e) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker’s acceptance, guarantees or similar credit transaction, excluding in all cases in clauses (a) through (e) current accounts payable, trade payables and accrued Liabilities incurred in the ordinary course of business.

“INSECTICIDES BUSINESS” means the business of developing, manufacturing, improving, marketing, distributing and/or selling the products described in Annex I to this Agreement.

“INSURANCE POLICIES” means each insurance policy (other than relating to Employee Benefit Plans), which, as of the date hereof or hereafter until the Closing, is maintained by or on behalf of or provides coverage to Clorox or any of its Affiliates primarily with respect to the Transferred Businesses.

“IP LICENSES” means the Intellectual Property Licenses to be entered into by and between Clorox and Splitco as of the Closing set forth in Exhibits C-1 and C-2 hereto.

“KOREAN REAL PROPERTY LEASE” means the lease agreement dated as of May 1, 2003, between Union Steel Co. Ltd., as lessor, and Clorox Korea, as lessee, with respect to 890 Daechi-dong, Gangnam-gu, Seoul.

“LAWS” means all national, federal, state or local laws (including common law), constitutions, statutes, codes, rules, regulations, ordinances, directives, concessions, executive orders, decrees or requirements of a Governmental Authority having the force of law.

“LIABILITIES” means any and all debts, liabilities, commitments and obligations, whether or not fixed, contingent or absolute, matured or unmatured, direct or indirect, liquidated or unliquidated, accrued or unaccrued, known or unknown, whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto.

“LICENSED” means Intellectual Property that is (a) held for use under license by Splitco as of Closing or
“INTELLECTUAL PROPERTY” means, with respect to a Person or the Transferred Businesses, any change, effect, event, occurrence or state of facts which would be reasonably likely to be materially adverse to the business, properties, results of operations or condition (financial or otherwise) of such Person and its Subsidiaries, taken as a whole, or the Transferred Businesses, taken as a whole, other than any change, effect, event, occurrence or state of facts (a) that is generally applicable in the economy of the United States or the Republic of Korea, (b) that is generally applicable in the United States securities markets, (c) affecting the home cleaning or insecticide consumer products industries generally (unless adversely affecting the Transferred Businesses in a materially disproportionate manner), (d) arising from or related to an act of terrorism (unless adversely affecting the Transferred Businesses in a materially disproportionate manner), or (e) arising from or related to the announcement or execution of this Agreement or any of the Ancillary Agreements (including the identity of Clorox’s or any Clorox Entity’s counterparties hereunder or thereunder) or the consummation of the transactions contemplated hereby or thereby. For the avoidance of doubt, the term Material Adverse Effect as applied to the Transferred Businesses shall be deemed to be a reference to the Transferred Businesses without taking into account the Additional Assets pursuant to the Reorganization.

“OWNED INTELLECTUAL PROPERTY” means Intellectual Property that as of Closing is owned by Splitco or Clorox Korea.

“OWNED REAL PROPERTY” means the real property owned in fee by Clorox Korea.

“PERMITTED ENCUMBRANCES” means (a) Encumbrances for Taxes or other assessments or charges by Governmental Authorities that arise by operation of Law and are not yet due and payable, or that are being contested in good faith by appropriate proceedings; (b) mechanics’, carriers’, workers’, materialmen’s, warehousemen’s and similar liens arising or incurred in the ordinary course of business; (c) Encumbrances on Business Assets arising in the ordinary course of business that do not and would not be reasonably likely to impair the continued use or operation of such Business Assets substantially as such assets are currently used or operated; and (d) Encumbrances disclosed in Section 4.11 of Clorox’s Disclosure Schedule.

“PERSON” means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, firm, branch, registered office, Governmental Authority or any other entity.

“Pre-Closing Period” means any Tax Period ending on or before the Closing Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Closing Date.

“REAL PROPERTY” means, collectively, the Owned Real Property and the leasehold estate in the real property leased to Clorox Korea pursuant to the Korean Real Property Lease.

“REGULATED SUBSTANCES” means any substance that in relevant quantity, form or concentration is listed, defined or regulated as a pollutant, contaminant, hazardous, dangerous or toxic substance, material or waste pursuant to any Environmental Law, including any explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products (including waste petroleum and petroleum products).

“RELATED TO THE TRANSFERRED BUSINESSES” means primarily related to, used primarily in, or primarily arising out of, one of the Transferred Businesses as conducted by Clorox and its Affiliates as of the date of this Agreement or at any time prior to the Closing.

“RELEASE” means any release, spill, emission, discharge, leaking, pumping, injection, deposit or disposal (as those terms are defined in any Environmental Law) at, into or onto the Environment.

“REMEDIAL ACTION” means any action, including any capital expenditure, which the Transferred Businesses are required to undertake pursuant to Environmental Law to (a) investigate, monitor, clean up, remove or treat any Regulated Substance in the Environment; or (b) prevent the Release or threat of Release, or minimize the further Release, of any Regulated Substance so it does not endanger or threaten to endanger the Environment or public health or welfare.

“RETAINED BUSINESS” means the business currently conducted by Clorox and its Affiliates, other than the Transferred Businesses.

“SECURITIES ACT” means the United States Securities Act of 1933, as amended.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“SHARE REPURCHASE AGREEMENT”</td>
<td>means the Share Repurchase Agreement, dated July 16, 2003, between HCI and Clorox.</td>
</tr>
<tr>
<td>“SOFT SCRUB BUSINESS”</td>
<td>means the business of developing, manufacturing, improving, marketing, distributing and/or selling the products described in Annex II to this Agreement.</td>
</tr>
<tr>
<td>“STATE INCOME TAX”</td>
<td>means any Tax imposed by any State of the United States or by any political subdivision of any such State which is imposed on or measured by net income, including state and local franchise or similar Taxes measured by net income.</td>
</tr>
<tr>
<td>“STOCKHOLDER’S AGREEMENTS”</td>
<td>means, collectively, (i) the letter agreement dated July 31, 1974, between Clorox and the predecessor to Parent, (ii) the letter agreement dated June 18, 1981, between Clorox and Parent, (iii) the Agreement, dated as of July 16, 1986, between Parent and Clorox, and (iv) the Agreement, dated as of March 18, 1987, between Parent and Clorox.</td>
</tr>
<tr>
<td>“Straddle Period”</td>
<td>means any Tax Period that begins on or before and ends after the Closing Date.</td>
</tr>
<tr>
<td>“SUBSIDIARY”</td>
<td>of any entity means, at any date, any Person of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests or more than 50% of the profits or losses of which are, as of such date, owned, controlled or held by the applicable entity or one or more subsidiaries of such entity. For purposes of this Agreement, prior to the Closing, Splitco shall be a Subsidiary of Clorox and, following the Closing, Splitco shall be a Subsidiary of Parent and shall not be a Subsidiary of Clorox.</td>
</tr>
<tr>
<td>“TAX” or “TAXES”</td>
<td>means any national, federal, state or local taxes, including but not limited to any income, gross receipts, payroll, employment, excise, customs duties, severance, stamp, business, premium, windfall profits, environmental (including taxes under section 59A of the Code), capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, service, service use, occupation, lease, lease use, transfer, registration, value added, workers’ compensation, employee withholding tax, or similar tax, any alternative or add-on minimum tax, and any estimated tax, in each case, including any interest, penalty, or addition thereto, whether disputed or not.</td>
</tr>
<tr>
<td>“Tax Authority”</td>
<td>means, with respect to any Tax, the Governmental Authority that imposes such Tax and/or is charged with the collection of such Tax.</td>
</tr>
<tr>
<td>“TAX BENEFIT”</td>
<td>means the Tax effect of any item of loss, deduction or credit or any other item (including increases in Tax basis) which decreases Taxes paid or required to be paid, including any interest with respect thereto or interest that would have been payable but for such item.</td>
</tr>
<tr>
<td>“TAX MATTERS AGREEMENT”</td>
<td>means the Tax Matters Agreement to be entered into by and among Clorox, HCI, Parent and Splitco as of the Closing set forth in Exhibit D hereto.</td>
</tr>
<tr>
<td>“Tax Law”</td>
<td>means any Law relating to any Tax.</td>
</tr>
<tr>
<td>“Tax Opinion Representations”</td>
<td>means the letters of representations, dated as of the Closing Date, to be provided by each of Clorox, Parent and HCI to each of the firms providing the Tax Opinions as a condition to, and in connection with, the issuance of the Tax Opinions, in form and substance substantially as set forth in Exhibit E to this Agreement.</td>
</tr>
<tr>
<td>“Tax Opinions”</td>
<td>means (i) the opinion of Baker &amp; McKenzie LLP to be received by Clorox and (ii) the opinion of Deloitte Tax LLP to be received by Parent and HCI, in each case with respect to qualification of the Exchange under Section 355 of the Code, in form and substance substantially as set forth in Exhibits F-1 and F-2 to this Agreement, dated as of the Closing Date.</td>
</tr>
<tr>
<td>“Tax Period”</td>
<td>means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.</td>
</tr>
<tr>
<td>“Tax Return”</td>
<td>means any report of Taxes due, any Claims for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document required to be filed under the Code or other Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.</td>
</tr>
<tr>
<td>“TRANSFERRED EMPLOYEE”</td>
<td>means those individuals who (i) are (a) employed by Clorox Korea and whose services are Related to the Transferred Businesses, or (b) listed in Section 6.18 of Clorox’s Disclosure</td>
</tr>
</tbody>
</table>
Schedule, and (ii) are actively employed by Splitco or Clorox Korea on the Closing Date, including any such individuals who are absent from work due to temporary illness, short-term disability, vacation or approved temporary leave of absence, but not including any such individual who is on long-term disability leave or is otherwise absent from work as of the Closing Date.

“TRANSITION SERVICES AGREEMENT” means the Transition Services Agreement to be entered into by and between Clorox Services Company and Splitco as of the Closing set forth in Exhibit G hereto.

Terms Defined in Other Sections. The following terms are defined elsewhere in this Agreement in the following Sections:

Agreement.......................................................... Preamble
Antitrust Laws.................................................. Section 6.4(b)
Base Korea Working Capital................................ Section 2.6(b)
Base Selected Financial Amount.......................... Section 2.5(b)
Business Assets.............................................. Section 3.2
Business Financial Statements.......................... Section 4.17(a)
Business Liabilities.......................................... Section 3.4
Business Records........................................... Section 6.7(a)
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Clorox Basket................................................ Section 10.2(b)
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Final Closing Date Korea Working Capital Statement Section 2.6(c)
Final Closing Date Selected Financial Amount Statement Section 2.5(c)
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HCl-Owned Clorox Shares................................ Recitals
Indemnity Claim............................................. Section 10.5(a)
Intellectual Property........................................ Section 4.10(g)
Intercompany Arrangement................................ Section 4.21
Korea Working Capital.................................... Section 2.6(e)
Korea Working Capital Dispute Notice.................. Section 2.6(c)
Notice of Claim............................................. Section 10.5(a)
Parent.......................................................... Preamble
EXCHANGE OF STOCK; CLOSING; CONSIDERATION ADJUSTMENTS

Exchange of Stock. Upon the terms and subject to the conditions of this Agreement, at the Closing, the parties shall effect the Exchange as follows: (a) Clorox shall assign, transfer, convey and deliver to HCI and HCI shall accept and acquire from Clorox, all of the Splitco Shares (free and clear of all Encumbrances) in exchange for the HCI-Owned Clorox Shares, and (b) HCI shall assign, transfer, convey and deliver to Clorox, and Clorox shall accept and acquire from HCI, all of the HCI-Owned Clorox Shares (free and clear of all Encumbrances) in exchange for the Splitco Shares.

Closing. The closing of the Exchange and the other transactions contemplated hereby (the “Closing”) shall take place at the offices of Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, NY 10006, at 10:00 A.M. on the fifth Business Day following the date on which the last of the unsatisfied or unwaived conditions set forth in Article VIII has been satisfied or waived (other than those conditions contemplated to be satisfied at, or only capable of being satisfied at, the Closing, but subject to the satisfaction or waiver of those conditions), or at such other time and place as is mutually agreed in writing by the parties hereto; provided that, unless otherwise agreed by the parties, the Closing shall take place no earlier than November 22, 2004 (or, upon the written request of Parent delivered prior to or promptly upon such satisfaction or waiver, December 1, 2004). The date of the Closing is referred to herein as the “Closing Date.”

Clorox’s Deliveries at the Closing. At the Closing, Clorox shall deliver or cause to be delivered to HCI and Parent the following:

(a) one or more stock certificates, together with stock powers executed in blank or other duly executed instruments of transfer, representing all of the issued and outstanding capital stock of Splitco and all outstanding stock certificates or other evidence of ownership of Clorox Korea;

(b) the stock books, stock ledgers and minute books of Splitco and Clorox Korea;

(c) certified copies of resolutions, duly adopted by the Board of Directors of Clorox and the Affiliates of Clorox who are to be parties to the Ancillary Agreements, respectively, which shall be in full force and effect at the time of the Closing, authorizing the execution and delivery and performance by Clorox and such Clorox Affiliates, respectively, of this Agreement and the applicable Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby;

(d) a certificate of the Chief Executive Officer or Chief Financial Officer of Clorox, or other executive officer of Clorox approved by the Board of Directors of Clorox, pursuant to Sections 8.2 (a) and (b);
(e) each of the Ancillary Agreements, executed by Clorox and its respective Affiliates, as the case may be;

(f) any written releases obtained by Clorox pursuant to Section 6.8(a);

(g) letters of resignation, dated as of the Closing Date, from each of the directors and officers of Splitco and Clorox Korea identified by HCI to Clorox at least three Business Days prior to the Closing Date, resigning from any position held by such individual with Splitco or Clorox Korea and terminating any authorization such individual may have in respect of bank accounts, fiduciary accounts, lock-boxes, safe deposit boxes or other similar accounts of Splitco or Clorox Korea;

(h) a general release and discharge from Clorox, on behalf of itself and its Affiliates, in form and substance reasonably satisfactory to HCI, releasing and discharging Splitco and Clorox Korea from any and all Liabilities in connection with or arising out of any act or omission of Splitco or Clorox Korea or any of their respective officers, directors, employees or agents, in such capacity, at or prior to the Closing, except to the extent such Liabilities are expressly contemplated to be retained or assumed by Splitco or Clorox Korea pursuant to this Agreement or any of the Ancillary Agreements or arise out of this Agreement or any of the Ancillary Agreements;

(i) letters of resignation, dated as of the Closing Date, from each of Mr. Dan Heinrich and Mr. Lawrence Steven Peiros as a member of the Board of Directors of HIBSA;

(j) an instrument or instruments terminating the Existing Agreements; and

(k) such other documents as are reasonably required by Parent or HCI to be delivered to effectuate the transactions contemplated hereby and by the Ancillary Agreements.

**Parent’s and HCI’s Deliveries at the Closing.** At the Closing, Parent and HCI shall deliver or cause to be delivered to Clorox the following:

(a) one or more stock certificates, together with stock powers executed in blank or other duly executed instruments of transfer, representing all the HCI-Owned Clorox Shares;

(b) certified copies of resolutions, duly adopted by the Board of Directors of HCI, the other Affiliates of Parent who are parties to the Ancillary Agreements, and the Board of Management and the Shareholder Committee of Parent, respectively, which shall be in full force and effect at the time of the Closing authorizing the execution and delivery and performance by Parent, HCI and such other Affiliates of Parent, respectively, of this Agreement and the applicable Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby;

(c) each of the Ancillary Agreements to which Parent, HCI or any of their respective Affiliates is a party, executed by Parent, HCI or such Affiliates, as the case may be;

(d) certificates of the Chief Executive Officer or Chief Financial Officer of each of Parent and HCI, or other executive officers of such Person approved by the Board of Directors or similar body of Parent and HCI, as applicable, pursuant to Sections 8.3(a) and (b);

(e) letters of resignation, dated as of the Closing Date, from each of Mr. Christoph Henkel, Dr. Klaus Morwind and Mr. Michael Shannon as a member of the Clorox Board of Directors;

(f) an instrument or instruments terminating the Existing Agreements; and

(g) such other documents as are reasonably required by Clorox to be delivered to effectuate the transactions contemplated hereby and by the Ancillary Agreements.

**Purchase Price Adjustment; Selected Financial Items.**

(a) Within 60 days after the Closing Date, Clorox shall deliver to HCI a statement setting forth the
Selected Financial Amount as of the close of business on the Closing Date (the “Closing Date Selected Financial Amount Statement”) prepared in accordance with Section 2.5(e). HCI and its representatives and accountants shall have the right to observe the process of the preparation of the Closing Date Selected Financial Amount Statement, and such access as they may reasonably request for such purpose to any books, records, work papers or other information.

(b) In the event that the Selected Financial Amount reflected on the Closing Date Selected Financial Amount Statement is less than the amount designated as the Base Selected Financial Amount in Section 2.5 of Clorox’s Disclosure Schedule (the “Base Selected Financial Amount”), Clorox shall pay to Splitco, by wire transfer of immediately available funds, an amount equal to the excess of the Base Selected Financial Amount over the Selected Financial Amount reflected on the Closing Date Selected Financial Amount Statement. In the event that the Selected Financial Amount reflected on the Closing Date Selected Financial Amount Statement is greater than the Base Selected Financial Amount, HCI shall cause Splitco to pay to Clorox, by wire transfer of immediately available funds, an amount equal to the excess of the Selected Financial Amount reflected on the Closing Date Selected Financial Amount Statement over the Base Selected Financial Amount. Any payments required pursuant to this paragraph (b) shall be made within 30 calendar days following the receipt by HCI of the Closing Date Selected Financial Amount Statement, unless an Selected Financial Dispute Notice is delivered.

(c) If, within 30 calendar days after the date of receipt by HCI of the Closing Date Selected Financial Amount Statement, HCI disputes the Selected Financial Amount reflected therein, HCI will give written notice to Clorox within such 30 calendar day period (an “Selected Financial Dispute Notice”). Any Selected Financial Dispute Notice shall (i) specify in reasonable detail the nature of any disagreement so asserted and (ii) only include disagreements based on errors of fact, mathematical errors or based on the Selected Financial Amount not being calculated in accordance with this Section 2.5. The scope of the disputes to be resolved by the Dispute Accountants shall be limited to the items referred to in clause (ii) of the immediately preceding sentence, and the Dispute Accountants are not to make any other determination. In the event that HCI notifies Clorox in writing that it has accepted the Closing Date Selected Financial Amount Statement, or in the event that HCI does not deliver an Selected Financial Dispute Notice within 30 calendar days of receipt of the Closing Date Selected Financial Amount Statement, then the Closing Date Selected Financial Amount Statement shall become the final Closing Date Selected Financial Amount Statement (the “Final Closing Date Selected Financial Amount Statement”).

(d) If HCI submits an Selected Financial Dispute Notice to Clorox within such 30-day period, HCI and Clorox shall work together in good faith to seek to resolve any differences that they may have with respect to the matters specified in the Selected Financial Dispute Notice. If Clorox and HCI are unable to resolve their disagreement within 30 calendar days after Clorox’s receipt of an Selected Financial Dispute Notice from HCI, the dispute shall be referred to a nationally known firm of independent public accountants mutually selected by Clorox and HCI (the “Dispute Accountants”) as promptly as practicable for determination of any and all matters that remain in dispute and were properly included in the Selected Financial Dispute Notice. In the event that Clorox and HCI are unable to agree on the Dispute Accountants, then the Parties agree to retain PricewaterhouseCoopers LLP. The Dispute Accountants will make a determination as to any and all matters that remain in dispute and were properly included in the Selected Financial Dispute Notice, which determination will be (a) in writing, (b) furnished to each of Clorox and HCI as promptly as practicable after the dispute has been referred to the Dispute Accountants, (c) made in accordance with this Agreement, and (d) conclusive and binding. Clorox and HCI will use commercially reasonable efforts to cause the Dispute Accountants to render their decision within 30 days of submitting such dispute and shall promptly comply with all reasonable written requests for information, books, records and similar items. Neither party will disclose to the Dispute Accountants, and the Dispute Accountants will not consider for any purpose, any settlement offer made by either party. As part of the resolution of all outstanding disputes, the parties will cause the Dispute Accountants to prepare the Final Closing Date Selected Financial Amount Statement. Any payments required upon the determination by the Dispute Accountants shall be made within 10 calendar days following such determination.

(e) As used herein, the term “Selected Financial Amount” has the meaning set forth in Section 2.5 of Clorox’s Disclosure Schedule and will be calculated in accordance with the methodologies set forth in Section 2.5 of Clorox’s Disclosure Schedule. The parties acknowledge that the Base Selected Financial Amount was also calculated in accordance with the methodologies set forth in Section 2.5 of Clorox’s Disclosure Schedule. Following the Closing and until the adjustments provided in this Section 2.5 are completed, HCI shall not take any actions with respect to the accounting books and records of the Transferred Businesses on which the Closing Date Selected Financial Amount Statement is to be based that are not consistent with the Transferred Businesses’ past practices.
(a) Within 60 days after the Closing Date, Clorox shall deliver to HCI a statement setting forth the Korea Working Capital as of the close of business on the Closing Date (the “Closing Date Korea Working Capital Statement”) prepared in accordance with the procedures outlined in this Section 2.6. HCI and its representatives and accountants shall have the right to observe the process of the preparation of the Closing Date Korea Working Capital Statement, and such access as they may reasonably request for such purpose to any books, records, work papers or other information.

(b) In the event that the Korea Working Capital reflected on the Closing Date Korea Working Capital Statement is less than the amount designated as the Base Korea Working Capital in Section 2.6 of Clorox’s Disclosure Schedule (the “Base Korea Working Capital”), Clorox shall pay to Splitco, by wire transfer of immediately available funds, an amount equal to the excess of the Base Korea Working Capital over the Korea Working Capital reflected on the Closing Date Korea Working Capital Statement. In the event that the Korea Working Capital reflected on the Closing Date Korea Working Capital Statement is greater than the Base Korea Working Capital, HCI shall cause Splitco to pay to Clorox, by wire transfer of immediately available funds, an amount equal to the excess of the Korea Working Capital reflected on the Closing Date Korea Working Capital Statement over the Base Korea Working Capital. Any payments required pursuant to this paragraph (b) shall be made within 30 calendar days following the receipt by HCI of the Closing Date Korea Working Capital Statement, unless a Korea Working Capital Dispute Notice is delivered.

(c) If, within 30 calendar days after the date of receipt by HCI of the Closing Date Korea Working Capital Statement, HCI disputes the Korea Working Capital reflected therein, HCI will give written notice to Clorox within such 30 calendar day period (a “Korea Working Capital Dispute Notice”). Any Korea Working Capital Dispute Notice shall (i) specify in reasonable detail the nature of any disagreement so asserted and (ii) only include disagreements based on errors of fact, mathematical errors or based on the Korea Working Capital not being calculated in accordance with this Section 2.6. The scope of the disputes to be resolved by the Dispute Accountants shall be limited to the items referred to in clause (ii) of the immediately preceding sentence, and the Dispute Accountants are not to make any other determination. In the event that HCI notifies Clorox in writing that it has accepted the Closing Date Korea Working Capital Statement, or in the event that HCI does not deliver a Korea Working Capital Dispute Notice within 30 calendar days of receipt of the Closing Date Korea Working Capital Statement, then the Closing Date Korea Working Capital Statement shall become the final Closing Date Korea Working Capital Statement (the “Final Closing Date Korea Working Capital Statement”).

(d) If HCI submits a Korea Working Capital Dispute Notice to Clorox within such 30-day period, HCI and Clorox shall work together in good faith to seek to resolve any differences that they may have with respect to the matters specified in the Korea Working Capital Dispute Notice. If Clorox and HCI are unable to resolve their disagreement within 30 calendar days after Clorox’s receipt of a Korea Working Capital Dispute Notice from HCI, the dispute shall be referred to the Dispute Accountants as promptly as practicable for determination of any and all matters that remain in dispute and were properly included in the Korea Working Capital Dispute Notice. The Dispute Accountants will make a determination as to any and all matters that remain in dispute and were properly included in the Korea Working Capital Dispute Notice, which determination will be (a) in writing, (b) furnished to each of Clorox and HCI as promptly as practicable after the dispute has been referred to the Dispute Accountants, (c) made in accordance with this Agreement, and (d) conclusive and binding. Clorox and HCI will use commercially reasonable efforts to cause the Dispute Accountants to render their decision within 30 days of submitting such dispute and shall promptly comply with all reasonable written requests for information, books, records and similar items. Neither Clorox nor HCI shall disclose to the Dispute Accountants, and the Dispute Accountants will not consider for any purpose, any settlement offer made by either party. As part of the resolution of all outstanding disputes, the parties will cause the Dispute Accountants to prepare the Final Closing Date Korea Working Capital Statement. Any payments required upon the determination by the Dispute Accountants shall be made within 10 calendar days following such determination.

(e) The term “Korea Working Capital” means the Current Assets minus the Current Liabilities. The terms “Current Assets” and “Current Liabilities” mean the current assets and current liabilities, respectively, of Clorox Korea, calculated in accordance with GAAP as reflected in the balance sheet of Clorox Korea included in the Business Financial Statements (each of which shall have been adjusted to exclude all Excluded Assets and Excluded Liabilities) and otherwise in accordance with Section 2.6 of Clorox’s Disclosure Schedule. Following the Closing and until the adjustments provided in this Section 2.6 are completed, HCI shall not take any action with respect to the accounting books and records of Clorox Korea on which the Closing Date Korea Working Capital Statement is to be based that are not consistent with Clorox Korea’s past practices. Without limiting the generality of the foregoing, no changes shall be made in any reserve or other account existing as of the date of the balance sheet of Clorox Korea included in the Business Financial Statements, except as a result of events occurring after the date of such balance sheet.
and, in such event, only in a manner consistent with past practices.

Purchase Price Adjustment; Additional Provisions.

(a) Any payments made pursuant to Sections 2.5 and 2.6 shall be treated as set forth in the Tax Matters Agreement.

(b) HCI and Clorox shall share the fees and expenses charged by any Dispute Accountants retained hereunder in respect of any Selected Financial Dispute Notice or any Korea Working Capital Dispute Notice, unless one party’s position in any such dispute shall have been determined by the Dispute Accountants to be correct, in which case the other party shall pay all such fees and expenses for such dispute.

REORGANIZATION

Reorganization. Clorox agrees that, on or prior to the Closing, Clorox shall, and shall cause its respective Subsidiaries to, assign, transfer, convey and deliver to Splitco or Clorox Korea in accordance with the reorganization plan set forth on Schedule 1 to this Agreement, the Business Assets, the Additional Assets and the Business Liabilities, excluding any assets and Liabilities of Clorox Korea that constitute Excluded Assets and Excluded Liabilities, respectively (the “Reorganization”), and in exchange therefor, Splitco or Clorox Korea shall accept, assume and agree to pay, perform or otherwise discharge, in accordance with the respective terms and subject to the respective conditions thereof, the Business Liabilities.

Business Assets. For purposes of this Agreement, “Business Assets” means all of the right, title and interest of Clorox or any of its Affiliates in, to and under all of the assets, properties, rights, Contracts, Claims and interests, whether tangible or intangible, real, personal or mixed, whether or not appearing on the books of Clorox, which are described in the following paragraphs (a) through (f):

(a) all of the shares of common stock held by Clorox or any of its Subsidiaries in Clorox Korea;

(b) all manufacturing machinery and equipment related primarily to the Insecticides Business (other than any machinery and equipment of Clorox Korea, which is to be transferred pursuant to the transfer of shares contemplated by Section 3.2(a) above) or the Soft Scrub Business, in each case as and solely to the extent set forth in Section 3.2(b) of Clorox’s Disclosure Schedule, and all other furnishings, furniture, machinery, equipment and other personal property listed on Section 3.2(b) of Clorox’s Disclosure Schedule;

(c) all finished goods inventories with respect to the products of the Transferred Businesses (other than any inventories of Clorox Korea, which are to be transferred pursuant to the transfer of shares contemplated by Section 3.2(a) above);

(d) all rights and incidents of interest of Clorox or any of its Affiliates, as of the Closing Date in and to all Business Contracts, including those listed in Section 3.2(d) of Clorox’s Disclosure Schedule (other than Contracts of Clorox Korea, which are to be transferred pursuant to the transfer of shares contemplated by Section 3.2(a) above);

(e) all Intellectual Property (i) used primarily in the Insecticides Business as conducted by Clorox and its Affiliates as of the Closing Date (other than any Intellectual Property of Clorox Korea, which is to be transferred pursuant to the transfer of shares contemplated by Section 3.2(a) above) or (ii) listed in Section 3.2(e) of Clorox’s Disclosure Schedule, in each case that is owned, in whole or in part, or held for use under license by Clorox or any of its Affiliates (collectively, the “Transferred Intellectual Property”);

(f) all telephone numbers, copies of books and records and files, papers, tapes, disks, manuals, keys, reports, plans, catalogs, sales and promotional materials, data brochures, customer referral lists and all other printed and written materials Related to the Transferred Businesses;

(g) all rights under or pursuant to all warranties, representations, guarantees, indemnities and similar rights in favor of any Business Asset;

(h) all Permits issued by any Governmental Authorities held or used by Clorox or its Affiliates primarily
in connection with the operation of any other Business Assets (to the extent permitted by applicable Law to be transferred);

(i) all credits, deferred and prepaid charges and security deposits of Clorox or any of its Affiliates that are Related to the Transferred Businesses;

(j) any life Insurance Policies owned by Clorox or any of its Affiliates covering the life of any Transferred Employee;

(k) all causes of action or Claims of any kind available to or being pursued by Clorox or any of its Affiliates, whether as plaintiff, claimant, counterclaimant or otherwise, primarily relating to any other Business Asset; and

(l) all goodwill relating to any Business Asset.

For the avoidance of doubt, the term “Business Assets” shall not include the Additional Assets, but shall include all the assets of Clorox Korea, other than Excluded Assets.

Excluded Assets. Notwithstanding anything in this Agreement to the contrary, it is hereby acknowledged and agreed that HCI shall not directly or indirectly acquire or accept from Clorox or any of its Affiliates, any assets, properties, rights, Contracts, Claims or other interests (a) which are not described in paragraphs (a) through (l) of Section 3.2 or do not constitute Additional Assets or (b) of Clorox Korea that are listed in Section 3.3 of Clorox’s Disclosure Schedule (all such assets, properties, rights, Contracts, Claims and other interests being referred to herein, collectively, as the “Excluded Assets”).

Business Liabilities. For purposes of this Agreement, the term “Business Liabilities” means, collectively, (a) all Liabilities under the Business Contracts transferred or assigned to Splitco or Clorox Korea to the extent arising from acts or omissions of HCI or any of its Affiliates or events occurring or conditions existing after the Closing, (b) all Liabilities relating to Business Intellectual Property or Permits transferred or assigned to Splitco or Clorox Korea to the extent arising from acts or omissions of HCI or any of its Affiliates or events occurring or conditions existing after the Closing, (c) except as set forth in Section 3.5, Liabilities to or in respect of Transferred Employees (or their respective beneficiaries or dependents) to the extent arising from acts, omissions, events, circumstances or conditions occurring or existing on or after the Closing, (d) except as set forth in Section 3.5, all Liabilities of Clorox Korea, and (e) the Liabilities listed in Section 3.4 of Clorox’s Disclosure Schedule.

Excluded Liabilities. Notwithstanding anything in this Agreement to the contrary, except as otherwise expressly contemplated by the Ancillary Agreements, it is hereby acknowledged and agreed that HCI shall not directly or indirectly assume or be obligated to pay, perform or otherwise assume or discharge any Liabilities of Clorox or any of its Affiliates (including Splitco and Clorox Korea) that are not Business Liabilities (such Liabilities being referred to herein, collectively, as the “Excluded Liabilities”), it being understood that references herein to Business Liabilities shall not include the following:

(a) any Liability to the extent relating to an Excluded Asset (including any Liability set forth on Section 3.5(a) of Clorox’s Disclosure Schedule);

(b) any Liability in respect of any directors’ and officers’ liability insurance policy for Clorox or any of its Subsidiaries (including any obligation or liability in respect of any deductible thereunder) or in respect of any by-law or charter provision of Clorox or any of its Subsidiaries providing indemnification for officers, directors or others;

(c) any Liability of Clorox Korea (i) to the extent arising from acts or omissions of Clorox Korea prior to the Closing, other than any Liability to the extent reflected on the Final Closing Date Korea Working Capital Statement or (ii) listed in Section 3.5(c) of Clorox’s Disclosure Schedule;

(d) any Liability (i) to or in respect of any current or former employee (or his or her beneficiaries or dependents) of Clorox or any of its Affiliates, including Splitco and Clorox Korea, other than Liability to or in respect of Transferred Employees (or their respective beneficiaries or dependents) to the extent arising from acts, omissions, events, circumstances or conditions occurring or existing on or after the Closing, (ii) under any Business Benefit Plans, except for Liabilities under the Business Contracts that constitute Business Assets, or (iii) to or in respect of Transferred Employees (or their respective beneficiaries or dependents) to the extent arising from acts, omissions, events, circumstances or conditions occurring or existing prior to the Closing or otherwise relating to or arising in connection with the Reorganization or the Exchange;
any Liability in respect of any Environmental Claim Related to the Transferred Businesses, to the extent arising from acts or omissions of Clorox or any of its Affiliates or events occurring or conditions existing prior to the Closing;

any Liability under or in respect of any Business Contract or Business Benefit Plan, as in effect on the date hereof or, subject to Section 6.2, adopted or entered into by Clorox or any of its Affiliates after the date hereof and prior to the Closing, to pay any amount or provide any compensation or benefit to any Person or to accelerate the vesting, payment or funding of any amount, compensation or benefit of any Person or relating to the payment or acceleration of vesting, funding or payment of any such amount, compensation or benefit, in any such case, in respect of a change in control of Splitco, Clorox Korea or the Transferred Businesses as a result of the consummation of the transactions contemplated by this Agreement (either alone or together with any other event), including the Liabilities or obligations described on Section 3.5(f) of Clorox’s Disclosure Schedule; and

any Liability, including breach of warranty or product liability claims, arising out of any Product manufactured or sold prior to the Closing.

For purposes of this Agreement, Taxes shall not be a Business Liability or an Excluded Liability, and refunds or credits from Taxes shall not be a Business Asset or Excluded Asset. Liabilities, refunds and credits with respect to Taxes shall be governed by and allocated in accordance with the Tax Matters Agreement.

Insurance

If the Transferred Businesses or any Business Asset shall suffer any damage, destruction or loss after the date hereof, but before the Closing, and the Transferred Businesses or Business Asset and the related casualty are covered by any Insurance Policy maintained by Clorox or any of its Affiliates, then Clorox shall as soon as practicable repair, restore or replace such Business Asset to the extent of the available insurance coverage, or if time does not permit such repairing, restoring or replacing, pay to Splitco in cash at the Closing, the amount of the proceeds from such policy covering such damage, destruction or loss, provided that no payment shall be required pursuant to this paragraph (a) to the extent that the damage, destruction or loss to the Transferred Businesses or the Business Asset is reflected on the Final Closing Date Selected Financial Amount Statement or the Final Closing Date Korea Working Capital Statement.

If the Transferred Businesses or any Business Asset shall incur any Business Liability following the date hereof, which arises out of or relates to actions or operations of the Transferred Businesses or such Business Asset prior to the Closing and for which Clorox or any of its Affiliates is entitled to receive reimbursement under any Insurance Policy, Clorox shall promptly notify HCI, and at HCI’s request use its reasonable commercial efforts to pursue such claim or, at Clorox’s discretion, assign and transfer all right of recovery under such claim to Splitco, if such claim is assignable and transferable, and pay to Splitco any recoveries or other payments received by Clorox or any of its Affiliates from insurance companies to the extent related to the Business Liability; provided that Splitco agrees to pay the reasonable expenses incurred in either pursuing such claim or transferring such claim; provided, further, that if such Business Liability is a current liability of Clorox Korea such Business Liability shall not be reflected on the Final Closing Date Korea Working Capital Statement.

REPRESENTATIONS AND WARRANTIES OF CLOROX

Except as set forth in Clorox’s Disclosure Schedule (which shall include specific references to the section of this Agreement to which the information stated in such disclosure schedule relates; provided, however, that any fact or item disclosed in any section of such disclosure schedule that relates to a representation or warranty of Clorox in this Agreement shall be deemed to be disclosed with respect to any other section thereof and of this Agreement that relates to any other representation or warranty of Clorox in this Agreement to the extent that it is readily apparent from the face of such disclosure that such disclosure is applicable to such sections), Clorox hereby represents and warrants to Parent and HCI, as of the date hereof and as of the Closing Date (or, if made as of a specified date, as of such specified date), as follows (it being understood and agreed that, with respect to Splitco and any Clorox Entity not in existence as of the date hereof or ceasing to exist after the date hereof, these representations and warranties are made only if Splitco or such Clorox Entity is in existence as of the date such representations and warranties are made):
Organization and Standing. Each of Clorox, the Clorox Entities and Splitco is (a) a corporation, limited liability company or other legal entity duly organized, validly existing and duly qualified or licensed and, if applicable, in good standing under the Laws of the state or jurisdiction of its organization with full corporate or other power, as the case may be, and authority to own, lease, use and operate its properties and to conduct its business, and (b) duly qualified or licensed to do business and, to the extent applicable, in good standing in any other jurisdiction in which the nature of the business conducted by it or the property it owns, leases, uses or operates requires it to so qualify, be licensed or be in good standing, except where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect on the Transferred Businesses, taken as a whole, or on Splitco and Clorox Korea, taken as a whole. Clorox has furnished or made available to HCI a complete and correct copy of the certificate of incorporation and by-laws for Clorox, each as in effect on the date hereof, and will furnish or make available to HCI, as of the Closing, a complete and correct copy of the certificate of incorporation and by-laws (or other organizational documents) for Splitco, each as in effect as of the Closing. Section 4.1 of Clorox’s Disclosure Schedule sets forth a list, correct and complete, of the Clorox Entities as of the date of this Agreement.

Subsidiaries. As of the Closing, all of the outstanding shares of capital stock of Clorox Korea and the HIBSA Equity Interest will be owned by Splitco, free and clear of all Encumbrances, and will be duly authorized, validly issued, fully paid and, to the extent such concept is recognized by applicable Law, nonassessable and not subject to any preemptive or subscription rights (and not issued in violation of any preemptive or subscription rights). Splitco shall have good and valid title to all such shares and the HIBSA Equity Interest. As of the Closing, neither Splitco nor Clorox Korea shall own, directly or indirectly, or have entered into any agreement, arrangement or understanding to purchase or sell any capital stock or other ownership interests in any Person.

Capitalization. (a) As of the date hereof, the authorized capital stock of Splitco and Clorox Korea and the number of shares of such capital stock issued and outstanding is as set forth in Section 4.3 of Clorox’s Disclosure Schedule. Clorox will, as of the Closing, own all of the issued and outstanding shares of Splitco beneficially and of record, free and clear of any Encumbrances. There will, as of the Closing, be no shares of capital stock of Splitco issued or outstanding other than the Splitco Shares. As of the Closing, Clorox shall have the sole, absolute and unrestricted right, power and capacity to exchange, assign and transfer all of the Splitco Shares to HCI. Assuming HCI has the requisite power and authority to be the lawful owner of the Splitco Shares, upon delivery to HCI of the certificates representing the Splitco Shares at the Closing and upon receipt by Clorox of the HCI-Owned Clorox Shares in exchange for the Splitco Shares at the Closing in accordance with the terms of this Agreement, HCI will acquire good and valid title to the Splitco Shares, free and clear of any Encumbrances, other than Encumbrances created by HCI or any of its Affiliates.

(b) As of the Closing, all of the Splitco Shares shall be duly authorized, validly issued, fully paid and nonassessable, and not issued in violation of any preemptive or similar rights. As of the Closing, there shall be no outstanding subscriptions, options, warrants, puts, calls, agreements to which Clorox or any of its Affiliates is a party or other rights of any type or other securities (a) requiring the issuance, sale, transfer, pledge or other disposition of, or repurchase, redemption or other acquisition of, any shares of capital stock of Splitco or Clorox Korea or any securities convertible into shares of capital stock of Splitco or Clorox Korea, (b) restricting the transfer of any shares of capital stock of Splitco or Clorox Korea or (c) relating to the voting of any shares of capital stock of Splitco or Clorox Korea. As of the Closing, there shall be no issued or outstanding Indebtedness of Splitco or Clorox Korea having the right to vote (or convertible into, or exchangeable for, securities having the right to vote), upon the happening of a certain event or otherwise, on any matters on which the equity holders of Splitco or Clorox Korea may vote.

(c) As of the Closing, neither Splitco nor Clorox Korea shall be in default or violation (and no event shall have occurred which, with notice or the lapse of time or both, would constitute such a default or violation) of any term, condition or provision of its certificate of incorporation or bylaws or other organizational documents.

Corporate Power and Authority. Clorox has all requisite corporate power and authority to enter into and deliver this Agreement and to consummate the transactions contemplated hereby. Clorox and each of its Affiliates that will be a party to the Ancillary Agreements have all requisite corporate or other power, as the case may be, and authority to execute and deliver the Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered by it in connection with this Agreement or the Ancillary Agreements and to consummate the transactions contemplated thereby. The execution, delivery and performance of this Agreement by Clorox and the consummation by Clorox of the transactions contemplated hereby, and the execution, delivery and performance of the Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement or the Ancillary Agreements by Clorox and each of its Affiliates that is, or, as of the Closing, will, be a party thereto and the consummation of the transactions contemplated thereby, have been, or, with respect to the Ancillary Agreements and any such other agreements, documents or instrument to be entered into after the date hereof and the transactions contemplated thereby, will, as of the Closing, be duly authorized by all necessary corporate action or proceeding on the part of each such Person. This Agreement has been duly executed and delivered by Clorox and constitutes the
legal, valid and binding obligation of Clorox, enforceable against Clorox in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors’ rights generally, including the effect of statutory and other Laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity). The Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement or the Ancillary Agreements at the Closing will, as of the Closing, be duly executed and delivered by Clorox and its Affiliates that are, or are specified to be, a party thereto and will, as of the Closing, constitute the legal, valid and binding obligations of Clorox and such Affiliates, enforceable against each such Person in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors’ rights generally, including the effect of statutory and other Laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

Conflicts; Consents and Approvals. Neither the execution and delivery by Clorox or any of its Affiliates of this Agreement, the Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered by any of them in connection with this Agreement and the Ancillary Agreements, nor the consummation of the transactions contemplated hereby and thereby, does, or, with respect to the Ancillary Agreements and any such other agreements to be executed after the date hereof and the consummation of the transactions contemplated thereby, will as of the Closing:

(a) conflict with, or result in a breach of any provision of, the organizational documents of (a) Clorox, any Clorox Entity or such Affiliate of Clorox that is, or is specified to be, a party to the Ancillary Agreements or any other agreements and instruments to be executed and delivered in connection therewith;

(b) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any Person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or give rise to any obligation to make a payment under, or to any increased, additional or guaranteed rights of any Person under, or result in the creation of any Encumbrance upon any Business Asset or the Splitco Shares or the HIBSA Equity Interest under any of the terms, conditions or provisions of (i) any Contract to which Clorox, the Clorox Entities (with respect to the Transferred Businesses) or Splitco is a party or to which any of their respective properties or assets (including the Business Assets) are bound or (ii) any permit, registration, approval, license or other authorization or filing to which Clorox, the Clorox Entities (with respect to the Transferred Businesses) or Splitco is subject or to which any of their respective properties or assets (including the Business Assets) is subject, in each case, that would, individually or in the aggregate, be reasonably likely to (A) have a Material Adverse Effect on the Transferred Businesses, taken as a whole, or (B) prevent or materially impede or delay the consummation by Clorox of the transactions contemplated hereby;

(c) require any action, consent or approval of any non-governmental third party other than any such action, consent or approval the failure to obtain which would not, individually or in the aggregate, be reasonably likely to (A) have a Material Adverse Effect on the Transferred Businesses, taken as a whole, or (B) prevent or materially impede or delay the consummation by Clorox of the transactions contemplated hereby;

(d) violate any material order, writ, or injunction, decree or Law applicable to Clorox, the Clorox Entities, Splitco or any Affiliate of Clorox that is, or is specified to be, a party to the Ancillary Agreements or any Business Asset or the Transferred Businesses; or

(e) require any material action, consent or approval of, or review by, or registration or filing by Clorox or any of its Affiliates with any Governmental Authority, other than actions required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), and other applicable merger control or similar Laws, and the Federal Insecticide, Fungicide and Rodenticide Act (“FIFRA”) and other applicable product registration Laws.

Board and Stockholder Approval. The Board of Directors of Clorox, by resolutions duly adopted, including approval by a majority of the “Disinterested Directors” (as defined in Article Six of Clorox’s Restated Certificate of Incorporation) and not subsequently rescinded or modified in any way, has duly (a) determined that the transactions contemplated by this Agreement and the Ancillary Agreements are in the best interests of Clorox and its stockholders, (b) approved this Agreement and the Ancillary Agreements and (c) approved the transactions contemplated by this Agreement. No vote of the holders of the outstanding shares of Clorox Common Stock is necessary to approve the transactions contemplated by this Agreement.

No Material Adverse Effect. Except as expressly contemplated by this Agreement (including with respect to the Reorganization),
since June 30, 2004, (a) no Material Adverse Effect on the Transferred Businesses, taken as a whole, or on Splitco and Clorox Korea, taken as a whole, has occurred, and (b) there has been no event, occurrence or development that would be reasonably likely to prevent or materially impede or delay the consummation by Clorox of the transactions contemplated hereby. Without limiting the generality of the foregoing, since June 30, 2004, except as expressly contemplated by this Agreement (including with respect to the Reorganization), (a) Clorox and the Clorox Entities have (i) operated the Transferred Businesses only in the ordinary course and (ii) maintained their books and records in accordance with past accounting practice except as required to comply with changes to GAAP, and (b) Clorox and the Clorox Entities have not taken any action that if taken on or after the date hereof, would constitute a breach of Section 6.2 (a) through (n).

Taxes.

(a) **Affiliated Group.** Splitco is a member of the Clorox Affiliated Group. None of Splitco or the Clorox Entities has been a member of an affiliated group filing a consolidated, combined or unitary Tax Return (other than the Clorox Affiliated Group) or has any liability for the Taxes of any Person (other than arising from membership in the Clorox Affiliated Group) under Treas. Reg. § 1.1502-6 (or any similar provision of state, local or foreign law).

(b) **Tax Returns.** Each of Clorox, the Clorox Affiliated Group, the Clorox Entities and Splitco has duly filed in a timely manner (taking into account all extensions of due dates) all Tax Returns, including, without limitation, the Clorox Federal Consolidated Returns and declarations of the estimated Tax, required to be filed on or before the Closing Date with respect to the Transferred Businesses and Splitco, and, in each case, any of their income, properties or operations. All information provided in such Tax Returns is true, complete and accurate in all material respects.

(c) **Liabilities.** All Taxes attributable to Splitco (including, for the avoidance of doubt, any Taxes payable by Splitco and any Taxes for which Splitco may be held liable) for all Pre-Closing Periods have been timely and duly paid or accrued and reserved for on the Business Financial Statements, with respect to Tax Periods ending prior to the date hereof and such reserves in respect of Taxes for all open Tax Periods are adequate for the payment of all Liabilities of Splitco (including Liabilities of Clorox and the Clorox Entities to the extent relating to the Transferred Businesses) for Taxes.

(d) **Withholding.** The Clorox Entities and Splitco, as applicable, have withheld from their employees, creditors and independent contractors (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods through the Closing Date in compliance with all tax withholding provisions of applicable federal, state, local and foreign Laws (including, without limitation, income, social security and employment tax withholding for all types of compensation).

(e) **Audits; Settlements.** (i) The Clorox Federal Consolidated Returns have been audited and settled for all years through June 30, 1996; (ii) any deficiencies proposed with respect to the Transferred Businesses as a result of any governmental audits of Tax Returns have been paid or fully settled, and there is no notice of deficiency, claim or assessment pending, or, to the best of Clorox’s knowledge, threatened against Clorox or the Clorox Entities for any alleged deficiency in Taxes relating to the Transferred Businesses; and (iii) there are no outstanding agreements or waivers extending the statutory period of limitations for the assessment or collection of any Tax for which Splitco may be liable (including, without limitation, Taxes of Clorox or the Clorox Entities to the extent relating to the Transferred Businesses).

(f) **Tax Returns—Availability.** Clorox has furnished or made available to HCI complete and accurate copies of (i) all Tax Returns, and any amendments thereto, filed by Splitco and Clorox Korea for all tax years for which the statute of limitations on assessment remains open.

(g) **Overall Foreign Loss.** Immediately before the Exchange, the Clorox Affiliated Group does not have an overall foreign loss within the meaning of Section 904(f)(2) and Treas. Reg. § 1.1502-9.

(h) **Section 355.** Except pursuant to the Reorganization, none of Clorox, the Clorox Entities (in each case, to the extent relating to the Transferred Businesses) or Splitco has been a “distributing corporation” or a “controlled corporation” in a distribution intended to qualify under Section 355(a) of the Code within the five preceding taxable years.

(i) **Section 481.** None of Clorox, the Clorox Entities (in each case, to the extent relating to the
Transferred Businesses) or Splitco is required to make any adjustments under Section 481(a) of the Code (or any similar provision of state, local or foreign Tax Law) for any taxable year ending after the Closing Date.

(j) **Tax Sharing Agreements.** Except for the Tax Matters Agreement, there is no Contract, agreement, arrangement or intercompany account system in existence under which Splitco has, or may at any time in the future have, an obligation to contribute to the payment of any portion of a Tax (or pay any amount calculated with reference to any portion of a Tax) determined on a consolidated, combined or unitary basis with respect to any Affiliated Group or other group of corporations of which the company is or was a part.

(k) **Timing.** Splitco will not be required to include any item of income in, or exclude any item of deduction from, any Tax Period beginning on or after the Closing Date as a result of (i) any “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign law) executed on or prior to the Closing Date, (ii) any material installment sale or open transaction disposition made on or prior to the Closing Date, and (iii) any material deferred income items received on or prior to the Closing Date.

(l) **Foreign Tax Liability.** Splitco has not been, and currently is not, subject to Tax in any jurisdiction in which it does not file Tax Returns.

(m) **Tax Opinion.** The Tax Opinion Representations made by Clorox and Splitco are true, complete and accurate.

(n) **Tax Opinion - Actions.** Neither Clorox nor any of its Subsidiaries or Affiliates has taken or agreed to take any action, has failed to take any action or knows of any fact, agreement, plan or other circumstance, in each case that would be reasonably likely to prevent Clorox from receiving its respective Tax Opinion. Clorox has been advised by Baker & McKenzie LLP that, other than as a result of a material change in applicable Laws or facts after the date of this Agreement, Baker & McKenzie LLP expects to be able to deliver to Clorox its respective Tax Opinion.

Except as provided in the Tax Matters Agreement, the representations and warranties of Clorox in Section 4.8 shall be the exclusive representations and warranties of Clorox in effect on or before the Closing Date with respect to Tax matters.

Compliance with Law. Clorox and each of the Clorox Entities has with respect to the Transferred Businesses and Transferred Employees complied in all material respects with all Laws applicable to the Transferred Businesses, Splitco or the Transferred Employees. None of Clorox, Splitco or any of the Clorox Entities has received any notice from any Governmental Authority that the Transferred Businesses or Splitco or any Clorox Entity (with respect to the Transferred Businesses) or any Business Asset or Business Liability has been or is being conducted in violation of any applicable Law in any material respect or that an investigation or inquiry into any such noncompliance with any applicable Law is ongoing, pending or, to Clorox’s knowledge, threatened. This Section 4.9 does not relate to matters with respect to Taxes, which are the subject of Section 4.8, to environmental matters, which are the subject of Section 4.12, or to Business Benefit Plan matters, which are the subject of Section 4.14.

Intellectual Property.

(a) Section 4.10(a) of Clorox’s Disclosure Schedule sets forth a list that includes all patents, patent applications, registered trademarks, material unregistered trademarks, registered copyrights and Internet domain name registrations that are a part of the Owned Intellectual Property. The Owned Intellectual Property includes all registered trademarks and material unregistered trademarks that have been used in the Transferred Businesses. With respect to the Owned Intellectual Property that is registered or subject to an application for registration, the list referred to above includes the jurisdictions where, as of the date hereof, such Owned Intellectual Property is registered or where applications have been filed, and all registration numbers. As of the Closing, Splitco or Clorox Korea will be the sole owner of the Owned Intellectual Property set forth in the list referred to above and, to Clorox’s knowledge, all other Owned Intellectual Property, free and clear of all Encumbrances other than Permitted Encumbrances, and will have the exclusive right to use and sublicense, without payment to any other Person, all of the Owned Intellectual Property set forth in the list referred to above. No license relating to any of the Owned Intellectual Property set forth in the list referred to above, and no material license relating to any other Owned Intellectual Property, has been granted, except as provided in the Ancillary Agreements, and except for customer agreements and nonexclusive licenses to end-users in the ordinary course of business.

(b) Section 4.10(b) of Clorox’s Disclosure Schedule sets forth a list that includes all material Licensed Intellectual
Property that will be held for use under license by Splitco as of the Closing, including the IP Licenses. None of Clorox, any of the Clorox Entities (in each case, with respect to the Transferred Businesses) or Splitco is bound by or a party to any material option, license or similar Contract relating to any Intellectual Property of any other Person for the use of such Intellectual Property in the conduct of its business, except pursuant to any Ancillary Agreement, and except for the Licensed Intellectual Property and license agreements relating to computer software licensed to Splitco or to a Clorox Entity for the nonexclusive benefit of Splitco, Clorox or a Clorox Entity in the ordinary course of business. None of the Clorox Entities or Splitco have given or received any notice of default or of any event which with the lapse of time would constitute a default under any material agreement involving the Business Intellectual Property; none of the Clorox Entities or Splitco, nor, to Clorox’s knowledge, any other Person, currently is in default under any such agreement. The Owned Intellectual Property and the Licensed Intellectual Property, together with any other rights granted to Splitco and its Affiliates under the Ancillary Agreements, comprise all the Intellectual Property that is necessary and sufficient to permit Splitco and its Affiliates to conduct immediately following the Closing the Transferred Businesses substantially in the manner the Transferred Businesses were being conducted by Clorox and its Subsidiaries as of the date hereof and immediately prior to the Closing.

(c) The Clorox Entities (with respect to the Transferred Businesses) or Splitco have paid all fees required to be paid, and have made all renewals required to be made, for the maintenance of their proprietary rights in the Owned Intellectual Property.

(d) To Clorox’s knowledge, no third party is infringing in any material respect a proprietary right of the Clorox Entities (with respect to the Transferred Businesses) or Splitco in any Owned Intellectual Property.

(e) There is no pending or, to Clorox’s knowledge, threatened material claim (i) challenging the validity or enforceability of, or contesting the Clorox Entities’ right to use any of the Business Intellectual Property; (ii) challenging the validity or enforceability of any agreement relating to the Business Intellectual Property; or (iii) asserting that Clorox’s or any of the Clorox Entities’ use of any Business Intellectual Property or its provision of goods and services in connection with the Transferred Businesses as currently conducted infringes upon, misappropriates, violates or conflicts in any way with the Intellectual Property rights of any Person. To Clorox’s knowledge, the conduct of the Transferred Businesses as of the date hereof does not infringe upon, misappropriate, violate or conflict in any way with the Intellectual Property rights of any Person in any material respect. None of the Clorox Entities is a party to any Action in respect of the Transferred Businesses that involves a material claim of infringement or misappropriation of any Intellectual Property of any Person.

(f) Other than in the ordinary course of business, neither Splitco nor Clorox Korea is, as of the date hereof, party to, or subject to the terms of, a Contract with a non-employee third party relating to the non-disclosure or confidentiality of material Owned Intellectual Property. With respect to employees, Clorox and the Clorox Entities (with respect to the Transferred Businesses), or Splitco and Clorox Korea, have used reasonable efforts to maintain their Owned Intellectual Property in confidence, including by generally entering into agreements that require employees based in the United States to keep such Intellectual Property confidential. To Clorox’s knowledge, there has been no material breach of any confidentiality agreements entered into by any employees that have participated in the conduct of the Transferred Businesses in the previous five years and there are no pending or threatened Actions or Claims relating to any such confidentiality agreements.

(g) In this Agreement, “Intellectual Property” means any patent (including design patents and utility patents, all reissues, divisions, continuations, continuations-in-part and extensions thereof and, in each case, applications therefor), trademark of any type (whether registered or unregistered, including service marks, slogans, logos, trade dress, brand names, certification marks, assumed names, trade names and other indications of origin, including the goodwill attaching thereto and the registrations and applications thereof), copyrights, copyright registrations, copyright applications, works of authorship, mask works, moral rights and design rights, all rights in Internet domain name registrations and Internet protocol addresses, any trade secrets, know-how, formulae, customer lists, software, manufacturing information and data in whatever form, applications, use and maintenance information and technical specifications and plans for products, procedures and processes.

Title to Assets; Sufficiency.

(a) As of the Closing, Splitco shall have good and valid title to, or a valid and binding leasehold interest or license, or its reasonable equivalent outside of the United States, (subject to the terms of the relevant lease or license) in, the Business Assets (other than the shares of capital stock of Clorox Korea) and the Cash Amount free and clear of any
Encumbrances, other than and subject to Permitted Encumbrances. This Section 4.11(a) does not relate to matters with respect to Intellectual Property, which are the subject of Section 4.10, or to real property, which are the subject of Section 4.19.

(b) Upon consummation of the transactions contemplated hereby, the Business Assets, together with the Ancillary Agreements (including the services to be provided pursuant to, and any other rights granted to Splitco and its Affiliates under, the Ancillary Agreements), comprise all of the rights, assets and properties that are necessary and sufficient to permit Splitco and its Affiliates to conduct immediately following the Closing the Transferred Businesses substantially in the manner as the Transferred Businesses were being conducted by Clorox and its Subsidiaries as of the date hereof and immediately prior to the Closing.

Environmental Matters.

(a) The Transferred Businesses have been and are being conducted, and the Business PP&E have been and are being leased or owned and operated, in compliance in all material respects with all Environmental Laws. Neither Clorox nor any of its Subsidiaries has (with respect to the Transferred Businesses or the Business PP&E) received, or knows of the issuance of, any notice of violation alleging non-compliance with any Environmental Law.

(b) Clorox and its Subsidiaries have obtained and currently maintain all Environmental Permits necessary for the conduct of the Transferred Businesses and the lease or ownership and operation of the Business PP&E as currently operated, and the Transferred Businesses have been and are being conducted, and the Business PP&E have been and are being leased or owned and operated, in compliance in all material respects with all such Environmental Permits. Section 4.12 of Clorox’s Disclosure Schedule lists all such material Environmental Permits, indicating, in each case, the expiration date thereof. Neither Clorox nor any of its Subsidiaries has received any notice that the Transferred Businesses lack any such Environmental Permit and, to Clorox’s knowledge, no such notice is threatened.

(c) Neither Clorox nor any of its Subsidiaries is subject to any material Environmental Claim arising out of the Transferred Businesses or the Business PP&E, and, to Clorox’s knowledge, no such Environmental Claim is threatened.

(d) To Clorox’s knowledge there have been no past and are no present conditions, circumstances, events, activities or practices of or at Clorox Korea, including (i) a Release or threatened Release of a Regulated Substance or (ii) the presence of any Regulated Substance in the Environment, whether at the Business PP&E, any Real Property, a third-party site to which the Transferred Businesses sent wastes for disposal, or any other location, that requires or is reasonably anticipated to require Remedial Action.

(e) To Clorox’s knowledge, there is not, either on, in or under any Real Property, any (i) underground storage tanks or surface tanks, dikes or impoundments, (ii) asbestos-containing materials or (iii) equipment containing polychlorinated biphenyls.

(f) To Clorox’s knowledge, there are no Contracts which would require HCI, Splitco or Clorox Korea to fulfill any material obligation under or pursuant to Environmental Law or relating to Remedial Action that it would not otherwise be required to fulfill on its own in the absence of such a Contract, including any Contract for indemnification, reimbursement, defense, holding a Person harmless, release or waiver.

(g) Clorox has provided to HCI all material written assessments, audits, surveys, investigation or sampling reports, and similar documents in Clorox’s possession relating to the Environment or any Release or presence of or exposure to any Regulated Substances, to the extent relating to Clorox Korea or the Business PP&E.

The representations and warranties of Clorox in this Section 4.12 shall be the exclusive representations and warranties of Clorox with respect to matters relating to Environmental Law.

Litigation.

(a) As of the date hereof, there is no Action pending or threatened in writing or, to Clorox’s knowledge, otherwise threatened, against Clorox or any of the Clorox Entities or any executive officer or director thereof in each case that
(i) relates to the Transferred Businesses, the Business Assets or the Business Liabilities claiming an amount in excess of $250,000 or (ii) would be reasonably likely to prevent or materially impede or delay the consummation by Clorox of the transactions contemplated hereby (including the Reorganization) or by any Ancillary Agreement.

(b) As of the date hereof, there is no Action pending that was instituted by Clorox or any of the Clorox Entities with respect to the Transferred Businesses claiming an amount in excess of $250,000, and neither Clorox nor any of the Clorox Entities has made any such Claim or threatened to make any such Claim or commence any such Action involving an amount in excess of $250,000.

(c) As of the date hereof, there are no material judgments, decrees, written agreements, memoranda of understanding or orders of any Governmental Authority outstanding against Clorox or any of the Clorox Entities relating to the Transferred Businesses or any Business Assets, or Business Liabilities.

(d) Section 4.13 of Clorox’s Disclosure Schedule sets forth a true and complete list as of the date hereof of (i) all Claims made since July 1, 2002 by Clorox or any of the Clorox Entities in respect of the Transferred Businesses under Insurance Policies maintained by Clorox or any of the Clorox Entities and (ii) all Claims made or Actions commenced since July 1, 2002 by or against Clorox or any of the Clorox Entities in respect of the Transferred Businesses in which an amount in excess of $250,000 was claimed, awarded or otherwise paid in settlement.

Employee Benefit Plans

(a) Neither Splitco nor Clorox Korea sponsors, maintains, is a party to or is otherwise bound by, contributes to or obligated to contribute to any Employee Benefit Plan, including any multiemployer plan (as defined in Section 4001(a)(3) of ERISA) or any multiple employer plan (within the meaning of Section 4063 or 4064 of ERISA). No compensation or benefits payable to, earned or accrued in respect of any current or former employee or consultant Related to the Transferred Businesses, including the Transferred Employees, at or prior to the Closing is payable under any Business Benefit Plan that will continue to be sponsored or maintained by Splitco or Clorox Korea after the Closing or with respect to which any such Person will continue as a party or otherwise continue to be bound.

(b) Neither Splitco nor Clorox Korea has incurred or has outstanding any Liability under or pursuant to any provision of Title I or IV of ERISA, Sections 412 or 4971 of the Code or any other section of the Code relating to Employee Benefit Plans that imposes joint and several liability on all Persons treated as a “single employer” under Section 414 of the Code, and to Clorox’s knowledge, no event, transaction or condition has occurred or exists or is expected to occur which would be reasonably likely to result in any such material Liability to Splitco or Clorox Korea or, from or after the Closing Date, HCI or any of its Affiliates as a result of the affiliation of Splitco or Clorox Korea with Clorox or any Clorox Entity prior to the Closing.

(c) Each Business Benefit Plan of Clorox Korea has been operated and administered, and is, in compliance in all material respects with its terms and all applicable Laws. Each Business Benefit Plan that is intended to qualify for special tax treatment under the Laws of the Republic of Korea so qualifies.

(d) There are no Actions, Claims or governmental audits pending or, to Clorox’s knowledge, threatened with respect to any Business Benefit Plan that would reasonably be expected to result in any material Liability of Splitco or Clorox Korea or, from or after the Closing, HCI or any of its Affiliates.

Contracts

(a) Section 4.15 of Clorox’s Disclosure Schedule contains a complete list, as of the date hereof, of all Contracts (other than this Agreement, the Ancillary Agreements and Contracts relating to Business Intellectual Property and, except as noted below, Business Benefit Plans) (i) to which Splitco or Clorox Korea will be, at Closing, a party or bound, or that constitute Business Assets, and (ii) that fall within any of the following categories:

(i) each Contract providing for aggregate payment of, or the performance of services, or purchase or sale of goods or materials with a value of, more than $500,000 in any 12 month period, or more than $1,000,000 over the life of the Contract, by or to any Clorox Entity (with respect to the Transferred Businesses) or Splitco;

(ii) each Contract providing for the sale, lease or other disposition of any of the Business Assets other than in the ordinary course of business;
(iii) each Contract for the purchase of any Business Asset for consideration in excess of $500,000;

(iv) each joint venture or partnership agreement and each Contract providing for the formation of a joint venture, long-term alliance or partnership or involving an equity investment by any Clorox Entity (with respect to the Transferred Businesses) or Splitco;

(v) each Contract (including a Business Benefit Plan) (a) that by its express terms affects or limits in any material way the freedom of the Transferred Businesses or Splitco (with respect to which obligations or limitations shall remain in effect for the Transferred Businesses or Splitco following the Closing) to compete in any line of business or with any Person or in any geographic area or (b) that imposes non-solicitation, exclusive dealing or other similar obligations on the Transferred Businesses or Splitco, which obligations or limitations shall remain in effect for the Transferred Businesses or Splitco following the Closing;

(vi) each Contract relating to any outstanding commitment for capital expenditures in excess of $500,000;

(vii) each Contract (or group of related Contracts) under which any Clorox Entity (with respect to the Transferred Businesses) or Splitco has created, incurred, assumed, or guaranteed any Indebtedness or that provides for the lending or advancing of amounts or investment in any other Person, in each case, in excess of $500,000 or providing for the creation of any Encumbrance (other than a Permitted Encumbrance) securing an obligation likely to exceed $1,000,000 upon any Business Asset;

(viii) each lease, sublease or similar agreement under which any Clorox Entity (with respect to the Transferred Businesses) or Splitco is a lessee or sublessee of tangible personal property used or held for use in the Transferred Businesses, for an annual rent in excess of $500,000, or, rent over the life of the Contract in excess of $1,000,000;

(ix) each joint research and development agreement involving expenditures by the Transferred Business in excess of $500,000 in any calendar year, or in excess of $1,000,000 over the current term of the Contract;

(x) the Korean Real Property Lease;

(xi) each Contract concerning the marketing or distribution by third parties of any products or services of the Transferred Businesses (including any Contract requiring the payment of any sales or marketing or distribution commissions or granting to any Person rights to market, distribute or sell such products or services) involving sales of products of more than $500,000 annually; and

(xii) each other Contract which was entered into other than in the ordinary course of business providing for payments to or from third parties in excess of $1,000,000 over the current term of the Contract.

(b) Clorox has made available to HCI or its representatives correct and complete copies of all Contracts listed in Section 4.15 of Clorox’s Disclosure Schedule with all amendments thereof. Each such Contract is valid, binding and enforceable against Splitco or Clorox Korea and, to Clorox’s knowledge, the other parties thereto in accordance with its terms, and is in full force and effect, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors’ rights generally, including the effect of statutory and other Laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity). None of Clorox, the Clorox Entities or Splitco is in material default under or in material breach of or is otherwise materially delinquent in performance under any such Contract, and, to Clorox’s knowledge, no event has occurred that, with notice or lapse of time, or both, would constitute such a default. To Clorox’s knowledge each of the other parties thereto has performed in all material respects all of the obligations required to be performed by it under, and is not in material default under, any such Contract and, to Clorox’s knowledge no event has occurred that, with notice or lapse of time, or both, would constitute such a default. There are no material disputes pending or, to Clorox’s knowledge, threatened with respect to any such Contracts. None of Clorox, the Clorox Entities or Splitco, or to Clorox’s knowledge, any other party to any such Contract has exercised any option granted to it to terminate or materially shorten or extend the term of such Contract, and none of Clorox, the Clorox Entities or Splitco, has given written or oral notice or received written or, to Clorox’s knowledge, oral notice to such effect.
There are no collective bargaining agreements, union contracts or similar agreements or arrangements in effect that cover any Transferred Employee. To Clorox’s knowledge, with respect to any Transferred Employee, (i) there is no labor strike, or material dispute, lockout or stoppage pending or threatened against any Clorox Entity or Splitco, and no Clorox Entity has experienced any labor strike or any material dispute, lockout or stoppage since July 1, 2002; (ii) there is no unfair labor practice material charge or complaint against any Clorox Entity or Splitco pending or, to Clorox’s knowledge, threatened before the National Labor Relations Board or before any similar state or foreign agency; (iii) there are no material organizing activities for purposes of collective bargaining or other collective labor representation; and (iv) no material charges are pending before the Equal Employment Opportunity Commission or any other agency responsible for the prevention of unlawful employment practices.

Financial Statements.

(a) Section 4.17(a) of Clorox’s Disclosure Schedule sets forth (i) the unaudited balance sheet of Clorox Korea as of June 30, 2004, prepared on a pro forma basis to give effect to the exclusion of Excluded Assets and Excluded Liabilities of Clorox Korea pursuant to the Reorganization, (ii) the unaudited income statement of Clorox Korea for the fiscal year ended June 30, 2004, prepared on a pro forma basis to give effect to the exclusion of revenues, expenses and other items attributable to Excluded Assets and Excluded Liabilities of Clorox Korea pursuant to the Reorganization, (iii) unaudited statements of assets of each of the Insecticides Business (excluding any assets of Clorox Korea) and the Soft Scrub Business, each as of June 30, 2004, and (iv) unaudited statements of revenue and operating expenses for each of the Insecticides Business (excluding any revenue and operating expenses of Clorox Korea) and the Soft Scrub Business for the fiscal year ended June 30, 2004 (which reflect net sales, cost of goods sold as well as certain other direct costs such as advertising and promotion costs, commissions and research and development costs (but no allocation of overhead costs)) (such financial statements, together with the financial statements referred to in clauses (i) through (iii) of this Section 4.17(a), are collectively referred to herein as the “Business Financial Statements”). The Business Financial Statements (x) are based upon the information contained in Clorox’s books and records (which are accurate and complete in all material respects) and certain allocations made by Clorox’s management in its reasonable judgment, and (y) are accurate in all material respects as of the times and with respect to the periods referred to therein.

(b) Section 4.17(b) of Clorox’s Disclosure Schedule sets forth the unaudited balance sheet of Clorox Korea as of June 30, 2004 and the unaudited income statement of Clorox Korea for the fiscal year ended June 30, 2004. Except for changes necessary to give effect to the exclusion of Excluded Assets and Excluded Liabilities of Clorox Korea, no changes have been made to such unaudited financial statements in preparing the pro forma financial statements referred to in clauses (i) and (ii) of Section 4.17(a).

(c) Except (i) as expressly disclosed, referred to or reserved against in the balance sheet portion of the Business Financial Statements, the Final Closing Date Selected Financial Amount Statement or the Final Closing Date Korea Working Capital Statement, (ii) for any Excluded Liability, (iii) for any Liability relating to Taxes or (iv) as incurred by Clorox Korea after June 30, 2004 (x) in the ordinary course of business and (y) without violation of Section 6.2, the Transferred Businesses and Splitco are not subject to any material Liabilities.

Permits: Compliance. To Clorox’s knowledge, and except for Environmental Permits and, solely with respect to Splitco as of the Closing Date, authorizations, licenses, permits, approvals and registrations under FIFRA or any comparable applicable state laws, each of the Clorox Entities (with respect to the Transferred Businesses) is and Splitco will, as of the Closing Date, be in possession of all material franchises, grants, authorizations, licenses, permits, registrations, easements, variances, exemptions, consents, certificates, approvals and orders of or from all Governmental Authorities necessary to own, lease and operate its properties and to carry on its business, with respect to such Clorox Entities, as it is now being conducted and, with respect to Splitco, as it will be conducted as of the Closing (collectively, the “Permits”). There is no material Action pending, or, to Clorox’s knowledge, threatened, regarding any of the Permits and each such Permit is in full force and effect. To Clorox’s knowledge, the Clorox Entities (with respect to the Transferred Businesses) and Splitco are not in material conflict with, or in material default (or would be in such default with the giving of notice, the passage of time, or both) with, or in material violation of, any of the Permits.

Real Estate.

(a) Clorox has provided HCI with a true and correct copy of the Korean Real Property Lease including all amendments, modifications, supplements, side letters and consents in the possession of Clorox affecting the obligations of any party thereunder.
Clorox or a Clorox Entity has good and valid title to, and actual and exclusive possession of, the Owned Real Property and the leasehold estate in the real property leased to Clorox Korea pursuant to the Korean Real Property Lease, in each case free and clear of all Encumbrances, other than Permitted Encumbrances.

As of the Closing, Splitco or Clorox Korea will have good and valid title to, and actual and exclusive possession of, the Owned Real Property free and clear of all Encumbrances, other than Permitted Encumbrances.

The Korean Real Property Lease covers the entire estate it purports to cover and, as of Closing, will entitle Splitco or Clorox Korea to the use, occupancy and possession of the real property subject to the Korean Real Property Lease for substantially the purposes such real property is being used by Clorox Korea immediately prior to the Closing.

To Clorox’s knowledge, there does not exist any actual, threatened or contemplated condemnation or eminent domain proceedings that materially affect any Real Property.

To Clorox’s knowledge, the current use and occupancy of the Real Property and the improvements located thereon are not in violation of any material recorded covenants, conditions, restrictions, reservations, easements or agreements affecting the Real Property.

To Clorox’s knowledge, no part of the Real Property is subject to any building or use restriction that would restrict or prevent in any material respect the present use and operation of such Real Property and the Real Property is in all material respects properly and duly zoned for its current use by Clorox and its Subsidiaries and the continuation of such use by Splitco and Clorox Korea following the Closing, and, to Clorox’s knowledge, such current use is in all material respects a conforming use by Clorox and its Subsidiaries. To Clorox’s knowledge, no Governmental Authority having jurisdiction over any Real Property has issued or, threatened to issue any notice or order that materially adversely affects the use or operation of such Real Property, or requires, as of the date hereof or a specified date in the future, any material repairs or alterations or additions or improvements thereto, or the payment or deduction of any material fee, exaction or property (other than Taxes).

The facilities (including all buildings, structures, and improvements) and each material item of equipment used by Clorox or one of the Clorox Entities in connection with the Transferred Businesses, in each case that constitute Business PP&E, taken as a whole, are in all material respects (a) in good operating condition and repair, ordinary wear and tear excepted, (b) structurally sound and free of defects and (c) suitable in all material respects for their current use and operation.

Except for the Ancillary Agreements, there are no Contracts pursuant to which any goods, services, materials or supplies are provided (i) by Splitco or Clorox Korea, the Transferred Businesses, or the Business Assets, on the one hand, to Clorox or any of its Affiliates (other than Splitco and Clorox Korea), on the other hand, or (ii) by Clorox or any of its Affiliates (other than Splitco and Clorox Korea), on the one hand, to Splitco or Clorox Korea, the Transferred Businesses, or the Business Assets, on the other hand (each, an “Intercompany Arrangement”).

Set forth in Section 4.22 of Clorox’s Disclosure Schedule is a true and correct list of (i) the ten largest customers (by revenues) of each of the Insecticides Business (excluding customers of Clorox Korea), the Insecticides Business (only including customers of Clorox Korea), and the Soft Scrub Business, and (ii) the ten largest suppliers (by purchases) of each of the Insecticides Business (excluding suppliers of Clorox Korea), the Insecticides Business (only including suppliers of Clorox Korea), and the Soft Scrub Business, in each case, during the fiscal year ended June 30, 2004. No customer or supplier that is not listed in Section 4.22 of Clorox’s Disclosure Schedule accounted for in excess of 5% of the revenues or purchases of any such Business during the fiscal year ended June 30, 2004.

To Clorox’s knowledge, as of the date hereof, no customer or supplier listed in Section 4.22 of Clorox’s Disclosure Schedule has canceled or otherwise terminated, or threatened to terminate, its relationship with the Transferred Businesses, or, from July 1, 2004 to the date hereof, decreased or limited in any material respect, or threatened to decrease or limit in any material respect, its purchases from or sales to the Transferred Businesses from those set forth in Section 4.22 of Clorox’s Disclosure Schedule.

Neither Splitco nor Clorox Korea is, or as of the Closing will be, directly or indirectly (a) liable, by guarantee or otherwise, upon or with respect to, or (b) obligated to provide funds with respect to, or to guarantee or assume, any Indebtedness or other obligation of any Person.

Since July 1, 2002 there has not been, nor, to Clorox’s knowledge, is there currently under consideration by the Transferred Businesses, any recall or post-sale warning, in each case, of a material nature in respect of any product sold by Clorox or any Clorox Entity in connection with the Transferred Businesses or any services provided by Clorox or any Clorox Entity in connection with the Transferred Businesses (a “Product”). To Clorox’s knowledge, since July 1, 2002 there have not been and there are no material defects or deficiencies in the Products.
Toxicological Information. To the extent permitted under applicable Law, Clorox has provided to HCI all of the following to the extent Related to the Transferred Businesses:

(a) true and complete copies of material safety data sheets for all Products currently produced and Products produced since July 1, 2002;

(b) true copies of all material worker health and safety Claims, complaints and studies or summaries thereof, if any, in the possession of Clorox or any of its Affiliates since July 1, 2002; and

(c) true copies of all material epidemiological or toxicological studies in the possession of Clorox or any of its Affiliates relating to the Products or their manufacture.

No Payments or Benefits to Government Officials. In connection with the Transferred Businesses, or the transactions contemplated hereby, neither Clorox nor any of its Affiliates, nor, to Clorox’s knowledge, any director, officer, employee or agent thereof, has made, directly or indirectly, any illegal contribution to a political party or candidate, any improper foreign payment (as defined in the U.S. Foreign Corrupt Practices Act), or any commitment to make any such contribution or payment.

Financing. On the Closing Date Clorox will have all funds necessary to satisfy its obligation to deliver the Cash Amount under this Agreement.

No Repurchases of Clorox Common Stock. Clorox has not made any Non-Henkel Purchases (as defined in the Share Repurchase Agreement) since the first Calculation Period (as defined in the Share Repurchase Agreement).

Brokers. No Person has acted directly or indirectly as a broker, finder or financial advisor for Clorox or the Clorox Entities in connection with the negotiations relating to or the transactions contemplated by this Agreement, and no Person is entitled to any fee or commission or like payment in respect thereof based in any way on any agreement, arrangement or understanding made by or on behalf of Clorox, except for Goldman Sachs & Co. and Morgan Stanley & Co. Incorporated, the fees of each of which will be paid by Clorox.

REPRESENTATIONS AND WARRANTIES OF PARENT AND HCI

Each of HCI and Parent hereby represents and warrants to Clorox, as of the date hereof and as of the Closing Date (or, if made as of a specified date, as of such specified date), as follows:

Organization and Standing. Each of Parent and HCI is (a) duly organized, validly existing and duly qualified or licensed and in good standing under the Laws of the state or jurisdiction of its organization with full corporate power and authority to own, lease, use and operate its properties and to conduct its business, and (b) duly qualified or licensed to do business and is in good standing in any other jurisdiction in which the nature of the business conducted by it or the property it owns, leases or operates requires it to so qualify, be licensed or be in good standing, except where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, have a Material Adverse Effect on Parent and its Subsidiaries, taken as a whole.

Corporate Power and Authority. Each of Parent and HCI has all requisite corporate power and authority to enter into and deliver this Agreement and to consummate the transactions contemplated hereby. Each of Parent and HCI and each of their respective Affiliates that will be a party to the Ancillary Agreements have all requisite corporate power and authority to execute and deliver the Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered by it in connection with this Agreement or the Ancillary Agreements and to consummate the transactions contemplated thereby. The execution, delivery and performance of this Agreement by each of Parent and HCI and the consummation by each of Parent and HCI of the transactions contemplated or to be consummated by each of them hereby, and the execution, delivery and performance of the Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement or the Ancillary Agreements by Parent, HCI and each of their respective Affiliates that is, or, as of the Closing, will be a party thereto and the consummation of the transactions contemplated thereby, have been, or, with respect to the Ancillary Agreements and any such other agreements, documents or instruments to be entered into after the date hereof and the transactions contemplated thereby, will, as of the Closing, be duly authorized by all necessary action or proceeding on the part of each such Person.

This Agreement has been duly executed and delivered by each of Parent and HCI and constitutes the legal, valid and binding obligation of each of Parent and HCI, enforceable against such Person in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors’ rights generally, including the effect of statutory and other Laws
Regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity). The Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered in connection with this Agreement or the Ancillary Agreements at the Closing will, as of the Closing, be duly executed and delivered by each of Parent, HCI and their respective Affiliates that are or are specified to be, a party thereto and will, as of the Closing, constitute the legal, valid and binding obligations of each of Parent, HCI and such Affiliates, enforceable against each such Person in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors’ rights generally, including the effect of statutory and other Laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

Conflicts; Consents and Approvals. Neither the execution and delivery by each of Parent, HCI or any of their respective Affiliates of this Agreement, the Ancillary Agreements and the other agreements, documents and instruments to be executed and delivered by any of them in connection with this Agreement and the Ancillary Agreements, nor the consummation of the transactions contemplated hereby and thereby, does, or, with respect to the Ancillary Agreements and any such other agreements to be executed after the date hereof and the consummation of the transactions contemplated thereby, will, as of the Closing:

(a) conflict with, or result in a breach of any provision of, the organizational documents of Parent, HCI or such Affiliate that is a party to the Ancillary Agreements or any other agreements and instruments to be executed and delivered in connection therewith;

(b) violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any Person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or give rise to any obligation to make a payment under, or to any increased, additional or guaranteed rights of any Person under, or result in the creation of any Encumbrance upon any of the HCI-Owned Clorox Shares or any of the other properties or assets of Parent or HCI under any of the terms, conditions or provisions of (i) any Contract to which Parent or HCI or any of their respective Affiliates is a party or to which any of their properties or assets are bound (except under the HCI Credit Facility) or (ii) any permit, registration, approval, license or other authorization or filing to which Parent or HCI or any of their respective Affiliates is subject or to which any of their properties or assets is subject, in each case, that would, individually or in the aggregate be reasonably likely to (A) have a Material Adverse Effect on Parent and its Subsidiaries, taken as a whole, or (B) prevent or materially impede or delay the consummation by HCI or Parent, as applicable, of the transactions contemplated by this Agreement;

(c) require any action, consent or approval of any non-governmental third party other than any such action, consent or approval the failure to obtain which would not, individually or in the aggregate, be reasonably likely to (A) have a Material Adverse Effect on Parent and its Subsidiaries, taken as a whole, or (B) prevent or materially impede or delay the consummation by HCI or Parent, as applicable, of the transactions contemplated by this Agreement;

(d) violate any material order, writ, or injunction, decree or Law applicable to Parent, HCI or any of their respective Affiliates that is a party to the Ancillary Agreements or any of their respective properties or assets; or

(e) require any material action, consent or approval of, or review by, or registration or filing by HCI or any of its Affiliates with, any Governmental Authority, other than actions required by the HSR Act and other applicable merger control or similar Laws, and FIFRA and other applicable product registration Laws.

HCI-Owned Clorox Shares. As of the date hereof, HCI owns a total of 61,386,509 shares of Clorox Common Stock. As of the Closing, HCI will have good and valid title to the HCI-Owned Clorox Shares, free and clear of all Encumbrances. Assuming that Clorox has the requisite power and authority to be the lawful owner of the HCI-Owned Clorox Shares, upon delivery to Clorox of the certificates representing the HCI-Owned Clorox Shares and upon receipt by HCI of the Splitsco Shares in exchange for the HCI-Owned Clorox Shares at the Closing in accordance with the terms of this Agreement, Clorox will acquire good and valid title to the HCI-Owned Clorox Shares, free and clear of any Encumbrances, other than Encumbrances created by Clorox or any of its Affiliates.

Board and Stockholder Approval. The Board of Directors of HCI has, and the Board of Management and the Shareholder Committee of Parent have, by resolutions duly adopted by unanimous vote which has not been subsequently rescinded or modified, (a) determined that the transactions contemplated by this Agreement and the Ancillary Agreements are fair to and in the
best interests of HCI, (b) approved this Agreement, and (c) authorized all necessary actions of the officers of HCI to consummate the transactions contemplated in this Agreement and in the Ancillary Agreements. The sole stockholder of HCI by action in writing in lieu of a meeting and not subsequently rescinded or modified has approved the execution of this Agreement and the transactions contemplated by this Agreement. No vote of the holders of the outstanding ordinary shares or preferred shares of Parent is necessary to approve the transactions contemplated by this Agreement.

Litigation. As of the date hereof, there is no material Action pending or threatened in writing, or, to Parent’s knowledge, otherwise threatened, against Parent or any of its Affiliates that seeks, or would be reasonably likely, to prohibit or materially restrain the ability of Parent or HCI to enter into this Agreement or prevent or materially impede or delay the consummation by Parent or HCI of any of the transactions contemplated hereby.

No Material Adverse Effect. No event, occurrence or development exists that would be reasonably likely to prevent or materially impede or delay the consummation by Parent or HCI of the transactions contemplated hereby.

Investment Representation. HCI is acquiring the Splitco Shares for investment and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling such stock. HCI acknowledges that the Splitco Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act.

Taxes.

(a) Tax Opinions. The Tax Opinion Representations made by Parent and HCI are true, complete and accurate.

(b) Tax Opinions — Actions. None of Parent, HCI or any of their respective Subsidiaries or Affiliates has taken or agreed to take any action, has failed to take any action or knows of any fact, agreement, plan or other circumstance, in each case that would be reasonably likely to prevent Parent and HCI from receiving their respective Tax Opinion. Parent and HCI have been advised by Deloitte Tax LLP that, other than as a result of a material change in applicable Laws or facts after the date of this Agreement, Deloitte Tax LLP expects to be able to deliver to Parent and HCI its respective Tax Opinion.

Governmental Actions. There are no judgments, decrees, written agreements, memoranda of understanding or orders of any Governmental Authority outstanding against Parent, HCI or any of their respective Affiliates which would be reasonably likely to prevent or materially impede or delay the consummation by Parent or HCI of the transactions contemplated hereby.

Brokers. No Person has acted directly or indirectly as a broker, finder or financial advisor for Parent, HCI or any of their respective Affiliates in connection with the negotiations relating to or the transactions contemplated by this Agreement, and no Person is entitled to any fee or commission or like payment in respect thereof based in any way on any agreement, arrangement or understanding made by or on behalf of Parent or HCI, except for Rothschild Inc. and Merrill Lynch & Co., the fees of each of which will be paid by Parent, HCI or their Affiliates.

COVENANTS AND AGREEMENTS

Access and Information. Prior to the Closing, except to the extent prohibited by applicable Law, Clorox will permit (and will cause Splitco and each of the Clorox Entities to permit) representatives of HCI to have reasonable access during normal business hours and upon reasonable notice to all premises, properties, personnel, books, records, Contracts, commitments, reports of examination and documents of or pertaining to the Transferred Businesses, the Clorox Entities (to the extent relating to the Transferred Businesses), Splitco, the Business Assets and the Business Liabilities as may be necessary to permit HCI to, at its or Parent’s sole expense, make, or cause to be made, such investigations thereof as HCI reasonably deems necessary in connection with the consummation of the transactions contemplated by this Agreement (such reasonable access to include Phase I investigations of the Real Property), and Clorox shall (and shall cause Splitco and the Clorox Entities to) reasonably cooperate with any such investigations; provided, however, that such access does not unreasonably disrupt the normal operations of the Transferred Businesses. Notwithstanding the foregoing, access shall not include any right or permission to conduct Phase II investigations or other invasive testing or sampling of soil, surface water or groundwater.

No investigation by HCI or its representatives or advisors after the date of this Agreement (including any information obtained by HCI pursuant to this Section 6.1) shall diminish, obviate or cure any breach of any representation, warranty, covenant or agreement contained in this Agreement or any Ancillary Agreement nor shall the conduct or completion of any such investigation be a condition to any of HCI’s or Parent’s obligations under this Agreement.

Conduct of Business. Clorox covenants and agrees that, from and after the date hereof until the Closing, except as otherwise
expressly contemplated by this Agreement or as HCl otherwise agrees in writing in advance, it shall, and shall cause its Affiliates
to, conduct the Transferred Businesses only in the ordinary course of business. Clorox shall, and shall cause its Affiliates to, use
commercially reasonable efforts to preserve intact the material operations and facilities of the Transferred Businesses and the
material relationships with their customers, suppliers, licensors, licensees, contractors and Transferred Employees. Without
limiting the foregoing, during the period from the date hereof to the Closing, except as otherwise expressly contemplated by this
Agreement or as set forth in Section 6.2 of Clorox’s Disclosure Schedule or as HCl otherwise agrees in writing in advance, Clorox
shall not, and shall cause its Affiliates not to, directly or indirectly, take, authorize or enter into any agreement or commitment to
take any of the following actions:

(a) issue (other than in connection with its organization as part of the Reorganization), sell, pledge, transfer,
dispose of or encumber any shares of Splitco’s capital stock or securities convertible into or exchangeable for any such
shares, or any rights, warrants, options, calls or commitments to acquire or dispose of any such shares or securities;

(b) make or rescind any material election relating to Taxes in respect of the Transferred Businesses or any
Business Asset;

(c) make any material change in any method of accounting, keeping of books of account or accounting practices or
in any material method of Tax accounting in respect of the Transferred Businesses or any Business Asset or Assumed
Liabilities unless required by applicable Law or GAAP;

(d) permit Splitco or Clorox Korea to acquire (by merger, consolidation, acquisition of stock or assets or
otherwise) any corporation, partnership or other business organization or division thereof or any equity interest therein,
other than in connection with the Reorganization in accordance with Schedule 1 to this Agreement;

(e) except in the ordinary course of business, incur, create or assume any Encumbrance on any Business Asset,
other than a Permitted Encumbrance;

(f) except in the ordinary course of business, sell, lease, license, transfer or dispose of any Business Asset;

(g) except in the ordinary course of business, terminate or materially extend or materially modify any Business
Contract listed on Section 4.15 of Clorox’s Disclosure Schedule or enter into any Contract that would, if in effect on
the date hereof, have been required to be so listed;

(h) except in the ordinary course of business, dispose of or permit to lapse any rights in, to or for the use of any
material Business Intellectual Property, or disclose to any Person, other than a Transferred Employee, any Confidential
Business Information or trade secret primarily relating to the Transferred Businesses that is not a matter of public
knowledge, except pursuant to judicial or administrative process or as required by applicable Law or a Governmental
Authority;

(i) except in the ordinary course of business, modify or increase in any material respect the base salary, short or
long term bonus opportunity or material benefits of any of the Transferred Employees, except to the extent required
pursuant to the terms of the Business Benefit Plans as in effect as of the date hereof;

(j) enter into any new or modify in any material respect any existing employment, change of control, retention,
severance or similar agreements or any Business Benefit Plan with respect to any of the Transferred Employees in the
event such action could reasonably be expected to result in any increased Liability of Splitco or Clorox Korea or, from
or after the Closing, HCI or any of its Affiliates;

(k) make any material loans, advances or capital contributions to, or investments in, any other Person on behalf of
Splitco, Clorox Korea or the Transferred Businesses;

(l) settle any Claims, Actions, arbitrations, disputes or other proceedings that would result (i) in a Liability of
Splitco or Clorox Korea in excess of $1,000,000 or (ii) in HCI or any of its Affiliates after the Closing, including
Splitco or Clorox Korea, being enjoined in any respect;

(m) except in the ordinary course of business, accelerate in any material respect the delivery or sale of Products, or
offer material discounts on sales of Products or material premiums on purchases of raw materials; and
(n) cancel or compromise any material debt or claim or waive any rights of material value to the Transferred Businesses without the Transferred Businesses receiving a realizable benefit of similar or greater value, or voluntarily suffer any extraordinary loss.

Efforts to Consummate; Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each party hereto shall use commercially reasonable efforts to take, or to cause to be taken, all actions and to do, or to cause to be done, all things necessary as promptly as practicable to satisfy the conditions set forth in Article VIII and to consummate the transactions contemplated hereby. Each party shall cooperate in all reasonable respects with the other party hereto in assisting such party to comply with this Section 6.3.

(b) Subject to the terms and conditions hereof, each of Parent, HCI and Clorox shall, and shall cause their respective Affiliates to, make commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, including as required by applicable Law, to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including applying for, obtaining, or causing to be obtained, authorizations, approvals, orders, licenses, permits, franchises or consents of all third parties or Governmental Authorities required to be obtained by virtue of the execution and delivery of this Agreement or the Ancillary Agreements, for the consummation of the transactions contemplated by this Agreement (including the Reorganization) or the Ancillary Agreements or in order to avoid the invalidity of the transfer of any Business Contract, the termination or acceleration thereof, giving rise to any obligation to make a material payment thereunder or to any increased, additional or guaranteed rights of a material nature of any Person thereunder, or a breach or default thereunder or any other material change or modification to the terms thereof; provided that none of Parent, HCI, Clorox or their respective Affiliates shall be required to pay any amounts (or incur any obligation in favor of any third party) to obtain such authorizations, approvals, orders, licenses, permits, franchises or consents (other than customary filing or application fees). In the event that any Business Contract (including the Korean Real Property Lease), Permit or other Business Asset is not transferable to Splitco or Clorox Korea or indirectly to HCI through the transfer of the Splitco Shares, Clorox shall, and shall cause the appropriate Clorox Entity to, use its commercially reasonable efforts to maintain such Business Contract, Permit or other Business Asset for the benefit of Splitco (including the benefit of enforcement of any rights of Clorox or any of its Affiliates against any third party thereto arising out of breach or cancellation by the third party thereto or otherwise), or otherwise make arrangements reasonably requested by HCI designed to provide to Splitco or Clorox Korea such benefit; provided that Splitco or Clorox Korea shall be responsible for performing the obligations of Clorox and the appropriate Clorox Entity under any such Contract or Permit or with respect to such other Business Asset, in each case, that Splitco or Clorox Korea would have been responsible for had they been transferable directly to Splitco or Clorox Korea, and only to the extent that the corresponding benefits thereunder are provided to Splitco or Clorox Korea; provided further that Parent or HCI shall reimburse Clorox or the appropriate Clorox Entity for all reasonable costs and expenses incurred by each of them in connection with the foregoing.

(c) Subject to the terms and conditions hereof, each of Parent, HCI and Clorox shall, and shall cause their respective Affiliates to, make commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary including as required by applicable Laws, to assure fully to Splitco (and, following the Closing, HCI and its Subsidiaries) and its and their successors or permitted assigns, all of the Business Assets, Additional Assets, Business Contracts and Business Liabilities intended to be conveyed to, owned by, or assumed by Splitco and Clorox Korea under this Agreement and the Ancillary Agreements and to assure fully to Clorox, and its respective successors and permitted assigns, the maintenance by Clorox and its Subsidiaries of the Excluded Assets and the assumption by Splitco and Clorox Korea of the Business Liabilities intended to be assumed by Splitco and Clorox Korea under this Agreement and the Ancillary Agreements, and to otherwise make effective as promptly as practicable the transactions contemplated hereby and thereby (including (i) transferring back to Clorox any Excluded Asset, Excluded Liability or item relating to or included in the Retained Business, respectively, which Excluded Asset, Excluded Liability or item relating to or included in the Retained Business was transferred to HCI indirectly through the acquisition of the Splitco Shares at the Closing and (ii) transferring to Splitco or Clorox Korea any asset or liability contemplated by this Agreement to be a Business Asset, Additional Asset, Business Contract or Business Liability, respectively, which asset or liability was not transferred to Splitco or Clorox Korea at or prior to the Closing).
In furtherance and without limitation to the foregoing, Clorox shall, and shall cause its Affiliates to assist HCI in effecting the transfer of Permits, including Environmental Permits, that are Business Assets to Splitco or Clorox Korea or, if any such Permits are not transferable, Clorox shall assist Splitco or Clorox Korea in obtaining new Permits so that it may operate the Transferred Businesses as of the Closing Date in compliance with applicable Laws, including Environmental Laws; provided that Parent or HCI shall reimburse Clorox or any of its Affiliates for all reasonable costs and expenses incurred by each of them in connection with the foregoing. Alternatively, and where not prohibited by applicable Law or the terms of any Environmental Permit, the parties may execute an agreement providing that a portion or all of the operations of the Transferred Businesses and the Business PP&E will be conducted after Closing, subject to the same material operating conditions, pursuant to existing Environmental Permits held by Clorox or any of its Affiliates.

In furtherance and without limitation to the foregoing Clorox shall, and shall cause its Affiliates to, cooperate with Splitco or Clorox Korea in connection with any claim that the Business Intellectual Property infringes the rights of any other Person or with any claim by Splitco that Intellectual Property of any other Person infringes any of the Business Intellectual Property; provided that Parent or HCI shall reimburse Clorox and any of its Affiliates for all reasonable costs and expenses incurred by each of them in connection with the foregoing.

### Certain Covenants

(a) Each of HCI and Clorox shall (i) promptly make or cause to be made all filings required of each of them or any of their respective Subsidiaries or Affiliates under the HSR Act or any other applicable merger control or similar Law with respect to the transactions contemplated hereby after the date of this Agreement, (ii) use commercially reasonable efforts to comply at the earliest practicable date with any request for additional information, documents, or other materials received by each of them or any of their respective Affiliates from the FTC, the Antitrust Division or any other Governmental Authority in respect of such filings or such transactions, and (iii) cooperate with each other in connection with any such filing (including, to the extent permitted by applicable Law and subject to all applicable privileges (including the attorney client privilege), providing copies of all such documents to the non-filing parties prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any of the FTC, the Antitrust Division or other Governmental Authorities under any Antitrust Laws with respect to any such filing or any such transaction. Each party hereto shall use commercially reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable Law in connection with the transactions contemplated by this Agreement. Subject to applicable Law, each party hereto shall promptly inform the other parties hereto of any oral communication with, and provide copies of written communications with, any Governmental Authority regarding any such filings or any such transaction. Subject to applicable Law, no party hereto shall independently participate in any formal meeting with any Governmental Authority in respect of any such filings, investigation, or other inquiry without giving the other parties hereto prior notice of the meeting and, to the extent permitted by such Governmental Authority, the opportunity to attend and/or participate. Subject to applicable Law and subject to all applicable privileges (including the attorney client privilege), the parties hereto will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto relating to proceedings under the HSR Act or any other applicable merger control or similar Law. Any party may, as it deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other parties under this Section 6.4 as “outside counsel only.” Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers, or directors of the recipient, unless express written permission is obtained in advance from the source of the materials.

(b) Each of the parties hereto shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Authority with respect to the transactions contemplated by this Agreement under the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and any other supranational, national, federal or state statutes, rules, regulations, orders, decrees, administrative or judicial doctrines or other Laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or otherwise relating to merger control (collectively, the “Antitrust Laws”). Each of HCI and Clorox shall use commercially reasonable efforts to take such action as may be required to cause the expiration of the notice periods under the HSR Act with respect to such transactions as promptly as possible after the execution of this Agreement.
Notification by the Parties. Each party hereto shall as promptly as practicable inform the other parties hereto in writing if, prior to the consummation of the Closing, it becomes aware of any event or circumstance that such party believes would be reasonably likely to cause or result in the failure of any of the conditions set forth in Section 8.2(a), 8.2(b), 8.3(a) or 8.3(b) of this Agreement. Any such notification shall not be deemed to have cured any breach of any representation, warranty, covenant or agreement made in this Agreement for any purposes of this Agreement.

Insurance Policies. Clorox shall, and shall cause the Clorox Entities and Splitco to, use their commercially reasonable efforts to maintain all Insurance Policies (or comparable policies providing substantially similar coverage with respect to Splitco, the Transferred Businesses, the Business Assets and the Business Liabilities) in full force and effect at all times up to and including the Closing Date and shall pay all premiums, deductibles and retro-adjustment billings, if any, with respect thereto covering all Transferred Businesses, up to and including the Closing Date.

Confidentiality; Access to Records after Closing.

(a) HCl acknowledges that the information being provided to it in connection with the Exchange and the consummation of the other transactions contemplated hereby, or by any of the Ancillary Agreements, is subject to the terms of the Confidentiality Agreement, the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing, the Confidentiality Agreement shall terminate with respect to information relating to the Transferred Businesses, the Business Assets and the Business Liabilities; provided, however, that HCl acknowledges that any and all other information provided to it by Clorox or its representatives concerning Clorox or any of its Affiliates (other than information relating to the Transferred Businesses, the Business Assets and the Business Liabilities) shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing.

(b) Clorox recognizes that, after the Closing, it may have documents, books, records, work papers and information, in whatever form (collectively, “Records”) which relate to the Transferred Businesses with respect to the period or matters arising prior to the Closing, including Records pertaining to the Business Assets and the Business Liabilities (the “Business Records”) or other Records relating to the Transferred Businesses. For a period of five years after the Closing (or, in the case of Business Records and Confidential Business Information constituting certain product specific information, consisting of proprietary product formulations, product manufacturing processes, the identity of suppliers and the terms of supply agreements, for a period of ten years after the Closing), Clorox will use, and will cause its respective Affiliates to use, reasonable best efforts to preserve the confidentiality of any information contained in the Business Records and Confidential Business Information relating to the Transferred Businesses, the Business Assets or the Business Liabilities and to keep such information confidential, subject to any provisions of confidentiality in the Ancillary Agreements and except (i) to the extent that such Confidential Business Information has been or has become (x) generally available to the public other than as a result of the disclosure by Clorox or any of its Affiliates or any of their respective officers, directors, employees, representatives, consultants, advisors or agents, or (y) known to the Person receiving such Confidential Business Information on a non-confidential basis other than as a result of disclosure by Clorox or any of its Affiliates or any of their respective officers, directors, employees, representatives, consultants, advisors or agents, before the date of disclosure of such Confidential Information to such Person or (ii) pursuant to the order, request or demand of any Governmental Authority or in any pending legal or administrative proceeding, or otherwise as required by applicable Law or compulsory legal process. Clorox further recognizes that HCI or its Affiliates may need access to such Business Records and other Records after the Closing. Upon HCI’s or Splitco’s reasonable request Clorox shall provide HCI or Splitco and their respective employees, representatives and agents access to, and the right to photocopy (at Parent’s, HCI’s or Splitco’s expense), during normal business hours on reasonable advance notice, such reasonably requested Records. Clorox shall use commercially reasonable efforts to maintain all such Records for the same length of time that Clorox maintains its own Records, or, at Clorox’s discretion (at Clorox’s expense) or (at any time) at Parent’s, HCI’s or Splitco’s reasonable request (at HCI’s or Splitco’s expense), transfer any such Records to HCI or Splitco.

(c) Notwithstanding any provision herein to the contrary, from and after the Closing, Records pertaining to Taxes shall be governed solely by the Tax Matters Agreement.

Release of Guarantees; Intercompany Accounts.

(a) Clorox shall use commercially reasonable efforts to obtain at or before the Closing the release of all guarantees granted by Splitco in respect of any Indebtedness or other obligations of Clorox or any of its Affiliates (other than Splitco and Clorox Korea), other than Business Liabilities.
(b) Prior to the Closing, all intercompany receivables or payables and loans then existing between Clorox and its Affiliates (other than Splitco), on the one hand, and Splitco or the Transferred Businesses, on the other hand, shall be settled by way of capital contribution, dividend or otherwise and all Intercompany Arrangements shall be terminated and shall not constitute Business Assets or Assumed Liabilities, as the case may be, except for any such arrangements contemplated by the Ancillary Agreements.

Cooperation with Respect to Financial Reporting. After the date of this Agreement, until the third anniversary of the date hereof, Clorox shall, and shall cause the Clorox Entities and Splitco to, reasonably cooperate with Parent and HCI (at Parent’s and HCI’s expense) in connection with each of Parent and HCI’s preparation of historical financial statements of the Transferred Businesses as required for Parent and HCI following the Closing. After the Closing, until the third anniversary of the date hereof, each of Parent and HCI shall, and shall cause Splitco to, reasonably cooperate with Clorox (at Clorox’s expense) in connection with Clorox’s preparation of pro forma and historical financial statements of the Transferred Businesses as may be required for Clorox’s filings under the Exchange Act following the Closing or in connection with any financing transaction of Clorox or any of its Affiliates.

Non-Solicitation of Employees. For a period of three years from and after the Closing Date, Clorox and HCI shall not, and shall cause each of their respective Subsidiaries not to, directly or indirectly, solicit the employment of any employee of the other or of its Subsidiaries following the Closing, without the other’s prior written consent; provided, however, that the foregoing provisions shall not apply to (i) a general advertisement or solicitation program that is not specifically targeted at such persons or (ii) the solicitation of any employee after such time as such employee’s employment with the other has terminated.

Non-Solicitation. From the date hereof until the Closing or the earlier termination of this Agreement, other than in the ordinary course of business, Clorox shall not, nor shall it authorize or permit any of the Clorox Entities or Splitco to, solicit the submission of any offers or proposals for Splitco or (except in the ordinary course of business) any Business Assets from any third party or directly or knowingly indirectly pursue any offer or proposal so received or sell, or cause or permit any of its Subsidiaries to sell, Splitco or (except in the ordinary course of business) any Business Assets. From the date hereof until the Closing or the earlier termination of this Agreement, Parent shall not, nor shall it authorize or permit any of its Subsidiaries to, solicit the submission of offers or proposals for the sale of the HCI-Owned Clorox Shares, from any third party or directly or knowingly indirectly pursue any offer or proposal so received or sell, or cause any of its Subsidiaries to sell, any of the HCI-Owned Clorox Shares.

Use Of Names. (a) (i) As soon as reasonably practicable but in no event later than 180 days after the Closing, HCI shall cause each of Splitco and Clorox Korea to change its corporate name to a name that does not include the word “Clorox” and (ii) HCI shall have no right to use the name of Clorox or of any of its Subsidiaries, except that, for a period ending 180 days after the Closing, HCI shall have the right to use any inventory, stationery, catalogues, sales and promotional materials, product packaging and printed forms that are Related to the Transferred Businesses, use such name and are owned as of, or have been ordered prior to, the Closing for use in the Transferred Businesses; provided, however, that (A) promptly after the Closing Date, HCI shall make all filings with the appropriate Governmental Authorities to effectuate such name changes, and (B) HCI shall use its commercially reasonable efforts to minimize the usage of the word referred to in clause (i) hereof, and to discontinue it as soon as practicable after the Closing.

(b) (i) As soon as reasonably practicable but in no event later than 180 days after the Closing, upon at least 15 days’ written notice to HCI, Clorox shall, or shall cause its Affiliates to, terminate any registrations with respect to trademarks that are not Transferred Intellectual Property and that contain any of the words “Combat” or “Soft Scrub” (the “Transferred Names”), which trademarks are set forth in Section 6.12 of Clorox’s Disclosure Schedule; provided that, with respect to any jurisdiction where the only trademark registrations that exist that include a Transferred Name are registrations that also include the word Clorox, Clorox shall upon written request of HCI, reasonably cooperate with HCI in the filing and prosecution of one or more new applications for trademark registrations that include such Transferred Name in such jurisdiction prior to effecting any termination pursuant to this clause (i) of Section 6.12(b); provided, further, that such new applications will not include the Clorox name and logo and other trademarks owned by Clorox and its Affiliates not transferred to HCI pursuant to this Agreement; and (ii) Clorox shall not, at any time after the Closing, use any of the Transferred Names or any names or marks that are confusingly similar to the Transferred Names.

(c) Notwithstanding the foregoing, HCI and its Affiliates shall have the right to use the universal product codes of Clorox with respect to the products of the Transferred Businesses for the corresponding periods set forth above in this Section 6.12.

Tax Treatment — Cooperation. (a) Each party hereto shall use its respective best efforts to enable each of Clorox, Parent and HCI to receive each of the Tax Opinions, and, on or before the Closing Date, will not knowingly take any action, cause any action to be taken, fail to take any reasonable action or cause any reasonable action to fail to be taken, which action or failure to act would reasonably be expected to (a) prevent Clorox, Parent or HCI from receiving such Tax Opinion; (b) cause the Exchange to
fail to qualify as a tax-free exchange under Section 355(a) of the Code or (c) cause the Exchange to be taxable to Clorox under Section 355(e) of the Code. On or before the Closing Date, Clorox, Parent and HCI shall deliver their respective Tax Opinion Representations to Baker & McKenzie LLP and Deloitte Tax LLP unless they are unable to do so as a result of a material change in applicable Law or facts after the date of this Agreement. After the Closing Date, each party’s obligations with respect to any Tax matters, including those obligations related to the qualification of the Exchange as a tax-free exchange under Sections 355(a) and 355(e) of the Code, shall be governed exclusively by the Tax Matters Agreement.

(b) Clorox shall provide to Splitco and HCI as soon as practicable, but not later than January 6, 2005, a schedule detailing (i) any carryover item which may be partially or totally attributed and carried over by Splitco, including with respect to the tangible and intangible properties of Splitco, (x) their adjusted bases, (y) the methods of depreciation or amortization used by the Clorox Entities, and (z) the remaining recovery periods, in each case, as of the date hereof, for federal, state and foreign Income Tax purposes; and (2) the amount of earnings and profits and associated Tax attributes (based on Clorox’s determination), if any, which are allocated to Splitco.

No Purchases of Clorox Common Stock. Clorox will not make any Non-Henkel Purchases (as defined in the Share Repurchase Agreement) at any time prior to the Closing. Parent and HCI shall not, directly or indirectly through their respective Subsidiaries, purchase any additional shares of Clorox Common Stock at any time prior to the Closing.

Non-competition.

(a) Clorox agrees that it will not (and will cause each of its Subsidiaries not to), without the prior written consent of HCI or Splitco, directly or indirectly, prior to the second anniversary of the Closing Date, solicit any Person who is, as of the Closing Date, a customer of Splitco or Clorox Korea or the Transferred Businesses for the purposes of providing any products of (i) a type substantially similar to any product of the Insecticides Business or (ii) a Competing Soft Scrub Business.

(b) Clorox agrees that it will not (and will cause each of its Subsidiaries not to), without the prior written consent of HCI or Splitco, directly or indirectly, prior to the second anniversary of the Closing Date, engage in or carry on (i) any business substantially similar to the Insecticides Business or (ii) a Competing Soft Scrub Business.

(c) Parent and HCI each agrees that it will not (and will cause each of its Subsidiaries not to), without the prior written consent of Clorox, directly or indirectly, prior to the date that is 18 months after the Closing Date, use the Soft Scrub brands in the United States in connection with the sale, marketing or promotion of any home cleaning product, other than any such product within the Competing Splitco Business.

(d) Notwithstanding the foregoing, nothing in this Section 6.15 shall prevent Clorox or any of its Subsidiaries from (i) continuing to conduct and operate in South America the aerosol insecticide business of Clorox and its Subsidiaries currently conducted and operated in South America (not including the Insecticides Business) or (ii) obtaining less than 10% of the outstanding equity or participation interests in any Person or (iii) engaging in any consolidation, amalgamation, merger or other business combination with, or making any acquisition of or investment in, or otherwise obtaining any direct or indirect interest in, any Person that is engaged in (A) any business, trade or venture competing with the Insecticides Business or (B) a Competing Soft Scrub Business, in each case if such business, trade or venture consists of less than 20% of the annual sales of such Person, determined by reference to the most recent fiscal year of such Person as of the date Clorox or any of its Subsidiaries engages in such transaction or obtains such direct or indirect interest in such Person.

(e) The obligations of Clorox, Parent and HCI under this Section 6.15 shall be in addition to any obligations any of them may have under any other Contract. The parties to this Agreement agree that the remedy at law for any breach of the foregoing will be inadequate and that each of the parties, in addition to any other relief available to it, shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages.

(f) Each party agrees that this Section 6.15 shall be deemed to be a series of separate covenants, one for each state, territory and jurisdiction of the United States and each foreign jurisdiction in which the Insecticides Business or the Competing Soft Scrub Business is conducted as of Closing (in the case of Clorox) and one for each state, territory and jurisdiction of the United States and each foreign jurisdiction in which the Competing Splitco Business is conducted as of Closing (in the case of Parent and H). With respect to any judicial proceeding, each party further agrees that (i) if a court or arbitrator shall refuse to enforce any of these separate covenants, such unenforceable
covenants shall be deemed eliminated from the provisions hereof for the purposes of such proceeding to the extent necessary for the remaining separate covenants to be enforced in such proceeding and (ii) if a court or arbitrator shall refuse to enforce one or more of the separate covenants because the total time thereof is deemed to be excessive or unreasonable, then such covenants which would otherwise be unenforceable due to such excessive or unreasonable period of time shall be enforced for such lesser period of time as shall be deemed reasonable and not excessive by such court or arbitrator.

(g) For purposes of this Section 6.15:

(i) “Competing Soft Scrub Business” means the business of manufacturing, marketing, distributing and/or selling (a) calcium-carbonate-based, mild abrasive liquid household cleaners and (b) non-abrasive gel household cleaners with a formula substantially the same as the Soft Scrub gel product with current UPC 44600-01650 or 44600-01661 and the Clorox Cleanup product with current UPC 44600-01180; and

(ii) “Competing Splitco Business” means the business of manufacturing, marketing, distributing and/or selling (a) abrasive liquid household cleaners and (b) non-abrasive gel household cleaners.

Payments of Receivables after Closing. In the event that following the Closing, (i) Clorox or any of its Affiliates receives any payments in respect of any receivables of the Transferred Businesses arising after the Closing, Clorox shall, or shall cause the applicable Affiliate to, deliver such payment to Splitco or Clorox Korea, as applicable, promptly after such receipt or (ii) HCI or any of its Affiliates receives any payments in respect of any receivables of the Transferred Businesses arising on or prior to the Closing, HCI shall, or shall cause the applicable Affiliate to, deliver such payment to Clorox promptly after such receipt.

Indemnification; D&O Insurance. (a) Clorox agrees that all rights to indemnification for liabilities, and all limitations with respect to liability, existing in favor of the Henkel Directors under the provisions in Articles Eight and Nine of Clorox’s Restated Certificate of Incorporation or otherwise under Clorox’s Bylaws or any indemnification agreement in effect as of the date hereof shall survive the Exchange and shall continue in full force and effect, without any amendment thereto, for a period of six years from the Closing Date to the fullest extent permitted by law; provided, however, that in the event any claim is asserted or made within such six-year period, all such rights, liabilities and limitations in respect of any such claim shall continue until disposition thereof.

(b) For a period of six years from the Closing Date, Clorox shall maintain in effect Clorox’s current directors’ and officers’ liability insurance covering each Henkel Director for acts or omissions occurring prior to the Closing Date on terms with respect to such coverage and amounts no less favorable than those of such policy in effect on the date of this Agreement; provided that Clorox may substitute therefor policies of a reputable insurance company the material terms of which, including coverage and amount, are not less favorable to the Henkel Directors than the insurance coverage otherwise required under this Section 6.17(b); provided, however, that in no event shall Clorox be required to pay annualized aggregate premiums for insurance under this Section 6.17(b) in excess of 200% of the amount of the aggregate premiums paid by Clorox for the period from July 1, 2003 to, and including, June 30, 2004, for such purpose; provided that Clorox shall nevertheless be obligated to provide such coverage as may be obtained for such 200% amount.

(c) If Clorox or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then and in either such case, proper provision shall be made so that the successors and assigns of Clorox shall assume the obligations of Clorox set forth in this Section 6.17.

(d) The rights of each Henkel Director hereunder shall be in addition to any other rights such Henkel Director may have under applicable Law, agreement or otherwise. The provisions of this Section 6.17 shall survive the Closing and expressly are intended to benefit each of the Henkel Directors, their heirs and representatives.

Employment Matters. (a) Prior to or at the Closing, Clorox shall have delivered to HCI a schedule setting forth the name of each Transferred Employee, along with such employee’s job title and reporting position, current salary and incentive bonus opportunities, and years of service, and designating such employee’s status as exempt or non-exempt under the Fair Labor Standards Act, whether such employee’s years of service are continuous or broken, and whether such employee is full-time or part-time.

(b) HCI or its Affiliates shall provide salaries, wages, annual bonus opportunities and pension, welfare and other employee benefits to the Transferred Employees for a period of two years after the Closing that are in the aggregate
substantially comparable to those provided to such employees by Clorox and its Affiliates immediately prior to the Closing. For purposes of all plans, programs or arrangements maintained, sponsored or contributed to by HCI or its Affiliates in which the Transferred Employees shall be eligible to participate, HCI shall cause each such plan, program or arrangement to treat the prior service of each Transferred Employee with Clorox or any of its Subsidiaries as service rendered to HCI for purposes of eligibility, vesting, levels of benefits and benefit accruals, except to the extent such treatment would result in the duplication of benefits with respect to the same period of service. From and after the Closing, HCI and its Affiliates shall (i) cause any pre-existing conditions, limitations and eligibility waiting periods under any group health plans of HCI or its Affiliates to be waived with respect to the Transferred Employees and their eligible dependents to the extent such condition would have been covered, or limitation or waiting period would not have applied, with respect to such Transferred Employee (or dependent) under the terms of the Business Benefit Plan in which such Transferred Employee was a participant immediately prior to the Closing and (ii) give each Transferred Employee credit for the plan year in which the Closing (or the transition from Clorox’s plans to HCI’s plans) occurs towards applicable deductibles and annual out-of-pocket limits for expenses incurred prior to the Closing (or such later transition date).

Options to Purchase Clorox Stock Held By Transferred Employees. Clorox or its relevant Affiliate shall take all steps necessary or appropriate to cause all unexercised options to purchase shares of Clorox’s stock held by any Transferred Employee that are outstanding as of the Closing Date (the “Clorox Options”) not to terminate due to or on account of (directly or indirectly) the Closing, and shall cause the Clorox Options to become fully vested in such Transferred Employee effective as of the Closing. Clorox shall cause the Clorox Options to remain outstanding and exercisable pursuant to the terms of such Clorox Options until the normal expiration date of the Clorox Options as set forth on the grant or award agreement or certificate with respect to such Clorox Options (i.e., with deemed continuous employment with Clorox or its Affiliates until the expiration date of the Clorox Options), unless such treatment is otherwise not permitted by applicable Law.

Continuing Obligations. From the Closing, Clorox shall, or shall cause its Affiliates to, take such actions as may be required to satisfy the continuing covenants and obligations, as remaining in effect as of the Closing Date, under the Asset Purchase Agreement dated as of January 31, 2002, as amended, among The Kingsford Company, Aventis CropScience S.A. (today Bayer CropScience SA) and Aventis Environmental Science S.A. (today Bayer Environmental Science SA), to the extent that the Business Assets and the Ancillary Agreements do not put HCI or its Affiliates in a position to perform such covenants and obligations.

Purchase of Inventory. Prior to the Closing, Clorox shall, or shall cause its Affiliates to, upon reasonable notice, sell finished goods inventories of any product of the Transferred Businesses for delivery to the distribution centers of HCI or its Affiliates at Clorox’s total delivered cost.

TAX MATTERS

Other than (w) matters described in Section 3.6; (x) the representations in Sections 4.8 and 5.9 (which are solely for purposes of Sections 8.2 and 8.3); (y) the covenants in Sections 6.2(b), 6.2(c) and 6.13; and (z) the provisions of Sections 10.4 and 11.17, all matters relating to Taxes shall be governed by the Tax Matters Agreement.

CONDITIONS TO CLOSING

Mutual Conditions. The respective obligations of each party hereto to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or, if legally permitted, waiver by all parties hereto at or prior to the Closing of the following conditions:

(a) No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order or legal restraint of any nature that prevents the consummation of the transactions contemplated by this Agreement.

(b) (i) Clorox shall have received its respective Tax Opinion and (ii) Parent and HCI shall have received their respective Tax Opinion, in each case in form and substance substantially as set forth as Exhibits F-1 and F-2 to this Agreement, dated as of the Closing Date.

(c) The applicable waiting periods required under the HSR Act and any other applicable Antitrust Law shall have expired or been terminated, and any Governmental Authority that has power under or authority to enforce any pre-
merger approval, clearance or review under any applicable Antitrust Law, shall have, if applicable, approved, cleared or decided neither to initiate proceedings or otherwise intervene in respect of the transactions contemplated hereby nor to refer the transactions to any other competent Governmental Authority.

(d) Each of the Ancillary Agreements shall have been executed and entered into by each of the parties thereto.

(e) Clorox, HCI and Parent shall have executed one or more instruments in form reasonably acceptable to the parties thereto terminating the Existing Agreements, effective upon the Closing.

Conditions to Parent’s and HCI’s Obligations. The obligations of Parent and HCI to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver by Parent and HCI prior to or at the Closing of each of the following conditions:

(a) The representations and warranties of Clorox set forth in Article IV of this Agreement shall be true and correct as of the date hereof and as of the Closing (except that representations and warranties made as of a specified date, shall be true and correct only as of such specified date), and HCI shall have received a certificate, dated the Closing Date, signed on behalf of Clorox by an appropriate officer of Clorox to such effect; provided, however, that for purposes of this paragraph, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or is reasonably likely to have a Material Adverse Effect on the Transferred Businesses, taken as a whole, or Splitco and Clorox Korea, taken as a whole, or has prevented or materially impeded or is reasonably likely to prevent or materially impede the consummation by Clorox of the transactions contemplated by this Agreement. For the avoidance of doubt, the preceding proviso shall have no effect upon Clorox’s obligations under Article X.

(b) Clorox shall have performed in all material respects each obligation and agreement to be performed by it, and shall have complied in all material respects with each covenant, in each case, required by this Agreement to be performed or complied with by it at or prior to the Closing, and HCI shall have received a certificate, dated the Closing Date, signed on behalf of Clorox by an appropriate officer of Clorox to such effect.

(c) Prior to or at the Closing, Clorox shall have delivered to HCI the items to be delivered pursuant to Section 2.3.

(d) Prior to or at the Closing, the Reorganization shall have been completed, including the contribution of the Additional Assets.

Conditions to Clorox’s Obligations. The obligations of Clorox to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver by Clorox at or prior to the Closing of each of the following conditions:

(a) The representations and warranties of each of Parent and HCI set forth in Article V of this Agreement shall be true and correct as of the date hereof and as of the Closing (except that representations and warranties made as of a specified date shall be true and correct only as of such specified date), and Clorox shall have received certificates, dated the Closing Date, signed on behalf of each of Parent and HCI by an appropriate officer of Parent and HCI, as applicable, to such effect; provided, however, that for purposes of this paragraph, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has prevented or materially impeded or is reasonably likely to prevent or materially impede the consummation by Parent or HCI of the transactions contemplated hereby. For the avoidance of doubt, the preceding proviso shall have no effect upon Parent’s or HCI’s obligations under Article X.

(b) Each of Parent and HCI shall have performed in all material respects each obligation and agreement to be performed by it, and shall have complied in all material respects with each covenant, in each case, required by this Agreement to be performed or complied with by it at or prior to the Closing, and Clorox shall have received certificates, dated the Closing Date, signed on behalf of each of Parent and HCI by an appropriate officer of Parent and HCI, as applicable, to such effect.
Prior to or at the Closing, Parent and HCI shall have delivered to Clorox the items to be delivered pursuant to Section 2.4.

Frustration of Closing Conditions. None of Clorox, Parent or HCI may rely on the failure of any condition set forth in this Article VIII to be satisfied if such failure was caused by such party’s failure to act in good faith or to use its commercially reasonable efforts to cause the Closing to occur, as required by Section 6.3(a).

TERMINATION

Termination. This Agreement may be terminated at any time prior to the consummation of the Closing under the following circumstances:

(a) by mutual written consent of Clorox and Parent;

(b) by either Parent or Clorox upon written notice to the other if the Closing shall not have been consummated on or before March 31, 2005; provided that the right to terminate this Agreement under this Section 9.1(b) shall not be available to a party if such party’s or such party’s Affiliate’s willful act or willful failure to act has been the cause of or resulted in the failure of the Closing to be consummated on or before such date;

(c) by Parent upon written notice to Clorox, if any of the conditions to the Closing set forth in Section 8.2 shall have become incapable of fulfillment by March 31, 2005 and shall not have been waived in writing by Parent and HCI;

(d) by either Clorox or Parent upon written notice to the other that the conditions set forth in Section 8.1(b) have become incapable of fulfillment by March 31, 2005 due to changes in the law, regulations or interpretations of the Internal Revenue Service;

(e) by Clorox upon written notice to Parent, if any of the conditions to the Closing set forth in Section 8.3 shall have become incapable of fulfillment by March 31, 2005 and shall not have been waived in writing by Clorox; or

(f) by either Parent or Clorox upon written notice to the other, if there shall be in effect a final, non-appealable order of a court or government administrative agency of competent jurisdiction permanently prohibiting the consummation of the transactions contemplated hereby.

Effect of Termination. In the event of the termination of this Agreement pursuant to Section 9.1, this Agreement, except for the provisions of (a) Section 6.7 relating to the obligation of the parties to keep confidential certain information obtained by it, (b) Article XI, and (c) this Section 9.2, shall become void and have no effect, without any liability on the part of any party hereto or its directors, officers or stockholders. Notwithstanding the foregoing, nothing in this Section 9.2 shall relieve any party hereto of liability for a willful breach of any of its obligations under this Agreement.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

Survival of Representations and Warranties. All of the representations and warranties provided for in this Agreement or in any agreement or certificate delivered pursuant to the provisions hereof or in connection with the transactions contemplated hereby shall survive the Closing until the date that is 18 months after the Closing Date; provided that the representations and warranties set forth in the last sentence of Section 4.3(a), in Section 4.11 and in Section 5.4 (collectively, the “Title Reps.”) shall survive indefinitely, the representations and warranties set forth in Sections 4.8 and 5.9 shall not survive the Closing and the representations and warranties set forth in Section 4.12 shall survive until the fourth anniversary of the Closing; provided further that any representations and warranties shall survive with respect to, and to the extent of, any claim for indemnification made in accordance with this Article X prior to the applicable termination date.

Indemnification by Clorox.

(a) Subject to the limitations set forth in this Article X, subsequent to the Closing, Clorox shall indemnify, defend and hold harmless Parent and its respective Subsidiaries (including HCI and, following the Closing, Splitco) and Affiliates, and their respective officers, directors, employees, agents and representatives, and each of their heirs, executors, successors and assigns (collectively, the “Representatives”), against and in respect of any and all Damages to the extent arising out of or resulting from:
Indemnification by Parent.

(a) Subject to the limitations set forth in this Article X, subsequent to the Closing, Parent shall indemnify, defend and hold harmless Clorox and its Representatives, against and in respect of any and all Damages to the extent arising out of or resulting from:

(i) any breach of a representation or warranty made by Parent or HCI in this Agreement or any Schedule hereto (other than representations and warranties set forth in Section 5.9 of this Agreement);

(ii) any breach of any agreement or covenant of Parent or HCI contained in this Agreement;

(iii) any Business Liability (other than any Business Liability relating to Taxes) and any legal, administrative or arbitration proceeding, suit or Action of any nature with respect thereto; or

(iv) Parent’s or HCI’s operation of the Transferred Businesses or Business Assets after Closing, but not to the extent resulting from Clorox’s or any of its Affiliates’ (including Splitco’s) actions or operations prior to Closing unless expressly assumed by Parent or HCI under the terms of this Agreement.

(b) Notwithstanding the foregoing and subject to the following sentence, in the case of Damages incurred as a result of a breach set forth in clause (i) of Section 10.3(a) above, (i) Parent shall not be liable for indemnification hereunder unless and until the aggregate amount of such Damages exceeds $12 million (the “Parent Basket”), in which event Clorox shall be entitled to indemnification for all Damages in excess of the Parent Basket; (ii) no claim for Damages shall be counted toward the Parent Basket unless such claim individually exceeds $75,000 (the “Parent De Minimis”); and (iii) Parent’s aggregate liability under clause (i) of Section 10.3(a) above shall in no event exceed $250 million (the “Parent Cap”). None of the Parent Basket, the Parent De Minimis or the Parent Cap shall apply to Damages incurred as a result of a breach of any of the Title Reps. It is understood that to the extent a matter constitutes both a breach of a representation or warranty and an Excluded Liability, the matter shall be treated as an Excluded Liability and the Parent Basket, the Parent De Minimis and Parent Cap shall not apply thereto.

Definition of Damage; Determination of Indemnification.
For purposes of this Article X, “Damages” shall mean, collectively, any and all damages, settlement amounts, penalties or losses, whatsoever (other than punitive, enhanced or exemplary damages, unless punitive, enhanced or exemplary damages are awarded or otherwise imposed in any Third Party Claim), together with out-of-pocket costs and expenses, including reasonable fees and disbursements of counsel, accountants, consultants or experts and expenses of investigation incurred by a party entitled to indemnification hereunder as a result of a matter giving rise to a claim for indemnification hereunder, such amounts to be (a) determined net of (1) the insurance proceeds which the indemnified party actually receives in respect of such matter and (2) indemnity payments which the indemnified party actually receives from parties other than the indemnifying party hereunder in respect of such matter, (b) increased by any Tax (or increased by any reduction in any Tax Benefit) actually borne by the indemnified party that would not have been borne but for such Damages or the receipt of any indemnity in respect thereof and (c) decreased by any Tax Benefit (or decreased by any reduction in any Tax) actually realized by the indemnified party that would not have been realized but for such Damages or the payment of any indemnity in respect thereof. For purposes of this paragraph, the indemnified party will be deemed to recognize a Tax Benefit with respect to a taxable year if, and to the extent that, the indemnified party’s cumulative liability for Taxes through the end of such taxable year, calculated by excluding any Tax items attributable to the Damages and the receipt of indemnity payments therefor from all taxable years, exceeds the indemnified party’s actual cumulative tax liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items attributable to the Damages and the receipt of indemnity payments therefor for all taxable years (to the extent permitted by relevant Tax Law and treating such Tax items as the last items taken into account for any taxable year). When, as, and if the indemnified party recognizes any Tax Benefit attributable to Damages after the making of indemnification payments therefor, and to the extent such Tax Benefit has not reduced the amount of such indemnification payments, the indemnified party will promptly after recognition thereof pay in cash the amount of such recognized Tax Benefit to an account specified by the indemnifying party.

Notice.

(a) If any matter shall arise which may involve or give rise to a claim by Parent against Clorox under the provisions of Section 10.2 or by Clorox against Parent under the provisions of Section 10.3 (an “Indemnity Claim”), Parent or Clorox, as the case may be, shall give prompt written notice (a “Notice of Claim”) of such Indemnity Claim, a description in reasonable detail of the factual basis thereof (to the extent such information is available), and the amount of indemnity sought (if then known or reasonably determinable) to Clorox (if a claim by Parent) or to Parent (if a claim by Clorox); provided that the failure to give timely notice will not relieve Clorox (if a claim by Parent) or Parent (if a claim by Clorox) from the obligation to indemnify against such claim except to the extent that Clorox (if a claim by Parent) or Parent (if a claim by Clorox) establishes by competent evidence that it is materially prejudiced thereby.

(b) If Clorox does not, within 45 days after receipt of a Notice of Claim by Parent, notify Parent in writing that Clorox disputes the applicable Indemnity Claim, in whole or in part, then Clorox shall promptly pay to Parent by wire transfer of immediately available funds to an account designated by Parent the amount of the Indemnity Claim. If Clorox within 45 days after receipt of a Notice of Claim by Parent notifies Parent in writing that Clorox disputes the applicable Indemnity Claim, in whole or in part, then the provisions of paragraph (d) below shall apply. If a Notice of Claim is made by Parent under paragraph (a) above and if it is agreed or determined (pursuant to paragraph (d) below or by a court of competent jurisdiction) that Clorox is obligated to indemnify Parent, the agreed or ordered amount of such indemnification shall be paid promptly by wire transfer of immediately available funds to an account designated by Parent.

(c) If Parent does not, within 45 days after receipt of a Notice of Claim by Clorox, notify Clorox in writing that Parent disputes the applicable Indemnity Claim, in whole or in part, then Parent shall promptly pay to Clorox by wire transfer of immediately available funds to an account designated by Clorox the amount of the Indemnity Claim. If Parent within 45 days after receipt of a Notice of Claim by Clorox notifies Clorox in writing that Parent disputes the applicable Indemnity Claim, in whole or in part, then the provisions of paragraph (d) below shall apply. If a Notice of Claim is made by Clorox under paragraph (a) above and if it is agreed or determined (pursuant to paragraph (d) below or by a court of competent jurisdiction) that Parent is obligated to indemnify Clorox, the agreed or ordered amount of such indemnification shall be paid promptly by wire transfer of immediately available funds to an account designated by Clorox.

(d) In the event that the indemnifying party disputes the existence and/or amount of a claim for indemnification set
Third Party Claim

(a) If Parent’s Indemnity Claim involves any Action brought or made by any third party (a “Third Party Claim”), then Clorox may elect (by written notice to Parent delivered within 30 days of notice by Parent to Clorox pursuant to Section 10.5(a)) to assume at its expense the defense of such Third Party Claim, including discussions with relevant Governmental Authorities, using counsel reasonably acceptable to Parent. If Clorox does not so elect to assume such defense, then such Third Party Claim shall be defended by Parent in such manner as it reasonably deems appropriate (and the costs, fees and expenses of Parent for such defense shall constitute Damages in accordance with Section 10.4), including entering a reasonable settlement thereof in which event the settlement plus Parent’s costs, fees and expenses with respect thereto shall be the Damages in accordance with Section 10.4; provided that Parent shall not enter into any settlement of such Third Party Claim without the prior written consent of Clorox, which consent shall not be unreasonably withheld, unless Parent and its Affiliates have no liability therefor, are not required to admit any liability and will not be bound by any restrictions or limitations on its or their conduct thereafter, and no negative precedent for future Claims, Actions or litigation against Clorox and its Affiliates will be established, in which case no consent shall be required. If the Third Party Claim has been assumed by Clorox, Clorox shall cooperate with Parent in connection with such defense and shall permit Parent to participate therein; provided that Clorox shall not be liable to Parent under the provisions hereof for any legal or other expenses incurred by Parent in connection with Parent’s participation in the defense of such Third Party Claim after Clorox has elected to assume the defense thereof so long as Clorox is diligently contesting such Third Party Claim in good faith, unless Parent is advised by outside counsel that an actual or potential conflict of interest exists between Parent and Clorox or that there are different or additional defenses available to Parent that are not available to Clorox, in which case Parent may engage separate counsel (the reasonable fees and disbursements of which shall be borne by Clorox). Clorox may not enter into any settlement of such Third Party Claim without the prior written consent of Clorox, which shall not be unreasonably withheld, unless Parent and its Affiliates have no liability therefor, are not required to admit any liability and will not be bound by any restrictions or limitations on its or their conduct thereafter, and no negative precedent for future Claims, Actions or litigation against Parent and its Affiliates will be established, in which case no consent shall be required.

(b) If Clorox’s Indemnity Claim involves a Third Party Claim, then Parent may elect (by written notice to Clorox delivered within 30 days of notice by Clorox to Parent pursuant to Section 10.5(a)) to assume at its expense the defense of such Third Party Claim, including discussions with relevant Governmental Authorities, using counsel reasonably acceptable to Clorox. If Parent does not so elect to assume such defense, then such Third Party Claim shall be defended by Clorox in such manner as it reasonably deems appropriate (and the costs, fees and expenses of Clorox for such defense shall constitute Damages in accordance with Section 10.4), including entering a reasonable settlement thereof in which event the settlement plus Clorox’s costs, fees and expenses with respect thereto shall be the Damages in accordance with Section 10.4; provided that Clorox shall not enter into any settlement of such Third Party Claim without the prior written consent of Parent, which consent shall not be unreasonably withheld, unless Parent and its Affiliates have no liability therefor, are not required to admit any liability and will not be bound by any restrictions or limitations on its or their conduct thereafter, and no negative precedent for future Claims, Actions or litigation against Parent and its Affiliates will be established, in which case no consent shall be required. If the Third Party Claim has been assumed by Parent, Parent shall cooperate with Clorox in connection with such defense and shall permit Clorox to participate therein; provided that Parent shall not be liable to Clorox under the provisions hereof for any legal or other expenses incurred by Clorox in connection with Clorox’s participation in the defense of such Third Party Claim after Parent has elected to assume the defense thereof so long as Parent is diligently contesting such Third Party Claim in good faith, unless Clorox is advised by outside counsel that an actual or potential conflict of interest exists between Clorox and Parent or that there are different or additional defenses available to Clorox that are not available to Parent, in which case Clorox may engage separate counsel (the reasonable fees and disbursements of which shall be borne by Parent). Parent may not enter into any settlement of a Third Party Claim without the prior written consent of Clorox,
which shall not be unreasonably withheld, unless Clorox and its Affiliates have no liability therefor, are not required to
admit any liability and will not be bound by any restrictions or limitations on its or their conduct thereafter, and no
negative precedent for future Claims, Actions or litigation against Clorox and its Affiliates will be established, in which
case no consent shall be required.

Exclusivity. Following the Closing, except with respect to matters for which the remedy of specific performance, injunctive relief
or other non-monetary equitable remedies are available, the sole and exclusive remedy of the parties with respect to any and all
Claims arising from any breach of this Agreement or any of the other matters addressed in Section 10.2 or 10.3 shall be pursuant
to the indemnification provisions set forth in this Article X; provided that all matters relating to Taxes shall be addressed in the Tax
Matters Agreement and this Article X shall not apply to any Tax matters.

Tax Treatment of Indemnity Payments. Any payments made pursuant to this Article X shall be treated as set forth in the Tax
Matters Agreement.

Environmental Matters. The indemnity for Excluded Liabilities that are Environmental Claims pursuant to Section 3.5(e) of this
Agreement shall be subject to the following limitations: (a) if the costs of Remedial Action or correcting non-compliance with
Environmental Laws or Environmental Permits subject to indemnity by Clorox are increased due to a negligent act or omission, or
willful misconduct, after the Closing Date by a Person, other than Clorox or any of its Affiliates, acting on its own or under the
supervision or direction of any Governmental Authority, Clorox shall not be responsible for any such increase in costs incurred;
(b) if Clorox or any of its Affiliates is performing its obligations pursuant to such indemnity, Clorox shall not be responsible for the
costs associated with HCI’s oversight of Clorox and its Affiliates’ performance; and (c) Clorox shall not be responsible for any
costs that are incurred by HCI due to (i) the closure or sale of a facility or business, (ii) a change in use of any facility to a use
substantially unrelated to the use of that facility as of the Closing or (iii) a change after the Closing in the terms of any
Environmental Permit.

MISCELLANEOUS

Notices.

All notices or other communications required or permitted hereunder shall be in writing and shall be delivered
personally, by facsimile (with confirming copy sent by one of the other delivery methods specified herein) or by
overnight courier or sent by certified, registered or express air mail, postage prepaid, and shall be deemed given when
so delivered personally, or when so received by facsimile or courier, or, if mailed, three calendar days after the date of
mailing, as follows:

If to Clorox:

The Clorox Company

1221 Broadway

Oakland, California 94612

Facsimile: (510) 271-1696

Attention: General Counsel

and with a copy to:

Cravath, Swaine & Moore LLP

Worldwide Plaza

825 Eighth Avenue

New York, New York 10019
Expenses. Regardless of whether the transactions provided for in this Agreement are consummated, each of the parties hereto shall pay its own expenses incident to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby (including legal fees, accounting fees, investment banking fees and filing fees), except that Clorox and HCI shall each bear one half of the filing fees under the HSR Act and Clorox shall bear all costs of the Reorganization.
Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without reference to the choice of law principles thereof. Subject to Section 11.4, each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware and the United States District Court for any district within such state for the purpose of any Action arising out of, under or in connection with or relating to, this Agreement or any Ancillary Agreement or any of the transactions contemplated hereby or thereby and to the laying of venue in such court. Service of process in connection with any such Action may be served on each party hereto by the same methods as are specified for the giving of notices under this Agreement. Each party hereto irrevocably and unconditionally waives and agrees not to plead or claim any objection to the laying of venue of any such Action brought in such courts and irrevocably and unconditionally waives any claim that any such Action brought in any such court has been brought in an inconvenient forum.

Dispute Resolution.

(a) The parties hereto intend that all disputes between the parties, directly or indirectly, arising out of, under or in connection with or relating to, this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby and thereby shall be settled by the parties amicably through good faith discussions upon the written request of any party.

(b) Prior to filing suit, instituting an Action or seeking other judicial or governmental resolution in connection with any dispute between Parent and Clorox (each, for purposes of this Section 11.4, a “Dispute Party” and, collectively, the “Dispute Parties”) or any of their respective Affiliates or Subsidiaries, directly or indirectly, arising out of, under or in connection with or relating to, this Agreement, any Ancillary Agreement or any of the transactions contemplated hereby and thereby, the Dispute Parties will attempt to resolve such dispute by good faith negotiations. Such negotiations shall proceed as follows:

(i) Either Dispute Party may send a written notice to the other Dispute Party requesting such negotiations. Promptly following receipt of such notice by the other Dispute Party, each Dispute Party shall cause the individual designated by it as having general responsibility for the affected Agreement or transaction to meet in person with the individual so designated by the other Dispute Party to discuss the dispute.

(ii) If the dispute is not resolved within 30 days after the first meeting between such individuals (or if earlier within 45 days of the notice referred to in clause (i) above), then, upon the written request of either Dispute Party, each Dispute Party shall cause the individual designated by it as having general responsibility for the overall relationship defined by this Agreement to meet in person with the individual so designated by the other Dispute Party to discuss the dispute.

(iii) If the dispute is not resolved within 15 days after the first meeting between such individuals (or if earlier within 30 days of the notice referred to in clause (ii) above), then, upon the written request of either Dispute Party, the chief executive officer or chief financial officer of Clorox, on the one hand, and the chief executive officer or chief financial officer of Parent, on the other hand, shall meet (unless otherwise agreed, such meeting to be in person) and attempt in good faith to negotiate a resolution to the dispute.

Except and only to the limited extent provided in Section 11.4(c), neither Dispute Party shall, and shall cause their respective Affiliates not to, file suit, institute an Action or seek other judicial or governmental resolution of the dispute until at least 30 days after the first meeting between the corporate officers described in clause (iii) above (or, if earlier, 45 days after the notice referred to in such clause (iii)).

(c) Notwithstanding the provisions of Section 11.4(b), either Dispute Party may institute an Action seeking a preliminary injunction, temporary restraining order, or other equitable relief, if necessary in the reasonable opinion of that Dispute Party to avoid material harm to its property, rights or other interests, before commencing, or at any time during the course of, the dispute procedure described in Section 11.4(b). In addition, either Dispute Party may file an Action prior to the commencement of or at any time during or after the dispute resolution procedures in Section 11.4(b) if in the sole opinion of that Dispute Party it is necessary to prevent the expiration of a statute of limitations or filing period or the loss of any other substantive or procedural right.

(d) Notwithstanding the foregoing, the provisions of this Section 11.4 shall not apply to any dispute arising under Section 2.5 or 2.6 of this Agreement.
Waiver of Jury Trial

EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR ANY ANCILLARY AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY ANCILLARY AGREEMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.5.

Assignment; Successors and Assigns; No Third Party Rights. This Agreement and the Ancillary Agreements may not be assigned by any party hereto without the prior written consent of the other party hereto, and any attempted assignment shall be null and void. This Agreement and the Ancillary Agreements shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as provided in Sections 6.17, 10.2 and 10.3, this Agreement shall be for the sole benefit of the parties hereto, and their respective successors and permitted assigns and is not intended, nor shall be construed, to give any Person, other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, benefit, remedy or claim hereunder. Nothing in this Agreement shall prevent any party and its successors and permitted assigns from consolidating with or merging with or into, or transferring, in one transaction or a series of related transactions, substantially all of its assets to, any Person or Persons, provided, however, that the purchaser of substantially all of the assets of the party or its successor or permitted assign shall agree with the other party to be bound by all of the transferring party’s obligations hereunder.

Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same instrument.

Titles and Headings. The headings and table of contents in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

Entire Agreement. This Agreement, the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement among the parties hereto with respect to the matters covered hereby and thereby, and supersede all previous written, oral or implied understandings among them with respect to such matters.

Amendment and Modification. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

Publicity; Public Announcements. Unless otherwise required by applicable Laws or the requirements of any national securities exchange (and, in that event, only if time does not permit), at all times prior to the earlier of the consummation of the Closing or termination of this Agreement pursuant to Article IX, Clorox and Parent shall consult with each other before issuing, and give each other a reasonable opportunity to review and comment upon, any press release with respect to the transactions contemplated hereby and shall not issue any such press release without each other’s consent, which consent shall not be unreasonably withheld or delayed. The parties agree that the initial press release to be issued with respect to this Agreement and the transactions contemplated by this Agreement shall be in the form heretofore agreed to by the parties.

Waiver. Any of the terms or conditions of this Agreement may be waived at any time by the party or parties hereto entitled to the benefit thereof, but only by a writing signed by the party or parties waiving such terms or conditions.

Severability. If any term, provisions, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.
No Strict Construction. Each of the parties hereto acknowledges that this Agreement has been prepared jointly by the parties hereto and shall not be strictly construed against any party hereto.

Knowledge. To the extent that any representation is made to “Clorox’s knowledge” (or similar words), such knowledge shall refer to the actual knowledge of the individuals listed on Schedule 2 to this Agreement under the heading “Clorox’s knowledge”. To the extent that any representation is made to “Parent’s knowledge” (or similar words), such knowledge shall refer to the actual knowledge of the individuals listed on Schedule 2 to this Agreement under the heading “Parent’s knowledge”.

Affiliate Status. To the extent that a party hereto is required hereunder to take certain action with respect to entities designated herein as such party’s Affiliates, such obligation shall apply to such entities only during such period of time that such entities are Affiliates of such party.

Tax Consequences. Each party hereto acknowledges and agrees that no party has made, or is making in this Agreement, expressly or impliedly, any representation or warranty regarding the tax effects or tax consequences, if any, of the transactions contemplated in this Agreement or in the Ancillary Agreements and that each party has consulted with and is relying upon its own tax advisors with respect to such effects and consequences. The foregoing shall be without prejudice to, and shall not in any way diminish, the representations and warranties and obligations of the parties set forth in this Agreement, including those in Sections 4.8, 5.9 and 6.13.

Specific Performance. The parties agree that if any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine; accordingly, the parties shall be entitled to specific performance of the terms hereof or injunctive relief, in addition to any other remedy at law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE CLOROX COMPANY

By: /s/ Daniel J. Heinrich

Name: Daniel J. Heinrich
Title: SVP- Chief Financial Officer

HENKEL KGaA

By: /s/ Dr. Lothar Steinebach

Name: Dr. Lothar Steinebach
Title: Executive Vice President & Chief Financial Officer

By: /s/ Dr. Franz-Josef Acher

Name: Dr. Franz-Josef Acher
Title: Corporate Vice President & General Counsel

HC INVESTMENTS, INC.

By: /s/ Brian Friend

Name: Brian Friend
Title: Vice President

EXHIBIT 10-2

THE CLOROX COMPANY
SECTION 1. INTRODUCTION.

The Plan was adopted by the Board on July 20, 1993, subject to approval by the Company's stockholders at the annual meeting of stockholders on November 17, 1993. The purpose of the Plan is to promote the long-term success of the Company and to create incremental stockholder value by (a) encouraging the Independent Directors to focus on critical long-range objectives, (b) encouraging the attraction and retention of Independent Directors with exceptional qualifications and (c) linking Independent Directors directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for the grant of nonstatutory options to purchase Common Shares.

The Plan is intended to comply in all respects with Rule 16b-3 (or its successor) under the Exchange Act and shall be construed accordingly.

SECTION 2. DEFINITIONS.

(a) "Board" means the Company's Board of Directors, as constituted from time to time.

(b) "Change in Control" means the occurrence of any of the following events:

(i) The Company consolidates or merges with, or sells or otherwise transfers more than 50% of its assets or earning power to, any Person in a transaction or series of transactions which result in the holders of the outstanding common stock of the Company immediately prior to the first such transaction holding (either by such shares remaining outstanding or by being converted into securities of the surviving entity) less than a majority of the shares entitled to vote for the election of directors of the surviving entity outstanding immediately after such merger, consolidation, sale or transfer, or

(ii) Any Person becomes the beneficial owner of more than 30% of the outstanding common shares (a "30% Beneficial Owner") and a majority of the members of the Board of Directors of the Company are not Continuing Directors.

(iii) For purposes of this definition of Change in Control:

a) "Beneficial Ownership" shall be determined in accordance with Rule 13-d-3 under the "Securities Exchange Act of 1934 (the "1934 Act"), but shall not include ownership by any Subsidiary or any employee benefit plan of the Company.

b) "Continuing Director" shall mean any member of the Board of Directors of the Company who is not a 30% Beneficial Owner or a representative of a 30% Beneficial Owner and who was either (i) a member of the Board prior to the time that any Person becomes a 30% Beneficial Owner or (ii) subsequently becomes a member of the Board, if such the Board, if such Person's election to the Board is recommended or approved by a majority of Continuing Directors.

c) "Person" shall mean any individual, firm, partnership, corporation or other entity, and shall include any successor of such entity and all Affiliates, Associates and Subsidiaries (as those terms are defined in Rule 12b-2 under the 1934 Act) of such Person; provided, however, that the term "Person" shall not include H C Investments, Inc., a U.S. affiliate of Henkel KGaA, or any of Henkel KGaA's other Subsidiaries.

c) "Code" means the Internal Revenue Code of 1986, as amended.
"Committee" means the Employee Benefits and Management Compensation Committee of the Board, as constituted from time to time.

"Common Share" means one share of the common stock of the Company.

"Company" means The Clorox Company, a Delaware corporation.

"Employee" means an employee (within the meaning of Section 3401(c) of the Code and the regulations thereunder) of the Company or of a Subsidiary of the Company.


"Exercise Price" means the amount for which one Common Share may be purchased upon exercise of an Option, as specified in the applicable Stock Option Agreement.

"Fair Market Value" means the closing price of a Common Share on the trading day immediately preceding the day in question, as stated in the New York Stock Exchange composite transactions report.

"Independent Director" means a member of the Board who is not an Employee and was not an Employee who actively performed duties at any time during the twelve months immediately preceding the member's first election to the Board as an Independent Director.

"NSO" means a stock option not described in Section 422 or 423 of the Code.

"Option" means an NSO granted under the Plan and entitling the holder to purchase Common Shares.

"Optionee" means an individual who holds an Option.

"Plan" means this 1993 Directors' Stock Option Plan, as it may be amended from time to time.

"Retirement" means termination of Service after (i) attaining age 70 or (ii) serving as an Independent Director for not less than five years.

"Service" means service as a member of the Board as an Independent Director.

"Stock Option Agreement" means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

"Subsidiary" means any corporation, if the Company and/or one or more other Subsidiaries own not less than 50 percent of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

"Total and Permanent Disability" means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than 12 months.

SECTION 3. ADMINISTRATION.

(a) Plan Administrator. The Plan shall be administered by the Committee.

(b) Committee Responsibilities. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:
(i) To interpret the Plan and to apply its provisions;

(ii) To adopt, amend or rescind rules, procedures and forms relating to the Plan;

(iii) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan; and

(iv) To take any other actions deemed necessary or advisable for the administration of the Plan.

All decisions, interpretations and other actions of the Committee shall be final and binding on all Optionees and all other persons deriving their rights from an Optionee. No member of the Committee shall be liable for any action that he or she has taken or has failed to take in good faith with respect to the Plan or any Option.

SECTION 4. STOCK SUBJECT TO PLAN. UPDATED 11-28-01

(a) Basic Limitation. Common Shares offered under the Plan shall be treasury shares or authorized but unissued shares. The aggregate number of Common Shares issued under the Plan shall not exceed 400,000 Common Shares, subject to adjustment pursuant to Section 7. The number of Common Shares that are subject to Options at any time shall not exceed the number of Common Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Common Shares to satisfy the purposes of the Plan.

(b) Additional Shares. In the event that any outstanding Option for any reason expires or is canceled or otherwise terminated, the Common Shares allocable to the unexercised portion of such Option shall again be available for the purposes of the Plan.

SECTION 5. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in a Stock Option Agreement.

(b) Initial Grants. Each Independent Director who served as a member of the Board on November 17, 1993, received an Option covering 8,000 Common Shares on November 18, 1993. Each Independent Director who first joins the Board after November 17, 1993, shall receive an Option covering 8,000 Common Shares on the first business day after his or her initial election to the Board. (The number of Common Shares included in an Option shall be subject to adjustment under Section 7.)

(c) Annual Grants. On the first business day of fiscal year 2002 and each subsequent fiscal year, each Independent Director shall receive an Option covering 2,000 Common Shares (subject to adjustment under Section 7), except that such Option shall not be granted in the calendar year in which the same Independent Director received an Initial Grant Option described in Subsection (b) above. Annual grants shall cease effective as of June 30, 2005.

(d) Exercise Price. The Exercise Price under each Option shall be equal to 100 percent of the Fair Market Value of the Common Shares subject to such Option on the date when such Option is granted. The entire Exercise Price of Common Shares issued under the Plan shall be payable in cash when such Common Shares are purchased, except as follows:

(i) Payment may be made with Common Shares that have already been owned by the Optionee for more than six months and that are surrendered to the Company in good form for transfer or by foregoing the right to receive Common Shares whose Fair Market Value equals the Exercise Price. Such Common Shares shall be valued at their Fair Market Value on the date when the new Common Shares are purchased under the Plan.

(ii) Payment may be made by the delivery (on a form prescribed by the Company) of an
irrevocable direction to a securities broker approved by the Company to sell Common Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(iii) Payment may be made by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Common Shares to a securities broker or lender approved by the Company as security for a loan and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(e) **Vesting.** Subject to Subsection (j) below, each Option shall become exercisable in two equal annual installments on each of the first two anniversaries of the date of grant. In addition, subject to Subsection (j) below, each Option shall become exercisable in full in the event that:

(i) The Optionee's Service terminates because of Retirement, death or Total and Permanent Disability; or

(ii) A Change in Control occurs with respect to the Company.

(f) **Term of Options.** Subject to Subsections (g) and (h) below, each Option shall expire on the 10th anniversary of the date when such Option was granted.

(g) **Termination of Service (Except by Death).** If an Optionee's Service terminates for any reason other than death, then his or her Options shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (f) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Retirement or Total and Permanent Disability.

The Optionee may exercise all or part of his or her Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before his or her Service terminated or became exercisable as a result of the termination. The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of his or her Service but before the expiration of his or her Options, all or part of such Options may be exercised at any time within 12 months after the date of death by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from him or her by bequest, inheritance or beneficiary designation under the Plan, but only to the extent that such Options had become exercisable before his or her Service terminated or became exercisable as a result of the termination.

(h) **Death of Optionee.** If an Optionee dies while he or she is in Service, then his or her Options shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (f) above; or

(ii) The date 12 months after his or her death.

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of his or her estate or by any person who has acquired such Options directly from him or her by bequest, inheritance or beneficiary designation under the Plan.

(i) **Nontransferability.** During an Optionee's lifetime, his or her Options shall be exercisable only by him or her and shall be nontransferable. In the event of an Optionee's death, his or her Options shall not be transferable other than by bequest, inheritance or beneficiary designation under the Plan.

(j) **Stockholder Approval.** Subsection (e) above notwithstanding, no Option shall be exercisable under
any circumstances unless and until the Company's stockholders have approved the Plan.

SECTION 6.  MISCELLANEOUS PROVISIONS.

(a)  **No Rights as a Stockholder.** An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Common Shares covered by his or her Option until the date of the issuance of a stock certificate for such Common Shares. No adjustment shall be made except as provided in Section 7.

(b)  **Restrictions on Issuance of Shares.** Common Shares shall not be issued under the Plan unless the issuance and delivery of such Common Shares complies with (or is exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange on which the Company's securities may then be listed. The Company may impose restrictions upon the sale, pledge or other transfer of such Common Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company and its counsel, such restrictions are necessary or desirable in order to achieve compliance with the provisions of the Securities Act of 1933, as amended, the securities laws of any state or any other law.

(c)  **Withholding Taxes.** The Company's obligation to deliver Common Shares upon the exercise of an Option shall be subject to any applicable tax withholding requirements. To the extent permissible under applicable tax, securities and other laws, the Company may, in its sole discretion, permit the Optionee to satisfy a tax withholding requirement by directing the Company to apply Common Shares to which the Optionee is entitled as a result of the exercise of an Option to satisfy such requirement.

(d)  **No Retention Rights.** No provision of the Plan, nor any Option granted under the Plan, shall be construed as giving any person the right to be elected as, or to be nominated for election as, an Independent Director or to remain an Independent Director.

SECTION 7.  ADJUSTMENT OF SHARES.

(a)  **General.** In the event of any change in the Common Shares that occurs after the Plan becomes effective by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the aggregate number of shares subject to each outstanding Option, and its stated Option price, shall be adjusted appropriately by the Committee, whose determination shall be conclusive.

(b)  **Reorganizations.** In the event that the Company is a party to a merger or other reorganization, outstanding Options shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, for the assumption of outstanding Options by the surviving corporation or its parent, for their continuation by the Company (if the Company is a surviving corporation), for accelerated vesting or for settlement in cash.

(c)  **Reservation of Rights.** Except as provided in this Section 7, an Optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Common Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 8.  DURATION AND AMENDMENTS.

(a)  **Term of the Plan.** The Plan, as set forth herein, shall become effective on November 17, 1993 if approved by the Company's stockholders. The Plan shall remain in effect until it is terminated under Subsection (b) below.
(b) **Right to Amend or Terminate the Plan.** The Board may amend, suspend or terminate the Plan at any time and for any reason, except that the provisions of the Plan relating to the amount, price and timing of Option grants shall not be amended more than once in any six-month period. Any amendment of the Plan shall be subject to the approval of the Company's stockholders to the extent required by applicable laws, regulations or rules (including, without limitation, Rule 16b-3 under the Exchange Act).

(c) **Effect of Amendment or Termination.** No Common Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Option previously granted under the Plan.

**EXHIBIT 10-3**

The Clorox Company

1993 Directors' Stock Option Plan

Non-Qualified Stock Option

<table>
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<tr>
<th>Series</th>
<th>Shares</th>
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**THIS OPTION IS NOT ASSIGNABLE**

The Clorox Company, a Delaware Corporation with its principal office in Oakland, California, hereby grants to the Optionee named below an option to purchase, in accordance with and subject to the terms and restrictions of The Clorox Company 1993 Directors' Stock Option Plan and of this Option, the number of shares of Common Stock of The Clorox Company at the price set forth herein, as follows:

**OPTIONEE:**

**NUMBER OF SHARES ON WHICH OPTION IS GRANTED:**

**OPTION PRICE PER SHARE:**

**DATE OF GRANT:**

**EXPIRATION OF OPTION:**

**OPTION EXERCISABLE AS FOLLOWS:**

50% of shares may be purchased on [first anniversary of grant date] and 50% on [second anniversary of the grant date].

50% on or after the same date in 2001.

In case of termination of service or death, see Section 5(g) and (h) of the Plan.

No shares covered by this Option shall be issued or delivered unless and until, in the opinion of Counsel for The Clorox Company, all applicable registration requirements of the Securities Act of 1933, as amended, any applicable listing requirements of any national securities exchange on which stock of the same class is then listed and any other requirements of law or of any regulatory body having jurisdiction over such issuance or delivery shall have been fully complied with.

**THE CLOROX COMPANY**

By:

[Name]
I hereby accept the above Option to purchase shares of the Common Stock of The Clorox Company in accordance with and subject to the terms and restrictions of The Clorox Company 1993 Directors' Stock Option Plan, with which I am familiar, and agree to be bound thereby and by the actions of the Employee Benefits and Management Compensation Committee and of the Board of Directors. I also agree that this Option and The Clorox Company 1993 Directors' Stock Option Plan constitute an agreement with The Clorox Company in accordance with the terms and provisions thereof.

I agree to surrender this Option to the Treasurer of The Clorox Company for cancellation or for appropriate notation hereon upon exercise of this Option in whole or in part, or upon the happening of any other event which makes this Option not exercisable according to its terms.

___________________ ___________________
Date Accepted                                                                                Optionee

EXHIBIT 10-4

THE CLOROX COMPANY

1996 STOCK INCENTIVE PLAN

Amended and Restated Effective

as of September 15, 2004

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 Rule 16b-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
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.

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 pre-established performance goals, which shall consist of one or more of the following performance criteria: total shareholder return, stock price, 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 Program.** 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 SARs 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) **Transferrability 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 of 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 Agreement 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.


(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.


(a) Corporate Transaction.

(i) In the event of a Corporate Transaction, each Award that was granted prior to September 15, 2004, and 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 such outstanding Awards under the Plan shall terminate unless assumed by the successor company or its Parent.

(ii) In the event of a Corporate Transaction, with respect to Awards granted on or after September 15, 2004, other than Performance Shares and Performance Units:

(A) the portion of each such Award that is assumed by the successor company or its Parent shall automatically become fully vested and exercisable and be released from any restrictions on transfer and any repurchase or forfeiture rights for all of the Shares at the time represented by such assumed portion of the Award, immediately upon termination of the Grantee’s Continuous Service if such Continuous Service is terminated involuntarily without Cause or terminated by the Employee for “Good Reason” within twenty-four (24) months after the Corporate Transaction; and

(B) the portion of each such Award that is not assumed by the successor company or its Parent, shall automatically become fully vested and exercisable and be released from any restrictions on transfer and any repurchase or forfeiture rights for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the Grantee’s Continuous Service has not terminated prior to such date. The portion of the Award that is not assumed shall terminate to the extent not exercised prior to the consummation of such Corporate Transaction.

(iii) In the event of a Corporate Transaction, Performance Share and Performance Unit Awards granted on or after September 15, 2004 shall vest pro-rata immediately prior to the specified effective date of the Corporate Transaction in the same proportion as the time since the beginning of the vesting period bears to the shortest time remaining in the vesting period until the Awards could otherwise completely vest. The level of vesting of the Award shall be based on the level of performance achieved as of the accelerated vesting date. The amount of the vested award may, therefore, be represented by the following formula: Total Award number of shares times (number of full months elapsed in shortest possible vesting period divided by number of full months in shortest possible vesting period) times percent performance level achieved immediately prior to the specified effective date of the Corporate Transaction.

(b) Change of Control.

(i) In the event of a Change of Control (other than a Change of Control that also is a Corporate Transaction), each Award that was granted prior to September 15, 2004, and 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.

(ii) With respect to Awards granted on or after September 15, 2004, other than Performance Shares and Performance Units, following a Change of Control (other than a Change of Control that also is a Corporate Transaction) and upon the termination of the Continuous Service of a Grantee if such Continuous Service is terminated involuntarily without Cause or terminated by the employee for Good Reason within twenty-four (24) months after a Change of Control, each Award of such Grantee which is at the time outstanding under the Plan automatically shall become fully vested and exercisable and be released from any repurchase or forfeiture rights, immediately upon the termination of such Continuous Service.

(iii) Following a Change of Control (other than a Change of Control that is also a Corporate Transaction) Performance Share and Performance
Unit Awards granted on or after September 15, 2004, shall vest pro-rata immediately prior to the specified effective date of the Change of Control in the same proportion as the time since the beginning of the vesting period bears to the shortest time remaining in the vesting period until the Awards could otherwise completely vest. The level of vesting of the Award shall be based on the level of performance achieved as of the accelerated vesting date. The amount of the vested award may, therefore, be represented by the following formula: Total Award number of shares times (number of full months elapsed in shortest possible vesting period divided by number of full months in shortest possible vesting period) times percent performance level achieved immediately prior to the specified effective date of the Change of Control.

(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.
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) owns 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.

“Cause” means, with respect to the involuntary termination of the Grantee’s Continuous Service, that such termination is for “Cause” as such term is expressly defined in a then-effective written agreement between the Grantee and the Company, any Parent or Subsidiary of the Company or any successor entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, that: (i) the Grantee willfully neglects significant duties he or she is required to perform or willfully violates a material policy of the Company, any Parent or Subsidiary of the Company or any successor entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, that: (i) the Grantee willfully neglects significant duties he or she is required to perform or willfully violates a material policy of the Company, any Parent or Subsidiary of the Company or any successor entity, and, after being warned in writing, continues to neglect such duties or continues to violate the specified policy; (ii) the Grantee commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude; (iii) the Grantee exhibits gross negligence in the course of employment; or (iv) the Grantee fails to obey a lawful direction of the Board.

“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 thirty percent (30%) 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.

“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.


“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.

“Good Reason” means action (i) by the Company that results in a reduction in Employee’s compensation or benefits, except a reduction generally applicable to similarly situated employees, a relocation of more than 50 miles in the site of Employee’s employment or a significant diminution in the Employee’s position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee, or (ii) as defined in an applicable Change of Control Employment Agreement;

“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 an 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” 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.

“Retirement” means termination of Continuous Status as an Employee after attaining age fifty-five (55) with ten (10) or more years of “vesting service” as defined in The Clorox Company Pension Plan.

“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 10-5

Attachment 1B
NOTICE OF STOCK OPTION GRANT

The Clorox Company, a Delaware company (the “Company”), grants to the Optionee named below an option (the “Option”) to purchase, in accordance with the terms of The Clorox Company 1996 Stock Incentive Plan (the “Plan”) and this Agreement, the number of shares of Common Stock of the Company (the “Shares”) at the exercise price per share (the “Exercise Price”) set forth as follows:

<table>
<thead>
<tr>
<th>OPTIONEE</th>
<th>OPTIONS GRANTED</th>
<th>GRANT CODE</th>
<th>EXERCISE PER SHARE</th>
<th>DATE OF GRANT</th>
<th>EXPIRATION DATE</th>
<th>VESTING SCHEDULE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[10 years after grant date]</td>
<td>25% on each of the first four anniversaries of the Date of Grant</td>
</tr>
</tbody>
</table>

AGREEMENT

Grant of Option. The Company hereby grants to the Optionee the Option to purchase the Shares at the Exercise Price, subject to the terms, definitions and provisions of the Plan and this Agreement. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement.

Exercise of Option.

Right to Exercise. This Option shall be exercisable prior to the expiration date set forth in the Notice of Stock Option Grant above (the “Expiration Date”), in accordance with the vesting schedule set forth in the Notice of Stock Option Grant above (the “Vesting Schedule”) and with the applicable provisions of the Plan and this Agreement. Notwithstanding any other provision of this Agreement, in no event may this Option be exercised after the Expiration Date.

Method of Exercise. This Option shall be exercisable only by delivery of an Exercise Notice (printable from the Clorox Web at http://CLOROXWEB/hr/stock/ or available from the Company’s designee) which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised and such other representations and agreements as to the holder’s investment intent with respect to such Shares and such other provisions as may be required by the Administrator. Such Exercise Notice shall be signed by the Optionee and shall be delivered by mail or fax, to the Company’s designee accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company’s designee of such written notice accompanied by the Exercise Price.

No Shares will be issued pursuant to the exercise of the Option unless such issuance and such exercise shall comply with all Applicable Laws. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

Taxes. No Shares will be issued to the Optionee or other person pursuant to the exercise of the Option until the Optionee or other person has made arrangements acceptable to the Company or its designee for the satisfaction of applicable foreign, federal, state, and local income and employment tax withholding obligations.

Method of Payment. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee; provided, however, that such exercise method does not then violate an Applicable Law:

Check

Surrender of shares of Common Stock of the Company (including withholding of Shares otherwise deliverable upon exercise of this Option) which have a Fair Market Value on the date of surrender equal to the Exercise Price of the Shares as to which the Option is being exercised (but only to the extent that such exercise of the Option would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price).

Delivery of a properly executed Exercise Notice together with such other documentation as the Company or its designee shall
require to effect an exercise of the Option and delivery to the Company or its designee of the sale or loan proceeds required to pay the Exercise Price.

Termination. If the Optionee’s Continuous Service terminates (“Termination”), to the extent the Optionee is entitled to exercise this Option in accordance with the Vesting Schedule on the Termination date, the Optionee may exercise this Option during the applicable Termination Exercise Period described in Section 5 below. However, if the Termination date is more than 12 months from the date of grant set forth in the Notice of Stock Option Award and if the Optionee is age 55 years or older with at least 10 years of Vesting Service or has at least 20 years of Vesting Service, then this Option shall vest in its entirety on the Termination date. This Option shall be subject to the provisions of Section 10 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction, Change in Control or Subsidiary Disposition.

Termination Exercise Period.

For the purposes of this Agreement, the “Termination Exercise Period” shall be as follows:

If Termination occurs for reasons other than death or disability and if the Optionee is age 55 or older with at least 10 years of Vesting service or has at least 20 years of Vesting service, the Termination Exercise Period shall be the period ending on the fifth anniversary of the Termination date (and in no event later than the Expiration Date).

Disability. If the Optionee’s Continuous Service terminates as a result of his or her disability, the Termination Exercise Period shall be the twelve-month period immediately following, the Termination Date (and in no event later than the Expiration Date), to the extent the optionee was otherwise entitled to exercise it on the Termination date. To the extent that the Optionee was not entitled to exercise the Option on the Termination date, or if the Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate.

Death. If the Optionee’s Continuous Service terminates as a result of his or her death or if the Optionee dies during the Termination Exercise Period, the Option may be exercised at any time within twelve months following the date of death (and in no event later than the Expiration Date), by the Optionee’s estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent the Optionee could exercise the Option at the date of death.

Other than as set forth in subparagraph (a) immediately above, the Termination Exercise Period shall be the three-month period immediately following the Termination date (and in no event later than the Expiration Date) or such period as may be applicable upon death or disability of the Optionee as provided in this Agreement.

Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Optionee only by the Optionee.

Protection of Trade Secrets and Limitations on Exercise.

Definitions.

“Affiliated Company” means any organization controlling, controlled by or under common control with the Company.

“Confidential Information” means technical or business information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the company or any Affiliated Company, whether or not they originated with the Optionee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

“Conflicting Product” means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development that (1) resembles or competes with a product, process, machine, or service upon or with which the Optionee shall have worked during the two years prior to the Optionee’s termination of employment with the Company or any Affiliated Company or (2) with respect to which during that period of time the Grantee, as a result of his/her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Optionee has knowledge of information to which s/he has been directly exposed through actual receipt or review of memorandum or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

“Conflicting Organization” means any person or organization that is engaged in or about to become engaged in research or development, production, marketing or selling of a Conflicting Product.

Right to Retain Shares Contingent on Continuing Non-Conflicting Employment. In partial consideration for the award of this Option, the Optionee agrees that the Optionee’s right to exercise this Option is contingent upon the Optionee refraining, for a
period of one year after the date of exercise, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Optionee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Optionee and the Conflicting Organization that the Optionee shall not render services during such period with respect to a Conflicting Product. If, on the date of exercise or at any time within one year after the date of exercise of all or any portion of the Option, the Optionee shall render services to any Conflicting Organization other than as expressly permitted herein, the Optionee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. THE OPTIONEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR RETURN TO THE COMPANY OF THE GROSS TAXABLE PROCEEDS OF AN EXERCISE OF THE OPTION IF THE OPTIONEE SHOULD CHOOSE TO RENDER SUCH SERVICES WITHIN ONE YEAR AFTER EXERCISE.

No Interference or Solicitation. In partial consideration for the award of this Option and to forestall the disclosure or use of Confidential Information, the Optionee agrees that for a period of one year after termination of his/her employment, s/he shall not, for himself/herself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to Conflicting Products, or interference with any of its suppliers or customers (collectively, "Interfere"), or (ii) solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of such person's employment and for a period of one year after the termination of such person's employment with the Company or any Affiliated Company (collectively, "Solicit").

Injunctive and Other Available Relief. By acceptance of this Option, the Optionee acknowledges that, if the Optionee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit, the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity.

Entire Agreement – Governing Law. The Plan is incorporated herein by reference. The Plan and this Agreement constitute the entire Agreement of the parties with respect to this stock option award and may not be modified adversely to the Optionee’s interest except by means of a writing signed by the Company and the Optionee. This Agreement is governed by California law.

Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Optionee or by the Company forthwith to the Board or the Administrator that administers the Plan, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Administrator shall be final and binding on all persons.

THE CLOROX COMPANY

By:

Title: CEO and President

THE OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE OPTIONEE’S RIGHT OR THE COMPANY’S RIGHT TO TERMINATE THE OPTIONEE’S EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE.

The Optionee acknowledges that a copy of the Plan, Plan Information and the Company’s Annual Report and Proxy Statement for the fiscal year ended June 30, 2002 (the “Prospectus Information”) are available for viewing on the Company’s Cloroxweb site at http://CLOROXWEB/hr/stock/. The Optionee hereby consents to receive the Prospectus Information electronically, or, in the alternative, to contact the HR Service Center at 1-800-709-7095 to request a paper copy of the Prospectus Information. The Optionee represents that s/he is
familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Optionee has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated:______________________________   Signed:______________________________

Optionee

Residence Address:

EXHIBIT 10-6

THE CLOROX COMPANY

1996 STOCK INCENTIVE PLAN

PERFORMANCE UNIT AWARD AGREEMENT

SUMMARY OF PERFORMANCE UNIT AWARD
The Clorox Company (the "Company") grants to the Grantee named below, in accordance with the terms of The Clorox Company 1996 Stock Incentive Plan (the "Plan") and this Agreement, the number of Performance Units (the "Units") on the terms set forth below:

GRANTEE:
TOTAL NUMBER OF

UNITS AWARDED:
DATE OF AWARD:
SERIES NUMBER:
VESTING:
Pursuant to Vesting Schedule Below

TERMS OF AGREEMENT

1. Payable only in stock. Units will be settled only in the Company's Common Stock (the "Stock") on a one share for one Unit basis, rounded up or down to the nearest whole share, and not in cash. At the time of settlement, Grantee will recognize taxable income equal to the fair market value of the shares of Stock received. Grantee may meet any withholding tax obligations by using a Stock Withholding Arrangement. No Stock will be issued to the Grantee or other person pursuant to the settlement of the Units until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of foreign, federal, state, and local income and employment tax withholding obligations. Settlement shall occur on a date chosen by the Administrator, which date shall be within sixty (60) days after the vesting date or any deferred settlement date established pursuant to Section 6 below, whichever is later, unless settlement is further deferred pursuant to Section 7 below.

2. Corporate Transactions/Changes of Control/Subsidiary Dispositions. The Units shall be subject to the provisions of Section 10 of the Plan relating to their vesting or termination in the event of a Corporate Transaction, Change of Control or Subsidiary Disposition.

3. Vesting Schedule. Determination of Vested Amount. If the Total Stockholder Return determined in the manner described in paragraph b. below (the "TSR") of the Stock, comparing the month of [month and year in which the award is made, or “X”] with the month of [month of third anniversary of month of grant, or “Y”], equals or exceeds the percentile set forth in the table below of the TSR of the common stock of the peer group of companies used by the Company for financial analysis purposes (the "Peer Group") for the same
Continuous Service

Disadvantageous to the Company.

change in law requires such termination or if a change in law, in the opinion of the Company's counsel, makes continued deferral and Grantee's Units will be settled as of the date of that transaction. The Company may terminate any deferral hereunder if a transaction occurs that subjects Grantee's Units to Section 2 prior to the settlement date, Grantee's deferral election will terminate receive payments in lieu of dividends on Stock on any Units until the settlement date. If Grantee makes such an election, but a

[the first day of the month following the second anniversary of X]. If Grantee makes such an election, Grantee will continue to determine whether the TSR goals established in paragraph a. above have been achieved and whether the Units have vested. The Administrator's determinations pursuant to the exercise of discretion with respect to all matters described in this paragraph shall be final and binding on all parties to this Agreement.

4. Dividends. Cash payments per Unit equal to per share dividends on the Stock will be paid to Grantee on dividend payment dates until the latest to occur of the following: (i) the settlement of the Units or (ii) the forfeiture of unvested Units on [last day of Y].

5. Death, Disability, or Termination Under Certain Circumstances: . In the event of (a) termination of Grantee's Continuous Service (the date of such event being hereinafter referred to as the “Termination Date”), if Grantee has 20 years of service or is age 55 or older with 10 or more years of service on the Termination Date, or (b) Grantee's death or Disability before the Units vest on [last day of Y], if at all, as described above, Grantee will be entitled to a pro-rata portion of the Units determined by (i) multiplying the number of Units awarded to Grantee as indicated above by a fraction, the numerator of which is the number of months beginning with [month immediately following X] and ending with the month which immediately precedes Grantee's death, Disability, or Termination Date, and the denominator of which is 36 and (ii) multiplying the result by the Percentage of Award Vested pursuant to the table. For example, if Grantee retires on [the first day of the 10th month following X] and 75% of the Units vest on [Y], Grantee would be entitled to 9/36ths of 75% of the Award.

6. Election to Defer Settlement . On or before [the last day of the month of the second anniversary of X], Grantee may elect to defer the settlement of the Units from the date they would vest until a date at least two years following the date on which the Units vest, or until Grantee's later termination of Continuous Service. If Grantee makes such an election, it will become irrevocable on [the first day of the month following the second anniversary of X] if Grantee makes such an election, Grantee will continue to receive payments in lieu of dividends on Stock on any Units until the settlement date. If Grantee makes such an election, but a transaction occurs that subjects Grantee's Units to Section 2 prior to the settlement date, Grantee's deferral election will terminate and Grantee's Units will be settled as of the date of that transaction. The Company may terminate any deferral hereunder if a change in law requires such termination or if a change in law, in the opinion of the Company's counsel, makes continued deferral disadvantageous to the Company.

7. The Company's Right to Defer Settlement . No settlement of vested Units upon termination of Grantee's Continuous Service shall be permitted prior to the ninetieth day of the Company's fiscal year following the date of Grantee's termination of Continuous Service to the extent that the Company determines that an earlier settlement would result in the payment of compensation which would not be deductible by the Company under Section 162(m) of the Internal Revenue Code of 1986, as amended. If settlement of Units is deferred by reason of this Section, any reduction in the value of the Stock from the day the Units would otherwise have been settled (the "Original Settlement Day"), based on the average between the high and low price of the Stock on the New York Stock Exchange (the "Daily Average Price") on the Original Settlement Day or, if the Stock is not traded on that day, on the next trading day to the day the Units are actually settled, will be paid to Grantee in the form of additional shares of the Stock based on the Daily Average Price of the Stock on the day of the actual settlement, or if the Stock is not traded on that day, on the next trading day.

8. Accelerated Settlement of Units in Case of an Unforeseeable Emergency . The Administrator may, upon written application, agree to an accelerated settlement of some or all of Grantee's vested Units upon the showing of severe financial hardship to Grantee resulting from (a) the sudden and unexpected illness or accident of Grantee's dependent; (b) loss of Grantee's property due to casualty; or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond Grantee's control. Acceleration will not be granted if the hardship may be relieved (i) through reimbursement or compensation by insurance or otherwise; or (ii) by liquidation of Grantee's assets, to the extent such liquidation will not itself cause severe financial hardship.

<table>
<thead>
<tr>
<th>TSR Equals or Exceeds</th>
<th>Percentage of Award Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>75th percentile</td>
<td>125%</td>
</tr>
<tr>
<td>50th percentile</td>
<td>100%</td>
</tr>
<tr>
<td>45th percentile</td>
<td>75%</td>
</tr>
<tr>
<td>40th percentile</td>
<td>50%</td>
</tr>
<tr>
<td>Below 40th percentile</td>
<td>0%</td>
</tr>
</tbody>
</table>

All Units not vested on [last day of Y] will be forfeited.
9. **Adjustment of Units**. In the event of any change in the outstanding shares of the Stock, by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the number of Units shall be adjusted appropriately by the Administrator, whose determination shall be conclusive.

10. **No Funding**. A Unit constitutes a mere promise by the Company to make settlements or payments in the future in accordance with the terms of this Agreement and the Plan. Grantees and beneficiaries have the status of general unsecured creditors of the Company. Any cash payments will be paid from the general assets of the Company and nothing in this Agreement or the Plan will be construed to give any Grantee or any other person rights to any specific assets of the Company. In all events, it is the intention of the Company and all Grantees that the Units be treated as unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act.

11. **Non-Transferability of Units**. Unless otherwise determined by the Administrator, the Units may not be transferred in any manner otherwise than by will or by the laws of descent or distribution.

12. **Entire Agreement**. The Plan is incorporated herein by reference. The Plan and this Agreement constitute the entire Agreement of the parties with respect to this Performance Unit Award and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee.

13. **Headings**. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

14. **Interpretation**. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Administrator shall be final and binding on all persons.

15. **Governing Law**. This Agreement is governed by California law.

16. **Definition of Terms**. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Agreement.

THE CLOROX COMPANY

By: ________________________________

Its: CEO and President

GRANTEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE UNITS PURSUANT TO THIS AGREEMENT IS EARNED ONLY BY CONTINUING EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING UNITS HEREUNDER) AND BY ACHIEVEMENT OF THE PERFORMANCE CRITERIA. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE PLAN SHALL CONFER UPON GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE GRANTEE'S EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE.

Grantee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Grantee has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Agreement. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Grantee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: ____________________________ Signed: ________________________________

Grantee

Residence Address: ________________________________
Dear [ ],

I am pleased to inform you that you have been designated a participant in The Clorox Company (the “Company”) Executive Incentive Compensation Plan (the “Plan”) for the fiscal year ending June 30, 20XX (the “Fiscal Year”), subject to the terms of the Plan. If you qualify for an award under the Plan, your bonus will be calculated as follows:

1. The Management Development and Compensation Committee (the “Committee”) of the board of directors has established the maximum bonus you may receive to be 360% of your bonus target of $[ ]. That amount is based on the Company achieving 200% of its financial target based on the matrix attached as Exhibit 1 to this award letter and a personal performance factor of 180%. The Committee has discretion to reduce your bonus based on personal performance and a qualitative evaluation of the Company’s performance, but not to increase it.

2. Within 90 days of the close of the Fiscal Year the Committee will certify the Company’s percentage performance against the matrix.

3. The Committee will then determine your individual performance percentage.

4. The Committee will then use the following formula to determine your award: Target bonus dollar amount times Company financial performance percentage times individual performance percentage equals bonus, which may be reduced by the Committee’s qualitative evaluation of Company performance.

The Clorox Company

By ______________________

[name]

_____________________

[title]

Exhibit 12

Computation of the Ratio of Earnings to Fixed Charges

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<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>(In millions, except ratios)</td>
<td>189</td>
<td>840</td>
<td>802</td>
<td>561</td>
<td>479</td>
<td>619</td>
</tr>
<tr>
<td>Earnings from continuing operations before income taxes</td>
<td>189</td>
<td>840</td>
<td>802</td>
<td>561</td>
<td>479</td>
<td>619</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of capitalized interest</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Dividends from investees</td>
<td>4</td>
<td>9</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>
CERTIFICATION

I, Gerald E. Johnston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Clorox Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

---

Deductions:

<table>
<thead>
<tr>
<th>Item</th>
<th>(1)</th>
<th>(1)</th>
<th>(1)</th>
<th>(1)</th>
<th>(1)</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalized interest</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undistributed income of equity investees</td>
<td></td>
<td>(12)</td>
<td>(5)</td>
<td>(12)</td>
<td>(12)</td>
<td>(14)</td>
</tr>
</tbody>
</table>

Subtotal: 190 838 803 556 474 612

<table>
<thead>
<tr>
<th>Item</th>
<th>8</th>
<th>30</th>
<th>28</th>
<th>38</th>
<th>88</th>
<th>98</th>
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</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalized interest</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Portion of rental expense attributable to interest</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Total Fixed Charges: 9 36 33 44 93 102

Total Earnings: 199 874 836 600 567 714

Ratio of earnings to fixed charges: 22 24 25 14 6 7
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2004

/s/ Gerald E. Johnston

Gerald E. Johnston
President and Chief Executive Officer

Exhibit 31-2

CERTIFICATION

I, Daniel J. Heinrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Clorox Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2004
CERTIFICATION

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission (the "Report"), we, Gerald E. Johnston, Chief Executive Officer of the Company, and Daniel J. Heinrich, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: November 4, 2004.

/s/ Gerald E. Johnston

Gerald E. Johnston
President and Chief Executive Officer

/s/ Daniel J. Heinrich

Daniel J. Heinrich
Vice President – Chief Financial Officer