CLOROX CO /DE/

FORM 10-K
(Annual Report)

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Address	THE CLOROX COMPANY 1221 BROADWAY
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Telephone	510-271-7000
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Industry	Personal & Household Prods.
Sector	Consumer/Non-Cyclical
Fiscal Year	06/30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **June 30, 2004**

Commission file number: **1-07151**

THE CLOROX COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**31-0595760**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1221 Broadway, Oakland, California 94612-1888
(Address of principal executive offices) (Zip code)

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

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

Title of each class	**Name of each exchange on which registered**
COMMON STOCK—$1 PAR VALUE	New York Stock Exchange Pacific Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X] No [ ]

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant, computed by reference to the closing price of the Registrant's Common Stock as of December 31, 2003 (the last business day of the Company's most recently completed second quarter), was approximately $7.2 billion.

Number of shares of Registrant's Common Stock, par value $1 per share ("Common Stock"), outstanding on July 31, 2004 was 213,041,771.

Documents Incorporated by Reference:

Certain specified portions of the registrant's definitive proxy statement to be filed within 120 days after June 30, 2004, are incorporated herein by reference in response to Part III, Items 10 through 14, inclusive.

PART I

ITEM 1. BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS.

The Company (the term "Company" as used herein includes The Clorox Company (the registrant identified on the facing sheet) and its subsidiaries, unless the context indicates otherwise) was originally founded in Oakland, California in 1913 as the Electro-Alkaline Company. It was reincorporated as Clorox Chemical Corporation in 1922, as Clorox Chemical Co. in 1928 and as The Clorox Company (an Ohio corporation) in 1957, when the business was acquired by The Procter & Gamble Company. The Company was fully divested by The Procter & Gamble Company in 1969 and, as an independent company, was reincorporated in 1973 in California as The Clorox Company. In 1986, the Company was reincorporated in Delaware. In January 1999, the Company acquired First Brands Corporation.

For recent business developments, refer to the information set forth under the caption "Management's Discussion and Analysis," on pages A-2 through A-18 of Exhibit 99-1 hereto, incorporated herein by reference.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The Company has three business segments: Household Products—North America, Specialty Products, and Household Products — Latin America/Other. Financial information for each of the Company's segments for the last three fiscal years, including net sales, earnings from continuing operations before income taxes, and identifiable assets is described in Note 19 — Industry Segment Information of the Notes to Consolidated Financial Statements, which appears on pages A-48, A-49 and A-50 of Exhibit 99-1 hereto, incorporated herein by reference. Each of the Company's segments accounted for more than 10 percent of the Company's consolidated revenues during the last three fiscal years.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

The Company's business operations, represented by the aggregate of its Household Products — North America, Specialty Products, and Household Products — Latin America/Other, include the production and marketing of consumer products sold primarily through grocery, mass merchandise, club and other retail stores. For the most part, the factors necessary for an understanding of these three segments are essentially the same.

PRINCIPAL PRODUCTS. The products of the Household Products — North America segment include: (a) plastic bags, wraps and containers, under the Glad brand, (b) home care cleaning products such as disinfecting sprays and wipes, toilet bowl cleaners, dilutable, spray and gel household cleaners, glass and surface cleaners, carpet cleaners, reusable cleaning cloths, drain openers and septic-system treatments, steel-wool soap pads and scrubber sponges, mildew removers, soap scum and bathroom cleaners, daily shower cleaners and pre-moistened towelettes, primarily under the brands Clorox, Formula 409, Pine-Sol, Tilex, Soft Scrub and S.O.S, (c) laundry products, such as liquid bleaches, laundry stain removers and dry and liquid color-safe bleaches under the brands Clorox and Clorox 2, and (d) water filtration systems and filters under the Brita brand.

The products of the Specialty Products segment include: (a) auto care products such as protectants, cleaners and wipes, tire- and wheel-care products and washes, automotive fuel and oil additives and appearance products, primarily under the Armor All and STP brands; (b) cat litter products such as clumping cat litter, scoopable and silica-gel crystals cat litter, primarily under the Fresh Step and Scoop Away brands; (c) food products such as salad dressings and dip mixes; seasoned mini-croutons, seasonings, sauces, and marinades, primarily under the Hidden Valley and K C Masterpiece brands; (d) seasonal products such as charcoal briquets, charcoal lighter and wood chips under the Kingsford and Match Light brands and insecticides under the Combat brand and (e) products for institutional markets such as bleaches, toilet bowl cleaners, disinfectants, disinfecting sprays and wipes, dilutable cleaners, insecticides, cleaners, food-storage bags, wraps, trash bags, dressings, barbecue sauces, charcoal briquets, clog removers, cleaners, steel-wool soap pads, mild-abrasive liquid cleansers, mildew removers, soap scum removers and bathroom cleaners.

The products of the Household Products — Latin America/Other segment include: (a) in the Asia-Pacific region: bleaches, insecticides, disposable gloves, cleaning cloths, floor cleaners, sponges and scourers, non-stick baking paper, ice cube bags, non-stick frying pan sheets, aluminum foil, foil trays, plastic covers, oven bags, reclosable bags, paste cleaner, food bags, cling films, trash bags, coolant concentrates, brake fluids and sponges, primarily under the Glad, Chux, Home Mat, Armor All, Combat, Clorox and Handy Andy brands and (b) in the Latin American region: laundry additives, waxes, bleaches, spray and gel cleaners, liquid household cleaners, toilet bowl cleaners, bathroom cleaners, disinfecting sprays, cleaning utensils, brooms, candles, air fresheners, and fabric refreshers primarily distributed under the Clorox, Ayudín, Limpido, Clorinda, Los Conejos, Poett, Mistolin, Lestoil and Bon Bril brands.

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

SOURCES AND AVAILABILITY OF RAW MATERIALS. The Company purchases raw materials, packaging supplies, transportation and other services, products and energy from numerous unaffiliated firms. Interruptions in the delivery of these materials or services could adversely impact the Company. Significant raw materials were available from a sufficient number of sources during fiscal year 2004. Contingency plans have been developed for any significant raw materials sourced from a single supplier.

PATENTS AND TRADEMARKS. Most of the Company’s brand name consumer products are protected by registered trademarks. Its brand names and trademarks are highly important to its business and the Company pursues a course of vigorous action against apparent infringements. The Company’s patents, patent licenses and similar arrangements are also material to its business and are defended against apparent infringements.

SEASONALITY. Most sales of the Company’s charcoal briquets, insecticides, foods and automotive appearance product lines occur in the first six months of each calendar year. Operating cash flow is used to build inventories of those products in the off-season. The Household Products — North America segment does not have a significant degree of seasonality.

CUSTOMERS AND ORDER BACKLOG. During fiscal years 2004, 2003 and 2002, revenues from the Company’s sales of its products to Wal-Mart Stores, Inc. and its affiliated companies were 25 percent, 25 percent and 23 percent, respectively, of the Company’s consolidated net sales. Except for this relationship, the Company is not dependent upon any other single customer or group of affiliated customers. Order backlog is not a significant factor in the Company’s business.

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

COMPETITION. The markets for consumer products are highly competitive. Most of the Company’s products compete with other nationally advertised brands within each category and with “private label” brands and “generic” non-branded products of grocery chains and wholesale cooperatives. Competition is encountered from similar and alternative products, many of which are produced and marketed by major national concerns having financial resources greater than those of the Company. Depending on the product, the Company’s products compete on price, quality or other benefits to consumers. A newly introduced consumer product (whether improved or newly developed) usually encounters intense competition requiring substantial expenditures for advertising and sales promotion. If a product gains consumer acceptance, it normally requires continuing advertising and promotional support to maintain its relative market position.

RESEARCH AND DEVELOPMENT. The Company incurred expenses of approximately $84 million, $76 million and $66 million in fiscal years 2004, 2003 and 2002, respectively, on research activities relating to the development of new products or the maintenance and improvement of existing products. None of this research activity was customer-sponsored.

ENVIRONMENTAL MATTERS. In general, the Company anticipates spending increasing amounts annually for facility upgrades and for environmental programs. The amount of capital expenditures for environmental

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compliance was approximately $4 million in fiscal year 2004 and is not expected to be material in the next fiscal year. For non-capital expenditures, see the discussions of Environmental Matters Create Potential Liability Risks below and Legal Proceedings in Item 3 below.

NUMBER OF PERSONS EMPLOYED. At the end of fiscal year 2004, the Company employed approximately 8,600 people.

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

VOLUME GROWTH MAY BE DIFFICULT TO ACHIEVE. A large percentage of the Company’s revenues come from mature markets that are subject to increased competition. If the Company is unable to increase market share in existing product lines or develop or acquire and successfully launch new products, it may not achieve its growth objectives.

OPERATING RESULTS AND NET EARNINGS MAY NOT MEET EXPECTATIONS. The Company cannot be sure that its operating results and net earnings will meet its expectations. If the Company’s assumptions and estimates are incorrect or do not come to fruition, or if the Company does not achieve all of its key goals, then the Company’s actual performance could vary materially from its expectations. The Company’s operating results and net earnings may be influenced by a number of factors, including the following:

- the introduction of new products and line extensions by the Company or its competitors;
- the mix of products with varying profitability sold in a given quarter;
- the Company’s ability to control its internal costs;
- the effectiveness of the Company’s advertising, marketing and promotional programs;
- changes in product pricing policies by the Company or its competitors;
- the ability of the Company to maintain and enhance profit margins in the face of a consolidating retail environment;
- the ability of the Company to achieve business plans, including volume growth and pricing plans, despite high levels of competitive activity;
- the ability to maintain key customer relationships;
- the potential inability to generate expected cost savings and efficiencies from the Company’s new enterprise resource planning and customer relationship data processing systems;
- the potential inability to generate expected cost savings and efficiencies from restructuring the Company’s supply chain;
- the ability of major customers and other debtors to meet their obligations as they come due;

- the failure of parties contracting with the Company to perform their obligations and the loss of or inability to renew contracts of importance to the Company’s performance;
- the ability to successfully manage regulatory, tax and legal matters, including resolution of pending matters within current estimates;
- changes to cash flow resulting from tax payments, tax settlements and share repurchases;
- expenses for impairment and obsolescence of property, plant and equipment in excess of projections;
- expenses for impairment of goodwill, trademarks and other intangible assets and equity investments in excess of projections;

- charges resulting from any restructuring that management may, from time to time, choose to undertake;
- the potential exercise by The Procter & Gamble Company of its option to purchase an additional 10% interest in the profits, losses and cash flow of the Glad business (option available through January 1, 2008);
- significant increases in the costs of key raw materials including but not limited to energy, resin, corrugated boxes and cartons, chlorine, soy bean oil, caustic soda and other miscellaneous chemicals;
- changes of accounting policies;
- significant increases in interest rates, employee benefit costs, or insurance costs;
- the impact of environmental remediation costs;
- the impact of currency devaluations and fluctuations (in particular, but not limited to, the Venezuelan Bolivar); and
- the impact of general economic conditions in the United States and in other countries in which the Company currently does business.

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

OPERATIONS OUTSIDE THE UNITED STATES EXPOSE THE COMPANY TO UNCERTAIN CONDITIONS IN INTERNATIONAL MARKETS. The Company’s sales outside the United States were 15 percent of net sales in fiscal year 2004. The Company has been and will continue to be facing substantial risks associated with having foreign operations, including:

- economic or political instability in its international markets; and
- fluctuations in foreign currency exchange rates that may make the Company’s products more expensive in its international markets or negatively impact sales or earnings.

Refer to the information set forth under the caption “South America Economic and Political Conditions” in “Management’s Discussion and Analysis;” on page A-11 of Exhibit 99-1 hereto, incorporated herein by reference and refer to the information set forth under the caption “Market-Sensitive Derivatives and Financial Instruments” in “Management’s Discussion and Analysis;” on pages A-12 and A-13 of Exhibit 99-1 hereto, incorporated herein by reference.

These factors contributed to the Company taking substantial impairment charges related to its international operations in fiscal years 2002 and 2003 and, due to uncertainties and possible deterioration in the overseas markets, the Company may have to take additional charges in the future. In addition, these risks could have a significant impact on the Company’s ability to sell its products on a timely and competitive basis in international markets and may have a material adverse effect on the Company’s results of operations or financial position. The Company’s small volume in some countries, relative to some multinational and local competitors, could exacerbate such risks. Also, the Company’s operations outside the United States are subject to the risk of new and different legal and

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regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations, credit risk of local customers and distributors and potentially adverse tax consequences.

THE POTENTIAL SALE OF COMPANY COMMON STOCK BY HENKEL MAY IMPACT FINANCIAL RESULTS. In December 2003, Henkel KGaA (“Henkel”) announced that it may sell some or all of its 29% stake in the Company to finance it acquisition of The Dial Corporation. Pending further developments, the Company temporarily suspended its share repurchases in December 2003. The Company is discussing with Henkel its plans with respect to its interest in the Company’s shares. The outcome of these discussions is not known at this time. If the Company reacquires a portion or all of the Company’s shares held by Henkel, the financial position and cash flows of the Company could be materially impacted.

RESOLUTIONS OF TAX DISPUTES MAY IMPACT EARNINGS AND CASH FLOW. Significant judgment is required in determining the Company’s effective tax rate and in evaluating its tax positions. The Company establishes accruals for certain tax contingencies when, despite the belief that the Company’s tax return positions are fully supported, the Company believes that certain positions will be challenged and that the Company’s positions may not be fully sustained. The tax contingency accruals are adjusted in light of changing facts and circumstances, such as the progress of tax audits, case law and emerging legislation. The Company’s effective tax rate includes the impact of tax contingency accruals and changes to the accruals, including related interest and penalties, as considered appropriate by management. When particular matters arise, a number of years may elapse before such matters are audited and finally resolved. Favorable resolution of such matters could be recognized as a reduction to the Company's effective tax rate in the year of resolution. Unfavorable settlement of any particular issue could increase the effective tax rate and may require the use of cash in the year of resolution. For additional information, refer to the information set forth under the caption "Contingencies" in "Management's Discussion and Analysis," on page A-12 of Exhibit 99-1 hereto, incorporated herein by reference.

IDENTIFICATION OF GOOD ACQUISITION CANDIDATES MAY BE DIFFICULT AND INTEGRATION AND MANAGEMENT OF ACQUISITIONS MAY NOT BE SUCCESSFUL. One of the elements of the Company's growth plan is to look at the possibility of increasing its sales volumes, earnings and the markets it serves through acquisitions of, or joint ventures with, other businesses in the United States and internationally. There can be no assurance that the Company will be able to identify, acquire, or profitably manage additional companies or operations or that it will be able successfully to integrate future acquisitions into its operations or to identify, negotiate and manage joint venture opportunities. In addition, there can be no assurance that companies or operations acquired or joint ventures created will be profitable at their inception or that they will achieve sales levels and profitability that justify the investments made.

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

GOVERNMENT REGULATIONS COULD IMPOSE MATERIAL COSTS. Generally, the manufacture, packaging, labeling, storage, and distribution of the Company's products and the conduct of the Company's business operations must all comply with extensive federal, state and foreign laws and regulations. For example, in the United States, many of the Company's products are regulated by the Environmental Protection Agency, the Food and Drug Administration and the Consumer Product Safety Commission. Most states have agencies that regulate in parallel to these federal agencies. The failure to comply with applicable laws and regulations in these or other areas could subject the Company to civil remedies, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on the Company. Loss of or failure to obtain necessary permits and registrations could delay or prevent the Company from meeting current product demand, introducing new products, building new facilities or acquiring new businesses and could adversely affect operating results, particularly with respect to the Company's charcoal business. It is possible that the government will increase regulation of the transportation, storage or use of certain chemicals to enhance homeland security or protect the environment and that such regulation could negatively impact raw material supply or costs.

ENVIRONMENTAL MATTERS CREATE POTENTIAL LIABILITY RISKS. The Company must comply with various environmental laws and regulations in the jurisdictions in which it operates, including those relating to air emissions, water discharges, the handling and disposal of solid and hazardous wastes and the remediation of contamination associated with the use and disposal of hazardous substances. The Company handles hazardous chemicals in quantity at its plant sites. A release of such chemicals due to accident or an intentional act could result in substantial liability for the Company to governmental authorities or to third parties. The Company has incurred, and will continue to incur, capital and operating expenditures and other costs in complying with environmental laws and regulations and in providing physical security for its worldwide operations. The Company is currently involved in or has potential liability with respect to the remediation of past contamination in the operation of some of its presently and formerly owned and leased facilities. In addition, some of the Company's present and former facilities have been or had been in operation for many years, and over that time, some of these facilities may have used substances or generated and disposed of wastes that are or may be considered hazardous. It is possible that those sites, as well as disposal sites owned by third parties to which the Company has sent waste, may in the future be identified and become the subject of remediation. It is possible that the Company could become subject to additional environmental liabilities in the future that could result in a material adverse effect on the Company's results of operations or financial condition.

FAILURE TO MAXIMIZE OR TO SUCCESSFULLY ASSERT THE COMPANY'S INTELLECTUAL PROPERTY RIGHTS COULD IMPACT ITS COMPETITIVENESS. The Company relies on trademark, trade secret, patent and copyright laws to protect its intellectual property rights. The Company cannot be sure that these intellectual property rights will be maximized or that they can be successfully asserted. There is a risk that the Company will not be able to obtain and perfect its own, or, where appropriate, license intellectual property rights necessary to support new product introductions. The Company cannot be sure that these rights, if obtained, will not be invalidated, circumvented or challenged in the future. In addition, even if such rights are obtained in the United States, the laws of some of the other countries in which the Company's products are or may be sold do not protect the Company's intellectual property rights to the same extent as the laws of the United States. The failure of the Company to perfect or successfully assert its intellectual property rights could make it less competitive and could have a material adverse effect on the Company's business, operating results and financial condition.

IF THE COMPANY IS FOUND TO HAVE INFRINGED THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS IT COULD IMPACT THE COMPANY'S COMPETITIVENESS. It is possible that the Company will be found to have violated the trademark, trade secret, copyright, patent or other intellectual property rights of others. Such a finding could result in the need to cease use of a trademark, trade secret, copyrighted work or patented invention in the Company's business and to pay a substantial amount for past infringement. It could also be necessary to pay a substantial amount in the future if the rights holder is willing to permit the Company to continue to use the intellectual property right. Either having to cease use or pay such amounts could make the Company less competitive and could have a material adverse impact on the Company's business, operating results and financial condition.

VOLATILITY IN THE INSURANCE MARKET MAY RESULT IN ADDITIONAL COSTS AND REDUCED COVERAGE. The Company will seek to renew or replace various contracts for insurance coverage during the year. Trends in the insurance industry suggest that such contracts may be much more expensive, less protective or even unavailable. In such a case the Company may decide to self-insure more, thereby undertaking additional risks.

The foregoing list of important factors is not all-inclusive. The forward-looking statements are and will be based on management's then current views and assumptions regarding future events and operating performance and speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS.

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

Net Sales By Geographic Area:

(Millions)	2004	2003	2002
Foreign	$ 669	$ 604	$ 629
United States	$3,655	$3,540	$3,393

Assets at June 30:

(Millions)	2004	2003	2002
Foreign	$ 883	$ 858	$ 729
United States	$2,951	$2,794	$2,795

(e) AVAILABLE INFORMATION

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K are available on the Company's Internet website, free of charge, as soon as reasonably practicable after the reports are electronically filed with or furnished to the United States Securities and Exchange Commission. These reports are available at www.clorox.com, in the "Investors — Financial Information — SEC Filings" section. Information relating to corporate governance at Clorox, including the Company's Code of Ethics, Board of Directors Governance Guidelines and Board Committees, including charters for each of the Management Development and Compensation Committee, the Audit Committee and the Nominating and Governance Committee, is available at www.clorox.com in the "Company Information — Governance" section. The Company will provide any of the foregoing information without charge upon written request to Dan Staublin, Manager of Corporate External Communications, The Clorox Company, 1221 Broadway; Oakland, CA 94612-1888.

ITEM 2. PROPERTIES

PRODUCTION AND DISTRIBUTION FACILITIES. The Company owns and operates 22 manufacturing facilities in the United States, 9 of which serve primarily the Household Products — North America segment and 13 of which serve primarily the Specialty Products segment. On August 4, 2004 the Company announced its intention to close the Glad plant in Cartersville, Georgia by the end of fiscal year 2005 pending an agreement with the union that represents the employees there. The Company owns and operates 25 manufacturing facilities internationally, which serve primarily the Household Products — Latin America/Other segment. The Company also leases 6 regional distribution centers in the United States which serve primarily the Household Products — North America and Specialty Products segments, and owns and operates regional distribution centers in Canada and Chile, which serve primarily the Household Products — North America and Household Products — Latin America/Other segments, respectively. Management believes that the Company's production and distribution facilities, together with additional facilities owned or leased and operated by various unaffiliated finished product suppliers and distribution center service providers that serve the Company, are adequate to support the business efficiently and that the Company's properties and equipment have been well maintained.

OFFICES AND RESEARCH AND DEVELOPMENT FACILITIES. The Company owns its general office building located in Oakland, California. The Company also owns its Technical Center and Data Center located in Pleasanton, California. The Company leases its research and development center and its engineering research facility for Glad and GladWare brand products, which are located in Willowbrook, Illinois, Cincinnati, Ohio, and Kennesaw, Georgia. The Company owns a research and development facility at its plant in Aldo Bonzi, Argentina. The Company also leases its research and development center for STP brand products located in Brookfield, Connecticut and for Armor All brand products located in Walnut Creek, California. Leased sales and other office facilities are located at a number of other locations.

ENCUMBRANCES . None of the Company's owned facilities are encumbered to secure debt owed by the Company.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations, the most significant of which relates to historical disposals of wood tars by a predecessor of the Company's subsidiary, The Kingsford Products Company, during the 1950's in and around the City of Kingsford, Michigan. Although no formal governmental proceedings are pending, response actions at the Michigan site are being performed by the Company and the Ford Motor Company under the supervision of the Michigan Department of Environmental Quality. The Company and Ford Motor Company currently are negotiating with state authorities on a consent judgment that will define certain remediation goals and obligations relating to this matter.

The potential cost to the Company related to ongoing environmental matters is uncertain due to such factors as: the unknown magnitude of possible pollution and clean-up costs; the complexity and evolving nature of laws and regulations and their interpretations; and the timing, varying costs and effectiveness of alternative clean-up technologies. As of June 30, 2004, $27.9 million was accrued for such probable future costs, without discounting for present value.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and current positions of the executive officers of the Company as of July 31, 2004 are set forth below:

Name, Age and Fiscal Year Elected to Current Position			Title and Current Position(s)
G. E. Johnston	(57)	2003	President and Chief Executive Officer
L. S. Peiros	(49)	1999	Group Vice President
F. A. Tataseo	(50)	2005	Group Vice President
P. D. Bewley	(57)	1998	Senior Vice President — General Counsel
D. J. Heinrich	(48)	2005	Senior Vice President — Chief Financial Officer
J. P. Kane	(52)	2005	Senior Vice President — Human Resources
K. R. Tandowsky	(46)	2005	Senior Vice President — Chief Information Officer
R. A. Evitts	(38)	2005	Vice President — Internal Audit
P. Fletcher	(53)	2005	Vice President — Secretary
G. S. Frank	(44)	2001	Vice President — Treasurer
T. D. Johnson	(44)	2003	Vice President — Controller

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

G. E. Johnston was elected president and chief executive officer effective July 2003. He joined the Company in July 1981 as regional sales manager-special markets. He was vice president — corporate development from June 1992 through November 1993, vice president — Kingsford products from November 1993 through June 1996, group vice president from July 1996 through January 1999 and president and chief operating officer from January 1999 through June 2003.

L. S. Peiros was elected group vice president effective January 1999. He joined the Company in 1981 as a brand assistant. He served as vice president — household products from June 1998 through January 1999, vice president — food products from July 1995 through June 1998 and vice president — corporate marketing services from September 1993 until July 1995.

F. A. Tataseo was elected group vice president in July 2004. He joined the Company in October 1994 as vice president — sales. He served as senior vice president — sales from September 1999 to June 2004.

P. D. Bewley has been employed by the Company for at least the past five years in the same respective position as listed above. Until July 2004, he was also the Company's secretary.

D. J. Heinrich was elected senior vice president — chief financial officer in July 2004. He joined the Company in March 2001 as vice president — controller. He was elected vice president — chief financial officer in October 2003. From October 1996 through February 2001, he was employed by Transamerica Corporation, most recently as senior vice president — treasurer, Transamerica Finance Corporation. Prior to that, he was employed by Granite Management Corporation, an indirect subsidiary of Ford Motor Company, as senior vice president — treasurer and controller.

J. P. Kane was named senior vice president — human resources in July 2004. She joined the Company as vice-president — human resources in March 2004. From September 2000 to February 2004, Ms. Kane was employed by Hewlett-Packard Company, most recently as vice president of executive leadership and corporate functions human resources. Prior to that, she was employed by Bank of America from 1978 to September 2000, most recently as senior vice president of human resources.

K. R. Tandowsky was elected senior vice president — chief information officer in July 2004. He joined the Company in 1981 as a staff accountant. He held positions of increasing responsibility in finance, culminating in his appointment as director of corporate financial planning in 1992 and director of finance — Kingsford products in 1994. In 1997 he was appointed director of account management — information services. He was elected vice president — information services in February 1998 and served as vice president — chief information officer from July 2001 through June 2004.

R. A. Evitts joined the Company in September 2002 as vice president — internal audit and was elected an executive officer of the Company in July 2004. Prior to joining the Company, she was with Deloitte & Touche LLP (formerly, Touche Ross) for 15 years (1987-2002), holding positions of increasing responsibility. In June 1987, she joined the audit practice of Deloitte & Touche LLP. In September 1997, she transitioned into the audit and risk management practice of Deloitte & Touche LLP, serving clients primarily in the consumer business and manufacturing industries, and was elected partner in May 2001.

P. Fletcher was elected vice president — secretary in July 2004. She joined the Company in March 1990 as a corporate counsel in the Legal Services Department. She served as senior corporate counsel from November 1992 through March 1999, assistant general counsel from March 1999 through July 2004, associate general counsel from July 2004 through the present and vice president from March 2001 through the present.

G. S. Frank was elected vice president — treasurer effective March 2001. He joined the Company in 1982 as a staff accountant. He was director of corporate financial planning from 1994 to 1995, director of finance — food products from 1995 to 1996, director of finance — Armor All products from 1996 to 1997, director of finance — Kingsford products from 1997 through August 1998, general manager — Korea from September 1998 through September 1999, and vice president — controller from October 1999 through February 2001.

T. D. Johnson was elected vice president — controller, effective October 2003. He joined the Company in 1988 as a senior internal auditor and subsequently held positions of increasing responsibility in finance and accounting, business development, and marketing. He served as manager of business development from 1996 to 1999 and as director of finance for the Company's automotive products business from 1999 to 2001. In May 2001, he was appointed vice president of finance and accounting for the Company's specialty products business.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER REPURCHASES OF EQUITY SHARES

(a) MARKET INFORMATION.

The principal markets for the Company's common stock are the New York Stock Exchange and the Pacific Exchange. The high and low sales prices quoted for New York Stock Exchange-Composite Transactions Report for each quarterly period during the past two fiscal years appear in Note 22 — Unaudited Quarterly Data of the Notes to Consolidated Financial Statements, which appears on pages A-51 and A-52 of Exhibit 99-1 hereto, incorporated herein by reference.

(b) HOLDERS.

The approximate number of record holders of the Company's common stock as of July 31, 2004 was 14,256 based on information provided by the Company's transfer agent.

(c) DIVIDENDS.

The amount of quarterly dividends paid with respect to the Company's common stock during the past two fiscal years appears in Note 22 — Unaudited Quarterly Data of the Notes to Consolidated Financial Statements, which appears on pages A-51 and A-52 of Exhibit 99-1 hereto, incorporated herein by reference.

(d) EQUITY COMPENSATION PLAN INFORMATION.

This information appears in Part III, Item 12(a) hereof.

(e) 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 fourth quarter of fiscal year 2004.

	[a]	[b]	[c]	[d]
Period	**Total Number of Shares (or Units) Purchased(1)**	**Average Price Paid per Share (or Unit)**	**Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs(2)**
April 1 to 30, 2004	474	$ 49.34	None	$ 767,723,099
May 1 to 31, 2004	726	$ 51.78	None	$ 767,723,099
June 1 to 30, 2004	643	$ 52.36	None	$ 767,723,099

(1) The shares repurchased relate entirely to the surrender to the Company of 1,843 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) 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 has suspended share repurchases under the July 2002 and July 2003 programs pending further developments with respect to the potential sale by Henkel KGaA of some or all of its stake in the Company

(see Note 13 of the Notes to Consolidated Financial Statements, "Stockholders' Equity" on pages A-37 and A-38 of Exhibit 99-1 hereto).

ITEM 6. SELECTED FINANCIAL DATA

This information appears under "Five-Year Financial Summary," on page A-55 of Exhibit 99-1 hereto, incorporated herein by reference.

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

This information appears under "Management's Discussion and Analysis," on pages A-2 through A-18 of Exhibit 99-1 hereto, incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information appears under “Market-Sensitive Derivatives and Financial Instruments” in the “Management’s Discussion and Analysis,” on pages A-12 and A-13 of Exhibit 99-1 hereto, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

These statements and data appear on pages A-19 through A-22 of Exhibit 99-1 hereto, incorporated herein by reference.

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

The Audit Committee of the Company’s Board of Directors reported in fiscal year 2002 that, because of a consulting engagement between the Company and Deloitte Consulting, the engagement of Deloitte & Touche LLP as the Company’s auditors would be terminated unless Deloitte & Touche LLP and Deloitte Consulting separated from each other before December 31, 2002. The proposed split between the two Deloitte organizations did not occur by that date. The Audit Committee, therefore, dismissed Deloitte & Touche LLP on February 15, 2003, after the review of the Company’s financial statements for the quarter ended December 31, 2002 had been completed.

Deloitte & Touche LLP’s report on the Company’s consolidated financial statements as of and for the fiscal years ended June 30, 2002 and 2001 did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

The decision to change accountants was made by the Audit Committee of the Board of Directors of the Company.

During the fiscal years ended June 30, 2002 and 2001 and the subsequent period through February 15, 2003, there were no disagreements (as that term is used in Item 304(a)(1)(iv) of Regulation S-K) between the Company and Deloitte & Touche LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Deloitte & Touche LLP, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its reports.

There have been no “reportable events” (as that term is used in Item 304(a)(1)(v) of Regulation S-K) during the fiscal years ended June 30, 2002 and 2001 and the subsequent period through February 15, 2003.

The Audit Committee, after reviewing proposals from those accounting firms without prohibited conflicts and conducting interviews with those firms, on February 15, 2003, engaged Ernst & Young LLP as the Company’s auditors for fiscal year 2003.

ITEM 9A. 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 June 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 fourth quarter of fiscal year 2004, 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, except that as part of the Company’s implementation of enterprise resource planning system software, the Company has implemented the SAP system for certain US manufacturing operations, resulting in new internal control procedures in selected processing areas.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

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

Pursuant to the terms of Item 401(h) of Regulation S-K, the board of directors of the Company has determined that the Company has at least one financial expert serving on its audit committee — Gary G. Michael, who is “independent” as that term is used in Item 7(d)(3)(iv) of Schedule 14A (17 C.F.R. 240.14a-101) under the Securities Exchange Act of 1934, as amended.

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

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer and controller, among others. The code of ethics is located on the Company’s Internet website at www.clorox.com under “Company Information.” The Company intends to satisfy the requirement under Item 10 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of its code of ethics by posting such information on the Company’s Internet website. The Company’s Internet website also contains its corporate governance guidelines and the charters of its principal board committees. See Item 1(e) above.

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) EQUITY COMPENSATION PLAN INFORMATION

The following table sets out the number of Company securities to be issued upon exercise of outstanding options, warrants and rights, the weighted average exercise price of outstanding options, warrants and rights and the number of securities available for future issuance under equity compensation plans. Additional information concerning the Company’s equity compensation plans appears in Note 14 — Stock Compensation Plans of the Notes to Consolidated Financial Statements, which appears on pages A-38, A-39 and A-40 of Exhibit 99-1 hereto, incorporated herein by reference.

Plan category	[a] Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands)	[b] Weighted-average exercise price of outstanding options, warrants and rights	[c] Number of securities remaining for future issuance under non-qualified stock-based compensation programs (excluding securities reflected in column (a)) (in thousands)
Equity compensation plans approved by security holders	13,505	$ 36	8,838
Equity compensation plans not approved by security holders	None		

(b) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

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

(c) SECURITY OWNERSHIP OF MANAGEMENT.

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning transactions with directors, nominees for election as directors, management and the beneficial owner of more than five percent of the Company’s common stock appears under “Certain Relationships and Transactions” of the Proxy Statement, incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services appears under “Audit Committee Report” of the Proxy Statement, incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) Financial Statements:

Consolidated Financial Statements and Reports of Independent Registered Public Accounting Firms included in Exhibit 99-1 hereto, incorporated herein by reference:

Consolidated Statements of Earnings for the years ended June 30, 2004, 2003 and 2002

Consolidated Balance Sheets as of June 30, 2004 and 2003

Consolidated Statements of Stockholders’ Equity for the years ended June 30, 2004, 2003 and 2002

Consolidated Statements of Cash Flows for the years ended June 30, 2004, 2003 and 2002

Notes to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firms

(2) Financial Statement Schedules have been omitted because of the absence of conditions under which they are required, or because the information is shown elsewhere in this Form 10-K, including Exhibit 99-1, except as follows:

Valuation and Qualifying Accounts and Reserves ($ million)

Column A	Column B	Column C		Column D	Column E
Description		Additions		Deductions	
	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts		Balance at end of period
Allowance for doubtful accounts					
Year ended June 30, 2004	(10)	1		1	(8)
Year ended June 30, 2003	(15)	(4)		9	(10)
Year ended June 30, 2002	(15)	(11)	4	7	(15)
Allowance for inventory obsolescence					
Year ended June 30, 2004	(3)	(14)		13	(4)
Year ended June 30, 2003	(12)	(8)		17	(3)
Year ended June 30, 2002	(48)	(15)		51	(12)
Valuation allowance on deferred tax assets					
Year ended June 30, 2004	(97)	58			(39)
Year ended June 30, 2003	(66)	(31)			(97)
Year ended June 30, 2002	(28)	(38)			(66)
Accrued environmental remediation					
Year ended June 30, 2004	(17)	(14)		2	(29)

Year ended June 30, 2003	(17)	(2)	2	(17)
Year ended June 30, 2002	(10)	(9)	2	(17)
LIFO allowance				
Year ended June 30, 2004	(8)	(1)		(9)
Year ended June 30, 2003	(11)	3		(8)
Year ended June 30, 2002	(11)			(11)
Accrued restructuring				
Year ended June 30, 2004	(6)	(1)	4	(3)
Year ended June 30, 2003	(14)		8	(6)
Year ended June 30, 2002	(11)	(32)	29	(14)

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

Long-Term Compensation Program dated October 21, 1987, amended November 17, 1993, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 17, 1993 (filed as Exhibit 10(i) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)

1993 Directors' Stock Option Plan dated November 17, 1993, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 17, 1993 (filed as Exhibit 10(vii) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)

Supplemental Executive Retirement Plan Restated (July 17, 1991, amended May 18, 1994, January 17, 1996, January 19, 2000 and July 20, 2004)

Officer Employment Agreement (form) (filed as Exhibit 10(viii) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)

Officer Employment Agreement (form)

Officer Change of Control Employment Agreement (form) (filed as Exhibit 10(ix) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)

Officer Change of Control Employment Agreement (form)

Non-Qualified Deferred Compensation Plan adopted as of January 1, 1996 and amended and restated as of July 20, 2004

The Clorox Company 1995 Performance Unit Plan (filed as Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)

The Clorox Company 1996 Stock Incentive Plan, amended and restated as of July 20, 2004, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 28, 2001

The Clorox Company Executive Incentive Compensation Plan, adopted in 1996, re-adopted in 2001 and amended and restated as of July 20, 2004

The Clorox Company Independent Directors' Stock-Based Compensation Plan (filed as Exhibit 10(xiv) to the Annual Report on Form 10-K for the year ended June 30, 2002, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 19, 2003, incorporated herein by reference)

The Clorox Company Annual Incentive Plan (formerly named The Clorox Company Management Incentive Compensation Plan), amended and restated as of July 20, 2004

Agreement between The Clorox Company and G. Craig Sullivan, dated effective as of November 1, 2001 (filed as Exhibit 10(xvii) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2001, incorporated herein by reference)

The Clorox Company 1996 Stock Incentive Plan Restricted Stock Unit Award Agreement entered into by The Clorox Company and Gerald E. Johnston, dated effective as of July 15, 2003 (filed as Exhibit 10(xxi) to the Annual Report on Form 10-K for the year ended June 30, 2003, incorporated herein by reference)

The Severance Pay Plan for Level 2 and Level 3 Executives effective as of July 1, 2004

(b) Current Reports on Form 8-K during the fourth quarter of fiscal year 2004:

The Company filed a current report on Form 8-K containing information pursuant to Item 12 ("Results of Operations and Financial Condition") on May 6, 2004, relating to the issuance of an earnings release for the quarter ended March 31, 2004.

Index to Exhibits follows.

(d) (Not applicable)

Index to Exhibits

(3)	(i)	Restated Certificate of Incorporation (filed as Exhibit 3(iii) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 1999, incorporated herein by reference)
	(ii)	Bylaws (restated) of the Company (filed as Exhibit 3(ii) to the Annual Report on Form 10-K for the year ended June 30, 2003, incorporated herein by reference)
(4)	Registrant agrees to file a copy of documents defining the rights of holders of long-term debt upon request of the Commission.	
(10)	Material contracts:	
	(i)	Long-Term Compensation Program dated October 21, 1987, amended November 17, 1993, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 17, 1993 (filed as Exhibit 10(i) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(ii)	Agreement between Henkel KGaA and the Company dated June l8, l981 (filed as Exhibit 10(ii) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(iii)	Agreement between Henkel GmbH (now Henkel KGaA) and the Company dated July 3l, l974 (filed as Exhibit 10(iii) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(iv)	Agreement between Henkel KGaA and the Company dated July 16, 1986 (filed as Exhibit 10(iv) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(v)	Agreement between Henkel KGaA and the Company dated March 18, 1987 (filed as Exhibit 10(v) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(vi)	Supplemental Executive Retirement Plan Restated (July 17, 1991, amended May 18, 1994, January 17, 1996, January 19, 2000 and July 20, 2004)
	(vii)	1993 Directors' Stock Option Plan dated November 17, 1993, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 17, 1993 (filed as Exhibit 10(vii) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(viii)(a)	Officer Employment Agreement (form) (filed as Exhibit 10(viii) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(viii)(b)	Officer Employment Agreement (form)
	(ix)(a)	Officer Change of Control Employment Agreement (form) (filed as Exhibit 10(ix) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(ix)(b)	Officer Change of Control Employment Agreement (form)
	(x)	Non-Qualified Deferred Compensation Plan adopted as of January 1, 1996 and amended and restated as of July 20, 2004
	(xi)	The Clorox Company 1995 Performance Unit Plan (filed as Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference)
	(xii)	The Clorox Company 1996 Stock Incentive Plan, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 28, 2001, amended and restated as of July 20, 2004
	(xiii)	The Clorox Company Executive Incentive Compensation Plan, adopted in 1996, re-adopted in 2001, and amended and restated as of July 20, 2004

	(xiv)	The Clorox Company Independent Directors' Stock-Based Compensation Plan, (filed as Exhibit 10(xiv) to the Annual Report on Form 10-K for the year ended June 30, 2002, which was adopted by the shareholders at the Company's annual meeting of shareholders on November 19, 2003, incorporated herein by reference)
	(xv)	Agreement between Henkel KGaA and the Company dated November 2, 1999 (filed as Exhibit 10(xix) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 1999, incorporated herein by reference)
	(xvi)	The Clorox Company Annual Incentive Plan (formerly named The Clorox Company Management Incentive Compensation Plan), amended and restated as of July 20, 2004
	(xvii)	Agreement between The Clorox Company and G. Craig Sullivan, dated effective as of November 1, 2001 (filed as Exhibit 10(xvii) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2001, incorporated herein by reference)
	(xviii)	Agreement between HC Investments, Inc. and the Company dated July 16, 2003 (filed as Exhibit 10(xx) to the Annual Report on Form 10-K for the year ended June 30, 2003, incorporated herein by reference)
	(xix)	The Clorox Company 1996 Stock Incentive Plan Restricted Stock Unit Award Agreement entered into by The Clorox Company and Gerald E. Johnston, dated effective as of July 15, 2003 (filed as Exhibit 10(xxi) to the Annual Report on Form 10-K for the year ended June 30, 2003, incorporated herein by reference)
	(xx)	The Severance Pay Plan for Level 2 and Level 3 Executives effective as of July 1, 2004
(16)	Letter from Deloitte & Touche LLP ("D&T"), dated August 27, 2004, stating that D&T agrees with the disclosures made in Item 9 above	
(21)	Subsidiaries of the Company	
(23-1)	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP)	
(23-2)	Consent of Independent Registered Public Accounting Firm (Deloitte & Touche LLP)	
(24)	Power of Attorney (see page 19)	
(31-1)	Certification by the Chief Executive Officer of The Clorox Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, attached hereto as Exhibit 31-1	
(31-2)	Certification by the Chief Financial Officer of The Clorox Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, attached hereto as Exhibit 31-2	
(32)	Certification by the Chief Executive Officer and Chief Financial Officer of The Clorox Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, attached hereto as Exhibit 32	
(99-1)	Management's Discussion and Analysis and Financial Statements	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

Date: August 27, 2004

By: /s/ G. E. Johnston
G. E. Johnston, President and Chief Executive Officer

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ R.W. Matschullat R.W. Matschullat	Chairman of the Board & Director	August 27, 2004

/s/ G. E. Johnston G. E. Johnston	President, Chief Executive Officer and Director	August 27, 2004
/s/ D. Boggan D. Boggan, Jr.	Director	August 27, 2004
/s/ T. M. Friedman T. M. Friedman	Director	August 27, 2004
C. Henkel	Director	August 27, 2004
/s/ W. R. Johnson W. R. Johnson	Director	August 27, 2004
/s/ G. G. Michael G. G. Michael	Director	August 27, 2004
K. Morwind	Director	August 27, 2004
/s/ J. L. Murley J. L. Murley	Director	August 27, 2004
/s/ L. R. Scott L. R. Scott	Director	August 27, 2004
/s/ M. E. Shannon M. E. Shannon	Director	August 27, 2004
/s/ D. J. Heinrich D. J. Heinrich	Senior Vice President — Chief Financial Officer (Principal Financial Officer)	August 27, 2004
/s/ T. D. Johnson T. D. Johnson	Vice President — Controller (Principal Accounting Officer)	August 27, 2004

EXHIBIT 10(vi)

THE CLOROX COMPANY

SUPPLEMENTAL

EXECUTIVE

RETIREMENT PLAN

RESTATED

JULY 17, 1991

AMENDED

MAY 18, 1994,

JANUARY 17, 1996,

JANUARY 19, 2000

And

JULY 20, 2004

PURPOSE OF THE PLAN

The purpose of The Clorox Company Supplemental Executive Retirement Plan (the "Plan") is to provide retirement benefits for certain executives of The Clorox Company (the "Company") in addition to the retirement benefits provided generally to all Company salaried employees. These supplemental benefits are intended to provide greater retirement security for those executives and to aid in attracting and retaining future executives.

ARTICLE I

DEFINITIONS

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context.

1.1 "Accrued Benefit" means the benefit of a Participant calculated under Article II at the time of the Participant's termination, or for Participants who have not terminated employment, at the time of their assumed termination. In the latter case, the benefit will be based upon the following as of their assumed termination: (a) Compensation, (b) total years and completed months of service, (c) any vested accrued benefit from a Company sponsored Defined Benefits Plan, (d) the monthly benefit which could be provided based on the actuarially determined annuity value of the Participant's vested Company contributions account under any Company sponsored Defined Contribution Plan, and (e) any monthly primary insurance benefit to which the Participant may be entitled under the Social Security Act.

1.2 "Board of Directors" means the board of directors of the Company as from time to time constituted.

1.3 "Committee" means the Management Development and Compensation Committee of the Board of Directors.

1.4 "Company" means The Clorox Company.

1.5 "Compensation" means the total of annual base salary plus the Annual Incentive Plan and/or Executive Incentive Compensation awarded to a Participant and in each case includes amounts the receipt of which the Participant has elected to defer or to take in the form of restricted stock or a stock option. For purposes of the calculation of benefits in Sections 2.3 and 2.5, the total of the Participant’s three highest Annual Incentive Plan Compensation and/or Executive Incentive Compensation (referred to collectively as “Incentive Compensation”) awards will be apportioned evenly over the 36 consecutive months of highest base salary. If a Participant receives a pro-rated Incentive Compensation award because of termination of employment other than at the end of the Company’s fiscal year, (a) that pro-rated amount shall be divided by the number of months the Participant was employed during the fiscal year and (b) the Participant’s third highest Incentive Compensation award shall be divided by 12. If the result of (a) above is greater than the result of (b) above, one of the Participant’s three highest Incentive Compensation awards for purposes of this paragraph shall be deemed to be the Participant’s final year pro-rated Incentive Compensation Award plus the amount determined in (b) above multiplied by the result of subtracting from 12 the number of months Participant was employed by the Company during his or her final year of employment.

1.6 "Defined Benefit Plan" means a plan, fund or program under which an employer undertakes systematically for the payment of definitely determinable benefits to its employees over a period of years after retirement. The benefit an employee will receive upon retirement can be determined from a formula defined in the plan instrument.

1.7 "Defined Contribution Plan" means a plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains and losses and any forfeitures of accounts of other participants which may be allocated to such participant's account. Beginning July 1, 1994 "Defined Contribution Plan" shall include NonQualified Deferred Compensation Plans which a) restore amounts for a Participant's benefit which cannot be contributed to a defined benefit or contribution plan deemed qualified under the Internal Revenue Code, or b) account for annual distributions, whether deferred or received in cash, made from a Defined Contribution Plan rather than credited to the Participant's account in such plan.

1.8 "Effective Date" means July 1, 1981.

1.9 "Married Participant" means a Participant who is lawfully married on the date Retirement Benefits become payable pursuant to Article II (Retirement Benefits).

1.10 "Executive" means a member of the Clorox Leadership Committee.

1.11 "Participant" means any employee who becomes a Participant pursuant to Section 2.1 (Participation), or a former employee who has become entitled to a Normal or Early Retirement Benefit pursuant to the Plan.

1.12 "Retirement Benefit" means the retirement income provided to Participants and their joint annuitants in accordance with the applicable provisions of Article II (Retirement Benefits).

Words importing males shall be construed to include females wherever appropriate.

ARTICLE II

RETIREMENT BENEFITS

2.1 Participation
The employees of the Company named in Exhibit A are the Participants currently accruing benefits or who have vested deferred benefits and have not begun to receive such benefits. From time to time, the Committee may designate additional employees as Plan Participants. A Participant who is an Executive of the Company and who is removed from office or is not reappointed as an Executive, or who is not an Executive and who terminates his employment or has his employment terminated, will thereupon cease to be a Participant and will have no vested interest in the Plan unless he is entitled to a Normal or Early Retirement Benefit pursuant to this Article II.

2.2 Normal Retirement Date
A Participant who terminates his employment on or after age sixty-five with ten or more years of employment with the Company will receive a Normal Retirement Benefit beginning on the first day of the month following his termination of employment. Such date will be the Participant's Normal Retirement Date.

2.3 Normal Retirement Benefits
The Normal Retirement Benefit payable to a Participant will be equal to 3-2/3% of the monthly average of the Participant's compensation during the thirty-six (36) consecutive months of employment producing the highest such average, times the Participant's total years and completed months of employment with the Company as of his termination of employment, to a maximum of 15 years, offset by:

(a) the monthly benefit payable under a 50% joint and survivor annuity form for a Married Participant or an annuity payable for the life of a single Participant, which would be provided to the Participant on his Normal Retirement Date (i) by Company contributions under any Company sponsored Defined Benefit Plan plus (ii) the monthly benefit which could be provided based on the actuarially determined annuity value of his vested Company contributions account under any Company sponsored Defined Contribution Plan, plus

(b) the monthly primary insurance benefit to which the Participant may be entitled under the Social Security Act as of his Normal Retirement Date.

For purposes of this Section, Company contributions shall not include voluntary reductions of compensation under the provisions of a Company sponsored Defined Contribution Plan. Company matching contributions under such a plan shall be considered Company contributions.

2.4 Early Retirement Date
A Participant who terminates his employment on or after age fifty-five with ten or more years of employment with the Company will receive an Early Retirement Benefit beginning on the first day of the month following his termination of employment. The date of the commencement of the Early Retirement Benefit will be the Participant's Early Retirement Date.

2.5 Early Retirement Benefit
The Early Retirement Benefit payable to a Participant on his Early Retirement Date will be calculated in the same manner as the Normal Retirement Benefit in Section 2.3 except that:

(a) Before deducting the offsets provided in Section 2.3, (a) and (b), the benefit derived by the calculation in the first paragraph of

Section 2.3 shall be reduced to reflect the Participant's retirement before his Normal Retirement Date. This reduction will be one quarter of one percent (0.25%) for each month that the Participant's Early Retirement Date precedes his Normal Retirement Date.

(b) In calculating the offset described in Section 2.3, (a) and (b), the reference to "Normal Retirement Date" shall be changed to "Early Retirement Date." If the Early Retirement Date is prior to the Participant's attainment of age 62, then the monthly primary insurance benefit payable at age 62 shall be multiplied by the appropriate factor from the table below:

Age at Early Retirement Date	Factor
62	1.00
61	.90
60	.81
59	.73
58	.66
57	.60
56	.54
55	.49

If the Participant's Age on the Early Retirement Date is not an integral age, the factors above shall be interpolated to reflect the age in years and months. If the Participant is 62 or older on his/her Early Retirement Date, the offset shall be the actual monthly primary insurance benefit to which the Participant is entitled under the Social Security Act as of that date.

2.6 Form of Payment

A Participant's Normal or Early Retirement Benefit, will be paid to him monthly beginning on his Normal or Early Retirement Date and ending with the payment due for the month in which his death occurs. If the spouse of a Participant who is receiving a Retirement Benefit survives the Participant, monthly payments equal to 50% of the monthly amount payable to the Participant will continue to such spouse ending with the payment due for the month in which such spouse's death occurs.

2.7 Termination other than Early or Normal Retirement

A Participant who terminates employment or whose employment is terminated by the Company and who does not meet the requirements for an Early or Normal Retirement Benefit will be not be entitled to a benefit under the Plan.

2.8 Pre-Retirement Death Benefit

The surviving spouse of a Participant with ten or more years of employment with the Company who dies before he has begun receiving a Normal or Early Retirement Benefit shall be entitled to receive a Pre-Retirement Death Benefit. The Pre-Retirement Death Benefit shall be one-half of a 50% joint and survivor annuity form of the Early or Normal Retirement Benefit the Participant would have received had he elected to begin receiving a Retirement Benefit on the first day of the month following his death. If the Participant's death occurs before he has attained the age at which he could elect to receive an Early Retirement Benefit, the Pre-Retirement Death Benefit will commence on the first day of the month following the date upon which the Participant would have attained that age had he survived; provided, however, that if the surviving spouse dies before that date, there shall be no Pre-Retirement Death Benefit available to any survivors of the Participant or his spouse.

2.9 Disability

A Participant who becomes disabled as determined by The Clorox Company Pension Plan will continue to participate in this Plan on the same basis as he continues to participate in said Pension Plan.

ARTICLE III

MISCELLANEOUS PROVISIONS

3.1 Plan Administration

The Committee shall have the power and the duty to take all action and to make all decisions necessary and proper to carry out the Plan.

Without limiting the generality of the foregoing, the Committee hereby designates the Employee Benefits Committee of the Company to control and manage the operation and administration of the Plan. The Committee shall have the authority to allocate among themselves or to the Employee Benefits Committee or to delegate to any other person, any fiduciary responsibility with respect to the Plan.

3.2 Amendment and Plan Termination

(a) Except by the written consent of 75% of Plan Participants actually or potentially affected thereby and the approval of the Board of Directors, the Plan may not be terminated or amended in any way which would reduce the benefits payable hereunder or reduce or eliminate the funding provided for in Article IV until the first regularly scheduled meeting of the Board of Directors held after June 30, 2011.

(b) The Board of Directors, without the consent of the Plan Participants, may amend the Plan to improve or increase the benefits payable hereunder at any time.

(c) If the Plan is terminated, all Participants, including beneficiaries receiving benefits, will be entitled to their Accrued Benefits under the Plan. In such event the Board of Directors may, at its sole discretion, elect any one or more of the following alternatives to satisfy the Company's obligations to such Participants or beneficiaries, provided that the method so elected shall be applied uniformly to all Participants or beneficiaries:

(i) Provide benefit payments in accordance with the terms of the Plan, at the times specified in the Plan.

(ii) Purchase immediate or deferred annuities.

(iii) Make lump sum payments equal to the present value of accrued benefits for amounts less than $30,000 adjusted annually beginning July 1, 2004, for changes in the Consumer Price Index.

3.3 Assignment of Benefits
A Participant may not, either voluntarily or involuntarily, assign, anticipate, alienate, commute, pledge or encumber any benefits to which he is or may become entitled to under the Plan nor may the same be subject to attachment or garnishment by any creditor of a Participant.

3.4 Not An Employment Agreement
Nothing in the establishment of the Plan is to be construed as giving any Participant the right to be retained in the employ of the Company.

3.5 Merger, Consolidation or Transfer

In the event that the Company shall, pursuant to action by its Board of Directors, at any time propose to merge into, consolidate with or sell or otherwise transfer all or substantially all of its assets to another corporation and provision is not made pursuant to the terms of such transaction for the continuation of this Plan by the surviving, resulting or acquiring corporation or for the substitution of a comparable plan hereto, the provisions of this Plan shall remain in effect.

ARTICLE IV

FUNDING

4.1 Establishment of Irrevocable Trust
The Company shall establish an irrevocable trust of which the Company is the owner for federal income tax purposes (within the meaning of Sections 671 through 677 of the Internal Revenue Code of 1986) (the "Trust") and fund the Trust as hereinafter provided in order to provide a source from which to satisfy the Company's obligations to Participants under this Plan.

4.2 Amount of Funding
The Company shall make such contributions to the Trust as the Board of Directors from time to time determines appropriate.

4.3 Actuarial Assumptions and Method
The Plan's actuary shall use the following assumptions and methods when advising the Board of Directors with regard to contributions to the Trust:

(a) Mortality:
1983 Group Annuity Mortality Table for periods after benefits have commenced, or are assumed to have commenced. No mortality will be assumed prior to the assumed retirement age for benefits not yet in payment status.

(b) Return on Investment:
Assets are assumed to earn, the liabilities are discounted at, eight percent (8%) per year.

(c) Assumed Retirement Age:
For Participants whose benefits are not in payment status as of July 1 of each year, the Assumed Retirement Age will be age 60, or their current age if older. For beneficiaries, the Assumed Retirement Age is the beneficiary's age on the date their deceased spouse would have reached 60, or their current age if their spouse would have already been older than age 60.

(d) Annual Pay Increases:
Eight percent (8%) per year.

(e) Employee Turnover:
None.

(f) Social Security Increases:
Social security benefits are assumed to increase 5% per year.

(g) IRC Limits:
The Internal Revenue Code (IRC) section 415 and section 401(a)(17) limits are assumed to increase 5% per year.

(h) Defined Contribution Plan Offset:
Annuity equivalent of projected account balance assuming an annual earnings rate of 8.0%; Profit Sharing Plan contributions of 8.0% of pay; annual 401(k) contributions of $1000 (no inflation); and assuming no further PAYSOP contributions are made.

Actuarial Cost Method:
The Entry Age Normal Cost Method will be used. The unfunded actuarial liability as of each July 1 will be amortized over ten years.

EXHIBIT 10(viii)(b)

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective _____________, is between THE CLOROX COMPANY, a Delaware corporation (the "Company"), and ______________ (the "Executive").

RECITAL

The Company and the Executive want to enter a written agreement concerning the terms of the Executive's employment with the Company and the terms of the termination of that employment.

TERMS OF AGREEMENT

1. Term of Employment.

(a) Basic Term. The term of this Agreement shall commence on the effective date of this Agreement and end upon the earliest of (i) the second anniversary thereof (the "Term Date"), as, and to the extent, extended under Section 1 (b), (ii) the date upon which the Executive's employment is terminated in accordance with Section 4, and (iii) the first day of the month following the Executive's 65th birthday.

Extension of Term. Subject to Section 1(a)(iii) and to Section 4, the Term Date will be automatically extended from the inception of this Agreement until the Company gives the Executive written notice that automatic extension has ceased and that this Agreement is to be terminated on the Term Date as extended to that point. The Company's right not to extend the Agreement shall be with or without cause, and the Company's exercise of its right not to extend the Agreement will not necessarily terminate the Executive's employment with the Company.

(c) Certain Definitions.

The "Average Annual Bonus" shall mean the average annual bonus the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”), provided that the First Year Bonus Target, shall be used in the average computation for any year in which the Executive was not eligible to participate in the AIP Plan and /or the EIC Plan for the full fiscal year.

(ii) “Bonus Target” means the annual bonus that the Executive would have received in a fiscal year under the AIP Plan and/or the EIC Plan, if the target goals had been achieved.

(iii) “First Year Bonus Target” means the Executive’s Bonus Target as of June 30 for the first fiscal year in which he was eligible to participate in the AIP Plan and/or the EIC Plan.

2. Position, Duties, Responsibilities.

(a) Position. The Company agrees to continue the Executive in its employ, and the Executive agrees to continue employment with the Company subject to the terms and conditions of this Agreement. The Executive shall devote his best efforts and the equivalent of full time employment to the performance of the services customarily incident to the Executive's current office and to such other services as may be reasonably requested by the Board. The Company shall retain full direction and control of the means and methods by which the Executive performs the above services and of the place(s) at which such services are to be rendered.

(b) Other Activities. Excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal hours to the business and affairs of the Company, and to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. It shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions on a part-time basis not to exceed five hours per week in the aggregate and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

3. Salary; Incentive Compensation; Benefits; Expenses.

a) Salary. In consideration of the services to be rendered hereunder, including, without limitation, services to any Affiliated Company, the Executive shall be paid an annual base salary ("Annual Base Salary") beginning at the level being paid on the effective date, payable at the times and pursuant to the procedures regularly established, and as they may be amended, by the Company during the course of this Agreement. The Annual Base Salary shall be reviewed periodically in accordance with the Company's regular administrative practice for adjusting salaries of Executive Officers (the Chairman of the Board, the CEO, the President and other members of the Management Executive Committee). The Company may reduce the Executive's salary only if the salaries of other Executive Officers of the Company are at the same time being similarly adjusted and if the percentage reduction in the Executive's salary does not exceed that of the other Executive Officers.

(b) Annual Incentive Plan; Executive Incentive Compensation Plan; Long Term Compensation Program. The Executive shall be entitled to participate in the Company's Annual Incentive Plan (the “AIP Plan”), the Executive Incentive Compensation Plan (the "EIC Plan") and Stock-Based Long-Term Compensation Program (the "LTC Program") in accordance with the Company's practice for administering the AIP Plan, the EIC Plan and the LTC Program with respect to Executive Officers, unless the Company suspends or terminates one or more of the AIP Plan, the EIC Plan or the LTC Program. For purposes of this Agreement, "LTC Program" encompasses Stock-Based Awards made to the Executive under the 1987 Long-Term Incentive Plan, 1996 Stock Incentive Plan or any subsequent stock-based incentive compensation plan.

(c) Benefits. As he becomes eligible therefor, the Company shall provide the Executive with the right to participate in and to receive benefits from all present and future welfare benefit plans, practices, policies and programs (including without limitation, medical, prescription drugs, dental, disability, salary continuance, severance pay, employee life, group life, accidental death and travel accident insurance plans and programs), all incentive savings and retirement plans, practices and programs, including without limitation the Supplemental Executive Retirement Plan (the "SERP"), and all similar benefits, made available generally to Executive Officers of the Company. The Executive shall be entitled to annual vacation as determined in accordance with Company policy, which shall be taken with the prior approval of the Company. The amount and extent of benefits to which Executive is entitled shall be governed by each specific benefit plan, as it may be amended from time to time. The Executive shall also be entitled to the death and disability benefits described in Section 4. The Company may suspend or terminate any benefit plan described in this Section 3(c).

(d) Expenses. The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by the Executive in the performance of his duties hereunder in accordance with the Company's general policies, as they may be amended from time to time during the course of this Agreement.

4. Termination of Employment.

(a) By Death. The Executive's employment shall terminate automatically upon his death. The Company shall pay to the Executive's beneficiaries or estate, as appropriate, the salary to which he is entitled pursuant to Section 3 (a) through the end of the month in which death occurs. The Company shall also pay the Executive's beneficiaries or estate, as appropriate, a pro rata portion (through the date of death) of the Executive's target AIP and EIC Plan award for the fiscal year of his death. After the payments called for in this Section 4(a) are made, the Company’s obligations hereunder shall terminate. This Section shall not affect entitlement of the Executive's estate or beneficiaries to death benefits under any benefit plan of the Company.

(b) By Disability. Should the Executive begin to receive benefits under the Company's Long Term Disability Plan, the Executive's employment may terminate at the Company's option. If the Company so elects, the Company shall pay the salary to which the Executive is entitled pursuant to Section 3(a) through the date of termination, and in lieu of any AIP and EIC Plan award under Section 3(b) for the fiscal year in which termination occurs, the Company shall pay the Executive a pro rata portion (through the termination date) of the Executive's target AIP and EIC Plan award for the fiscal year of the termination. Thereafter the Company's obligations hereunder shall terminate.

(c) By Company For Cause. The Company may terminate the Executive's employment for Cause (as defined below) at any time without notice and without liability. The Company shall pay the Executive the salary to which he is entitled pursuant to Section 3(a) through the end of the day upon which termination occurs, and thereafter the Company's obligations hereunder shall terminate. The Executive shall not be entitled to any AIP and EIC Plan award pursuant to Section 3(b) for the fiscal year in which termination occurs. Termination shall be for Cause if:

(i) the Executive willfully neglects significant duties he is required to perform or willfully violates material Company policy, and, after being warned in writing, continues to neglect such duties or continues to violate the specified Company policy;

(ii) the Executive commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude;

(iii) the Executive exhibits gross negligence in the course of employment;

(iv) the Executive fails to obey a lawful direction of the Board of Directors; or

(v) the Executive acts in any other manner inconsistent with the Company’s best interests and values.

(d) By the Executive or the Company At Will.

(i) Termination by the Company. The Company may, at any time, terminate the Executive's employment without Cause. If the Company does so, the severance payment provisions of Section 6 shall apply and the Company shall have no additional liability. The Executive hereby agrees that the Company may dismiss him under this Section 4(d)(i) without regard (A) to any general or specific policies (whether written or oral) of the Company relating to the employment or termination of its employees, or (B) to any statements made to the Executive, whether made orally or contained in any document, pertaining to the Executive's relationship with the Company. Nothing in this Section 4(d)(i) shall prevent the Company from exercising its right under Section 4(c) to terminate the Executive's employment for Cause, and such a termination (regardless of when made) shall not give rise to damages under Section 6.

(ii) Termination by the Executive. Except in the case of Retirement as provided in Section 4(d)(iii), the Executive may, upon giving at least 10 business days' written notice to the Company, terminate his employment, without liability, for any reason. If the Executive terminates his employment pursuant to this Section 4(d)(ii), the Company shall pay the Executive the salary to which he is entitled pursuant to Section 3(a) through the end of the 10 business days notice period, and thereafter the Company's obligations hereunder shall terminate. The Executive shall not be entitled to any AIP and EIC Plan award pursuant to Section 3(b) for the fiscal year in which he terminates.

(iii) The Executive's Retirement. If the Executive is eligible to begin receiving benefits pursuant to the SERP, then upon giving at least three month's written notice to the Company of his election to do so, the Executive may terminate his employment and begin receiving SERP benefits. Such a termination constitutes "Retirement" for purposes of this Agreement. Upon the Executive's Retirement, the Company shall pay the Executive the salary to which he is entitled pursuant to Section 3(a) through the last day of his employment. In addition, the Executive shall be entitled to receive a pro rata portion calculated upon the proportion of the fiscal year during which the Executive was employed of the Executive's AIP and/or EIC Plan award for the fiscal year of his Retirement. The award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to employed Executives. The award will be a percentage of the Executive's AIP and/or EIC Plan target award for that fiscal year based upon the application of the overall corporate results factor and the division and/or functional results factor, if applicable, of the AIP and/or EIC Plan award calculation matrix. The award will not be based on any personal objectives factor; thus, the individual modifier to be applied to the corporate and business and/or functional results will be calculated at 100%.

(e) Termination Obligations.

(i) The Executive hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Executive in the course of or incident to his employment, belong to the Company and shall, if physically returnable, be promptly returned to the Company upon termination of his employment. "Personal property" includes, without limitation, all books, manuals, records, reports, notes, contracts, lists, blueprints, and other documents, computer media or materials, or copies thereof, and Proprietary Information (as defined below). Following termination, the Executive will not retain any written or other tangible material containing any Proprietary Information.

(ii) Upon termination of his employment, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any Affiliated Company, and will execute a letter of resignation if requested.

(iii) The Executive's obligations under Sections 4(e), 5, 7 and 14 shall survive termination of his employment and the expiration of this Agreement.

5. Post Termination Obligations.

(a) Proprietary Information Defined. "Proprietary Information" is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Company or any Affiliated Company, or to its clients, consultants, or business associates, unless: (i) the information is or becomes publicly known through lawful means; (ii) the information was rightfully in the Executive's possession or part of his general knowledge prior to his employment by the Company; or (iii) the information is disclosed to the Executive without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

(b) General Restrictions on Use of Proprietary Information. The Executive agrees to hold all Proprietary Information in strict confidence and trust for the sole benefit of the Company and not to, directly or indirectly, disclose, use, copy, publish, summarize, or remove from Company's premises any Proprietary Information (or remove from the premises any other property of the Company), except (i) during his employment to the extent necessary to carry out the Executive's responsibilities under this Agreement, and (ii) after termination of his employment as specifically authorized in writing by the Board.

(c) Non-Solicitation and Non-Raiding. To forestall the disclosure or use of Proprietary Information in breach of Section 5(b), and in consideration of this Agreement, Executive agrees that for a period of two years after termination of his employment, he shall not, for himself 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 products which are directly competitive with products sold by the Company at the time of the Executive's termination, or interference with any of its suppliers or customers, 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.

(d) Contacts with the Press. Following termination, the Executive will continue to abide by the Company's policy that prohibits discussing any aspect of Company business with representatives of the press without first obtaining the permission of the Company's Public Relations Department.

(e) Remedies. Nothing in this Section 5 is intended to limit any remedy of the Company under the California Uniform Trade Secrets Act (California Civil Code Section 3426), or otherwise available under law.

6. Severance Payments; Requirement of Mitigation; Release.

(a) Severance Payments. The Company and the Executive acknowledge that it would be impractical or extremely difficult to fix the Executive's actual damages in the case of termination at will by the Company pursuant to Section 4(d)(i). Therefore, in the event of such a termination and notwithstanding any other provision of this Agreement, in exchange for and in consideration of Executive's execution and non-revocation of a General Release ("Release") in a form substantially equivalent to the attached Exhibit, and subject to the mitigation provisions of Section 6(b), the Executive shall be entitled to severance payments made up of the following components:

(i) Salary Component.

Payment, promptly after termination, of a lump sum amount equal to salary, at a monthly rate equal to the highest monthly base salary rate in effect during the twelve month period preceding the termination of employment times the number of months in the remaining term of this Agreement as determined in Sections 1(a)(i) or (iii) had the termination not occurred, or until the Executive's death if that occurs first (the "Severance Payment Period").

(ii) AIP and EIC Plan Components.

(A) Payment, promptly after termination, of a lump sum amount equal to 75% of his Average Annual Bonus, prorated to the date of termination.

(B) In addition, payment, promptly after termination, of a lump sum amount equal to 75% of the Executive's Average Annual Bonus times the number of months remaining in the Severance Payment Period divided by twelve (12).

(iii) Medical/Dental Plans Component.

(A) Continuation for the Severance Payment Period on the same basis as an employee of the Company of the right to participate in any Medical and/or Dental Benefit Plans as and if offered by the Company to its salaried employees. The Executive shall not participate in any other Company sponsored welfare benefit plans after the termination of employment.

(B) In addition, if at the end of the Severance Payment Period the Executive will be age 55 or older and at least 10 years will have passed since the beginning of the Executive's last period of employment with the Company, continuation of the right to participate in Medical and/or Dental Plans as and if offered to former employees whose employment terminated at or after age 55 with ten or more years of service on the same terms and conditions as for such former employees including premium contributions from the Executive as in effect from time to time. Such right to participate shall apply from the time such coverage would otherwise terminate pursuant to (iii)(a) and shall continue until the Executive attains age 65; thereafter the Executive may participate in the Company's Retiree Health Plan as and if it may exist from time to time in the future, if he would be eligible to participate pursuant to the terms of that Plan.

(iv) SERP Component .

Continuation of benefit credits and service accruals under the SERP during the Severance Payment Period, if, at the end of that period and taking into account such service accruals the Executive will be age 55 or older and will be credited with ten or more years of service under the SERP. During this period, benefit credits shall be based on the compensation required to be paid under (i) and (ii)(A) and (B), above, without regard to any adjustment made pursuant to paragraph 6(b) below.

(v) LTC Program Component .

(A) If the Executive qualifies for continuation of benefit credits and service accruals under the SERP pursuant to (iv) above, then for purposes of the LTC Programs his termination of employment will be deemed to be a Termination of Employment Due to Retirement occurring at the end of the Severance Payment Period if the Executive irrevocably elects prior to the beginning of the Severance Payment Period to begin retirement benefits under the Company's Pension Plan and the SERP at the conclusion of the Severance Payment Period. If he does not so elect, all LTC Program awards which remain at the date of termination will be treated pursuant to subsection (B) below.

(B) If the Executive does not qualify for continuation of benefit credits and service accruals under the SERP pursuant to (iv) above, or does not make the election described in Section 6(a)(v)(A), then for purposes of all LTC Program awards, he will be deemed to have terminated employment on the day prior to the beginning of the Severance Payment Period. Whether any LTC Program award is forfeited in such a case will be determined by the terms of the award and the plan pursuant to which it was awarded.

(vi) Automobile Component .

The Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the "buyout amount" specified by the vehicle's lessor.

The parties acknowledge that the amounts and benefits provided in (i) through (vi) above constitute a reasonable estimate of and compensation for any damages the Executive may suffer as the result of his termination of employment under this Agreement.

If the Executive does not execute, or having executed, effectively revokes the Release, the Company will not be obligated to provide any benefits or payments of any kind to the Executive.

(b) Coordination of Benefits . The Executive's medical and dental benefit coverage under 6(a)(iii)(A) and/or (B) shall be secondary to medical and/or dental coverage provided to the Executive by a subsequent employer and the Executive will make every good faith effort to participate in any such coverage. For any period during which the Executive does not make such a good faith effort the Executive's medical and dental plan coverage under 6(a)(iii)(A) and/or (B) shall be completely suspended. If medical and dental benefit coverage ceases to be provided by the subsequent employer, Executive may have his 6(a)(iii)(A) and/or (B) coverage from the Company become his primary coverage again. The Severance Payment Period shall not be subtracted from the period of months for which the Executive is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.

(c) Lack of Participation in Qualified Plans . Upon termination of employment the Executive shall cease to participate in any qualified benefit plan maintained by the Company, such as the Pension Plan and the 401(k) Plan, and the Executive shall also cease to participate in any welfare benefit plan maintained by the Company, except as otherwise provided in (a)(iii) above or under the terms of such plan. No employee or employer contributions will be made to any qualified benefit plan based on any bonus paid after the termination of the Executive's employment.

7. Successors .

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or mailed, postage prepaid, by certified or registered mail, return receipt requested, and addressed to the Company at:

The Clorox Company

1221 Broadway

Oakland, CA 94612

Attn: General Counsel

or to the Executive at the address written below the Executive's signature on the last page of this document.

Notice of change of address shall be effective only when done in accordance with this Section.

9. Entire Agreement. Together with the Change of Control Agreement effective ___________ between the Executive and the Company, the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement and said Change of Control Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Change of Control Agreement and this Agreement supersede any prior Agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

10. Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and by a duly authorized representative of the Company other than Executive. By an instrument in writing similarly executed, either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform, provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

11. Severability; Enforcement. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

13. Executive Acknowledgment. Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

14. Arbitration. Any controversy between the Executive, his heirs or estate and the Company or any employee of the Company, including but not limited to, those involving the construction or application of any of the terms, provisions or conditions of this Agreement or otherwise arising out of or related to this Agreement, shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California if the Executive's current or most recent location of employment with the Company is or was located in Alameda or Contra Costa County, California. If it is or was elsewhere, the arbitration shall be held at the city nearest to the Executive's last location of employment with the Company that has an office of the American Arbitration Association. The arbitrator shall, to the extent that the Executive prevails in the arbitration, award attorney's fees to the Executive.

15. Withholdings. The Company may withhold from any amounts payable pursuant to this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

The parties have duly executed this Agreement as of the effective date that appears at the beginning of this Agreement.

THE CLOROX COMPANY

The Company

By: ______________________ ______________________

P. D. Bewley (Executive)

It’s Senior Vice President

____

(Address)

____

____

EXHIBIT

GENERAL RELEASE

This document is an important one. You should review it carefully and, if you agree to it, sign at the end on the line indicated.

You have 21 days to sign this Release, during which time you are advised to consult with an attorney regarding its terms.

After signing this Release, you have seven days to revoke it. Revocation should be made in writing and delivered so that it is received by the Corporate Secretary of The Clorox Company, 1221 Broadway, Oakland, CA 94612 no later than 4:30 p.m. on the seventh day after signing this Release. If you do revoke this Release within that time frame, you will have no rights under it. This Release shall not become effective or enforceable until the seven day revocation period has expired.

The agreement for payment of consideration in paragraph 2 will not become effective until the seven day revocation period has passed.

This GENERAL RELEASE is entered into between The Clorox Company (hereinafter referred to as "Employer") and ____________________ (hereinafter referred to as "Employee"). Employer and Employee agree as follows:

1. Employee's regular employment with Employer will terminate as of ___________, 20__. Employee is ineligible for reemployment or reinstatement with Employer.

2. Upon Employee's acceptance of the terms set forth herein, the Employer agrees to provide the Employee with compensation and benefits set forth in Section 6 of the Employment Agreement between the Employee and the Employer effective as of ________________, 20__, a copy of which is attached as the first Exhibit to this General Release. A complete description of those benefits is attached as the second Exhibit to this General Release.

3(a) In consideration of the Employer providing Employee this compensation, Employee and Employee's heirs, assignees and agents agree to release the Employer, all affiliated companies, agents and employees and each of their successors and assigns (hereinafter referred to as "Releasees") fully and finally from any claims, liabilities, demands or causes of action which Employee may have or claim to have against the Releasees at present or in the future, except claims for vested benefits, if any. The claims released may include, but are not limited to, any tax obligations as a result of the

payment of consideration referred to in paragraph 2, and claims arising under federal, state or local laws prohibiting discrimination in employment, including the Age Discrimination in Employment Act (ADEA) or claims growing out of any legal restrictions on the Employer's right to terminate its employees. Claims of discrimination, wrongful

termination, age discrimination, and any claims other than for vested benefits are hereby released.

(b) By signing this document, Employee agrees not to file a lawsuit to assert such claims. Employee also agrees that if Employee breaches this provision, Employee will be liable for all costs and attorneys' fees incurred by any Releasee resulting from such action.

4. By signing this document, Employee is also expressly waiving the provisions of California Civil Code section 1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

By signing this document, Employee agrees and understands that Employee is releasing unknown as well as known claims related to Employee's employment in exchange for the compensation set forth above.

5. Employee agrees to maintain in complete confidence the terms of this Release, except as it may be necessary to comply with a legally compelled request for information. It is agreed since confidentiality of this Release is of the essence, damages for violation being impossible to assess with precision, that $10,000 is a fair estimate of the damage caused by each disclosure and is agreed to as the measure of damages for each violation.

6. Employee agrees to indemnify and hold Employer harmless from and against any tax obligations for which Employee may become liable as a result of this Release and/or payments made pursuant to the Employment Agreement, other than tax obligations of the Employer resulting from the nondeductibility of any payments made pursuant to this Release or the Employment Agreement.

7. Agreeing to this Release shall not be deemed or construed by either party as an admission of liability or wrongdoing by either party.

8. This Release, the Employment Agreement and the plan documents of plans of The Clorox Company referred to in the Employment Agreement set forth the entire agreement between Employee and the Employer. This Release and the Employment Agreement are not subject to modification except in writing executed by both of the parties. The Clorox Company plans referred to in the Employment Agreement may be amended in accordance with the provisions of those plans.

Employee acknowledges by signing below that Employee has not relied upon any representations, written or oral, not set forth in this Release.

____

Employee

Dated: ____________________________

THE CLOROX COMPANY

By: ______________________________

Dated: ____________________________

<u>EXHIBIT 10(ix)(b)</u>

CHANGE OF CONTROL

EMPLOYMENT AGREEMENT

THIS AGREEMENT effective ____________, is between The Clorox Company, a Delaware corporation (the "Company") and ________________ (the "Executive").

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. <u>Certain Definitions</u> .

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a

Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

(c) "Henkel" shall mean Henkel, KGaA or any entity controlled by Henkel KGaA.

The "Separation Period" shall mean the period from the Date of Termination through the earlier of the first day of the month following the Executive's 65th birthday or the date three years after the Date of Termination.

“Annual Bonus” shall mean the annual award the Executive receives in any year under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”)

(f) The "Average Annual Bonus" shall mean the average Annual Bonus the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination, provided that the First Year Bonus Target, shall be used in the average computation for any year in which the Executive was not eligible to participate in the AIP Plan and/or the EIC Plan for the full fiscal year.

“Bonus Target” means the annual bonus that the Executive would have received in a fiscal year under the AIP Plan and/or the EIC Plan, if the target goals had been achieved.

“First Year Bonus Target” means the Executive’s Bonus Target as of June 30 for the first fiscal year in which he was eligible to participate in the AIP Plan and/or the EIC Plan.

2. Change of Control . For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30%, or in the case of Henkel KGaA, or any person controlled by it ("Henkel"), more than the percentage 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 (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) 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, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, and if Henkel is not the acquiring person, any individual nominated as a representative of Henkel pursuant to the agreement between Henkel and the Company dated July 16, 1986, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a 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 consents by or on behalf of a Person other than the Board; or

(c) Consummation by the Company of 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 (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 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 Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, 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; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

3. Employment Period.

(a) This Agreement shall become effective on the Effective Date. Before the Effective Date, the terms and conditions of the Executive's employment shall be as set forth in the employment agreement between the Executive and the Company effective __________________, (the "Current Agreement") during the term thereof. From and after the Effective Date, this Agreement shall supersede the Current Agreement and any other agreement between the parties with respect to the subject matter hereof.

(b) The Company agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the

earlier of the second anniversary of such date or the first day of the month following the Executive's 65th birthday (the "Employment Period").

4. Terms of Employment.

(a) Position and Duties. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned to the Executive at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location not more than 50 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions on a part-time basis not to exceed five hours per week in the aggregate and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall have the opportunity to earn, for each fiscal year ending during the Employment Period, an Annual Bonus in cash at least equal to the highest Annual Bonus the Executive had the opportunity to earn for any of the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription drugs, dental, disability, salary continuance, severance pay, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the

Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board, the Chief Executive Officer or a senior officer of the Company which specifically identifies the manner in which the Board, Chief Executive Officer or senior officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such 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 Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination and

(iii) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) By the Executive for Good Reason; or by the Company Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Average Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid and in full satisfaction of the rights of the Executive thereto (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) 3 and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Average Annual Bonus; and

C. an amount equal to the difference between (a) the actuarial equivalent of the aggregate benefits under the Company's qualified pension and profit-sharing plans (the "Retirement Plans") and any excess or supplemental pension and profit-sharing plans in which the Executive participates (collectively, the "Nonqualified Plans") which the Executive would have been entitled to receive if the Executive's employment had continued for the Separation Period, assuming (to the extent relevant) that the Executive's compensation during the Separation Period would have been equal to the Executive's compensation as in effect immediately before the termination or, if higher, on the Effective Date, and that employer contributions to the Executive's accounts in the Retirement Plans and the Nonqualified Plans during the Separation Period would have been equal to the average of such contributions for the three years immediately preceding the Date of Termination or, if higher, the three years immediately preceding the Effective Date, and (b) the actuarial equivalent of the Executive's actual aggregate benefits (paid or payable), if any, under the Retirement Plans and the Nonqualified Plans as of the Date of Termination (the actuarial assumptions used for purposes of determining actuarial equivalence shall be no less favorable to the Executive than the most favorable of those in effect under the Retirement Plan and the Nonqualified Plans on the Date of Termination and the date of the Change of Control);

(ii) for the Separation Period, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families (in each case with such contributions by the Executive as would have been required had the Executive's employment not been terminated); provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility, and for purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed during the Separation Period and to have retired on the last day of such period. The Separation Period shall not be subtracted from the period of months for which the Executive is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.;

(iii) if the Executive was entitled to receive financial planning and/or tax return preparation benefits immediately before the Date of Termination, the Company shall continue to provide the Executive with such financial planning and/or tax return preparation benefits with respect to the calendar year in which the Date of Termination occurs (including without limitation the preparation of income tax returns for that year), on the same terms and conditions as were in effect immediately before the Date of Termination (disregarding for all purposes of this clause (iii) any reduction or elimination of such benefits that was the basis of a termination of employment by the Executive for Good Reason); and

(iv) the Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the "buyout amount" specified by the vehicle's lessor.

(v) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

To the extent any benefits described in Section 6(a)(ii) and (iii) cannot be provided pursuant to the appropriate plan or program maintained for employees, the Company shall provide such benefits outside such plan or program at no additional cost (including without limitation tax cost) to the Executive.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 3(a), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as specifically provided in Section 6(a)(ii), such amounts shall not be reduced whether or not the Executive obtains other employment.

9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments, provided, however, that a Gross-Up Payment shall only be made in the event that application of the gross-up feature would result in the Executive receiving total after-tax Payments of at least one hundred five percent (105%) of the benefits the Executive would be entitled to receive without becoming subject to the tax imposed by Section 4999 of the Code ("Maximum Amount"). In the event that a Gross-Up Payment under this Agreement would result in total after-tax Payments of less than one hundred five percent (105%) of the Maximum Amount, the Executive's Payments shall be capped at the Maximum Amount. If the Payments become subject to the cap described above, the amount due to the Executive under Sections 6(a)(i)A, 6(a)(i)B or 6(a)(i)C (cash Payments) shall be reduced initially; thereafter, the Management Development and Compensation Committee of the Company's Board of Directors shall determine how the Payments subject to the cap shall be paid.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Post Termination Obligations .

(a) Proprietary Information Defined . "Proprietary Information" is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Company or any Affiliated Company, or to its clients, consultants, or business associates, unless: (i) the information is or becomes publicly known through lawful means; (ii) the information was rightfully in the Executive's possession or part of his general knowledge prior to his employment by the Company; or (iii) the information is disclosed to the Executive without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

(b) General Restrictions on Use of Proprietary Information . The Executive agrees to hold all Proprietary Information in strict confidence and trust for the sole benefit of the Company and not to, directly or indirectly, disclose, use, copy, publish, summarize, or remove from Company's premises any Proprietary Information (or remove from the premises any other property of the Company), except (i) during his employment to the extent necessary to carry out the Executive's responsibilities under this Agreement, and (ii) after termination of his employment as specifically authorized in writing by the Board.

(c) Non-Solicitation and Non-Raiding . To forestall the disclosure or use of Proprietary Information in breach of Section 10(b), and in consideration of this Agreement, Executive agrees that for a period of two years after termination of his

employment, he shall not, for himself 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 products which are directly competitive with products sold by the Company at the time of the Executive's termination, or interference with any of its suppliers or customers, 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.

(d) Contacts with the Press . Following termination, the Executive will continue to abide by the Company's policy that prohibits discussing any aspect of Company business with representatives of the press without first obtaining the permission of the Company's Public Relations Department.

(e) Remedies. Nothing in this Section 10 is intended to limit any remedy of the Company under the California Uniform Trade Secrets Act (California Civil Code Section 3426), or otherwise available under law.

(f) In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive pursuant to this Agreement.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

To the address written below the Executive's signature on the last page of this Agreement.

If to the Company:

The Clorox Company

1221 Broadway

Oakland, California 94612

Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and by a duly authorized representative of the Company other than Executive. By an instrument in writing similarly executed, either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform, provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

(f) Together with the Current Agreement, the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement and the Current Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Current Agreement and this Agreement supersede any prior Agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

13. Executive Acknowledgment . Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

14. Arbitration . Any controversy between the Executive or the Executive's heirs or estate and the Company or any employee of the Company, including but not limited to, those involving the construction or application of any of the terms, provisions or conditions of this Agreement or otherwise arising out of or related to this Agreement, shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California if the Executive's current or most recent location of employment with the Company is or was located in Alameda County, California. If it is or was elsewhere, the arbitration shall be held at the city nearest to the Executive's last location of employment with the Company which has an office of the American Arbitration Association. The arbitrator shall award attorney's fees to the Executive to the extent that the Executive prevails in the arbitration proceeding.

The parties have duly executed this Agreement as of the effective date that appears at the beginning of this Agreement.

THE CLOROX COMPANY

The Company

By: ________________________ ________________________

P. D. Bewley (Executive)

It’s Senior Vice President

____

(Address)

____

____

EXHIBIT 10(x)

THE CLOROX COMPANY

NONQUALIFIED DEFERRED COMPENSATION PLAN

(January 1, 1996)

Amended and Restated through July 20, 2004

ARTICLE I.

PURPOSE

This Plan is designed to restore to selected employees of The Clorox Company and its affiliates certain benefits that cannot be provided under The Clorox Company’s tax-qualified retirement plans. In addition, this Plan permits selected employees to defer bonuses and regular pay.

This Plan is intended to be a plan that is unfunded and that is maintained by The Clorox Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of the Employee Retirement Income Security Act.

ARTICLE II.

DEFINITIONS

In this Plan, the following terms have the meanings indicated below.

" Account " means a bookkeeping entry used to record deferrals and contributions made on a Participants behalf under Article III of the Plan and gains and losses credited to these deferrals and contributions under Article IV of the Plan.

" Affiliate " means an entity other than the Company whose employees participate in The Clorox Company 401(k) Plan and or The Clorox Company Pension Plan.

" Beneficiary " means the person or persons, natural or otherwise, designated in writing, to receive a Participant's vested Account if the Participant dies before a distribution of his or her entire vested Account. A participant may designate one or more primary Beneficiaries and one or more secondary Beneficiaries. A participant's Beneficiary designation will be made pursuant to such procedures as the Committee may establish, and delivered to the Committee before the Participant's death. The Participant may revoke or change this designation at any time before his or her death by following such procedures as the Committee may establish. If the Committee has not received a Participant's Beneficiary designation before the Participant's death or if the Participant does not otherwise have an effective Beneficiary designation on file when he or she dies, the Participant's vested Account will be distributed to the Participant's spouse if surviving at the Participant's death, or if there is no such spouse, the Participant's estate.

" Bonus " means one or more cash bonuses designated from time to time by the Committee as eligible for deferral under this Plan. As of July 1, 2004, the term Bonus includes the following bonuses payable (but for any deferral election) after July 1, 1996: Cash-or-Deferred Value Sharing Bonus, and/or an award under The Clorox Annual Incentive Plan and/or The Clorox Executive Incentive Compensation Plan and/or a Sales Added Compensation Bonus and/or The Clorox Management Incentive Compensation Plan and/or a Mid Level Incentive Bonus.

" Committee " means the Company's Employee Benefits Committee or another group appointed by the Management Development and Compensation Committee of the Company's Board of Directors. The Committee has full discretionary authority to administer and interpret the Plan, to determine eligibility for Plan benefits, to select employees for Plan participation, and to correct errors. The Committee may delegate its duties and responsibilities and, unless the Committee expressly provides to the contrary, any such delegation will carry with it the Committee's full discretionary authority to accomplish the delegation. Decisions of the Committee and its delegate will be final and binding on all persons.

" Company " means The Clorox Company.

" Eligible Employee " means an employee of the Company or of an Affiliate who has been selected by the Committee for Plan participation and who, except as provided in Section 3.01 (c), has confirmed his or her participation in writing with the Committee before the calendar year in which deferrals and/or restoration contributions under this Plan are made on that employee's behalf

An individual will cease to be an Eligible Employee on the earliest of (i) the date the individual ceases to be employed by the Company and all Affiliates, (ii) the date the Plan is terminated, or (iii) the date the individual is notified by the Committee that he or she is no longer an Eligible Employee.

For purposes of the restoration contributions described in Section 3.02 of this Plan, an employee who terminates employment with the Company and all Affiliates before July 1, 1996 will not be an Eligible Employee, unless and until he or she is rehired by the Company or an Affiliate and designated by the Committee as an Eligible Employee.

For purposes of the deferral described in Section 3.01 of this Plan, an employee who terminates employment with the Company and all Affiliates before January 1, 1996 will not be an Eligible Employee, unless and until he or she is rehired by the Company or an Affiliate and redesignated by the Committee as an Eligible Employee.

" Mid Year Entrant " means an individual (i) who has never been a Participant and (ii) who is first notified that he or she has been selected for Plan participation during the calendar year in which his or her Plan Participation will begin.

" Compensation Limit " means the $205,000 (indexed) limit of Internal Revenue Code Section 401(a) (17), which limits the compensation that can be taken into account when determining benefits under a tax-qualified retirement plan.

" Participant " means a current or former Eligible Employee who retains an Account.

" Pension Plan " means The Clorox Company Pension Plan, as amended from time to time. " Pension Plan Year " means the plan year defined in the Pension Plan and " Cash Balance Contribution " means a cash balance contribution as defined in the Pension Plan.

" Plan " means The Clorox Company Nonqualified Deferred Compensation Plan, as amended from time to time.

" Regular Pay " means the pre-tax amount of Eligible Employee's base salary. Regular Pay is determined on a "paycheck by paycheck" basis and does not include amounts paid before January 1, 1997.

" Termination of Employment " means termination of employment with the Company and all Affiliates, other than by reason of death.

"The Clorox Company 401(k) Plan " means The Clorox Company 401(k) Plan, as amended from time to time. "Value Sharing Plan Year" means the plan year defined in The Clorox Company 401k Plan and "Value Sharing Contribution" means a Value Sharing Contribution (including forfeitures) as described in The Clorox Company 401(k) Plan. Before January 30, 2004, The Clorox Company 401(k) Plan was called The Clorox Company Employee Retirement Investment Plan.

ARTICLE III.

DEFERRALS AND CONTRIBUTIONS

Deferrals . An Eligible Employee may defer up to 50% of his or her Regular Pay and up to 100% of each Bonus for which he or she is eligible by submitting a written election to the Committee that satisfies such requirements, including such minimum deferral amounts, as the Committee may determine. Participants will be 100% vested in these deferrals.

Elections . For each calendar year, an Eligible Employee may make three separate deferral elections: an election to defer Regular Pay, an election to defer his or her Cash-or-Deferred Value Sharing Bonus (if any), and an election to defer all other types of Bonus (if any). Each such election must be made before the calendar year in which the Regular Pay and/or Bonus is scheduled to be paid and, with respect to a Bonus, no less than 6 months before scheduled payment of the Bonus. Elections will remain in effect for one calendar year.

Late Election . If an eligible Employee does not make a timely election for an upcoming calendar year, no deferral will be made on behalf of that Eligible Employee with regard to that election to that upcoming calendar year.

Initial Election . Notwithstanding the timing provisions in paragraphs (a) and (b) above, within 30 days after the date that a Mid-Year Entrant is first notified that he or she is eligible to participate in the Plan or within 30 days after the initial effective date of the Plan, a Mid-Year Entrant may elect to defer (i) Regular Pay for services to be performed subsequent to the election and (ii) any Bonus that is scheduled to be paid at least 6 months after the date of the election. These elections will remain in effect until the end of the calendar year for which they were made.

Restoration Contributions . Subject to paragraphs (d), (e), and (f) below, Accounts will be credited with restoration contributions as described below.

Value Sharing . The amount of an Eligible Employee's value sharing restoration contribution for a Value or Profit Sharing Plan Year beginning on or after July 1, 1995 will be equal to the amount by which that Eligible Employee's Value Sharing or Profit Sharing Contribution (including any Cash-or-Deferred Value Sharing) for that Value Sharing or Profit Sharing Plan was reduced due to (i) the Compensation Limit and (ii) amounts (excluding any Cash-or-Deferred Value Sharing) voluntarily deferred under this plan.

Pension . The amount of Eligible Employee's pension restoration contribution for a Pension Plan Year beginning on or after July 1, 1995 will be equal to the amount by which the Eligible Employee's Cash Balance Contribution for that Pension Plan Year was reduced due to (i) the Compensation Limit and (ii) amounts voluntarily deferred under this plan.

Special Restoration Contributions . Accounts of individuals who are Eligible Employees on July 1, 1996 will be credited with the following special restoration contributions:

1994-95 Profit Sharing Plan Contributions . A special contribution equal to the amount by which the Eligible Employee Profit Sharing Contribution for the Profit Sharing Plan beginning July 1, 1994 was actually reduced due to the $150,000 Limit.

(ii) 1994-95 Pension Plan Accrual . A special contribution, which is the lump sum equivalent of the amount by which the Eligible Employee's Pension Plan accrual for the Pension Plan year beginning July 1, 1994 was actually reduced due to the $150,000 Limit. This lump sum equivalent amount will be the lump sum present value, as of June 30, 1996, of the pension accrual described in the preceding sentence (expressed as a single life annuity commencing as of the later of: the Eligible Employee's age, as of June 30, 1996 or age 65), where the present value is determined using: the annual rate of interest on 30-year Treasury securities for January 1996, the applicable mortality table that is specified for use in January 1996 in accordance with Section 417 (e) (3) (A) (ii) (I) of the Internal Revenue Code, and the Eligible Employee's age as of June 30, 1996, rounded to years and completed months.

Crediting . Restoration contributions will be credited to Eligible Employees' Accounts as of the date that the Value Sharing Contributions or the Cash Balance Contributions to which the restoration contributions relate are credited to The Clorox Company 401(k) Plan or the Pension Plan, as the case may be. Notwithstanding the foregoing, the special restoration contributions described in the preceding paragraph (c) will be credited as of July 1, 1996.

Vesting. Participants will vest in their restoration contributions at the same percentage rate that they vest in the Value Sharing Contributions or the Pension Plan allocations to which the restoration contributions relate.

Restrictions.

Participation. If an Eligible Employee is not credited with an actual Pension Plan accrual for a given calendar quarter during a Pension Plan Year, that Eligible Employee will not receive a pension restoration contribution under this Plan for that calendar quarter. Similarly, if an Eligible Employee does not receive an actual Value Sharing Plan Contribution for a given Value Sharing Plan Year, that Eligible Employee will not receive a value sharing restoration contribution under this Plan for that year.

Eligible Employee. In order to receive a restoration contribution under this Plan with respect to a given Value Sharing Year or calendar quarter of a Pension Plan Year, an individual must have been an Eligible Employee during that Value Sharing Year or during the calendar quarter of the Pension Plan Year, as the case may be, but the individual need not be an Eligible Employee on the date the restoration contribution is actually made. Notwithstanding the foregoing, the requirements of this Section 3.02 (f) (ii) will be satisfied with respect to the special restoration contributions described in (c) above if an individual is an Eligible Employee on July 1, 1996.

ARTICLE IV.

EARNINGS

4.01 Elections. The Committee may permit Participants to request that earnings on their Accounts be credited as though the Accounts were invested in one or more investments approved by the Committee.

4.02 Interest. To the extent that earnings are not credited as described in Section 4.01 above, the Committee will credit interest to each Account. Interest will be credited quarterly in accordance with procedures approved by the Committee. The interest rate used will be the annual rate of interest on 30-year Treasury securities, as determined in accordance with Section 417 (e) (3) (A) (ii) (II) of the Internal Revenue Code, for the second month preceding the Company's fiscal year for which the interest is credited. The first quarter for which interest will be credited is the calendar quarter beginning July 1, 1996. Effective January 1, 1997, the interest rate used will be the interest rate then in effect for crediting interest to a Participant's "account" under the Pension Plan.

ARTICLE V.

DISTRIBUTIONS

Distribution Elections. Eligible Employees will elect the manner in which their vested Accounts will be

paid out upon Termination of Employment by following the procedures described below, and by satisfying

such additional requirements as the Committee may determine.

Initial Election. Effective November 15, 1996, when an Eligible Employee confirms his or her initial participation in the Plan, as provided in Section 2.07 of the Plan, the Eligible Employee will elect, in writing, which of the distribution options described in section 5.02 of the Plan will govern payment of the Eligible Employee's entire vested Account upon the Eligible Employee's Termination of Employment.

Subsequent Elections. Effective November 15, 1996, a Participant may change a distribution election with respect to his or her entire vested Account by submitting the change to the Committee in writing, at least two calendar years before the Participant has a Termination of Employment. If such a subsequent election is not valid because, for example, it is not made in a timely manner, the Participant's most recent effective distribution election under this Section 5.01 will govern payment of the Participant's entire vested Account upon the Participant's Termination of Employment.

Termination of Employment. The vested portion of a Participant's Account will be distributed to the Participant's, following the Participant's Termination of Employment, in whichever of the following forms has been properly elected by the Participant, or pursuant to the Plan's default provision if there is no such election.

Lump Sum. Payment in one lump sum, as soon as administratively practicable (as determined by the Committee) and subject to the timing requirements outlined in paragraph (c), below.

Installments. Payment in annual installments, not in excess of 10, to begin as soon as administratively practicable (as determined by the Committee) and subject to the timing requirements outlined in paragraph (c), below.

Timing. Effective November 15, 1996, payments under paragraph (a) or paragraph (b) above, will not be made earlier than 60 days or later than 90 days ("60/90" Day Rule") after whichever of the following dates has been properly elected by the Participant: (i) the date of the Participant's Termination of Employment or (ii) January 1 of the calendar year immediately following the Participant's Termination of

Employment. Notwithstanding the foregoing, if a Participant who has selected option (ii) in the preceding sentence has a Termination of Employment on or after January 1 and before November 1, the 60/90 Day Rule will not apply, and the distribution will begin on January 1 of the calendar year immediately following the Participant's Termination of Employment, or as soon as administratively practicable thereafter.

Default . If, upon a Participant's Termination of Employment, the Committee does not have a proper distribution election on file for that Participant, the vested portion of that Participant's Account will be distributed to the Participant, following the Participant's Termination of Employment, in one lump sum, as soon as administratively practicable (as determined by the Committee), but in no event earlier than 60 days or later than 90 days after the Participant's Termination of Employment.

Rehire . If a Participant's entire Account has not been distributed and/or the Participant was not 100% vested in his or her Account upon Termination of Employment and the Participant again becomes an Eligible Employee, distributions to the Participant will cease, amounts forfeited (if any) from the Participant's account will be restored to the extent required to satisfy Section 3.02 (e) of the Plan, and the Participant's distribution election under Section 5.01 will remain in effect as though the Participant had not had a Termination of Employment. If a former Participant's entire Account has been distributed and the former Participant was 100% vested in his or her Account upon Termination of Employment, the former Participant will make a new distribution election under Section 5.01 (a), and may make subsequent distribution elections under Section 5.01 (b), if the former Participant again becomes an Eligible Employee.

Subsequent Credit . Amounts, if any, that become payable to a Participant's Account after distributions have begun from that Account after distributions have begun from that Account, and before the Participant is rehired or dies, will be paid out pursuant to the distribution election in effect for that Participant upon his or her Termination of Employment.

Death . If a Participant dies with a vest amount in his or her Account, whether or not the Participant was receiving payouts from that Account at the time of his or her death, the Participant's Beneficiary will receive the entire vested amount in the Participant's Account as soon as administratively practicable (as determined by the Committee) but in no event earlier than 60 days or later than 90 days after the Committee learns of the Participant's death. Amounts, if any, that become payable to a Participant's Account after that Account has been distributed pursuant to this Section 5.03 will be paid to the Participant's Beneficiary as soon as administratively practicable.

Withholding . The Company will deduct from Plan payouts, or from other compensation payable to a Participant or Beneficiary, amounts required by law to be withheld for taxes with respect to benefits under this Plan. The Company reserves the right to reduce any deferral or contribution that would otherwise be made to this Plan on behalf of a Participant by reasonable amount, and to use all or a portion of this reduction to satisfy the Participant's tax liabilities under this Section 5.04.

ARTICLE VI.

MISCELLANEOUS

6.01 Limitation of Rights . Participation in this Plan does not give any individual the right to be retained in the service of the Company or any related entity.

Satisfaction of Claims . Payments to a Participant, the Participant's legal representative, or Beneficiary in accordance with the legal terms of this Plan will, to the extent thereof, be in full satisfaction of all claims that person may have hereunder against the Committee, the Company, and all Affiliates, any of which may require as a condition to payment, that the recipient execute a receipt and release in a form determined by the Committee, the Company, or an Affiliate.

Indemnification . The Company and the Affiliates will indemnify the Committee, the Company's Board of Directors, and employees of the Company and the Affiliates to whom responsibilities have been delegated under the Plan for all liabilities and expenses arising from an act of omission the management of the Plan in the management of the Plan if the person to be indemnified did not act dishonestly or otherwise in willful violation of the law under which the liability or expense arises.

Assignmen t. To the fullest extent permitted by law, right to benefits under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of a Participant or a Beneficiary.

Lost Recipients . If the Committee cannot locate a person entitled to payment of Plan benefit after a reasonable search, the Committee may at any time thereafter treat that person's Account as forfeited and amounts credited to that Account will revert to the Company. If the lost person subsequently presents the Committee with a valid claim for the forfeited benefit amount, the Company will pay that person the amount forfeited.

Amendment and Termination . The Company's Board of Directors may, at any time, amend the Plan in writing or terminate the Plan. In addition, the Committee may amend the Plan (other than this Section 6.06) in writing, provided that the amendment will not cause any substantial increase in cost to the Company or to any Affiliate. No amendment may, without the consent of an affected Participant (or, if the Participant is deceased, the Participant's Beneficiary), adversely affect the Participant's or the Beneficiary's rights and obligations under the Plan with respect to amounts already credited to a Participant's Account. Notwithstanding the foregoing, if the Plan is terminated, the Company's Board of Directors may determine that all Accounts will be paid out.

Applicable Law. To the extent not governed by Federal law, the Plan is governed by the laws of the State of California without choice of law rules. If any provision of the Plan is held to be invalid or unenforceable, the remaining provisions of the Plan will continue to be fully effective.

No Funding . The Plan constitutes a mere promise by the Company and the Affiliates to make payments in the future in accordance with the terms of the Plan. Participants and Beneficiaries have the status of general unsecured creditors of the Company and the Affiliates. Plan benefits will be paid from the general assets of the Company and the Affiliates and nothing in the Plan will be construed to give any Participant or any other person rights to any specific assets of the Company or the Affiliates. In all events, it is the intention of the Company, all Affiliates and all Participants that the Plan be treated as unfunded for tax purposes and purposes of Title I of the Employee Retirement Income Security Act.

IN WITNESS WHEREOF, The Clorox Company has caused this Plan to be executed by its duly authorized representative on the date indicated below.

__________________________________ ______________________________

DATE

EXHIBIT 10(xii)

THE CLOROX COMPANY

1996 STOCK INCENTIVE PLAN

Amended and Restated Effective

as of July 20, 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 Rule16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(*ii*) *Administration with Respect to Other Employees and Consultants* . With respect to grants of Awards to Employees and Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws.

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

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

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

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

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

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

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

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

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

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

(c) *Effect of Administrator's Decision* . All decisions, determinations and interpretations of the Administrator shall be final and binding on the Grantees and any other holders of Awards intended by the Administrator to be affected thereby.

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

5. *Terms and Conditions of Awards* .

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

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

(c) *Conditions of Award* . Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, and payment contingencies. In the case of an Award (other than an Option or SAR) intended to qualify as Performance-Based Compensation, the grant, exercise and/or settlement of such Award shall be contingent upon achievement of 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 SAR may be granted to any Employee in any fiscal year of the Company shall be two million (2,000,000) Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 9, below. This Section 5(g) is intended to comply with the requirements for the award of Performance-Based Compensation applicable to stock options and stock appreciation rights and shall be construed in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder.

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

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

(b) *Exercise of Award Following Termination of Employment Relationhship* .

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

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

(*iii*) Any Award designated as an Incentive Stock Option to the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of a Grantee's Continuous Service shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

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

8. *Conditions Upon Issuance of Shares* .

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

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

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

10. *Corporate Transactions/Changes of Control/Subsidiary Dispositions* .

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

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

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

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

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

12. *Amendment, Suspension or Termination of the Plan* .

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

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

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

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

14. *Reservation of Shares* .

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

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

15. *No Effect on Terms of Employment* . The Plan shall not confer upon any Grantee any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate his or her employment or consulting relationship at any time, with or without cause.

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

GLOSSARY OF DEFINED TERMS

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

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

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

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

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

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

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

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

" *Change of Control* " means a change in ownership or control of the Company effected through either of the following transactions:

The acquisition by any Person of beneficial ownership (within the meaning of Rule 13(d)(3) promulgated under the Exchange Act) of 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.

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

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

" *Common Stock* " means the common stock of the Company, as adjusted in

accordance with the provisions of Section 9.

" *Company* " means The Clorox Company.

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

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

" *Corporate Transaction* " means any of the following stockholder-approved transactions to which the Company is a party:

a Business Combination, or

a complete liquidation or dissolution of the Company.

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

" *Director* " means a member of the Board.

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

" *Dividend Equivalent Right* " means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

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

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

" *Fair Market Value* " means, as of any date, the value of Common Stock determined as follows:

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

In the absence of an established market of the type described above, for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator in good faith, and such determination shall be conclusive and binding on all persons.

" *Grantee* " means an Employee who receives an Award under the Plan.

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

" *Incentive Stock Option* " means an Option intended to qualify as 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.

" *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(xiii)

THE CLOROX COMPANY

EXECUTIVE INCENTIVE COMPENSATION PLAN

Amended and Restated Effective

as of July 20, 2004

PURPOSE

The purpose of The Clorox Company Executive Incentive Compensation Plan (the “Plan’) is to provide an incentive for executives who are members of the Clorox Leadership Committee (“Executives”) and to recognize and reward those Executives. The Company’s Executives are eligible to earn short-term incentive awards under this Plan and under the Company’s Annual Incentive Plan.

2. DEFINITIONS

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

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

(b) “Board” means the Board of Directors of the Company.

(c) “Code” means the Internal Revenue Code of 1986, as amended.

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

(e) “Company” means The Clorox Company.

(f) “Participant” means an Executive of the Company or a Subsidiary selected by the Committee to participate in the Plan.

(g) “Performance Criteria” means the following measures of performance:

total shareholder return, Stock price, economic value added, profit margin (gross or net), asset turnover, sales growth, asset growth, return on investment, earnings per share, return on equity, return on assets, return on capital, operating cash flow, cost of capital, net income, market share, working capital, customer satisfaction, and employee satisfaction.

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

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

(i) “Retirement” means termination of employment with the Company, other than by reason of death or disability, (1) at age 65, (2) at least age 55 with at least ten years of vesting service under The Clorox Company Pension Plan or (3) with at least 20 years of vesting service under The Clorox Company Pension Plan.

(j) “Stock” means common stock of the Company.

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

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

TERM

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

4) AWARDS

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

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

(c) The Committee may reduce or eliminate, but may not increase, any Award calculated under the methodology established in accordance with paragraph (a) in order to reflect additional considerations relating to performance.

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

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

TERMINATION OF EMPLOYMENT

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

6) ADMINISTRATION

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

7) UNFUNDED PLAN

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

8) CODE SECTION 162(M)

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

9) AMENDMENT OR TERMINATION OF THE PLAN

The Committee may from time to time suspend, revise, amend or terminate the Plan; PROVIDED, that any such amendment or revision which requires approval of the Company’s shareholders in order to maintain the qualification of Awards as performance-based compensation

pursuant to Code Section 162(m)(C) shall not be made without such approval.

10) APPLICABLE LAW

The Plan will be governed by the laws of California.

11) NO RIGHTS TO EMPLOYMENT

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

12) NO ASSIGNMENT

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

13) STOCKHOLDER APPROVAL

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

EXHIBIT 10(xvi)

THE CLOROX COMPANY

ANNUAL INCENTIVE PLAN

As Amended and Restated Effective

as of July 20, 2004

PURPOSE

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

DEFINITIONS

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

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

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

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

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

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

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

(g) "Executive" means a person who is member of the Clorox leadership committee.

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

(i) “Retirement” means termination of employment with the Company, other than by reason of death or disability, (1) at age 65, (2) at least age 55 with at least ten years of vesting service under The Clorox Company Pension Plan or (3) with at least 20 years of vesting service under The Clorox Company Pension Plan.

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

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

AWARDS

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

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

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

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

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

TERMINATION OF EMPLOYMENT

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

5. ADMINISTRATION

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

6. UNFUNDED PLAN

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

7. AMENDMENT OR TERMINATION OF THE PLAN

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

8. APPLICABLE LAW

The Plan will be governed by the laws of California.

9. NO RIGHTS TO EMPLOYMENT

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

10. NO ASSIGNMENT

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

EXHIBIT 10(xx)

Severance Pay Plan for Level 2 and Level 3 Executives

The Severance Pay Plan for Level 2 and Level 3 Executives ("Plan") provides benefits in certain instances to Participants who are employed by The Clorox Company ("Clorox") or an affiliate (collectively, the "Company") and whose employment is involuntarily terminated.

Article I Definitions

1.1 "Affiliate" means any corporation or other entity which, now or hereafter, directly or indirectly owns, is owned by or is under common ownership of a party. "Owned" for purposes of determining Affiliates means ownership of more than fifty percent (50%) of the equity or other ownership interest having the power to vote on or direct the affairs of such corporation or other entity.

1.2 "Base Salary" means the annual base salary of the Participant.

1.3 "Benefit Period" means for Participants with less than 5 Years of Service, 0.50; for Participants with 5 or more Years of Service, 1.0.

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

1.5 "Bonus" means for Level Two Executives the average of the last 3 annual bonuses that the Participant received from the Company under the Company's Annual Incentive Plan and means for Level Three Executives the average of the last 3 annual bonuses that the Participant received under the Company's Annual Incentive Plan or Sales Added Compensation Plan, as the case may be, provided, however, 1) if the Participant has received only 2 annual bonuses, it shall mean the average of those 2 bonuses and the Participant's First Year Bonus Target, 2) if the Participant has received only 1 annual bonus, it shall mean the average of that annual bonus and the Participant's First Year Bonus Target multiplied by 2, and 3) if the Participant has not received an annual bonus, it shall mean the Participant's First Year Bonus Target.

1.6 "Bonus Target" means for Level 2 Executives the annual bonus that the Participant would have received under the Company's Annual Incentive Plan, if the target goals had been achieved, and means for Level 3 Executives, the annual bonus that the Participant would have received under the Company's Annual Incentive Plan or Sales Added Compensation Plan, as the case may be, if the target goals had been achieved.

1.7 "Cause" means 1) the willful and continued failure of the Participant substantially to perform the Participant's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Chief Executive Officer or a member of the Clorox Management Executive Committee, which specifically identifies the manner in which the sender believes that the Participant has not substantially performed the Participant's duties; or 2) the willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

No act or failure to act on the part of the Participant shall be considered to be "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant's action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a member of the Clorox Management Executive Committee or based upon the advice of counsel for the Company shall be conclusively presumed to be done or omitted to be done by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be for Cause unless and until the Chief Executive Officer, Vice President of Human Resources and General Counsel unanimously agree that, in their good faith opinion, the Participant is guilty of the conduct described in subparagraph 1) or 2) above, and so notify the Participant specifying the particulars thereof in detail.

1.8 "Change of Control" means

A. The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30%, or in the case of Henkel KGaA or any person or entity controlled by it ("Henkel"), more than the percentage 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 (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection A, the following acquisitions shall not constitute a Change of Control; (i) any acquisition directly from the Company, (ii) 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, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (C) of this Section 1.8; or

B. Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, and if Henkel is not the acquiring person, any individual nominated as a representative of Henkel pursuant to the agreement between Henkel and the Company dated July 16, 1986, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a 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 consents by or on behalf of a Person other than the Board; or

C. Consummation by the Company of 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 (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 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 Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares 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; or

D. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.9 "First Year Bonus Target" means the Participant's Bonus Target as of June 30 for the first fiscal year in which he met the definition of "Participant" hereunder.

1.10 "General Release" means a general release of all claims in a form prescribed by the Company.

1.11 "Good Reason" means

A. The assignment to the Participant of any duties inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as they existed at any time during the 120-day period immediately preceding the Change of Control, or any other action by the Company which results in a diminution in such 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 Participant; or

B. Any reduction by the Company of the Participant's Base Salary or bonus target, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; or

C. The Company's requiring the Participant to be based at any office or location more than 50 miles from that at which the Participant was based immediately prior to the Change of Control or the Company's requiring the Participant to travel on Company business to a substantially greater extent than required immediately prior to the Change of Control; or

D. Any purported termination by the Company of the Participant's employment other than for Cause.

Any good faith determination of "Good Reason" made by the Employee shall be conclusive.

1.12 "Level Three Executive" means a Participant who is in salary grade 30 or 31.

1.13 "Level Three Misconduct" means that the Participant 1) willfully neglects significant duties he is required to perform or willfully violates material Company policy, and, after being warned in writing, continues to neglect such duties or continues to violate the specified Company policy; 2) commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude; 3) exhibits gross negligence in the course of employment, 4) fails to obey a lawful direction of a corporate officer to whom he reports, directly or indirectly; or 5) acts in any other manner inconsistent with the Company's best interests and values.

1.14 "Level Two Executive" means a Participant who is in salary grade Ex.

1.15 "Level Two Misconduct" means that the Participant 1) willfully neglects significant duties he is required to perform or willfully violates material Company policy, and, after being warned in writing, continues to neglect such duties or continues to violate the specified Company policy; 2) commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude; 3) exhibits gross negligence in the course of employment, 4) fails to obey a lawful direction of the Board; or 5) acts in any other manner inconsistent with the Company's best interests and values.

1.16 "Medical Insurance Coverage" shall mean any medical, dental, vision and prescription drug insurance coverage offered by the Company to its salaried employees.

1.17 "Participant" means a regular salaried employee of the Company scheduled to work more than 20 hours per week who is 1) a Vice President, but who is not a member of the Clorox Management Executive Committee, or 2) an Associate General Counsel of Clorox.

1.18 "Retirement Benefits" means benefits under any or all of the following plans: plans providing medical benefits for retirees, SERP and the 1996 Stock Incentive Plan (or successor plan).

1.19 "Separation Date" means the last day a Participant is employed by the Company.

1.20 "SERP" means the Supplemental Executive Retirement Plan.

1.21 "Welfare Benefit Plans" shall mean all welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription drugs, disability, life and accident insurance plans and programs).

1.22 "Year of Service" means a consecutive or non-consecutive 12-month period, including approved leaves of absence, beginning on the first date that a Participant performs an hour of service for the Company. If a Participant separates service from the Company and is rehired within a 12-month period, any period of less than 12 consecutive months during which the Participant does not perform an hour of service will be counted when computing Years of Service. A 12-month or longer period of severance will not be counted when computing Years of Service.

1.23 Other Definitions.

Accounting Firm	Section 4.2
Business Combination	Section 1.8
Claimant	Section 5.5
Clorox	Recital
Code	Section 4.1
Company	Recital
Exchange Act	Section 1.8
Excise Tax	Section 4.1
Fiduciary	Section 6.1
Gross-Up Payment	Section 4.1
Henkel	Section 1.8
Incumbent Board	Section 1.8
Maximum Amount	Section 4.5
Nonqualified Plans	Section 2.3
Outstanding Company Common Stock	Section 1.8

Outstanding Company Voting Securities	Section 1.8
Owned	Section 1.1
Payment	Section 4.1
Person	Section 1.8
Plan	Recital
Underpayment	Section 4.2

Article II Level Two Executive Benefits

2.1 The Company may terminate the employment of any Level Two Executive at any time for any reason. The Company's progressive discipline policy and practice do not apply to Level Two Executives.

2.2 A Participant who is a Level Two Executive whose employment with the Company is involuntarily terminated other than for Level Two Misconduct is entitled to receive the benefits described below:

A. An amount equal to the Participant's Base Salary as of his Separation Date.

B. An amount equal to the Participant's Bonus plus the Participant's Bonus multiplied by a fraction, the numerator of which is the number of days in the current fiscal year through the Separation Date and the denominator of which is 365, multiplied by 75%.

C. If the Participant as of the Separation Date is at least age 54 and has at least 9 Years of Service, benefit credits and service accruals (based on the Participant's total compensation as of the Separation Date) for the purpose of the SERP and service accruals for the purpose of all other Retirement Benefits will continue for a period of 1 year. If as of the Separation Date the Participant's age and Years of Service, each measured in whole years, equal 73, service accruals for the purpose of the Company's plans providing medical benefits for retirees will continue for a period of 1 year.

D. The Participant shall be entitled to participate in Medical Insurance Coverage, as if the Participant were an employee of the Company, for a period of 1 year from his Separation Date, provided that the Participant promptly pays the Company the then amount of the employee contribution therefor and provided further, that such Medical Insurance Coverage shall be secondary to medical and/or dental coverage provided to the Participant by a subsequent employer and that the Participant makes every good faith effort to participate in any such coverage. For any period during which the Participant does not make such a good faith effort the Participant's Medical Insurance Coverage hereunder shall be completely suspended. If medical and dental benefit coverage ceases to be provided by the subsequent employer, Participant may have Medical Insurance Coverage from the Company become his primary coverage again. Any period of participation hereunder shall not be subtracted from the period of months for which the Participant is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.

E. The Participant shall be entitled to purchase the Company-leased automobile, if any, being used by the Participant prior to termination at the "buyout amount" specified by the vehicle's lessor.

F. If the Participant was entitled to receive financial planning and/or tax preparation benefits immediately before the Separation Date, the Company shall continue to provide the Participant with such financial planning and/or tax return preparation benefits with respect to the calendar year in which the Separation Date occurs (including without limitation the preparation of income tax returns for that year), on the same terms and conditions as were in effect immediately before the Separation Date.

2.3 A Participant who is a Level Two Executive who within 24 months of a Change of Control 1) is terminated by the Company other than for Cause or 2) terminates for Good Reason shall be entitled to receive the benefits described below:

A. An amount equal to the Participant's Base Salary as of his Separation Date multiplied by 2.

B. An amount equal to the Participant's Bonus multiplied by 2 plus the Participant's Bonus multiplied by a fraction, the numerator of which is the number of days in the current fiscal year through the Separation Date and the denominator of which is 365.

C. An amount equal to the difference between (a) the actuarial equivalent of the aggregate benefits under the Company's qualified pension and profit-sharing plans and any excess or supplemental pension and profit-sharing plans in which the Participant participates (collectively, the "Nonqualified Plans") which the Participant would have been entitled to receive if the Participant's employment had continued for 2 years beyond the Separation Date, assuming (to the extent relevant) that the Participant's compensation during such period would have been equal to the Participant's compensation as in effect on the Separation Date, and that employer contributions to the Participant's accounts in the Nonqualified Plans during the 2 year period after the Separation Date would have been equal to the average of such contributions for the 3 years immediately preceding the Separation Date, and (b) the actuarial equivalent of the Participant's actual aggregate benefits (paid or payable), if any, under the Nonqualified Plans as of the Separation Date (the actuarial assumptions used for purposes of determining actuarial equivalence shall be no less favorable to the Participant than the most favorable of those in effect under the Nonqualified Plans on the Separation Date and the date of the Change of Control).

D. The Participant shall be entitled to participate in Welfare Benefit Plans, as if the Participant were an employee of the Company, for a period of 2 years from his Separation Date, provided that the Participant promptly pays the Company the then amount of the employee contribution therefor and provided further, that such Welfare Benefit Plan coverage shall be secondary to welfare benefit plan coverage provided to the Participant by a subsequent employer and that the Participant makes every good faith effort to participate in any such coverage. For any period during which the Participant does not make such a good faith effort the Participant's Welfare Benefit Plan coverage hereunder shall be completely suspended. If welfare benefit plan coverage ceases to be provided by the subsequent employer, Participant may have Welfare Benefit Plan coverage from the Company become his primary coverage again. Any period of participation hereunder shall not be subtracted from the period of months for which the Participant is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.

E. The Participant shall be entitled to purchase the Company-leased automobile, if any, being used by the Participant prior to termination at the "buyout amount" specified by the vehicle's lessor.

F. If the Participant was entitled to receive financial planning and/or tax preparation benefits immediately before the Separation Date, the Company shall continue to provide the Participant with such financial planning and/or tax return preparation benefits with respect to the calendar year in which the Separation Date occurs (including without limitation the preparation of income tax returns for that year), on the same terms and conditions as were in effect immediately before the Separation Date (disregarding for all purposes of this clause F any reduction or elimination of such benefits that was the basis of a termination of employment by the Participant for Good Reason).

2.4 A Participant who is entitled to benefits under both Sections 2.2 and 2.3 shall receive benefits under Section 2.3 only.

2.5 A Participant shall not be entitled to benefits under this Article II unless he executes and does not revoke a general release. The cash benefits described in this Article II shall be paid in a lump sum within 30 days after the Participant signs the general release. All benefits are subject to taxes and withholding.

2.6 If a Participant is the prevailing party in a dispute relating to section 2.3, the Company shall reimburse the Participant for his attorneys' fees related to such dispute.

Article III Level Three Executive Benefits

3.1 The Company may terminate the employment of any Level Three Executive at any time for any reason. The Company's progressive discipline policy and practice do not apply to Level Three Executives.

3.2 A Participant who is a Level Three Executive whose employment with the Company is involuntarily terminated other than for Level Three Misconduct is entitled to receive the benefits described below:

A. An amount equal to 3 weeks of Base Salary for each Year of Service, prorated for partial Years of Service, but not less than 6 months or more than 1 year in total.

B. If the Participant as of the Separation Date is at least age 54 1/2 and has at least 9 1/2 Years of Service, service accruals for the purpose of plans providing medical benefits for retirees will continue for a period of 6 months.

C. The Participant shall be entitled to participate in Medical Insurance Coverage, as if the Participant were an employee of the Company, for a period of 6 months from his Separation Date, provided that the Participant promptly pays the Company the then amount of the employee contribution therefor and provided further, that such Medical Insurance Coverage shall be secondary to medical and/or dental coverage provided to the Participant by a subsequent employer and that the Participant makes every good faith effort to participate in any such coverage. For any period during which the Participant does not make such a good faith effort the Participant's Medical Insurance Coverage hereunder shall be completely suspended. If medical and dental benefit coverage ceases to be provided by the subsequent employer, Participant may have Medical Insurance Coverage from the Company become his primary coverage again. Any period of participation hereunder shall not be subtracted from the period of months for which the Participant is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.

D. The participant shall be entitled to purchase the Company-leased automobile, if any, being used by the Participant prior to termination at the "buyout amount" specified by the vehicle's lessor.

3.3 A Participant who is a Level Three Executive who within 24 months of a Change of Control is 1) terminated by the Company other than for Cause or 2) terminates for Good Reason shall be entitled to receive the benefits described below:

A. An amount equal to the Participant's Base Salary multiplied by the Benefit Period applicable to the Participant.

B. An amount equal to the Participant's Bonus multiplied by the Benefit Period applicable to the Participant.

C. The Participant shall be entitled to participate in Medical Insurance Coverage as if the Participant were an employee for a period of 12 months from his Separation Date multiplied by the Participant's Benefit Period, provided the Participant promptly pays the Company the amount of the then employee contribution therefor and provided further, that such Medical Insurance Coverage is secondary to medical and/or dental coverage provided to the Participant by a subsequent employer and that the Participant makes every good faith effort to participate in any such coverage. For any period during which the Participant does not make such a good faith effort the Participant's Medical Insurance Coverage hereunder shall be completely suspended. If medical and dental benefit coverage ceases to be provided by the subsequent employer, Participant may have Medical Insurance Coverage from the Company become his primary coverage again. Any period of participation hereunder shall not be subtracted from the period of months for which the Participant is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.

D. The participant shall be entitled to purchase the Company-leased automobile, if any, being used by the Participant prior to termination at the "buyout amount" specified by the vehicle's lessor.

3.4 A Participant who is entitled to benefits under both Sections 3.2 and 3.3 shall receive benefits under Section 3.3 only.

3.5 A Participant shall not be entitled to benefits under this Article III unless he executes and does not revoke a general release. The cash benefits described in this Article III shall be paid in a lump sum within 30 days after the Participant signs the general release. All benefits are subject to taxes and withholding.

Article IV Certain Additional Payments by the Company

4.1 In the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Participant (whether paid or payable or distributed or distributable pursuant to the terms of the Plan or otherwise but determined without regard to any additional payments required under this Article IV) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Participant with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Participant shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Participant of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Participant retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

4.2 Subject to the provisions of Section 4.3, all determinations required to be made under this Article IV, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other certified public accounting firm as may be designated by the Participant (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Participant within 15 business days of the receipt of notice from the Participant that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Participant shall appoint another nationally recognized Accounting Firm to make the determination required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Article IV, shall be paid by the Company to the Participant within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 4.3 and the Participant thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant.

4.3 The Participant shall notify the Company in writing of any claim by the Internal Revenue Service, that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Participant is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Participant shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Participant in writing prior to the expiration of such period that it desires to contest such claim, the Participant shall:

give the Company any information reasonably requested by the Company relating to such claim,

take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

cooperate with the Company in good faith in order effectively to contest such claim, and

permit the company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Participant harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 4.3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Participant to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Participant agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Participant to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Participant, on an interest-free basis and shall indemnify and hold the Participant harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Participant with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Participant shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

4.4 If, after the receipt by the Participant of an amount advanced by the Company pursuant to Section 4.3, the Participant becomes entitled to receive any refund with respect to such claim, the Participant shall (subject to the Company's complying with the requirements for Section 4.3) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Participant of an amount advanced by the Company pursuant to Section 4.3, a determination is made that the Participant shall not be entitled to any refund with respect to such claim and the Company does not notify the Participant in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

4.5 Notwithstanding anything contained in the Plan to the contrary, a Gross-Up Payment shall only be made in the event that application of the gross-up feature would result in the Participant receiving total after-tax Payments of at least 105% of the benefits the Participant would be entitled to receive without becoming subject to the tax imposed by Section 4999 of the Code ("Maximum Amount"). In the event that a Gross-Up Payment under the Plan would result in total after-tax Payments of less than 105% of the Maximum Amount, the Participant's Payments shall be capped at the Maximum Amount. If the Payments become subject to the cap described in this Section 4.5, the amount due to the Participant that represent cash Payments shall be reduced initially and thereafter the Management Development and Compensation Committee of Clorox's Board shall determine how the Payments subject to the cap shall be made.

Article V Other Important Information

5.1 Plan Administrator. As the Plan Administrator, the Board of Clorox has full discretionary authority to administer and interpret the Plan, including discretionary authority to determine eligibility for participation and for benefits under the Plan and to correct errors. The Plan Administrator may delegate administrative duties to personnel of Clorox and/or an Affiliate. Any such delegation will carry with it the full discretionary authority of the Plan Administrator to carry out these duties. Any determination by the Plan Administrator or its delegate will be final and conclusive upon all persons.

5.2 Assignment. To the fullest extent permitted by law, Plan benefits are not assignable.

5.3 Death of Participant. If a Participant dies after an involuntary termination, the benefit that otherwise would have been payable to the Participant will be paid, in a single sum payment as soon as administratively practicable to the Participant's surviving spouse, or if there is no such spouse, to the Participant's estate.

5.4 Compliance. Plan benefits are conditioned on a Participant's compliance with any confidentiality agreement or release that the Participant has entered into with Clorox and/or with an Affiliate.

5.5 Claims Procedure. If an individual ("Claimant") believes that he or she is entitled to a benefit under the Plan that is greater than the benefit about which the Claimant has received notice under the Plan, the Claimant may submit a written application to the Plan Administrator or its delegate within 90 days of having been denied such a benefit. The Claimant will generally be notified of the approval or denial of this application within 90 days (180 days in unusual circumstances) of the date that the Plan Administrator (or its delegate) receives the application. If the claim is denied, the notification will state specific reasons for the denial and the Claimant will have 60 days to file a signed, written request for a review of the denial with the Plan Administrator (or its delegate). This request will include the reasons for requesting a review, facts supporting the request and any other relevant comments. The Plan Administrator, operating pursuant to its discretionary authority to administer and interpret the Plan and to determine eligibility for benefits under the terms of the Plan, will generally make a final, written determination of the Claimant's eligibility for benefits within 60 days (120 days in unusual circumstances) of receipt of the request for review.

The Claimant must exhaust administrative remedies within the Plan before initiating an arbitration proceeding relating to a claim for benefits under the Plan.

5.6 Amendment and Termination. The Board of Clorox, by a signed writing, may amend or terminate this Plan at any time, with or without notice; provided, however, that this Plan may not be amended or terminated to reduce or eliminate benefits that would otherwise be payable under the Plan to Participants as of the date such amendment or termination is approved by the Board of Clorox. In the case of a Change in Control the acquiring Person must assume the Plan. After a Change of Control no amendment may be made to this Section 5.6 and no amendment may be made to the Plan that would reduce or eliminate benefits that would be payable in the future under the Plan to Participants.

5.7 Continued Services. This Plan does not provide a Participant with any right to continue employment with Clorox and/or with an Affiliate or affect the right of Clorox and/or an Affiliate to terminate the services of any individual at any time with or without cause.

5.8 Governing Law. This Plan is intended to be an unfunded welfare benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). To the extent applicable and not preempted by ERISA, the laws of the State of California will govern this Plan.

5.9 Plan Year. The Plan's fiscal records are maintained on a fiscal year basis with a June 30 year end.

5.10 Source of Payments. Benefits payable under the Plan are not funded and are payable only from the general assets of Clorox or the appropriate Affiliate.

5.11 Arbitration. Any controversy relating to the Plan shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California. Service of legal process should be directed to the Legal Services Department of Clorox. Process may also be served on the Corporate Secretary of Clorox. Clorox's employer identification number is 31-0595760. Clorox's address and telephone number are: 1221 Broadway, Oakland, CA 94612, (510) 271-7000. The plan number for this Plan is 506.

Article VI Statement Of ERISA Rights

6.1 A Participant eligible for benefits under the Plan is entitled to certain rights and protections under ERISA. He may examine (without charge) all Plan documents, including documents filed with the U.S. Department of Labor, at the Human Resources Department of Clorox, 1221 Broadway, Oakland, CA 94612. He may obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. (The document containing this statement constitutes both the Plan document and the summary plan description.) A reasonable charge may be made for such copies.

6.2 In addition to creating rights for certain employees of Clorox and its Affiliates under the Plan, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan (called "fiduciaries") have a duty do so prudently and in the interest of employees who are covered by the Plan. No one, including Clorox or any other person, may fire or otherwise discriminate against a Participant in any way to prevent him from obtaining a benefit to which he is entitled under the Plan or from exercising his rights under ERISA. If his claim for a severance benefit is denied, in whole or in part, he must receive a written explanation of the reason for the denial and he has the right to a review of the denial.

6.3 Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials and does not receive them within 30 days, he may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and to pay him up to $110 a day until he receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If a Participant has a claim that is denied or ignored, in whole or in part, he may submit the claim to the Plan's binding arbitration procedure. If it should happen that Plan fiduciaries misuse the Plan's assets (if any), or if a Participant is discriminated against for asserting his rights, he may seek assistance from the U.S. Department of Labor, or he may submit the matter to the Plan's binding arbitration procedure.

6.4 The arbitrator will decide who will pay the costs of arbitration and legal fees. If a Participant is successful, the arbitrator may order the person he has sued to pay these costs and fees. If he loses, the arbitrator may order him to pay these costs and fees, for example, if it finds that his claim is frivolous.

6.5 If a Participant has any questions about the Plan he may contact the Plan Administrator. If he has any questions about this statement or about his rights under ERISA, he may contact the nearest area office of the Employee Benefits Security Administration Office, U.S. Department of Labor listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. A Participant may obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. A reasonable charge may be made for such copies.

Exhibit 16

August 27, 2004

Securities and Exchange Commission

Mail Stop 11-3

450 5th Street, N.W.

Washington, D.C. 20549

Dear Sirs/Madams:

We have read Item 9 of The Clorox Company's Form 10-K dated August 27, 2004 and we agree with the statements made therein.

Yours truly,

/s/ DELOITTE & TOUCHE LLP

EXHIBIT 21

LIST OF SUBSIDIARIES

Name of Company	Jurisdiction of Incorporation
1221 Olux, LLC	Delaware
A & M Products Manufacturing Company	Delaware
Andover Properties, Inc.	Delaware
The Armor All/STP Products Company	Delaware
BGP Switzerland S. a. r. l.	Switzerland
Brita Canada Corporation	Nova Scotia
Brita Canada Holdings Corporation	Nova Scotia
Brita GP	Ontario
Brita LP	Ontario
Brita Manufacturing Company	Delaware
The Brita Products Company	Delaware
Chesapeake Assurance Limited	Hawaii
Clorox Africa (Holdings) Pty. Ltd.	South Africa
Clorox Africa Pty. Ltd.	South Africa
Clorox Argentina S.A.	Argentina
Clorox Australia Pty. Ltd.	Australia
Clorox (Barbados) Inc.	Barbados
Clorox Brazil Holdings LLC	Delaware
Clorox do Brasil Ltda.	Brazil
Clorox Car Care Limited	United Kingdom
Clorox (Cayman Islands) Ltd.	Cayman Islands
Clorox de Centro America, S.A.	Costa Rica
Clorox Chile S.A.	Chile
Clorox China (Guangzhou) Ltd.	Guangzhou, P.R.C.
Clorox de Colombia S.A.	Colombia
Clorox Commercial Company	Delaware
The Clorox Company of Canada Ltd.	Canada (Federal)
The Clorox Company of Puerto Rico	Delaware
Clorox Diamond Production Company	Delaware
Clorox Dominicana, C. por A.	Dominican Republic
Clorox Eastern Europe Limited Liability Co.	Russia
Clorox Eastern Europe Holdings LLC	Delaware
Clorox (Europe) Financing S.a.r.l.	Luxembourg
The Clorox Far East Company Limited	Hong Kong

Clorox Germany GmbH	Germany
Clorox Holdings Pty. Limited	Australia
Clorox Hong Kong Limited	Hong Kong
Clorox Hungary Liquidity Management Kft	Hungary
The Clorox International Company	Delaware
Clorox International Philippines, Inc.	The Philippines
Clorox Korea Limited	Korea
Clorox (Malaysia) Industries Sdn. Bhd.	Malaysia
Clorox (Malaysia) Sdn. Bhd.	Malaysia
Clorox Mexicana S. de R.L. de C.V.	Mexico
Clorox de Mexico, S.A. de C.V.	Mexico
Clorox Netherlands B.V.	The Netherlands
Clorox New Zealand Limited	New Zealand
Clorox de Panama S.A.	Panama
Clorox Peru S.A.	Peru
The Clorox Outdoor Products Company	Delaware
The Clorox Pet Products Company	Texas
Clorox Products Manufacturing Company	Delaware
Clorox Professional Products Company	Delaware
The Clorox Sales Company	Delaware
Clorox Services Company	Delaware
Clorox Servicios Corporativos S. de R.L. de C.V.	Mexico
Clorox Switzerland S.a.r.l.	Switzerland
Clorox Uruguay S.A.	Uruguay
Corporacion Clorox de Venezuela, S.A..	Venezuela
CLX Realty Co.	Delaware
Electroquimicas Unidas S.A.I.C.	Chile
Evolution S.A.	Uruguay
Fabricante de Productos Plasticos, S.A. de C.V.	Mexico
First Brands Bermuda Limited	Bermuda
First Brands do Brasil Ltda.	Brazil
First Brands Corporation	Delaware
First Brands Mexicana, S.A. de C.V.	Mexico
Forest Technology Corporation	Delaware
Fully Will Limited	Hong Kong
Glad Manufacturing Company	Delaware
The Glad Products Company	Delaware
Henkel Iberica S.A.	Spain
The Household Cleaning Products Company of Egypt Ltd.	Egypt
The HV Food Products Company	Delaware
HV Manufacturing Company	Delaware
Invermark S.A.	Argentina
Jingles LLC	Delaware
Kaflex S.A.	Argentina
Kingsford Manufacturing Company	Delaware
The Kingsford Products Company	Delaware
Lerwood Holdings Limited	British Virgin Islands
The Mexco Company	Delaware
Mohamed Ali Abudawood and Company for Industry	Saudi Arabia
Multifoil Trading (Pty) Ltd.	South Africa
National Cleaning Products Company Limited	Saudi Arabia
Pacico International Limited	Hong Kong
Pacific Brands (Malaysia) Sdn. Bhd.	Malaysia
Paulsboro Packaging Inc.	New Jersey
Petroplus Produtos Automotivos S.A.	Brazil
Petroplus Sul Comercio Exterior S.A.	Brazil

Polysak, Inc.	Connecticut
Quimica Industrial S. A.	Chile
Risse Limited	Republic of Ireland
Round Ridge Production Company	Delaware
Sarah Resources Limited	Ontario
STP do Brasil Ltda.	Brazil
STP First Brands Espana, S.L.	Spain
STP Products Manufacturing Company	Delaware
Traisen S.A.	Uruguay
United Cleaning Products Manufacturing Company Limited	Yemen
Yuhan-Clorox Co., Ltd.	Korea

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-75455) and in the related Prospectus, and in the Registration Statements (Form S-8 No. 33-41131-including post effective amendments No. 1 and No. 2, and Nos. 33-23582, 33-56565, 33-56563, 333-29375, 333-16969, 333-44675 and 333-90386) of The Clorox Company, of our report dated August 5, 2004, with respect to the consolidated financial statements and schedule of The Clorox Company included in its Annual Report on Form 10-K for the fiscal year ended June 30, 2004.

/s/ ERNST & YOUNG LLP

San Francisco, California

August 25, 2004

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in The Clorox Company Registration Statements No. 333-75455 on Form S-3, and Nos. 33-41131 (Post-Effective Amendments No. 1 and No. 2), 33-24582, 33-56565, 33-56563, 333-29375, 333-16969, 333-44675, and 333-90386 on Form S-8 of our report dated September 4, 2002 on the consolidated financial statements of The Clorox Company for the fiscal year ended June 30, 2002 appearing in and incorporated by reference in this Annual Report on Form 10-K of The Clorox Company for the fiscal year ended June 30, 2004.

/s/ DELOITTE & TOUCHE LLP

Oakland, California

August 27, 2004

Exhibit 31-1

CERTIFICATION

I, Gerald E. Johnston, certify that:

1. I have reviewed this annual report on Form 10-K 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:

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;

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

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; and

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: August 27, 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 annual report on Form 10-K 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:

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;

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

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; and

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: August 27, 2004

/s/ DANIEL J. HEINRICH

Daniel J. Heinrich

Senior Vice President-Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-K for the period ended June 30, 2004 as filed with the Securities and Exchange Commission (the "Report"), we, Gerald E. Johnston, Chief Executive Officer 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:

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

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 1350 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.

Dated this 27th day of August, 2004.

/s/ GERALD E. JOHNSTON /s/ DANIEL J. HEINRICH

Gerald E. Johnston Daniel J. Heinrich

President and Chief Executive Officer Senior Vice President – Chief Financial Officer

EXHIBIT 99-1

APPENDIX A

FINANCIAL HIGHLIGHTS
The Clorox Company

				% Change (1)	
Years Ended June 30	**2004**	**2003**	**2002**	**2003 to 2004**	**2002 to 2003**

In millions, except share and per-share amounts

Net sales	$ 4,324	$ 4,144	$ 4,022	4	3
Earnings from continuing operations	$ 546	$ 514	$ 357	6	44
Earnings (losses) from discontinued operations, net of tax	3	(21)	(35)	— [2]	41
Net earnings	$ 549	$ 493	$ 322	11	53
Net earnings (losses) per common share					
Basic					
Continuing operations	$ 2.58	$ 2.36	$ 1.54	9	53
Discontinued operations	0.01	(0.10)	(0.15)	— [2]	33
Basic net earnings per common share	$ 2.59	$ 2.26	$ 1.39	15	63
Diluted					
Continuing operations	$ 2.55	$ 2.33	$ 1.52	9	53
Discontinued operations	0.01	(0.10)	(0.15)	— [2]	33
Diluted net earnings per common share	$ 2.56	$ 2.23	$ 1.37	15	63
Weighted average common shares outstanding (in thousands)					
Basic	211,683	218,174	231,849	–3	–6
Diluted	214,371	220,692	234,704	–3	–6
Stockholders' equity	$ 1,540	$ 1,215	$ 1,366	27	–11
Dividends per common share	$ 1.08	$ 0.88	$ 0.84	23	5
Stockholders' equity per common share	$ 7.23	$ 5.69	$ 6.13	27	–7

(1) Percentages based on unrounded numbers

(2) Percentage change not meaningful

MANAGEMENT'S DISCUSSION & ANALYSIS
The Clorox Company
Years Ended June 30, 2004, 2003 and 2002
(In millions, except share and per share amounts)

EXECUTIVE OVERVIEW

The Clorox Company (the Company) is a leading manufacturer and marketer of consumer products with fiscal year 2004 revenues of $4.3 billion. The Company markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Armor All and STP auto care products, Fresh Step and Scoop Away cat litters, Kingsford charcoal briquets, Hidden Valley Ranch and K C Masterpiece dressings and sauces, Brita water-filtration systems, and Glad bags, wraps and containers. With 8,600 employees worldwide, the Company manufactures products in 25 countries and markets them in more than 100 countries through its three business segments: Household Products — North America, Specialty Products and Household Products — Latin America/Other.

The Company is pleased about having met the expectations it set for fiscal year 2004 over a year ago, as it continues to strive for consistency in achieving its annual results. In fiscal year 2004, the Company delivered strong sales, earnings and cash flows by staying focused on its key strategies of driving growth, cutting costs everywhere, getting more customer focused and out-executing the competition. Here's how the Company delivered in fiscal year 2004 against its key strategies:

Drive Growth. First, the Company said that it would be driving growth through innovation and investment in established brands. In fiscal year 2004, the Company's sales increased 4% as compared to fiscal year 2003. The Company realized growth in six of its eight domestic business units as well as both the Latin America and Asia Pacific international businesses.

The Company believes that product innovation is vital to its growth strategy. One key to success in this area is getting closer to consumers earlier in the product-development process, and then applying what is learned to more quickly and efficiently develop products. The Company applied this knowledge and invested heavily in new products in its North American businesses, including Clorox Bleach Pen gel and Clorox ToiletWand disposable toilet-cleaning system. Although the start-up costs impacted pretax earnings in these businesses for fiscal year 2004, the investment drove strong top-line growth.

Innovative measures commenced in the prior fiscal year paid off in fiscal year 2004. In fiscal year 2003, the Company recognized a significant opportunity to drive growth and innovation by combining the power of the Glad brand and organization with Procter & Gamble's strong research and development capabilities. An outcome resulting from this strategic combination was the launch of Glad Press'n Seal sealable plastic wrap which had a favorable impact on sales in fiscal year 2004.

The Company also believes that investing in its established brands supports its growth strategy and continues to invest through spending on research and development, advertising, and trade promotions.

Cut Costs Everywhere. Second, the Company said that it would fund growth initiatives through its priority to cut costs everywhere. As a result, in fiscal year 2004, the Company delivered $108 against its cost savings target of $100, of which more than 80% of the savings were realized in gross margin through a combination of trade spending efficiencies, reductions in unsaleables, and cost savings generated in the procurement and logistics areas. This was important as some of these savings were re-invested in advertising and research and development for established brands and new products, and partially offset higher commodity and manufacturing costs. This focus is now embedded in the Company's culture and plans to continue to drive cost savings and margin enhancements as a part of its long-term strategy.

Get More Customer Focused. Third, the Company said it was going to accelerate its efforts to get more customer focused by being a premier supplier of leading brands in its categories, while providing value-added services to the Company's retail customers. The Company is working with customers such as Wal-Mart, Kroger and Home Depot, and was just recently invited by its retail partner, Target, to join their council of strategic partners. In fiscal year 2004, the Company continued to develop cross-functional capabilities to grow its customers' categories with its brands.

Out-Executing the Competition. Finally, the Company remained determined to out-execute the competition. The Company has completed its implementation of its new enterprise resource planning and customer relationship management data processing systems, which has resulted in significant one time working capital reductions and ongoing cost savings.

The Company believes the success of its strategies is reflected in the steady improvement of its sales and earnings over the past three fiscal years as well as its solid cash flows from operations for the same periods. For a more detailed analysis of the Company's fiscal year results, please refer to the "Results of Worldwide Operations" and "Financial Position and Liquidity" sections that follow.

RESULTS OF WORLDWIDE OPERATIONS

Management's discussion and analysis of the results of operations, unless otherwise noted, compares fiscal year 2004 to fiscal year 2003 and fiscal year 2003 to fiscal year 2002. As described in Note 1 in the Notes to Consolidated Financial Statements, certain reclassifications have been made to all periods presented to conform to the current year presentation.

CONSOLIDATED RESULTS

During fiscal year 2004, the Company continued to focus on four key priorities: driving growth, cutting costs everywhere, getting more customer focused, and out-executing the competition. This resulted in this fiscal year's volume, net sales and net earnings growth despite the slow economic recovery in the United States and intense competitive environment.

Diluted net earnings per common share increased to $2.56 in fiscal year 2004, from $2.23 in fiscal year 2003 and net earnings grew to $549 from $493 in the prior year. This improvement reflects increases in net earnings as well as a decrease in common shares outstanding during fiscal year 2004 due to repurchases of 5 million shares. Net earnings growth was principally due to volume and sales growth from new products and increased shipments of established brands. This growth was partially offset by commodity and other manufacturing costs increases.

Diluted net earnings per common share increased to $2.23 in fiscal year 2003 from $1.37 in fiscal year 2002, and net earnings grew to $493 from $322 in the prior year. The improvement in diluted net earnings per common share reflects a $241 improvement in pre-tax earnings from continuing operations as well as a decrease in common shares outstanding during fiscal year 2003 due to repurchases of 12 million shares. Net earnings growth was principally due to volume and sales growth, reduced manufacturing costs, and a $151 reduction in restructuring and asset impairment charges versus fiscal year 2002. The Company had higher consolidated net sales and volumes driven by the introduction of new products and a focus on advertising investment.

Net sales in fiscal year 2004 increased by 4% to $4,324 compared to fiscal year 2003, driven by overall volume growth of 4%, resulting from new product introductions and increased shipments of established products. During the year the Company introduced several new products including Glad Press ’n Seal sealable plastic wrap, Clorox Bleach Pen gel and Clorox ToiletWand disposable toilet-cleaning system, as well as three new flavors of Hidden Valley Ranch salad dressings and two new K C Masterpiece barbeque items.

Net sales in fiscal year 2003 increased by 3% to $4,144 as compared to fiscal year 2002, which was driven by an overall 2% increase in volume. The improvements in net sales and volumes were driven by a 17% increase in advertising expense and the introduction of several new products in fiscal year 2003, including Clorox bathroom cleaners with Teflon, Don’t Mop with Dirty Water Again! Pine-Sol cleaner, Formula 409 wipes, Brita pour-through pitchers with electronic filter change indicators, Hidden Valley BBQ Ranch dressing, K C Masterpiece Dip & Top sauces, Armor All car wash wipes and Scoop Away Plus Crystals cat litter.

Cost of products sold increased 7% in fiscal year 2004 compared to fiscal year 2003 and increased as a percentage of net sales to 55% in fiscal year 2004, from 54% in fiscal year 2003. This increase was driven by higher raw material

costs, transportation and warehousing costs, the third party production of some Match Light charcoal and start-up costs for new products, partially offset by cost savings.

Cost of products sold decreased by 2% in fiscal year 2003 as compared to fiscal year 2002 and decreased as a percentage of net sales to 54% in fiscal year 2003 from 57% in fiscal year 2002. This improvement was driven by the Company’s ongoing cost savings initiatives which led to supply chain savings, particularly in the procurement, manufacturing and logistics areas. Specific supply chain initiatives included the renegotiation of raw material contracts, the use of new contract manufacturers and the consolidation of manufacturing facilities. These cost savings were partially offset by increases in resin, soybean oil and other raw material costs.

Selling and administrative expenses increased by 4% to $552 in fiscal year 2004 from $532 in fiscal year 2003 and was 13% of sales in each period. This increase resulted primarily from higher amortization of $12 related to the Company’s information systems implementation and a contribution to the Clorox Company Foundation.

Selling and administrative expenses increased by 1% to $532 in fiscal year 2003 from $526 in fiscal year 2002 primarily due to $12 of additional fiscal year 2003 pension expense, $9 of additional depreciation and amortization expense for new systems projects, and $14 for performance unit programs vesting on June 30, 2003. Offsetting these increases was a decrease of $23 in the Household Products — Latin America/Other segment, resulting from the company-wide cost-saving initiative that included reductions in credit losses and severance expenses, and the affects of local currency devaluations.

Advertising costs as a percentage of net sales decreased to 10% in fiscal year 2004 compared to 11% in fiscal year 2003, or an absolute decrease of 6%, to $429 in fiscal year 2004 versus $456 in fiscal year 2003. This decrease reflects a shift in spending from advertising to trade promotion during the fiscal year.

Advertising costs as a percentage of net sales increased to 11% in fiscal year 2003 from 10% in the prior year, an increase of 17%. The increase reflects higher advertising levels to support the Company’s base business as well as new products.

Restructuring and asset impairment costs of $11, $33 and $184 were recognized in fiscal years 2004, 2003 and 2002, respectively. Charges of $11 in fiscal year 2004 include $10 for asset impairment and $1 for severance costs related to a supply chain restructuring initiative for the Glad business. (For a detailed discussion of this initiative, see “Glad Supply Chain Restructuring” in the “Financial Position and Liquidity” section on pages A-11 and A-12).

Charges of $33 in fiscal year 2003 relate primarily to a $30 goodwill impairment charge recorded in the second quarter related to the Company’s business in Argentina. This charge was driven by continued unsettled economic conditions in the local market and significant changes in competitor actions that resulted in a change to the Company’s marketing strategy.

The $184 charge recorded in fiscal year 2002 included $139 for the impairment of goodwill and trademarks associated with the Argentina ($100) and Colombia ($39) businesses due to significant currency devaluations and weakening market and economic conditions. The remaining fiscal year 2002 charges included a $22 write-off of equipment and the closure of certain plants, and severance charges of $23 related to both the domestic and international businesses.

Interest expense increased $2 in fiscal year 2004 to $30. Interest expense decreased from $38 in fiscal year 2002 to $28 in fiscal year 2003 primarily due to lower interest rates on the Company's borrowings as average borrowings remained flat.

Other income, net in fiscal year 2004 of $9 includes $17 of equity earnings, $9 related to favorable legal settlements, and $4 of interest income. These gains were partially offset by expenses of $14 for environmental remediation and monitoring at a former plant site, and $7 related to the amortization of intangible assets.

Other income, net in fiscal year 2003 of $8 includes $9 of equity earnings, an $8 gain on sale of land from an eminent domain action, and a $6 gain from the sale of Black Flag. These gains were offset by expenses of $11 from the amortization of intangibles, and a $4 loss from the sale of Jonny Cat.

Other income, net in fiscal year 2002 of $23 resulted from a $33 net gain on the sales of MaxForce and Himolene businesses, a $21 gain from foreign exchange, primarily due to the revaluation of Argentine net monetary assets denominated in currencies other than the peso, and $16 of income from equity earnings. These gains were offset by $12 in amortization of intangibles, an $8 charge for environmental remediation and monitoring of a former plant site, $4 of losses related to the Company's investment fund, a $4 write-down of certain international joint venture investments, a $4 loss from mark-to-market adjustments on the Company's resin contracts reflecting current market conditions and various other expenses.

The effective tax rate on continuing operations was 35.0%, 35.9% and 36.4% in fiscal years 2004, 2003 and 2002, respectively. The lower rate in fiscal year 2004 as compared to fiscal year 2003 was due primarily due to lower taxes on foreign activities. The lower rate in fiscal year 2003 as compared to fiscal year 2002 was principally due to the inability to provide a tax benefit related to the $100 fiscal year 2002 impairment charge for Argentina.

Earnings (losses) from discontinued operations were $3, ($21), and ($35), net of tax benefits of $7, $5, and $28 in fiscal years 2004, 2003, and 2002 respectively, and related to the Company's decision to sell its Brazilian business in fiscal year 2003. Earnings from discontinued operations of $3 in fiscal year 2004 include $7 in tax benefits recognized on losses incurred, partially offset by $4 in net additional pre-tax losses. The $21 net loss from discontinued operations in fiscal year 2003 was driven by a pre-tax impairment charge of $23 and $3 of operating losses. The $35 loss from discontinued operations in fiscal year 2002 was driven by a $57 pre-tax charge for the impairment of goodwill and trademarks related to the Brazilian business partly offset by tax benefits. Refer to Note 3 in the Notes to Consolidated Financial Statements for further information regarding the Company's discontinued operations.

The Company recognized $5 in tax benefits in earnings from Brazil's discontinued operations in the fourth quarter of fiscal year 2004 arising from additional available tax deductions, of which $3 related to losses incurred in the first three quarters of the fiscal year.

HOUSEHOLD PRODUCTS — NORTH AMERICA

Fiscal Year 2004 versus Fiscal Year 2003: Volume and net sales increased by 4% and 3%, respectively, while pretax earnings decreased 1%. Increases in volume and net sales were driven primarily by new product launches, increased shipments of established products, distribution gains in new channels and pricing actions.

Laundry and Homecare's volume increase of 3% was driven by the successful introduction of the Clorox ToiletWand disposable toilet-cleaning system and Clorox Bleach Pen gel. Additionally, increased shipments of Clorox disinfecting wipes and Tilex products were driven by effective advertising campaigns and merchandising programs. These volume gains were partially offset by volume softness for Clorox ReadyMop self contained mopping system due to distribution losses, and for Pine-Sol cleaners due to fewer merchandising events.

Glad bags, wraps, and containers volume increased 9% due to the launch of Glad Press 'n Seal sealable plastic wrap, and increased trash bag and GladWare containers volume resulting from increased merchandising activity. These volume gains were slightly offset by volume softness in food bags due to category softness.

Total volume for Brita water filtration products increased 6% driven by growth in faucet-mount products and pour-through systems, primarily due to increased merchandising.

The decline in pretax earnings of 1% was primarily due to higher raw materials costs, increased trade promotion spending for new products, higher warehousing costs, and charges of $11 for Glad's supply chain restructuring. Research and development expense also increased over the year ago period primarily due to a full year of the

Glad/P&G venture arrangement. Partially offsetting these cost increases were reduced advertising and sales promotion spending.

Fiscal Year 2003 versus Fiscal Year 2002 : Volume increased 2%, net sales increased 4% and pre-tax earnings grew 14%. The increases in volume and net sales were driven by the introduction of new products, pricing actions and increased advertising spending to support core brands and new products.

Laundry and Home Care's volume increase of 3% was mainly driven by the launches of Clorox ReadyMop self contained mopping system, Orange Energy Pine-Sol, Clorox bathroom cleaner and Teflon toilet bowl cleaner. In addition, there were volume increases for Clorox disinfecting wipes and Clorox Clean-Up as a result of increased advertising. Partially offsetting these gains were distribution losses for S.O.S and Formula 409 carpet cleaner.

The Glad bags and wraps business volume increased by 5% as a result of increases in trash disposal bags, and the GladWare disposable containers due to growth in new distribution channels and increased activity at large retailers. These gains were offset slightly by distribution losses in GladLock food bags and increased competitive activity.

Total volume for Brita water filtration products increased 8% due primarily to distribution increases for pour-through systems and filters, volume gains for faucet-mount products and pitchers offset by a decrease in Brita Fill & Go water filtration bottles.

The increase in pre-tax earnings was due to increased volumes, reduced trade spending, reduced coupon activities and continued cost-savings initiatives in manufacturing operations, which were partially offset by increased advertising spending to support core brands and new products and increased research and development costs associated with the Glad/P&G venture.

SPECIALTY PRODUCTS

Fiscal Year 2004 versus Fiscal Year 2003 : Volume, net sales and pre-tax earnings grew by 4%, 4% and 1%, respectively.

Growth in net sales was primarily driven by volume gains. The food products business had an 11% increase in volume, reflecting strength in both Hidden Valley and K C Masterpiece brands. This volume growth was driven by the launch of three new Hidden Valley Ranch salad dressing flavors and two new K C Masterpiece barbeque products, and increased distribution and marketing support. The cat litter business experienced record shipments with a volume increase of 6% driven by growth in Scoop Away and Fresh Step scoopable cat litters. The seasonal products volume growth of 5% was driven primarily by record shipments of Kingsford charcoal due to increased merchandising, distribution growth and increased advertising and marketing support. Higher charcoal volumes were partially offset by the impact of the Black Flag divestiture in fiscal year 2003. The professional products business, which sells an array of the Company's products to institutional channels, had an overall volume increase of 4%. Volume declines of 7% in the auto care business were due primarily to the discontinuance of private label fuel additives, and increased competitive activity.

Pretax earnings grew 1% due to increased volume and cost savings initiatives, partially offset by increased expenses associated with third-party production of some Match Light charcoal products, and higher commodity costs.

Fiscal Year 2003 versus Fiscal Year 2002 : The Specialty Products segment reported volume, net sales and pre-tax earnings gains of 3%, 5% and 1%, respectively. Net sales growth exceeded volume growth primarily due to a price increase taken by Kingsford charcoal effective October 2002.

The food products' volume increase of 12% led the segment, driven by growth in all channels behind increased marketing support for Hidden Valley Ranch dressings and K C Masterpiece barbecue sauces, including the new Hidden Valley BBQ Ranch line extension and K C Masterpiece Dip & Top products. The seasonal products business' volume grew 2% driven mainly by Kingsford charcoal, which experienced record setting volumes. These higher volumes were offset in part by the divestiture of MaxForce during fiscal year 2002 and Black Flag during fiscal

year 2003. Charcoal shipments grew across nearly all customers due to incremental promotion events, a continued focus on retail execution, and category share gains, in particular from the food trade. The cat litter business experienced volume growth of 1%, driven by growth in both Fresh Step and Scoop Away scoopable cat litters behind the product launch of Scoop Away Plus Crystals and increased coupon and trade spending. This growth was offset in part by the divestiture of the Jonny Cat business in fiscal year 2003. Despite unusually wet and cold weather through much of the second half of the fiscal year, volume of the auto care business grew 1% driven by Armor All wipes and overall increased advertising and sales promotion.

Pre-tax earnings increased 1% due to volume growth, cost-savings initiatives and casualty insurance gains on a warehouse that is being replaced, offset by the fiscal year 2002 gain of $36 on the sale of MaxForce, higher commodity prices, increased trade spending primarily in the food products and cat litter businesses, and increased advertising in the food products and auto care businesses to support core brands and new product launches.

HOUSEHOLD PRODUCTS — LATIN AMERICA/OTHER

Fiscal Year 2004 versus Fiscal Year 2003: Year-over-year growth in volume, net sales and pretax earnings from continuing operations was 5%, 12% and 95%, respectively, principally due to the overall economic recovery in South America, the Company's continued focus on its strategic core brands, favorable foreign exchange rates, and impairment charges that occurred in the prior year.

The Company's focus on core brands contributed to volume and sales growth in Latin America. Volume increases in the Asia Pacific business also contributed to sales growth of the segment, and were due primarily to category growth and share gains in Korea, the launch of new products in Australia, and stronger sales in the bags and wraps category.

The 95% increase in fiscal year 2004 pretax earnings from continuing operations was due to a $30 asset impairment charge in fiscal year 2003 for Argentina, volume and net sales growth, pricing initiatives in Latin America, and cost cutting initiatives in the Latin America and the Asia Pacific businesses, partially offset by higher promotional activities across all countries in Latin America and incremental advertising spending in both the Latin America and Asia Pacific businesses to support new product launches and core brands.

Fiscal Year 2003 versus Fiscal Year 2002: Weakening economic conditions, currency devaluations and political turmoil in South America negatively impacted the segment's fiscal year 2003 results. Despite these factors, pre-tax earnings from continuing operations increased to $66 while net sales decreased 5% to $493. (See further discussion regarding the "South America Economic and Political Conditions" on page A-11 in the Financial Position and Liquidity section).

Net sales decreased 5% while volumes declined by 4%. The decrease in net sales and volumes was driven by the weakening economic conditions and impact of currency devaluations. Volume declines were concentrated in South America, primarily in Argentina, Venezuela and Colombia due to economic conditions and continuing competitive price activity in bleach. Sales and volumes were also reduced by strategic initiatives targeting elimination of low margin stock-keeping units and customers.

The improvement in pre-tax earnings from continuing operations reflects improved profitability in Latin America, as well as reduced impairment charges associated with continuing operations. The Company recorded a $30 goodwill impairment charge in the second quarter of fiscal year 2003 related to the Argentina business. Gross margins and pre-tax earnings in Latin America have benefited from the restructuring initiated in fiscal year 2002, strategic initiatives to reduce low-margin products and customers, as well as, continuing cost reduction efforts during fiscal year 2003.

Due to deteriorating economic and market conditions and the Company's lack of scale in Brazil, the Company announced its intent to sell the Brazilian business and recorded pre-tax asset impairment charges of $23 in fiscal year 2003. (See further discussion regarding the Brazil discontinued operations in Note 3 in the Notes to Consolidated Financial Statements.)

Corporate, Interest and Other

Fiscal Year 2004 versus Fiscal Year 2003: “Corporate, Interest and Other” pre-tax loss increased by $22, or 6%, from fiscal year 2003, due to higher amortization related to the Company’s information systems project of $12 and additional environmental expenses. Fiscal Year 2003 versus Fiscal Year 2002: “Corporate, Interest and Other” pre-tax loss decreased by $33, or 8%, from fiscal year 2002, due to lower interest expense of $18, lower expenses associated with the Company’s new enterprise resource planning and customer relationship management data processing system projects, and lower restructuring and environmental expenses.

FINANCIAL POSITION AND LIQUIDITY

Cash Flows from Operations

The Company’s financial position and liquidity remain strong as a result of increasing operating cash flows for the fiscal year ended June 30, 2004. Growth in net earnings has been the principal source of increasing cash flows for this period.

Net cash provided by operations increased 12% to $899 in fiscal year 2004 from $803 in fiscal year 2003 due to strong net earnings and decreases in working capital. Decreases in working capital were driven by increases in tax accruals and were partially offset by increases in inventories due to new product launches, including Clorox ToiletWand disposable toilet-cleaning system, Glad ForceFlex trash bags, and a build in charcoal inventories to normal seasonal levels. The Company contributed $41 to its pension plans which decreased cash provided by operations.

Net cash provided by operations was $803 in fiscal year 2003 due to record net earnings from continuing operations and timing of tax payments, partially offset by a $55 of pension contributions. Working capital changes from fiscal year 2002 were partly attributable to payments for new system implementation costs and the pension contribution in fiscal year 2003, partially offset by continued improvements in working capital, including receivables and other current assets, and timing of tax payments. The decline in receivables was due to improved collections. Other current assets have declined due to the decrease in deferred income tax assets.

Acquisitions and Divestitures

During fiscal years 2004, 2003 and 2002, the Company made a number of acquisitions and divestitures to support its corporate strategy to drive profitable growth. During fiscal year 2004, the Company invested $13 in acquisitions. In fiscal year 2003, the Company announced its intent to sell its business in Brazil, a reporting unit included in the Household Products-Latin America/Other segment, due to the poor economic and market conditions and the Company’s lack of scale in that country. The Company has closed its offices in Brazil and has sold nearly all of the remaining assets of this business, which is classified as a discontinued operation. During fiscal year 2003, the Company sold its Jonny Cat litter business and Black Flag insecticides business in order to focus on its core brands. The combined sales proceeds and net pre-tax gain on the sale of these two businesses were $14 and $2, respectively. During fiscal year 2002, the Company sold its MaxForce professional insecticides business and its Himolene industrial trash can liner business. The combined sales proceeds and net pre-tax gain on these divestitures were $65 and $33, respectively.

Venture Agreement

On January 31, 2003, the Company entered into an agreement with the Procter & Gamble Company (P&G) to form a venture related to the Company’s Glad plastic bags, wraps and containers business. P&G contributed production and research and development equipment, licenses to use a range of current and future trademarks, and certain

proprietary technologies to the Company in exchange for an interest in the profits, losses, and cash flows, as contractually defined, of the Glad business. P&G is also providing and being reimbursed for research and development support to the Glad business for the first ten years of the venture, subject to renewal options. During the period ending December 31, 2003, all profits and losses, and cash flow, as contractually defined, of the Glad business were allocated to the Company and during calendar year 2004, the allocation will be 95% to the Company and

(In millions, except share and per share amounts)

5% to P&G. For all subsequent calendar year periods, the allocation will be 90% to the Company and 10% to P&G. For the first five years of the agreement, P&G has an option to purchase an additional 10% interest in the profits, losses and cash flow of the Glad business at predetermined prices. This option has not been exercised.

Capital Expenditures

Capital expenditures were $172 in fiscal year 2004, $205 in fiscal year 2003 and $176 in fiscal year 2002, and included $45, $91 and $67, respectively, for the Company's new enterprise resource planning and customer relationship management data processing systems. The Company completed the implementation of these new systems as of June 30, 2004, having spent a total of $289, of which $244 was capitalized as property, plant and equipment, and $45 was recorded as selling and administrative expense. The capitalized hardware and software, which have estimated useful lives ranging from three to seven years, resulted in depreciation and amortization expense of $35, $19 and $10 in fiscal years 2004, 2003, and 2002, respectively. The estimated depreciation and amortization expense for fiscal years 2005 through 2009 and thereafter resulting from these systems is $36, $32, $29, $28, $28, and $27, respectively.

Contractual Obligations

The Company has contractual obligations payable or maturing (excluding short term notes and loans payable) in the following fiscal years:

At June 30, 2004	2005	2006	2007	2008	2009	Thereafter	Total
Long-term debt maturities	$ 2	$ 2	$152	$ —	$ —	$ 300	$456
Operating leases	44	27	27	19	13	62	192
Capital requirements for low income housing partnerships	9	3	2	2	1	1	18
Purchase obligations	170	51	27	26	13	10	297
Total contractual obligations	$225	$83	$208	$ 47	$ 27	$ 373	$963

The Company owns, directly or indirectly, investments in a number of low-income housing limited partnerships and has outstanding capital requirements for these partnerships as of June 30, 2004, which are presented in the above table. More information regarding the Company's investment in these partnerships is included in Note 7 of the Notes to Consolidated Financial Statements.

Purchase obligations are defined as purchase agreements that are enforceable and legally-binding and that specify all significant terms, including quantity, price and the approximate timing of the transaction. For purchase obligations subject to variable price and/or quantity provisions, an estimate of the price and/or quantity has been made. Examples of the Company's purchase obligations include firm commitments for raw material purchases and contract manufacturing services, utility agreements, capital expenditure agreements, software acquisition and license commitments, and service contracts.

The Company also has a $125 net terminal obligation liability related to its venture with P&G. This liability, which is recorded as a component of other liabilities in the Company's consolidated balance sheets, reflects the estimated fair value of the Company's contractual requirement to repurchase P&G's interest in the venture at the termination of the agreement. Refer to Note 8 of the Notes to Consolidated Financial Statements for further discussion on the venture with P&G.

Off-Balance Sheet Arrangements

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 a maximum possible indemnification exposure. The Company's aggregate exposure from these agreements is $11. 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 aforementioned letter of credit will result, and therefore has not recorded any associated liabilities.

Credit and Borrowing Information

The Company continues to maintain strong credit ratings. The Company's overall level of indebtedness was approximately $766 and $1,069 at June 30, 2004 and 2003, respectively.

In fiscal years 2004, 2003 and 2002, cash flow from continuing operations exceeded cash requirements to fund capital expenditures, dividends and scheduled debt service. A portion of the operating cash flows was used to repurchase shares of the Company's outstanding common stock. 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.

At June 30, 2004, the Company has 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 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 June 30, 2004, of which $6 is available for borrowing. Certain of the Company's unsecured notes, debentures and credit agreements contain restrictive covenants and limitations, including limitations on certain sale and leaseback transactions to the greater of $100, or 15% of the Company's consolidated net tangible assets, as defined, and require the maintenance of a consolidated leverage ratio, as defined. The Company is in compliance with all restrictive covenants and limitations as of June 30, 2004. The Company does not anticipate any problems in securing future credit agreements.

Based on the Company's working capital requirements, the current borrowing availability under its credit agreements, and its ability to generate positive cash flows from operations in the future, the Company believes that it will have the funds necessary to meet all of its above described financing requirements and all other fixed obligations. Should the Company undertake transactions requiring funds in excess of its current cash reserves and available credit lines, it might seek additional debt or equity financing. Depending upon future conditions in the financial markets, the availability of acceptable terms, and other factors, the Company may consider the issuance of debt or other securities to finance acquisitions, to refinance debt or to fund other activities for general business purposes.

Pension Obligations

The Company reported net pension assets of $77 at June 30, 2004 compared to a pension obligation liability of $64 at June 30, 2003. The recognition of pension assets was primarily due to the Company's funding of the plan, and favorable market performance which resulted in the reclassification of deferred pension costs from other comprehensive income. The total market value of retirement plan assets increased by $62 during fiscal year 2004, which was driven by a $37 domestic contribution made in the first fiscal quarter coupled with positive market performance. Refer to Note 18 of the Notes to Consolidated Financial Statements for further discussion of pension and other retirement plan obligations.

Share Repurchases and Dividends

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"). Under the open-market

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program, the Company's Board of Directors authorized an additional $700 in share repurchases during fiscal year 2004, bringing the total authorization for that program from $1.0 billion to $1.7 billion.

Treasury share repurchases were $220 (5 million shares) in fiscal year 2004, $486 (12 million shares) in fiscal year 2003 and $412 (10 million shares) in fiscal year 2002. Of the 5 million shares repurchased in fiscal year 2004, 1.5 million shares were acquired from Henkel KGaA ("Henkel") at a total cost of $65 as discussed in Note 13 of the Notes to Consolidated Financial Statements.

Treasury share repurchases in fiscal year 2004 were made under both the Company's open-market and evergreen programs. Treasury shares repurchased during fiscal year 2004 under the Company's open-market program were $159 (4 million shares). The total number of shares repurchased as of June 30, 2004 under the open-market program is 22 million at a cost of $932, leaving $768 of authorized repurchases remaining under that program. The remainder of shares repurchased in fiscal year 2004 were allocated to the evergreen program.

On July 16, 2003, the Company announced an increase in the quarterly dividend rate from $0.22 per share to $0.27 per share. Dividends paid in fiscal years 2004, 2003 and 2002 were $229, or $1.08 per share; $193, or $0.88 per share; and $196, or $0.84 per share, respectively.

In December 2003, Henkel announced that it may sell some or all of its 29% stake in the Company to finance its acquisition of The Dial

Corporation. Pending further developments, the Company temporarily suspended its share repurchases in December 2003. The Company is discussing with Henkel its plans with respect to its interest in the Company's shares. The outcome of these discussions is not known at this time. If the Company reacquires a portion or all of the Company's shares held by Henkel, the financial position and cash flows of the Company could be materially impacted.

South America Economic and Political Conditions

During fiscal year 2004, the Company's businesses have participated in the overall economic recovery in South America as evidenced by the fiscal year-over-year increase in financial performance in the Household Product — Latin America/Other segment. The Company continues to take steps to focus on its strategic core brands and eliminate both low-margin and non-core brands.

During fiscal year 2003, the Venezuelan government fixed the buying and selling exchange rates for the Venezuelan Bolivar (VEB) to the U.S. Dollar. Since February 2004, the Company has been translating its Venezuelan reported results and remeasuring monetary assets and liabilities using the official exchange rate of 1,920 VEB per U.S. Dollar. Changes to this rate could impact the Company's operating results. At June 30, 2004 an increase of 100 VEB per U.S. Dollar would result in decreases to stockholders' equity and pretax earnings of $0.6 and $0.3, respectively.

During fiscal year 2002, Argentina's government decreed that certain trade-related, non-peso denominated currencies be converted to the Argentine peso. The Company's Argentine subsidiary has U.S. Dollar cash balances of approximately $7 that may be subject to repatriation at retroactive conversion rates. The Company has filed a claim in the Argentine courts to obtain relief from the decree and has recorded an allowance for potential losses.

Glad Supply Chain Restructuring

During the fourth quarter of fiscal year 2004, the Board of Directors approved a supply chain restructuring initiative within the Glad business, a division of the Household Products-North America segment. This project includes the restructuring of certain North American Glad manufacturing operations and shifting production among plants and third-party producers to optimize available capacity and operating costs. The Company recorded $11 of charges in the fourth quarter of fiscal year 2004 associated with this initiative. These charges consisted of $1 of employee severance costs and a fixed asset impairment charge of $10. The $10 fixed asset impairment charge relates to certain manufacturing equipment that is being taken out of service. The Company anticipates that it will begin realizing net savings in cost of products sold during the second half of fiscal year 2005, and expects ongoing pre-tax cost

savings associated with this restructuring of approximately $3–$5 annually. The Company expects to substantially complete these restructuring efforts during the first half of fiscal year 2005.

During the first quarter of fiscal year 2005, the Board of Directors approved a second restructuring of the Glad supply chain. This second restructuring involves closing a manufacturing facility during fiscal year 2005 and distributing the remaining production between Glad's North American plants and third-party suppliers. The Company anticipates charges of approximately $40 during fiscal year 2005 in conjunction with this restructuring, including charges for employee severance of approximately $5, to be incurred throughout fiscal year 2005, asset impairment charges of $27, expected in the first quarter of fiscal year 2005, and incremental operating costs of $8 associated primarily with equipment and inventory transfer charges. The Company anticipates that it will begin realizing net savings in cost of products sold during the second half of fiscal year 2006, and expects ongoing pre-tax cost savings associated with this phase of approximately $15–$19 annually. The Company expects to substantially complete these restructuring efforts by the end of fiscal year 2005.

Contingencies

In conjunction with its audit of the Company's tax returns, the Internal Revenue Service ("IRS") is auditing the tax returns of the investment fund (See Note 7 of the Notes to Consolidated Financial Statements), 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. The Company believes it has appropriately accrued for an unfavorable outcome of the dispute and does not currently anticipate that its resolution will have a material effect on the Company's 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.

The Company is also involved in certain environmental matters, including Superfund and other response actions at various locations. The potential cost to the Company related to ongoing environmental matters is uncertain due to the unknown magnitude of possible pollution and clean-up costs, the complexity and evolving nature of laws and regulations and their interpretations, and the timing, varying costs and effectiveness of alternative clean-up technologies. In addition, the Company is subject to various other lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, employee and other matters. Although the Company believes it is properly accrued for such matters, no assurance can be given with respect to their ultimate outcome.

MARKET-SENSITIVE DERIVATIVES AND FINANCIAL INSTRUMENTS

The Company is exposed to the impact of foreign currency fluctuations, commodity prices and other market risks. Derivative contracts are entered into for non-trading purposes with major credit-worthy institutions, thereby minimizing the risk of credit loss. In the normal course of business, the Company manages its exposure to changes in foreign currencies and commodity prices using a variety of derivative instruments.

The Company's objective in managing its exposure to changes in foreign currencies and commodity prices is to limit the impact of fluctuations on earnings and cash flow through the use of swaps, forward purchase, options and futures contracts. In fiscal year 2004, the Company terminated its remaining interest rate swap agreements as they were deemed no longer necessary for interest rate risk management purposes.

Refer to Note 11 of the Notes to Consolidated Financial Statements for a further discussion regarding the Company's financial instruments.

S ENSITIVITY A NALYSIS

For fiscal year 2004, the Company's exposure to market risk has been estimated using sensitivity analysis, which is defined as the change in the fair value of a derivative financial instrument assuming hypothetical changes in

foreign exchange rates, market rates or prices. The results of the sensitivity analysis for foreign currency derivative contracts and commodity derivative contracts are summarized below. Actual changes in foreign exchange rates or market prices may differ from the hypothetical changes.

Sensitivity Analysis — Foreign Currency Derivative Contracts

The Company seeks to minimize the impact of certain foreign currency fluctuations by hedging transactional exposures with foreign currency forward and option contracts. The Company's foreign currency transactional exposures exist primarily with the Canadian Dollar and certain other currencies. Based on a hypothetical decrease of 10% in the value of the U.S. Dollar against the currencies that the Company has derivative instruments for at June 30, 2004, the Company would incur foreign currency losses of $3.

Sensitivity Analysis — Commodity Derivative Contracts

Commodity futures and swap contracts are used to manage cost exposures on certain raw material purchases with the objective of ensuring relatively stable costs for these commodities. The commodity price sensitivity analysis includes commodity futures, swaps, and option contracts affected by commodity price risk. Based on a hypothetical decrease of 10% in commodity prices, the estimated fair value of the Company's commodity derivative contracts would decrease by $5, resulting in decreases to accumulated other comprehensive income and net earnings of $1 and $4, respectively.

In fiscal year 2004, the Company discontinued hedge accounting treatment for its resin commodity contracts since the contracts no longer met the accounting requirements for a cash flow hedge. These contracts are used as an economic hedge of resin prices and changes in the fair value of these contracts are recorded to other income.

NEW ACCOUNTING STANDARDS

In December 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No. 46-R, "Consolidation of Variable Interest Entities." FIN No. 46-R, which modifies certain provisions and effective dates of FIN No. 46, sets forth criteria to be used in determining whether an investment in a variable interest entity should be consolidated, and is based on the general premise that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The Company has evaluated whether the requirements of FIN No. 46-R are applicable to its various interests and concluded that only the Company's interest in the investment fund, which was formerly accounted for by the equity method, is required to be consolidated (See Note 7 in the Notes to Consolidated Financial Statements). The consolidation was initially recorded as of March 31, 2004. As of June 30, 2004, the investment fund's net assets consist primarily of $1 of cash. Consolidation of the investment fund had no material effect on the Company's statement of earnings.

In December 2003, the FASB issued a revision to Statement of Financial Accounting Standards ("SFAS") No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This revised statement requires additional annual disclosures regarding types of plan assets, investment strategy, future plan contributions, expected benefit payments and other items. The statement also requires quarterly disclosure of the components of net periodic benefit cost and plan contributions. The quarterly disclosures were first included in the Company's March 31, 2004 Form 10-Q, and the annual disclosures are included herein in Note 18 of the Notes to Consolidated Financial Statements.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") was signed into law. The Act introduced a prescription drug benefit under Medicare (Medicare Part D) and a federal subsidy to sponsors of retirement health care plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The Company has determined that the impact of the Act on its accumulated benefit obligation for its retirement healthcare plans is immaterial as those plans currently exist. However, the Company is considering the costs and benefits of amending its plans in order to achieve a benefit from the Act's provisions. If the Company

decides to amend its plans, any change in the accumulated benefit obligation resulting from the Act's provisions will be accounted for in accordance with FASB Staff Position 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003."

In March 2004, the FASB issued a Proposed SFAS entitled "Share-Based Payment" ("The Proposed Statement"). The Proposed Statement addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for (a) equity instruments of the company, such as stock options, or (b) liabilities such as those related to performance units that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. The Proposed Statement would eliminate the ability to account for share-based compensation transactions using Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and generally would require that such transactions be accounted for using a fair-value-based method. If adopted in its current form, the proposed Statement would be effective for the Company beginning in fiscal year 2006 and would require the recognition of more compensation cost in future periods based on methods that would differ from those prescribed in SFAS No. 123, "Accounting for Stock-Based Compensation." The Company currently accounts for stock options using the intrinsic value method prescribed in APB Opinion No. 25, whereby stock options are granted at market price and no compensation cost is recognized, and discloses the pro-forma effect to net earnings assuming compensation cost had been recognized in accordance with SFAS No. 123. For more information about the Company's current stock compensation accounting policies and disclosures, please refer to Notes 1 and 14 of the Notes to Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES

The methods, estimates and judgments the Company uses in applying its most critical accounting policies have a significant impact on the results the Company reports in its consolidated financial statements. Specific areas requiring the application of management's estimates and judgment include assumptions pertaining to credit worthiness of customers, future product volume and pricing estimates, accruals for coupon and promotion programs, foreign currency exchange rates, interest rates, discount rates, useful lives of assets, future cost trends, investment returns, tax strategies and other external market and economic conditions. Accordingly, a different financial presentation could result depending on the judgments, estimates or assumptions that are used. The U.S. Securities and Exchange Commission has defined the most critical accounting policies as being the ones that are most important to the portrayal of the Company's financial condition and results, and require the Company to make its most difficult and subjective judgments, often estimating the outcome of future events that are inherently uncertain. The Company's most critical accounting policies are: revenue recognition; valuation of inventory; impairment review of intangible assets and property, plant and equipment; capitalization of software costs; accruals for incentive compensation; valuation of pension benefits; and income taxes. The Company's critical accounting policies have been reviewed with the Audit Committee of the Board of Directors. A summary of the Company's significant accounting policies is contained in Note 1 of the Notes to Consolidated Financial Statements.

Revenue Recognition

Sales are recognized as revenue when the risk of loss and title pass to the customer, generally at the time of shipment, and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed and determinable, and collection is reasonably assured. Sales are recorded net of allowances for damaged goods returns, trade promotions, coupons and other discounts. In certain instances, the Company recognizes revenue when goods are received by the customer when it has entered into agreements that provide for title transfer upon customer receipt.

The Company routinely commits to one-time or on-going trade promotion programs with customers, and consumer coupon programs that require the Company to estimate and accrue the expected costs of such programs. Programs include introductory marketing funds, cooperative marketing programs, shelf price reductions, advantageous end-of-aisle or in-store displays of the Company's products, graphics, and other trade promotion activities conducted

by the customer. Coupons are recognized as a liability when distributed based upon expected consumer redemptions. The Company has accrued liabilities at the end of each period for the estimated expenses incurred, but unpaid for these programs. Trade promotion and coupon costs are recorded as a reduction of sales.

Costs recognized as revenue reductions for established brands' on-going trade promotion and coupon programs are estimated based upon the Company's and industry historical experience and current trends. Estimating the costs of such programs for new products can be difficult and subject to judgment, because the Company must rely on its assumptions as to the success of the new product and make estimates when it does not have experience with the new products nor readily available historical information.

The Company's trade promotion programs allocate promotional activity funds for each customer. Promotional payments and off-invoice allowances are given to customers based upon program participation throughout the year and are deducted from amounts available. The Company tracks trade spending and accrues for the estimated incurred but unpaid portion of trade promotion events. The determination of trade spending liabilities requires the Company to use judgment for estimates which include, current and past trade promotional spending patterns, status of trade promotional activities, and interpretation of historical spending trends by customer and category. If the Company's June 30, 2004 estimates were to differ by 10%, the impact on trade spending costs would be approximately $8.

Valuation of Inventory

When necessary, the Company provides allowances to adjust the carrying value of its inventory to the lower of cost or market (net realizable value), including any costs to sell or dispose. The Company identifies any slow moving, obsolete or excess inventory to determine whether a valuation allowance is indicated. The determination of whether inventory items are slow moving, obsolete or in excess of needs requires estimates and assumptions about the future demand for the Company's products, technological changes, stock keeping unit rationalization and new product introductions. The estimates of future demand used in the valuation of inventory are dependent on the ongoing success of its products. To minimize these risks, the Company evaluates its inventory levels and expected usage on a periodic basis and records adjustments as required. Expenses for inventory obsolescence were $14, $8 and $15 in fiscal years 2004, 2003 and 2002, respectively.

Impairment Review of Intangible Assets and Property, Plant and Equipment

The carrying values of goodwill, trademarks and other intangible assets are reviewed for possible impairment in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." The Company's impairment review is based on a discounted cash flow approach that requires significant management judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, foreign exchange rates, devaluation, inflation and the selection of an appropriate discount rate. Impairment occurs when the carrying value of a reporting unit exceeds the fair value of that reporting unit. An impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows, which represents the estimated fair value of the reporting unit. The Company tests its intangible assets annually in the third fiscal quarter unless there are indications during an interim period that assets may have become impaired. The Company uses its judgment in assessing whether assets may have become impaired between annual valuations. Indicators such as unexpected adverse economic factors, unanticipated technological change or competitive activities, loss of key personnel and acts by governments and courts may signal that an asset has become impaired.

The Company performed its annual review of intangible assets in the third quarter of fiscal year 2004 and determined that there were no instances of impairment. In-depth business reviews of the Colombia and Venezuela reporting units were performed, as these businesses operate under continuing economic and political uncertainties. The fair values for these reporting units are only slightly in excess of carrying amounts. The Company is closely monitoring events, circumstances, and changes in the businesses that might imply a reduction in fair value leading to additional impairment losses. The Company will continue to test annually for impairment in the third fiscal quarter unless there are indications during an interim period that certain intangible assets may have become impaired.

Property, plant and equipment are reviewed periodically for possible impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The Company's impairment review is based on a discounted cash flow approach that requires significant management judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, foreign exchange rates, devaluation, inflation and the selection of an appropriate discount rate. The Company conducts annual reviews for idle and underutilized equipment, and reviews business plans for possible impairment indicators. Impairment occurs when the carrying value of the asset exceeds its future undiscounted cash flows and the impairment is viewed as other than temporary. When an impairment is indicated, an impairment charge is recorded for the difference between the asset's carrying value and its fair market value. Depending on the asset, fair market value may be determined either by use of a discounted cash flow model or by reference to estimated selling values of assets in similar condition.

The estimates and assumptions used are consistent with the business plans and estimates that the Company uses to manage its business operations and to make acquisition and divestiture decisions. The use of different assumptions would increase or decrease the estimated fair value of assets and would increase or decrease any impairment measurement. Future outcomes may also differ. If the Company's products fail to achieve estimated volume and pricing targets, market conditions unfavorably change or other significant estimates are not realized, then the Company's revenue and cost forecasts may not be achieved, and the Company may be required to recognize additional impairment charges.

Capitalization of Software Costs

The Company capitalizes qualifying costs incurred in the acquisition and development of software for internal use, including the costs of software, materials, consultants, interest, and payroll and payroll-related costs for employees involved in development. The Company follows accounting guidance specified in Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." In applying those guidelines, the Company uses its judgment in determining whether costs incurred should be capitalized or expensed based on the nature of the activities performed and whether the costs are directly associated with the development of software. The determination of whether the costs incurred should be capitalized may have a significant impact on the Company's financial statements. The Company believes the basis for its determination of costs to be capitalized versus expensed is reasonable. As discussed herein under the heading "Capital Expenditures", a significant portion of the costs for the Company's new information system have been capitalized as property, plant and equipment and placed into service by June 30, 2004.

Accruals for Incentive Compensation

The Company has various individual and group incentive compensation programs, including a performance unit program, a bonus program, and a profit sharing element of The Clorox Company 401(k) plan. Company contributions to the 401(k) plan and payments to managerial staff for the annual bonus program are subject to the Company achieving certain fiscal year performance targets. Payments to officers under the two existing performance unit programs are subject to the Company's stock achieving specified market performance compared to selected peer companies. The Company compares actual performance against these targets on a periodic basis and accrues for incentive compensation costs when it becomes probable that the targets will be achieved.

The Company's two performance unit programs vest in September of 2005 and 2006, respectively. These programs provide for the issuance of Company stock to officers if the Company's stock performance meets specified hurdle rates based on comparisons with the performance of a selected peer group of companies. The Company has not yet recorded a liability related to these unvested programs because the vesting dates extend too far into the future to predict whether the hurdle rates will be achieved. Based on the June 30, 2004 market price of the Company's stock, the potential total expense for the remaining unvested performance unit programs would be $14.

MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
The Clorox Company
Years Ended June 30, 2004, 2003 and 2002
(In millions, except share and per share amounts)

The 401(k) plan has two components: a 401(k) component and a profit sharing component. Employee contributions made to the 401(k) component are matched with Company contributions. The Company's contributions to the profit sharing component above 3% of eligible employee earnings are discretionary and are based on achieving financial targets including sales, operating margin, and return on invested capital ("ROIC"). ROIC is defined as net-operating earnings after taxes divided by average invested capital. Drivers of ROIC include sales growth, operating margin and asset utilization. The Company accrues for these costs quarterly based on estimated annual results. At June 30, 2004, the Company was adequately accrued for such costs and anticipates making a profit sharing contribution to the 401(k) plan in the first quarter of fiscal year 2005.

Valuation of Pension Benefits

The determination of net periodic pension cost is based on actuarial assumptions including a discount rate to reflect the time value of money, employee compensation rates, demographic assumptions to determine the probability and timing of benefit payments, and the long-term rate of return on plan assets. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation. Actual results could differ from expected results because assumptions and estimates are used. At June 30, 2004, the Company is using a discount rate assumption of 6.25% and a long-term rate of return on plan assets assumption of 8.25% in its calculation of pension expense related to domestic plans. The use of a different discount rate or long-term rate of return on plan assets can significantly impact pension expense. For example, as of June 30, 2004, a decrease of 1% in the discount rate would increase pension expense by approximately $4, and a 1% decrease in the long-term rate of return on plan assets would increase pension expense by $3. The Company also has defined benefit pension plans for eligible Canadian and Australian employees and different assumptions may be used in the determination of pension expense.

Income Taxes

The Company's effective tax rate is based on expected income, statutory tax rates and tax planning opportunities available to the Company in the various jurisdictions in which the Company operates. Significant judgment is required in determining the Company's effective tax rate and in evaluating its tax positions.

The Company maintains valuation allowances where it is likely that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in the Company's income tax provision in the period of change. In determining whether a valuation allowance is warranted, the Company takes into account such factors as prior earnings history, expected future earnings, unsettled circumstances that, if unfavorably resolved, would adversely affect utilization of a deferred tax asset, carry-back and carry-forward periods, and tax strategies that could potentially enhance the likelihood of a realization of a deferred tax asset.

During fiscal years 2003 and 2002, the Company determined that valuation allowances were warranted with respect to deferred tax assets arising from its Argentina and Colombian impairment charges. The valuation allowances established in those years related to the tax basis in un-amortizable goodwill and other intangible assets, the recovery of which has continued to be uncertain. During fiscal year 2004, nearly all of the Argentina deferred tax assets were reversed, together with their corresponding valuation allowances as a result of a private ruling from Argentine tax authorities indicating the Company has no tax basis in a significant portion of the intangibles previously impaired. Other significant valuation allowances maintained by the Company relate to its ability to use net operating losses in certain foreign countries.

In addition to valuation allowances, the Company establishes accruals for certain tax contingencies when, despite the belief that the Company's tax return positions are fully supported, the Company believes that certain positions are likely to be challenged and that the Company's positions may not be fully sustained. The tax contingency accruals are adjusted in light of changing facts and circumstances, such as the progress of tax audits, case law and emerging legislation. The Company's effective tax rate includes the impact of tax contingency accruals as considered appropriate by management.

A number of years may elapse before a particular matter, for which the Company has accrued, is audited and finally resolved. The number of years with open tax audits varies by jurisdiction. In the United States, the Internal Revenue Service ("IRS") has substantially completed its audits of fiscal years 1997 through 2000 and is now auditing fiscal years 2001 and 2002. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes its tax contingency accruals are adequate to address known tax contingencies. Favorable resolution of such contingencies could be recognized as a reduction to the Company's effective tax rate in the year of resolution. Unfavorable settlement of any particular issue could increase the effective tax rate and may require the use of cash in the year of resolution. The Company's tax contingency accruals are presented in the balance sheet within accrued liabilities.

United States income taxes and foreign withholding taxes are not provided when foreign earnings are indefinitely reinvested in accordance with APB Opinion No. 23, "Accounting for Income Taxes, Special Areas." The Company determines whether its foreign subsidiaries will invest their undistributed earnings indefinitely and reassesses this determination on a periodic basis. Change to the Company's determination may be warranted based on the Company's experience as well as plans regarding future international operations and expected remittances.

CAUTIONARY STATEMENT

Except for historical information, matters discussed above and in the financial statements and footnotes, including statements about future plans, objectives, expectations, growth or profitability, are forward-looking statements based on management's estimates, assumptions and projections. 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 in this Appendix A to the Company's 2004 Proxy Statement. Important factors that could affect performance and cause results to differ materially from management's expectations are described in "Forward-Looking Statements and Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2004, which is expected to be filed with the SEC on or about August 27, 2004, and in subsequent SEC filings. Those factors include, but are not limited to, marketplace conditions and events, 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, divestiture of non-strategic businesses and environmental, regulatory and intellectual property matters. These 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.

CONSOLIDATED STATEMENTS OF EARNINGS

The Clorox Company

Years ended June 30	**2004**	**2003**	**2002**
In millions, except share and per-share amounts			
Net sales	$ 4,324	$ 4,144	$ 4,022
Cost of products sold	2,387	2,225	2,279
Gross profit	1,937	1,919	1,743
Selling and administrative expenses	552	532	526
Advertising costs	429	456	391
Research and development costs	84	76	66
Restructuring and asset impairment costs	11	33	184
Interest expense	30	28	38
Other income, net	(9)	(8)	(23)
Earnings from continuing operations before income taxes	840	802	561
Income taxes	294	288	204
Earnings from continuing operations	546	514	357
Earnings (losses) from discontinued operations, net of tax benefits of $7, $5 and $28 for the years ended June 30, 2004, 2003 and 2002, respectively	3	(21)	(35)
Net earnings	$ 549	$ 493	$ 322
Earnings (losses) per common share			
Basic			
Continuing operations	$ 2.58	$ 2.36	$ 1.54
Discontinued operations	0.01	(0.10)	(0.15)
Basic net earnings per common share	$ 2.59	$ 2.26	$ 1.39
Diluted			
Continuing operations	$ 2.55	$ 2.33	$ 1.52
Discontinued operations	0.01	(0.10)	(0.15)
Diluted net earnings per common share	$ 2.56	$ 2.23	$ 1.37
Weighted average common shares outstanding (in thousands)			
Basic	211,683	218,174	231,849

Diluted	214,371	220,692	234,704

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS
The Clorox Company

As of June 30	**2004**	**2003**
In millions, except share and per-share amounts		
Assets		
Current assets		
Cash and cash equivalents	$ 232	$ 172
Receivables, net	460	463
Inventories	301	264
Other current assets	45	46
Assets held for sale	5	6
Total current assets	1,043	951
Property, plant and equipment, net	1,052	1,072
Goodwill, net	742	730
Trademarks and other intangible assets, net	633	651
Other assets	364	248
Total assets	$ 3,834	$ 3,652
Liabilities and Stockholders' Equity		
Current liabilities		
Notes and loans payable	$ 289	$ 361
Current maturities of long-term debt	2	213
Accounts payable	310	312
Accrued liabilities	643	537
Income taxes payable	24	28
Total current liabilities	1,268	1,451
Long-term debt	475	495
Other liabilities	377	376
Deferred income taxes	174	115
Stockholders' equity		
Common stock, $1.00 par value, 750,000,000 shares authorized, 249,826,934 shares issued and 212,988,540 and 213,676,668 shares outstanding at June 30, 2004 and 2003, respectively	250	250
Additional paid-in capital	301	255
Retained earnings	2,846	2,565

Treasury shares, at cost, 36,838,394 and 36,150,266 shares at June 30, 2004 and 2003, respectively	(1,570)	(1,507)
Accumulated other comprehensive net losses	(274)	(339)
Unearned compensation	(13)	(9)
Stockholders' equity	1,540	1,215
Total liabilities and stockholders' equity	$ 3,834	$ 3,652

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
The Clorox Company

	Common Stock				Treasury Shares		
In millions, except share and per-share amounts	**Shares (000)**	**Amount**	**Additional Paid-in Capital**	**Retained Earnings**	**Shares (000)**	**Amount**	**Accu C Comp Ne**
Balance at June 30, 2001	249,827	$250	$195	$2,142	(13,136)	$ (441)	$
Comprehensive income							
Net earnings				322			
Translation adjustments							
Tax effect on translation adjustments							
Translation related to impairment charges							
Change in valuation of derivatives, net of tax							
Minimum pension liability adjustments							
Total comprehensive income							
Dividends ($0.84 per share)				(196)			
Employee stock plans			27	(3)	1,839	32	
Treasury stock purchased and related premiums				5	(10,000)	(417)	
Settlement of share repurchase contracts					(5,520)	(244)	
Balance at June 30, 2002	249,827	250	222	2,270	(26,817)	(1,070)	
Comprehensive income							
Net earnings				493			
Translation adjustments							
Tax effect on translation adjustments							
Translation related to impairment charges							
Change in valuation of derivatives, net of tax							
Minimum pension liability adjustments, net of tax							
Total comprehensive income							
Dividends ($0.88 per share)				(193)			
Employee stock plans			33	(5)	2,333	49	
Treasury stock purchased					(11,666)	(486)	
Balance at June 30, 2003	249,827	250	255	2,565	(36,150)	(1,507)	

Comprehensive income							
Net earnings				549			
Translation adjustments, net of tax of $1							
Change in valuation of derivatives, net of tax							
Minimum pension liability adjustments, net of tax							
Total comprehensive income							
Dividends ($1.08 per share)				(229)			
Employee stock plans			46	(39)	4,275	157	
Treasury stock purchased					(4,963)	(220)	
Balance at June 30, 2004	249,827	$250	$301	$2,846	(36,838)	$(1,570)	$

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Clorox Company

Years ended June 30	**2004**	**2003**	**2002**
In millions			
Operations:			
Earnings from continuing operations	$ 546	$ 514	$ 357
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	197	191	189
Deferred income taxes	26	100	(27)
Restructuring and asset impairment	11	30	158
Net loss (gain) on sale of businesses and disposition of assets	5	(4)	(16)
Increase (decrease) in defined benefit liability	20	22	(10)
Other	8	17	22
Cash effects of changes in (excluding effects of businesses sold or acquired):			
Receivables, net	3	17	—
Inventories	(35)	(11)	3
Other current assets	—	(1)	(3)
Accounts payable and accrued liabilities	75	(48)	106
Income taxes payable	89	35	99
Pension contributions to qualified plans	(41)	(55)	—
Net cash provided by continuing operations	904	807	878
Net cash used for discontinued operations	(5)	(4)	(2)
Net cash provided by operations	899	803	876
Investing Activities:			
Capital expenditures	(172)	(205)	(176)
Businesses acquired	(13)	—	—
Proceeds from the sale of businesses	—	15	60
Low income housing contributions	(17)	(15)	(14)
Other	(34)	2	20
Net cash used for investing by continuing operations	(236)	(203)	(110)
Net cash provided by investing by discontinued operations	—	10	1
Net cash used for investing activities	(236)	(193)	(109)
Financing Activities:			
Notes and loans payable, net	(75)	30	205

Long-term debt borrowings	8	8	3
Long-term debt repayments	(215)	(27)	(212)
Cash dividends paid	(229)	(193)	(196)
Treasury stock purchased from non affiliates	(155)	(486)	(412)
Treasury stock purchased from related party, Henkel KGaA (Note 13)	(65)	—	—
Settlement of share repurchase contracts	—	—	(257)
Proceeds from settlement of interest rate swaps	24	—	—
Issuance of common stock for employee stock plans, and other	111	41	35
Net cash used for financing by continuing operations	(596)	(627)	(834)
Net cash (used for) provided by financing by discontinued operations	(9)	10	1
Net cash used for financing activities	(605)	(617)	(833)
Effect of exchange rate changes on cash and cash equivalents	2	2	(8)
Net increase (decrease) in cash and cash equivalents	60	(5)	(74)
Cash and cash equivalents:			
Beginning of year	172	177	251
End of year	$ 232	$ 172	$ 177
Supplemental cash flow information:			
Cash paid for:			
Interest, net of amounts capitalized	$ 31	$ 30	$ 47
Income taxes, net of refunds	81	126	119
Non-cash investing activity:			
Venture Agreement			
Equipment and technologies obtained	$ —	$ 125	$ —
Terminal obligation recorded	—	125	—

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
The Clorox Company
Years Ended June 30, 2004, 2003 and 2002
(Millions of Dollars, Except Share and Per-Share Amounts)

1. Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

The Company is principally engaged in the production and marketing of non-durable consumer products through grocery stores, mass merchandisers and other retail outlets. The consolidated financial statements include the statements of the Company and its majority-owned and controlled subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation. Certain reclassifications were made in the prior periods' consolidated financial statements to conform the current periods' presentation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and related disclosures. Specific areas, among others, requiring the application of management's estimates and judgment include assumptions pertaining to accruals for coupon and trade promotion programs, future product volume and pricing estimates, future cost trends, foreign currency exchange rates, interest rates, investment returns, credit worthiness of customers, tax strategies and other external market and economic conditions. Actual results could differ from estimates and assumptions made.

New Accounting Standards

In December 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No. 46-R, "Consolidation of Variable Interest Entities." FIN No. 46-R, which modifies certain provisions and effective dates of FIN No. 46, sets forth criteria to be used in determining whether an investment in a variable interest entity should be consolidated, and is based on the general premise that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The Company has evaluated whether the requirements of FIN No. 46-R are applicable to its various interests and concluded that only the Company's interest in the investment fund, which was formerly accounted for by the equity method, is required to be consolidated (Note 7). The consolidation was initially recorded as of March 31, 2004. As of June 30, 2004, the investment fund's net assets consist primarily of $1 of cash. Consolidation of the investment fund had no material effect on the Company's statement of earnings.

(Millions of Dollars, Except Share and Per-Share Amounts)

In December 2003, the FASB issued a revision to Statement of Financial Accounting Standards ("SFAS") No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This revised statement requires additional annual disclosures regarding types of plan assets, investment strategy, future plan contributions, expected benefit payments and other items. The statement also requires quarterly disclosure of the components of net periodic benefit cost and plan contributions. The quarterly disclosures were first included in the Company's March 31, 2004 Form 10-Q, and the annual disclosures are included in Note 18.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") was signed into law. The Act introduced a prescription drug benefit under Medicare (Medicare Part D) and a federal subsidy to sponsors of retirement health care plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The Company has determined that the impact of the Act on its accumulated benefit obligation for its retirement healthcare plans is immaterial as those plans currently exist. However, the Company is considering the costs and benefits of amending its plans in order to achieve a benefit from the Act's provisions. Any change in the accumulated benefit obligation resulting from the Act's provisions will be accounted for in accordance with FASB Staff Position 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003."

CASH AND CASH EQUIVALENTS

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

1. Summary of Significant Accounting Policies (Continued)

INVENTORIES

Inventories are stated at the lower of cost or market. The cost for approximately 44% of inventories at both June 30, 2004 and 2003 is determined on the last-in, first-out (LIFO) method. The cost method for all other inventories, including inventories of all international businesses, are determined on the first-in, first-out (FIFO) method. When necessary, the Company provides allowances to adjust the carrying value of its inventory to the lower of cost or market, including any costs to sell or dispose. Appropriate consideration is given to obsolescence, excessive inventory levels, product deterioration and other factors in evaluating net realizable value for the purposes of determining the lower of cost or market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Depreciation and amortization expense are calculated by the straight-line method using the estimated useful lives of the related assets. The following table provides estimated useful lives of property, plant and equipment by asset classification:

Classification	Expected Useful Lives
Land improvements	10 to 30 years
Buildings	10 to 40 years
Machinery and equipment	3 to 15 years
Computer equipment	3 years
Capitalized software costs	3 to 7 years
Furniture and fixtures	5 to 10 years
Transportation equipment	5 to 10 years

Property, Plant and Equipment to be held and used is reviewed periodically for possible impairment in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” The Company’s impairment review is based on an estimate of the undiscounted cash flow at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset exceeds the estimated future undiscounted cash flows generated by the asset and the impairment is viewed as other than temporary. When an impairment is indicated, an impairment charge is recorded for the difference between the carrying value of the asset and its fair market value. Depending on the asset, fair market value may be determined either by use of a discounted cash flow model, or by reference to estimated selling values of assets in similar condition.

I MPAIRMENT R EVIEW OF I NTANGIBLE A SSETS

The carrying values of goodwill, trademarks and other intangible assets are reviewed for possible impairment in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets.” The Company’s impairment review is based on a discounted cash flow approach that requires significant management judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, foreign exchange rates, devaluation, inflation and the selection of an appropriate discount rate. Impairment occurs when the carrying value of the reporting unit exceeds the fair value of that reporting unit. An impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows, which represents the estimated fair value of the reporting unit. The Company tests its intangible assets annually in the third fiscal quarter unless there are indications during an interim period that assets may have become impaired. Indicators such as unexpected adverse economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts, may signal that an asset has become impaired.

C APITALIZATION OF S OFTWARE C OSTS

The Company follows the accounting guidance as specified in Statement of Position (SOP) 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” The Company capitalizes significant costs incurred in the acquisition and development of software for internal use, including the costs of the software,

1. Summary of Significant Accounting Policies (Continued)

materials, consultants, interest and payroll and payroll-related costs for employees incurred in developing internal-use computer software once final selection of the software is made. Costs incurred prior to the final selection of software and costs not qualifying for capitalization are charged to expense. Capitalized software amortization was $34, $22, and $24, in fiscal years 2004, 2003 and 2002, respectively.

E MPLOYEE B ENEFITS

The Company has qualified and non-qualified defined benefit plans that cover substantially all of the Company’s domestic employees and certain of its international employees and provides health care benefits for domestic employees who meet age, participation and length of service requirements at retirement. The Company accounts for its defined benefit and retirement health care plans using actuarial models required by SFAS No. 87, “Employers’ Accounting for Pensions,” and SFAS No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions,” respectively. These models use an attribution approach that generally spreads “plan events” over the service lives of plan participants. Examples of plan events are plan amendments and changes in actuarial assumptions such as the expected return on plan assets, discount rate, and rate of compensation increase. The principle underlying the attribution approach is that employees render service over their service lives on a relatively “smooth” basis, and therefore the statement of earnings effects of defined benefit and retirement heath care plans are recognized in the same pattern.

One of the principal assumptions used in the net periodic benefit cost calculation is the expected return on plan assets. The required use of an expected return on plan assets may result in recognized pension expense or income that differs from the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are anticipated to approximate the actual returns, and therefore result in a pattern of income and expense recognition that more closely matches the pattern of the services provided by the participants. The differences between actual and expected returns are recognized in the net periodic benefit cost calculation over the average remaining service period of the plan participants. In developing its expected return on plan assets, the Company considers the long-term actual returns relative to the mix of investments that comprise its plan assets and also develops estimates of future investment returns by considering external sources.

The Company follows the accounting guidance as specified in SFAS No. 112, “Employers Accounting for Postemployment Benefits,” for the recognition of certain disability benefits. The Company recognizes an actuarial based obligation at the onset of disability for certain benefits provided to individuals after employment but before retirement that include medical, dental, vision, life and other.

The Company also has various individual and group incentive compensation programs, including a performance unit program, a bonus program, and a profit sharing element of the Company 401(k) Plan. Company contributions to the 401(k) and payments to managerial staff for the annual bonus program are subject to the Company's stock achieving certain fiscal year performance targets. Payments to officers under the two existing performance unit programs are subject to the Company's stock achieving specified market performance compared to selected peer companies. The Company compares actual performance against these targets on a periodic basis and accrues for incentive compensation costs when it becomes probable that the targets will be achieved.

ENVIRONMENTAL COSTS

The Company is involved in various environmental remediation and on-going compliance activities. As sites are identified and assessed, the Company determines its potential environmental liability following the accounting guidance as specified in SOP 96-1, "Environmental Remediation Liabilities." Based on engineering studies and management judgment, the Company has estimated and accrued for future remediation and on-going monitoring costs on an undiscounted basis due to the uncertainty and timing of future payments.

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1. Summary of Significant Accounting Policies (Continued)

RESTRUCTURING LIABILITIES

The Company follows the guidance of SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" for recognition of liabilities and expenses associated with exit and disposal costs when facilities are partially or completely closed. Employee termination and severance costs are recognized at the time the severance plan is approved, the amount of termination and severance costs can be estimated and the impacted group of employees is notified, provided the group will not be retained to render service beyond a minimum retention period. Other qualified exit and disposal costs are recognized and measured at fair value in the period in which the related liability is incurred.

REVENUE RECOGNITION

Sales are recognized as revenue when the risk of loss and title pass to the customer, generally at the time of shipment and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed and determinable, and collection is reasonably assured. Sales are recorded net of allowances for damaged goods returns, trade promotions, coupons and other discounts. Estimated shipping and handling costs are considered in establishing product prices billed to customers and reflected in net customer sales. In certain instances, the Company recognizes revenue when goods are received by the customer when it has entered into agreements that provide for title transfer upon customer receipt.

The Company routinely commits to one-time or on-going trade promotion programs with customers, and consumer coupon programs that require the Company to estimate and accrue the expected costs of such programs. Programs include introductory marketing funds, cooperative marketing programs, shelf price reductions, advantageous end-of-aisle or in-store displays of the Company's products, graphics, and other trade promotion activities conducted by the customer. Coupons are recognized as a liability when distributed based upon expected consumer redemptions. The Company maintains liabilities at the end of each period for the estimated expenses incurred, but unpaid for these programs. Trade promotion and coupon costs are recorded as a reduction of sales.

The Company provides for an allowance for doubtful accounts based on its historical experience and a periodic review of its accounts receivable. Receivables are presented net of an allowance for doubtful accounts of $8 and $10 at June 30, 2004 and 2003, respectively. The Company's (recovery) provision for doubtful accounts was $(1), $4 and $11 in fiscal years 2004, 2003 and 2002, respectively.

COST OF PRODUCTS SOLD

Cost of products sold represents the costs directly related to the manufacture and distribution of the Company's products and primarily includes raw materials, packaging, contract packer fees, shipping and handling, warehousing, package design, direct and indirect labor and operating costs for the Company's manufacturing facilities including salary, benefit costs and bonuses.

Costs associated with developing and designing new packaging are expensed as incurred and include design, artwork, films, and labeling. Expenses for fiscal years ended June 30, 2004, 2003 and 2002 are $15, $18 and $13, respectively, of which $14, $18, and $10 are classified as cost of products sold, and the remainder is classified as selling and administrative expenses, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
The Clorox Company
Years Ended June 30, 2004, 2003 and 2002
(Millions of Dollars, Except Share and Per-Share Amounts)

1. Summary of Significant Accounting Policies (Continued)

Selling and Administrative Expenses

Selling and administrative expenses represent costs incurred by the Company in generating revenues and managing the business and include market research, commissions, and certain administrative expenses. Administrative expenses include salary, benefits, bonuses, professional fees and services, software and licensing fees, and other operating costs associated with the Company's non-manufacturing, non-research and development staff, facilities and equipment.

Advertising

The Company expenses advertising costs in the period incurred.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. Management reviews the Company's deferred tax assets for realizability. A valuation allowance is established when management believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company's tax provision in the period of change.

In addition to valuation allowances, the Company establishes accruals for certain tax contingencies when, despite the belief that the Company's tax return positions are fully supported, the Company believes that certain positions are likely to be challenged and that the Company's positions may not be fully sustained. The tax contingency accruals are adjusted in light of changing facts and circumstances, such as the progress of tax audits, case law and emerging legislation. The Company's tax contingency accruals are reflected as a component of accrued liabilities.

U.S. income tax expense is provided on remittances of foreign earnings and on unremitted foreign earnings that are not indefinitely reinvested. Where unremitted foreign earnings are indefinitely reinvested, no provision for federal and state tax expense is made.

Foreign Currency Translation

Local currencies are the functional currencies for most of the Company's foreign operations. When the transactional currency is different than the functional currency, transaction gains and losses are included as a component of other income and expense. Assets and liabilities of foreign operations are translated into U.S. Dollars using the exchange rates in effect at the balance sheet reporting date. Income and expenses are translated at the average monthly exchange rates during the year. Gains and losses on foreign currency translations are reported as a component of accumulated other comprehensive income. Deferred taxes are not provided on cumulative translation adjustments where the Company expects earnings of a foreign subsidiary to be indefinitely reinvested. The income tax effect of currency translation adjustments related to foreign earnings from certain countries and joint ventures that are not considered indefinitely reinvested are recorded as a component of deferred taxes with an offset to accumulated other comprehensive net losses.

Net Earnings per Common Share

Basic 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 net earnings per common share is computed by dividing net earnings by the diluted weighted average number of common shares outstanding during each period on an unrounded basis. Diluted net earnings per common share reflects the earnings dilution that would occur from common shares that may be issued through stock options, restricted stock and performance units.

1. Summary of Significant Accounting Policies (Continued)

DERIVATIVE INSTRUMENTS

The Company follows the accounting guidance in SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" for its derivative instruments. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet at fair value.

The Company's use of derivative instruments, principally swap, futures, forward, and option contracts, is limited to non-trading purposes and is designed to manage exposure to changes in interest rates, foreign currencies and commodity prices. The Company's contracts are economic hedges for transactions with notional balances and periods consistent with the related exposures and do not constitute investments independent of these exposures. Exposure to counterparty credit risk is considered low because these agreements have been entered into with major institutions with strong credit ratings.

Most interest rate swaps and commodity purchase and foreign exchange contracts are designated as fair value or cash flow hedges of long-term debt, raw material purchase obligations or foreign currency denominated debt instruments, based on certain hedge criteria. The criteria used to determine if hedge accounting treatment is appropriate are: (a) the designation of the hedge to an underlying exposure, (b) whether overall risk is being reduced and, (c) if there is sufficient correlation between the value of the derivative instrument and the underlying obligation. The changes in the fair value of derivatives are recorded as either assets or liabilities in the balance sheet with an offset to net earnings or other comprehensive income, depending on whether, for accounting purposes, the derivative is designated and qualified as a hedge transaction and the type of hedge transaction. For fair value hedge transactions, changes in fair value of the derivative and changes in the fair value of the item being hedged are recorded in earnings. For cash flow hedge transactions, changes in fair value of derivatives are reported as a component of other comprehensive income. The Company also has contracts not designated as hedges for accounting purposes and recognizes changes in the fair value of these contracts in other income.

The Company uses different methodologies, when necessary, to estimate the fair value of its derivative contracts. The estimated fair values of the majority of the Company's contracts are based on quoted market prices, traded exchange market prices, or broker price quotations, and represent the estimated amounts that the Company would pay or receive to terminate the contracts. Due to the lack of available price quotations, the Company's resin commodity contracts are valued using a model which employs forward price curves provided by external sources. The determination of the resin forward curve is based on many economic factors, including technology, labor, material and capital costs, capacity, and supply and demand.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, whereby stock options are granted at market price and no compensation cost is recognized. SFAS No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure," prescribe the accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation plans. The Company has elected to use the intrinsic value method of accounting for its stock options and has adopted the disclosure requirements of SFAS Nos. 123 and 148. Restricted stock awards are amortized as compensation expense on a straight-line basis over the related vesting periods based on the share's market value on the date of grant. Unearned compensation cost on restricted stock awards is recorded as a reduction to stockholders' equity.

1. Summary of Significant Accounting Policies (Continued)

If compensation expense for the Company's various stock option plans had been determined based upon estimated fair values at the grant dates for awards under those plans in accordance with SFAS No. 123, the Company's pro-forma net earnings, and basic and diluted earnings per common share would have been as follows for the fiscal years ended June 30:

(Millions of Dollars, Except Share and Per-Share Amounts)

	2004	2003	2002
Net earnings:			
As reported	$ 549	$ 493	$ 322
Fair value-based expense, net of tax	(19)	(21)	(26)
Pro forma	$ 530	$ 472	$ 296
Net earnings per common share:			
Basic			
As reported	$2.59	$2.26	$1.39
Pro forma	2.50	2.16	1.28
Diluted			
As reported	$2.56	$2.23	$1.37
Pro forma	2.47	2.14	1.26

2. Restructuring and Asset Impairment

Restructuring and asset impairment charges are $11, $33 and $184 in fiscal years 2004, 2003 and 2002, respectively.

	2004	2003	2002
Restructuring:			
Severance	$ 1	$ —	$ 23
Plant closure and other	—	—	9
Total restructuring	1	—	32
Asset impairment:			
Goodwill and other intangibles (including deferred translation and deferred charges)	—	33	139
Machinery and equipment	10	—	13
Total asset impairment	10	33	152
Total restructuring and asset impairment expense	$ 11	$ 33	$184
Accrued restructuring at beginning of year	$ 6	$ 14	$ 11
Restructuring expense	1	—	32
Payments	(4)	(8)	(29)
Accrued restructuring at end of year	$ 3	$ 6	$ 14

Glad Supply Chain Restructuring

Fiscal Year 2004 : During the fourth quarter of fiscal year 2004, the Board of Directors approved a supply chain restructuring initiative within the Glad business, a division of the Household Products — North America segment. This project includes the restructuring of certain North American Glad manufacturing operations and shifting production among plants and third-party producers to optimize available capacity and operating costs. The Company recorded $11 of charges in the fourth quarter of fiscal year 2004 associated with this initiative. These charges consisted of $1 of employee severance costs and a fixed asset impairment charge of $10 for certain manufacturing equipment that is being taken out of service.

2. Restructuring and Asset Impairment (Continued)

Subsequent Event (Unaudited): During the first quarter of fiscal year 2005, the Board of Directors approved a second restructuring of the Glad supply chain. This second restructuring involves closing a manufacturing facility during fiscal year 2005 and distributing the remaining production between Glad's North American plants and third-party suppliers. The Company anticipates charges of approximately $40 during fiscal year 2005 in conjunction with this restructuring, including charges for employee severance of approximately $5, to be incurred throughout fiscal year 2005, asset impairment charges of $27 expected in the first quarter of fiscal year 2005, and incremental operating costs of $8 associated primarily with equipment and inventory transfer charges.

(Millions of Dollars, Except Share and Per-Share Amounts)

FISCAL YEAR 2003 AND 2002 COSTS

During fiscal year 2003, the Company recorded $33 of restructuring and asset impairment costs, which was driven primarily by a $30 goodwill impairment charge related to the Company's business in Argentina as described in Note 6.

During fiscal year 2002, the Company recorded $139 of charges related to the impairment of goodwill and trademarks associated with its businesses in Argentina and Colombia as described in Note 6. Other fiscal year 2002 charges included severance related to the elimination of positions in the Company's Latin America and U.S. divisions, the write-off of equipment and the closure of certain plants.

3. Discontinued Operations and Divestitures

In fiscal year 2003, the Company announced its intent to sell its business in Brazil, a reporting unit included in the Household Products — Latin America/Other segment, due to the poor economic and market conditions and the Company's lack of business scale in that country. The Company has closed its offices in Brazil and has sold nearly all of the remaining assets of this business, which is classified as a discontinued operation. The following table presents the net sales and earnings (losses) from the Brazil business:

	2004	2003	2002
Net sales	$—	$ 27	$ 38
Losses from discontinued operations before income taxes	$ (4)	$ (3)	$ (6)
Asset impairment charges	—	(23)	(57)
Income tax benefits	7	5	28
Earnings (losses) from discontinued operations	$ 3	$(21)	$(35)

In fiscal year 2004, the Company recognized $7 of income tax benefits related to its discontinued Brazil operations. The Company recognized $5 of these benefits in the fourth quarter, which includes $3 (or $0.02 per share) of income tax benefits related to losses incurred in the first three quarters of the fiscal year.

Assets held for sale are as follows at June 30:

	2004	2003
Brazil	$2	$5
Other, including former manufacturing facilities held for sale	3	1
Total	$5	$6

3. Discontinued Operations and Divestitures (Continued)

The Company also sold its Jonny Cat litter business and Black Flag insecticides business during fiscal year 2003. The combined sales proceeds and net pre-tax gain on the sale of these two businesses were $14 and $2, respectively. During fiscal year 2002, the Company sold its MaxForce professional insecticides business and its Himolene industrial trash can liner business. The combined sales proceeds and net pre-tax gain on these divestitures were $65 and $33, respectively.

4. Inventories

Inventories at June 30 are comprised of the following:

(Millions of Dollars, Except Share and Per-Share Amounts)

	2004	2003
Finished goods	$243	$179
Work in process	3	9
Raw materials and packaging	68	87
LIFO allowances	(9)	(8)
Allowances for obsolescence	(4)	(3)
Total	$301	$264

The LIFO method was used to value approximately 44% of inventories at both June 30, 2004, and 2003, respectively. If the cost of LIFO inventories had been determined using the FIFO method, inventory amounts would have increased by approximately $9 and $8 at June 30, 2004 and 2003, respectively. The effect on earnings of the liquidation of any LIFO layers was not material for the fiscal years ended June 30, 2004, 2003 and 2002.

Changes in the allowance for inventory obsolescence are as follows:

	2004	2003	2002
Beginning of year	$ (3)	$(12)	$(48)
Inventory obsolescence charged to cost of products sold	(14)	(8)	(15)
Deductions for inventory write-offs	13	17	51
End of year	$ (4)	$ (3)	$(12)

5. Property, Plant and Equipment

The components of property, plant and equipment at June 30 are as follows:

	2004	2003
Land and improvements	$ 93	$ 95
Buildings	480	461
Machinery and equipment	1,255	1,211
Computer hardware	113	101
Capitalized software costs	219	109
Construction in progress	50	129
	2,210	2,106
Less accumulated depreciation and amortization	(1,158)	(1,034)
Net	$ 1,052	$ 1,072

Depreciation expense is $169, $149 and $147 in fiscal years 2004, 2003 and 2002, respectively.

6. Goodwill, Trademarks and Other Intangible Assets

Changes in the carrying amount of goodwill for the fiscal years ended June 30, 2004 and 2003, by operating segment are summarized below. Goodwill is reported net of accumulated amortization of $357 at both June 30, 2004 and 2003, respectively.

	Household Products		Corporate

	North America	Latin America/ Other	Specialty Products	Interest and Other	Total
Balance as of June 30, 2002	$119	$ 170	$370	$ 69	$728
Acquisitions and sales	1	—	(1)	—	—
Asset impairment	—	(8)	—	—	(8)
Reclassification (to) from trademarks	—	(11)	15	—	4
Translation adjustments and other	5	4	(3)	—	6
Balance as of June 30, 2003	125	155	381	69	730
Acquisitions	1	6	—	—	7
Translation adjustments and other	(3)	8	—	—	5
Balance as of June 30, 2004	$123	$ 169	$381	$ 69	$742

Changes in trademarks and other intangible assets by operating segment, for the fiscal years ended June 30, 2004 and 2003 are summarized below. These intangible assets, which are subject to amortization, are reported net of accumulated amortization of $152 and $137 at June 30, 2004 and 2003, respectively. The estimated amortization expense for these intangible assets is $10 for fiscal year 2005 and $9 for each of the fiscal years 2006, 2007, 2008 and 2009.

	Trademarks and other intangible assets subject to amortization					
	Patents	Technology	Other	Sub-Total	Trademarks not subject to amortization	Total
Net balance as of June 30, 2002	$ 8	$ 13	$33	$ 54	$ 519	$573
Venture agreement	—	96	—	96	—	96
Translation adjustments and other	—	1	(1)	—	—	—
Reclassification to goodwill	—	—	—	—	(4)	(4)
Amortization	(5)	(5)	(4)	(14)	—	(14)
Net balance as of June 30, 2003	3	105	28	136	515	651
Acquisitions	—	1	—	1	2	3
Translation adjustments and other	—	—	(4)	(4)	(2)	(6)
Amortization	(3)	(9)	(3)	(15)	—	(15)
Net balance as of June 30, 2004	$ —	$ 97	$21	$118	$ 515	$633
Weighted average life (in years)	16	13	19	14		14

The Company performed its annual review of intangible assets in the third quarter of fiscal year 2004 and determined that there were no instances of impairment. In-depth business reviews of the Colombia and Venezuela reporting units were performed, as these businesses operate under continuing economic and political uncertainties. The fair values for these reporting units are only slightly in excess of carrying amounts. The Company is closely monitoring events, circumstances, and changes in the businesses that might imply a reduction in fair value leading to additional impairment losses. The Company will continue to test annually for impairment in the third fiscal quarter unless there are indications during an interim period that certain intangible assets may have become impaired.

During fiscal year 2003, the Company recorded a $30 pre-tax impairment charge related to its business in Argentina, of which $8 was recorded as a reduction to goodwill, $9 to deferred charges and $13 to deferred translation. This impairment charge was driven by the continued unsettled conditions in the local market and significant changes in competitor actions that resulted in a change to the Company's marketing strategy for Argentina.

6. Goodwill, Trademarks and Other Intangible Assets (Continued)

During fiscal year 2002, the Company recorded a pre-tax charge of $100 related to its business in Argentina due to significant currency devaluations, a weakening market and poor economic conditions. Of this charge, $21 was recorded to goodwill, $13 was recorded to trademarks, and $66 was recorded as a reduction to deferred translation. The Company also recognized a pre-tax impairment charge of $39 in fiscal year 2002 related to its business in Colombia due to a weakening market and poor economic conditions in that country. Of this charge, $8 was recorded to goodwill, $22 was recorded to trademarks, and $9 was recorded as a reduction in deferred translation.

(Millions of Dollars, Except Share and Per-Share Amounts)

7. Other Assets

Other assets is comprised of the following at June 30:

	2004	2003
Equity investments in:		
Henkel Iberica, S.A. of Spain	$ 62	$ 56
Other entities	45	39
Investment in low income housing partnerships	51	46
Derivative contracts	3	41
Investment fund	—	14
Other investments	39	2
Pension benefit costs	119	—
Non-qualified retirement plan assets	21	22
Other	24	28
Total	$364	$248

E QUITY I NVESTMENTS

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, S.A. of Spain ("Hibsa"), a subsidiary of Henkel KGaA, which is a related party of the Company (Note 13). The principal businesses of this entity include the manufacturing and distribution of laundry and home care products, cosmetic products and consumer adhesive products.

I NVESTMENT IN L OW I NCOME H OUSING P ARTNERSHIPS

The Company owns, directly or indirectly, limited partnership interests of up to 99% in 55 low-income housing partnerships, which are accounted for on the equity basis. The purpose of the partnerships is to develop and operate low-income housing rental properties. The general partners, who typically hold 1% of the partnership interests, are third parties unrelated to the Company and its affiliates, and are responsible for controlling and managing the business and financial operations of the partnerships. The partnerships provide the Company with low-income housing tax credits, which are accounted for in accordance with Emerging Issues Task Force Issue 94-1, "Accounting for Tax Benefits Resulting from Investments in Affordable Housing Projects." Tax benefits, net of equity in the losses of the low-income housing partnerships, were $8, $14, and $11 in fiscal years 2004, 2003 and 2002, respectively. The Company's estimated future capital requirements for the partnerships are approximately $9, $3, $2, $2, $1 and $1 in fiscal years 2005, 2006, 2007, 2008, 2009 and thereafter, respectively. Other than the expected tax credits, the Company does not anticipate any cash distributions from these partnerships nor does the Company expect any additional cash outflows to the partnerships other than the capital requirements. As a limited partner, the Company is not responsible for any of the liabilities and obligations of the partnerships nor do the partnerships or their creditors have any recourse to the Company other than the capital requirements. Recovery

7. Other Assets (Continued)

of the Company's investments in the partnerships is accomplished through the utilization of low-income housing tax credits and partnership losses. The risk of these tax credits being unavailable to the Company is considered very low.

I NVESTMENT F UND

(Millions of Dollars, Except Share and Per-Share Amounts)

The Company is a 99% limited partner in an investment fund. The Company's risk of loss from the fund is limited to the amount of its investment and it has no ongoing capital commitments, loan requirements, guarantees or any other types of arrangements with the fund or its general partner that would require any future cash contributions or disbursements to the fund. As described in Note 1, the Company's investment in the fund is reflected on a consolidated basis as of June 30, 2004. Since the Company elected to consolidate the fund on a prospective basis as of March 31, 2004, the Company's investment in the fund continues to be reflected on the equity basis as of June 30, 2003. As of June 30, 2004, the fund's net assets consist of $1 of cash.

NON-QUALIFIED RETIREMENT PLAN ASSETS

The majority of the non-qualified retirement plan assets at June 30, 2004 are held in a trust owned life insurance policy, whose investment assets are a separately managed portfolio administered by an insurance company. The assets held under this insurance policy are recorded at estimated fair value with changes in value recorded in net earnings.

8. Venture Agreement

On January 31, 2003, the Company entered into an agreement with the Procter & Gamble Company (P&G) to form a venture related to the Company's Glad plastic bags, wraps and containers business. P&G contributed production and research and development equipment, licenses to use a range of current and future trademarks, and other proprietary technologies to the Company in exchange for an interest in the profits and losses, and cash flows, as contractually defined, of the Glad business. P&G is also providing and being reimbursed for research and development support to the Glad business for the first ten years of the venture, subject to renewal options. During the period ending December 31, 2003, all profits, losses and cash flow, as contractually defined, of the Glad business were allocated to the Company. During calendar year 2004, profits and losses, and cash flow, as contractually defined, of the Glad business are being allocated 95% to the Company and 5% to P&G. For all subsequent calendar year periods, the allocation will be 90% to the Company and 10% to P&G. For the first five years of the agreement, P&G has an option to purchase an additional 10% interest in the profits, losses and cash flow of the Glad business at pre-determined prices. This option has not been exercised as of June 30, 2004. The agreement can be terminated under certain circumstances including, at the option of P&G, a change in control of the Company, or, at either party's option, the sale of the Glad business by the Company. Upon termination of the agreement, the Company will purchase P&G's interest for cash at fair value as established by a pre-determined valuation procedure. Following termination, the Glad business will retain these exclusive intellectual property licenses contributed by P&G for the licensed products marketed.

At inception of the agreement, the production and research and development equipment, and the technologies contributed by P&G were valued and recorded at $29 and $96, respectively. The production and research and development equipment is being depreciated on a straight-line basis over useful lives ranging from two to ten years and intangible assets are being amortized on a straight-line basis over a twelve-year period. The Company also recorded $125 as a net terminal obligation liability at inception of the agreement, which reflected the initial fair value of the contractual requirement to repurchase P&G's interest at the termination of the agreement. This obligation is being adjusted to fair value on an annual basis.

9. Accrued Liabilities

Accrued liabilities at June 30 consist of the following:

	2004	2003
Taxes	$377	$233
Trade and sales promotion	122	135
Compensation and employee benefit costs	88	94
Other	56	75
Total	$643	$537

10. Debt

Notes and loans payable, which mature in less than one year, include the following at June 30:

(Millions of Dollars, Except Share and Per-Share Amounts)

	2004	2003
U.S. dollar-commercial paper	$286	$358
Notes payable	3	3
Total	$289	$361

The weighted average interest rate for notes and loans payable was 1.1%, 2.3% and 2.8% for fiscal years 2004, 2003 and 2002, respectively. The carrying value of notes and loans payable at June 30, 2004 and 2003 approximates the fair value of such debt.

Long-term debt at June 30 includes the following:

	2004	2003
Senior unsecured notes and debentures:		
6.125%, $300 due February 2011, including premiums	$321	$ 338
7.25%, $150 due March 2007	150	150
Preferred interest transferable securities	—	198
Industrial revenue bond	—	13
Foreign bank loans	6	9
Total	477	708
Less: current maturities	(2)	(213)
Long-term debt	$475	$ 495

The weighted average interest rate on long-term debt, including the effect of interest rate swaps, was 5.8%, 3.1% and 5.0% for fiscal years 2004, 2003 and 2002, respectively. The estimated fair value of long-term debt, including current maturities, was $493 and $734 at June 30, 2004 and 2003, respectively.

As of June 30, 2004, the Company has two domestic credit agreements of $950 including a $600 facility expiring June 2005 and a $350 facility expiring March 2007. There were no borrowings under these agreements, which are available for general corporate purposes and to support commercial paper issuance. In addition, the Company had $12 of foreign working capital credit lines and overdraft facilities at June 30, 2004, of which $6 is available for borrowing.

Certain of the Company’s unsecured notes, debentures and credit agreements contain restrictive covenants and limitations, including limitations on certain sale and leaseback transactions to the greater of $100, or 15% of the Company’s consolidated net tangible assets, as defined, and require the maintenance of a consolidated leverage ratio, as defined. The Company is in compliance with all restrictive covenants and limitations at June 30, 2004.

10. Debt (Continued)

Debt maturities as of June 30, 2004 are $2, $2, $152, $0, $0 and $300 in fiscal years 2005, 2006, 2007, 2008, 2009 and thereafter, respectively.

11. Fair Value of Financial Instruments

The Company’s derivative financial instruments are recorded at fair value in the consolidated balance sheets as assets at June 30 as follows:

	2004	2003
Current assets:		
Foreign exchange contracts	$ 1	$ 1
Other assets:		

Interest rate swaps	—	39
Commodity purchase contracts	3	2
Current liabilities:		
Interest rate swaps	—	2

In fiscal year 2004, the Company discontinued hedge accounting treatment for its resin commodity contracts since the contracts no longer met the accounting requirements for a cash flow hedge. These contracts are used as an economic hedge of resin prices and changes in the fair value of these contracts are recorded to other income. The pre-tax effect on net earnings from these contracts was a gain of $2. All hedges accorded hedge accounting treatment are considered highly-effective.

In fiscal year 2004, the Company also terminated the interest rate swap agreements associated with its senior unsecured note maturing in February 2011. The fair value of these swaps, which totaled $24 upon termination, is being recognized in net earnings on a straight-line basis over the remaining life of the note.

The Company uses foreign exchange contracts, including forward, swap and option contracts, to hedge existing foreign exchange exposures. Foreign currency contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for U.S. Dollars and other currencies. Contracts outstanding as of June 30, 2004 will mature over the next fiscal year.

The Company also uses commodity futures, swap, and option contracts to fix the price of a portion of its raw material requirements. Contract maturities, which extend to fiscal year 2006, are matched to the length of the raw material purchase contracts. Realized contract gains and losses are reflected as adjustments to the cost of the raw materials. The estimated amount of existing pre-tax net gains for commodity contracts in accumulated other comprehensive net income that is expected to be reclassified into net earnings during the year ending June 30, 2005 is immaterial.

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

	2004		2003	
	Notional	**Fair Value**	**Notional**	**Fair Value**
Derivative Instruments				
Debt-related contracts	$ —	$ —	$400	$ 41
Foreign exchange contracts	36	1	259	—
Commodity purchase contracts	43	3	125	2
Commodity option contracts	2	—	—	—

11. Fair Value of Financial Instruments (Continued)

The carrying values of cash, short-term investments, accounts and notes receivable, accounts payable and other derivative instruments approximate their fair values at June 30, 2004 and 2003. The Company has used market information for similar instruments and applied judgment in estimating fair values. See Note 10 for fair values of notes and loans payable and long-term debt.

12. Other Liabilities

Other liabilities consist of the following at June 30:

	2004	2003
Venture agreement net terminal obligation	$125	$125
Retirement healthcare benefits	82	80
Qualified and nonqualified pension plans	42	64

(Millions of Dollars, Except Share and Per-Share Amounts)

Deferred compensation plans	50	47
Environmental remediation	28	17
Long term disability post employment obligation	19	15
Other	31	28
Total	$377	$376

13. Stockholders' Equity

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"). Under the open-market program, the Company's Board of Directors authorized an additional $700 in share repurchases during fiscal year 2004, bringing the total authorization for that program from $1.0 billion to $1.7 billion.

Treasury share repurchases were $220 (5 million shares) in fiscal year 2004, $486 (12 million shares) in fiscal year 2003 and $412 (10 million shares) in fiscal year 2002. Of the 5 million shares repurchased in fiscal year 2004, 1.5 million shares were acquired from Henkel KGaA ("Henkel") at a total cost of $65.

Treasury share repurchases in fiscal year 2004 were made under both the Company's open-market and evergreen programs. Treasury shares repurchased during fiscal year 2004 under the Company's open-market program were $159 (4 million shares). The total number of shares repurchased as of June 30, 2004 under the open-market program is 22 million at a cost of $932, leaving $768 of authorized repurchases remaining under that program. The remainder of shares repurchased in fiscal year 2004 were allocated to the evergreen program.

At June 30, 2001, the Company had share repurchase agreements totaling approximately $246, whereby the Company contracted for future delivery of 2.3 million shares at a strike price of $43 per share on September 15, 2002 and on September 15, 2004, and for future delivery of 1 million shares on November 1, 2003 at a strike price of $51.70 per share. The Company applied the "equity" treatment of accounting to the share repurchase agreements, which allows for classification of such agreements as treasury shares. All share repurchase contracts were settled as of June 30, 2002, including the settlement and delivery of 5.5 million shares for $257 in fiscal year 2002 and the settlement and receipt of net cash proceeds of $76 in fiscal year 2000.

The Company and Henkel are parties to a June 1981 letter agreement (as amended in July 1986 and March 1987, the "Letter Agreement"), relating to the ownership by Henkel of the Company's common stock and representation on the Company's Board of Directors. Under the Letter Agreement, Henkel's maximum permitted ownership of the Company's common stock, without consultation with the Company, is limited to 30%. In July 2003, the Company entered into an agreement with HC Investments Inc. ("HCI"), an indirect wholly-owned U.S. subsidiary of Henkel, that authorizes the Company to repurchase up to $255 in shares of its common stock from HCI during

13. Stockholders' Equity (Continued)

fiscal years 2004 and 2005. This agreement allows the Company to continue its board-authorized share repurchase program while maintaining HCI's ownership percentage in the Company at approximately its current level.

In December 2003, Henkel announced that it may sell some or all of its stake in the Company to finance its acquisition of The Dial Corporation. Pending further developments, the Company temporarily suspended its share repurchases in December 2003. The Company is discussing with Henkel its plans with respect to its interest in the Company's shares. The outcome of these discussions is not known at this time. If the Company reacquires a portion or all of the Company's shares held by Henkel, the financial position and cash flows of the Company could be materially impacted. At June 30, 2004, HCI owned 29% of the Company's outstanding common stock.

Accumulated other comprehensive net losses at June 30, 2004, 2003, and 2002 included net of tax translation adjustments of $267, $270, and $237, respectively; net of tax estimated fair value of derivative contracts of $1, ($3) and ($9), respectively; and minimum pension liability adjustments of $6 (net of tax), $72 (net of tax) and $68, respectively.

14. Stock Compensation Plans

At June 30, 2004, the Company has various non-qualified stock-based compensation programs, which include stock options, performance units and restricted stock awards. The 1996 Stock Incentive Plan (“1996 Plan”) and the 1993 Directors’ Stock Option Plan are the only plans with stock awards currently available for grant and both have shares exercisable at June 30, 2004. The Company is authorized to grant up to 26 million common shares under the 1996 Plan, of which 9 million common shares are remaining and could be granted in the future. The Company is authorized to grant up to 400,000 common shares under the 1993 Directors’ Stock Option Plan, of which 41,000 common shares are remaining and could be granted in the future. Stock awards outstanding under the Company’s plans have been granted at prices which are either equal to or above the market value of the stock on the date of grant, vest over periods from one to seven years and expire no later than ten years after the grant date.

The following table provides information about the Company’s common stock that may be issued upon the exercise of options, performance units and restricted stock awards under all the Company’s existing non-qualified stock-based compensation programs at June 30, 2004:

Number of shares to be issued upon exercise (in thousands)	13,505
Weighted-average exercise price	$ 36
Number of shares remaining for future issuance (in thousands)	8,838

14. Stock Compensation Plans (Continued)

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

	Number of Shares (in thousands)	Weighted-Average Exercise Price
Outstanding at June 30, 2001	13,695	$ 31
Granted	3,785	35
Exercised	(1,591)	23
Cancelled	(677)	38
Outstanding at June 30, 2002	15,212	33
Granted	2,009	41
Exercised	(2,202)	25
Cancelled	(424)	41
Outstanding at June 30, 2003	14,595	35
Granted	2,337	45
Exercised	(3,982)	29
Cancelled	(395)	43
Outstanding at June 30, 2004	12,555	38
Options exercisable at:		
June 30, 2004	8,173	$ 35
June 30, 2003	9,208	32
June 30, 2002	9,063	29

The Company accounts for stock-based compensation using the intrinsic value method of APB Opinion No. 25 whereby the options are granted at market price, and therefore no compensation costs are recognized. Pro-forma disclosures of net earnings, basic and diluted earnings per common share reflecting the Company’s financial results if compensation expense for the various stock option plans had been determined based upon fair values at the grant date are presented in Note 1.

The weighted-average fair value per share of each option granted during fiscal years 2004, 2003 and 2002, estimated as of the grant date using the Black-Scholes option pricing model, was $12.64, $11.59 and $11.53, respectively.

The following assumptions were used to estimate the fair value of fiscal year 2004, 2003 and 2002 option grants:

	2004	2003	2002
Dividend yield	2.45%	2.11%	2.07%
Expected volatility	33.1%	35.0%	38.4%
Risk-free interest rate	2.5% to 4.0%	2.1% to 4.1%	3.5% to 4.8%
Expected life	4 to 6 years	5 years	4 to 5 years

Summary information about the Company’s stock options outstanding at June 30, 2004 is as follows (number of shares in thousands):

14. Stock Compensation Plans (Continued)

Range of Exercise Price	Options Outstanding	Weighted-Average Remaining Contractual Life in Years	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
$ 7 –$13	69	0.2	$ 13	69	$ 13
13–20	278	1.2	18	278	18
20–27	967	1.9	22	967	22
27–34	59	3.6	33	59	33
34–40	7,647	6.1	37	6,112	37
40–47	2,678	8.8	45	278	43
47–54	116	7.4	50	54	50
54–61	319	4.8	54	319	54
61–67	422	3.3	67	37	67
$ 7–$67	12,555	6.1	$ 38	8,173	$ 35

The Company’s performance unit programs provide for the issuance of the Company’s stock to officers if the Company’s stock performance meets specified hurdle rates based on comparisons with the performance of a selected peer group of companies. The Company has not yet recorded a liability related to its unvested programs because the vesting dates extend too far in the future to predict whether the hurdle rates will be achieved. Based on the June 30, 2004 market price of the Company’s stock, the expense for these unvested performance unit programs would be $14. Actual compensation related to the performance unit programs was $0, a $7 charge and a $7 credit for fiscal years 2004, 2003 and 2002, respectively. Compensation expense related to the Company’s restricted stock programs was $6, $6, and $5 for fiscal years 2004, 2003 and 2002, respectively.

15. Leases and Other Commitments

The Company leases transportation equipment and various manufacturing, warehousing, and office facilities. The Company’s leases are classified as operating leases and the Company’s existing contracts will expire over the next 14 years. The Company expects that in the normal course of business, existing contracts will be renewed or replaced by other leases. The following is a schedule by fiscal year of future minimum rental payments required under the Company’s existing non-cancelable lease agreements:

Fiscal Year	Future Minimum Rental Payments
2005	$ 44

(Millions of Dollars, Except Share and Per-Share Amounts)

2006	27
2007	27
2008	19
2009	13
Thereafter	62
Total	$ 192

Rental expense for all operating leases was $68, $56 and $56 in fiscal years 2004, 2003 and 2002, respectively. Space not occupied by the Company in its headquarters building is rented to other tenants under operating leases expiring through 2013. Future minimum rentals to be received under these leases total $8 and do not exceed $2 in any one year.

15. Leases and Other Commitments (Continued)

The Company is also party to certain purchase obligations, which are defined as purchase agreements that are enforceable and legally-binding and that specify all significant terms, including quantity, price and the approximate timing of the transaction. Examples of the Company's purchase obligations include firm commitments for raw material and contract packing purchases, utility agreements, capital expenditure agreements, software acquisition and license commitments, and service contracts. As of June 30, 2004, the Company's purchase obligations totaled $170, $51, $27, $26, $13 and $10 for fiscal years 2005 through 2009 and thereafter, respectively.

16. Other Income, Net

The major components of other (income) expense, net for the fiscal years ended June 30 are:

	2004	2003	2002
Amortization of trademarks and other intangible assets	$ 7	$11	$ 12
Equity in earnings of unconsolidated affiliates	(17)	(9)	(16)
Interest income	(4)	(3)	(4)
Gain on sale of businesses, net	—	(2)	(33)
Foreign exchange losses (gains), net	—	2	(21)
Other expense (income), net	5	(7)	39
Total other income, net	$ (9)	$ (8)	$(23)

17. Income Taxes

The provision for income taxes on continuing operations, by tax jurisdiction, consists of the following for the fiscal years ended June 30:

	2004	2003	2002
Current			
Federal	$212	$145	$172
State	22	15	16
Foreign	34	25	31
Total current	268	185	219
Deferred			
Federal	31	98	1
State	(4)	7	(3)
Foreign	(1)	(2)	(13)
Total deferred	26	103	(15)

(Millions of Dollars, Except Share and Per-Share Amounts)

Total	$294	$288	$204

The components of earnings (losses) from continuing operations before income taxes, by tax jurisdiction, are as follows for the fiscal years ended June 30:

	2004	2003	2002
United States	$718	$719	$620
Foreign	122	83	(59)
Total	$840	$802	$561

17. Income Taxes (Continued)

A reconciliation of the statutory federal income tax rate to the Company’s effective tax rate on continuing operations follows for the fiscal years ended June 30:

	2004	2003	2002
Statutory federal tax rate	35.0%	35.0%	35.0%
State taxes (net of federal tax benefits)	1.9	1.8	1.6
Tax differential on foreign earnings	(1.2)	(0.9)	1.0
Net adjustment of prior year federal and state tax accruals	0.5	0.1	(3.2)
Change in valuation allowance	(0.3)	3.0	6.8
Low income housing tax credits	(0.9)	(1.7)	(2.0)
Other differences	—	(1.4)	(2.8)
Effective tax rate	35.0%	35.9%	36.4%

Applicable U.S. income and foreign withholding taxes have not been provided on approximately $197 of undistributed earnings of certain foreign subsidiaries at June 30, 2004 since these earnings are considered indefinitely reinvested. The net federal income tax liability that would arise if these earnings were not indefinitely reinvested is approximately $32.

The tax benefit related to the Company’s stock option plans is recorded as an increase to equity when realized. In fiscal years 2004, 2003 and 2002, the Company realized tax benefits of approximately $32, $16 and $12, respectively. Stock option tax benefits are reflected as a component of operating cash flows.

17. Income Taxes (Continued)

Net deferred income tax assets (liabilities), both current and non-current at June 30, result from the tax effects of the following temporary differences:

(Millions of Dollars, Except Share and Per-Share Amounts)

	2004	2003
Deferred taxes — current		
Compensation and benefit programs	$ 11	$ 12
Net operating loss and tax credit carryforwards	8	7
Inventory costs	5	5
Accruals and reserves	(21)	(13)
Other, net	6	4
Subtotal	9	15
Valuation allowance	(2)	(5)
Total current assets, net	7	10
Deferred taxes — noncurrent		
Basis difference in fixed and intangible assets	(196)	(130)
Low income housing partnerships	(26)	(24)
Safe harbor lease agreements	(9)	(12)
Unremitted foreign earnings	(5)	(4)
Compensation and benefit programs	30	67
Merger and restructuring costs	—	7
Net operating loss and tax credit carryforwards	30	33
Accruals and reserves	21	14
Tax effect of deferred translation	12	13
Other, net	6	13
Subtotal	(137)	(23)
Valuation allowance	(37)	(92)
Total noncurrent liabilities, net	(174)	(115)
Deferred tax liabilities — net	$(167)	$(105)

The Company reviews its deferred tax assets for recoverability. A valuation allowance is established when the Company believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Valuation allowances as of June 30, 2004 and 2003 were $39 and $97 respectively and have been provided to reduce deferred tax assets to amounts considered recoverable. Details of the valuation allowance at June 30 are as follows:

	2004	2003
Valuation allowance at beginning of year	$(97)	$(66)
Impairment	49	(12)
Other	9	(19)
Valuation allowance at end of year	$(39)	$(97)

The valuation allowance reduction for fiscal year 2004 impairment losses is the result of a reassessment of deferred tax assets for certain Argentina intangibles originally impaired in fiscal year 2002. A private ruling was received from Argentine tax authorities during fiscal year 2004 indicating the Company has no tax basis in these intangibles. The Company previously carried a 100% valuation allowance on the deferred tax assets for these intangibles.

As of June 30, 2004, the Company has foreign tax credit carryforwards of $4 with expiration dates between fiscal years 2005 and 2008. The Company also has income tax credit carryforwards in foreign jurisdictions of $3, which

17. Income Taxes (Continued)

(Millions of Dollars, Except Share and Per-Share Amounts)

have expiration dates between fiscal years 2005 and 2010, and $1, which may be carried forward indefinitely. Tax benefits from foreign net operating loss carryforwards of $27 have expiration dates between fiscal years 2005 and 2013. Additionally, tax benefit from foreign net operating loss carryforwards of $3 may be carried forward indefinitely.

The IRS has substantially completed its audit of the Company's 1997 through 2000 tax returns. The audit of the 2001 and 2002 tax years is now in progress. In conjunction with its audit of the Company's tax returns, the IRS is auditing the tax returns of the investment fund (Note 7), 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. 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.

18. Employee Benefit Plans

RETIREMENT INCOME PLANS

The Company has qualified and non-qualified defined benefit plans that cover substantially all of the Company's domestic employees and certain of its international employees. Benefits are based on either employee years of service and compensation or a stated dollar amount per year of service. The Company is the sole contributor to the plans in amounts deemed necessary to provide benefits and to the extent deductible for federal income tax purposes. Assets of the plans consist primarily of marketable equity and debt security investments. The Company made discretionary qualified domestic pension contributions of $54 and $37 to its domestic qualified retirement income plans in March 2003 and July 2003, respectively. The Company has also contributed $4 and $1 to its foreign retirement income plans for fiscal years 2004 and 2003, respectively. The Company's funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit tax laws plus additional amounts as the Company may determine to be appropriate. In the fiscal year 2005, Clorox does not expect to make any significant contributions to its domestic and foreign pension plans.

RETIREMENT HEALTH CARE

The Company provides certain health care benefits for employees who meet age, participation and length of service requirements at retirement. The plans pay stated percentages of covered expenses after annual deductibles have been met. Benefits paid take into consideration payments by Medicare. The plans are funded as claims are paid, and the Company has the right to modify or terminate certain of these plans.

The assumed health care cost trend rate used in measuring the accumulated post-retirement benefit obligation ("APBO") was 12% for medical and 15% for prescription drugs for 2003-2004. These rates were assumed to gradually decrease by 2% for the next year, then by 1% each year thereafter until an ultimate trend of 5% is reached in 2010. The healthcare cost trend rate assumption has a significant effect on the amounts reported. The table below presents the impact of a one percentage point increase or decrease in the assumed healthcare cost trend rates on the total service and interest cost components and on the postretirement benefit obligations:

18. Employee Benefit Plans (Continued)

	Increase (Decrease)		
	June 30		
	2004	2003	2002
One-percentage-point increase:			
Effect on total service and interest cost components	$(0.2)	$ —	$ 0.2
Effect on postretirement benefit obligation	(0.7)	(0.3)	1.3
One-percentage-point decrease:			
Effect on total service and interest cost components	0.2	—	(0.2)
Effect on postretirement benefit obligation	0.8	0.4	(1.2)

(Millions of Dollars, Except Share and Per-Share Amounts)

Summarized information for the Company's retirement income and health care plans are as follows as of and for the fiscal years ended June 30:

	Retirement Income		Retirement Health Care	
	2004	2003	2004	2003
Change in benefit obligations				
Benefit obligation at beginning of year	$387	$ 337	$ 76	$ 76
Service cost	12	11	2	2
Interest cost	24	24	5	5
Plan amendments	—	1	—	(4)
Plan adjustments	—	—	—	(4)
Employee contributions to deferred compensation plans	8	8	—	—
Actuarial loss (gain)	3	32	(3)	5
Benefits paid	(30)	(26)	(3)	(4)
Benefit obligation at end of year	404	387	77	76
Change in plan assets				
Fair value of assets at beginning of year	272	247	—	—
Actual return on plan assets	45	11	—	—
Plan adjustments	—	(20)	—	—
Employer contributions to qualified and nonqualified plans	47	60	3	4
Benefits paid	(30)	(26)	(3)	(4)
Fair value of plan assets at end of year	334	272	—	—
Unfunded status	(70)	(115)	(77)	(76)
Unrecognized prior service cost	(4)	(4)	(12)	(14)
Unrecognized loss	118	136	7	10
Prepaid/(accrued) benefit cost	$ 44	$ 17	$(82)	$(80)
Amount recognized in the balance sheets consists of:				
Pension benefit costs	$119	$ —	$ —	$ —
Accrued benefit liability	(84)	(99)	(82)	(80)
Accumulated other comprehensive net losses	9	116	—	—
Net amount recognized	$ 44	$ 17	$(82)	$(80)

18. Employee Benefit Plans (Continued)

The projected benefit obligation, accumulated benefit obligation ("ABO") and fair value of plan assets for those pension plans with an ABO in excess of plan assets were $47, $46, and $4, respectively, as of June 30, 2004 and $350, $337 and $272, respectively, as of June 30, 2003. The Company uses a June 30 measurement date for its significant benefit plans.

At June 30, 2004 and 2003, the Company had additional minimum pension liabilities of $9 and $116, respectively, which were included in accumulated other comprehensive net losses, with an offset to other liabilities. These balances represent the excess of the accumulated benefit obligation over the market value of plan assets and unrecognized losses. At June 30, 2004 and 2003 the Company has recorded deferred taxes of $3 and $44 associated with the additional minimum pension liabilities with an offset to accumulated other comprehensive net losses.

Retirement	Retirement

	Income			Health Care		
	2004	2003	2002	2004	2003	2002
Components of net periodic benefit cost						
Service cost	$ 12	$ 11	$ 11	$ 2	$ 2	$ 2
Interest cost	24	24	23	5	5	5
Expected return on plan assets	(29)	(30)	(31)	—	—	—
Plan adjustments	—	11	—	—	(4)	—
Amortization of unrecognized items	6	(2)	(1)	(1)	(1)	(1)
Total net periodic benefit cost	$ 13	$ 14	$ 2	$ 6	$ 2	$ 6

The weighted average asset allocations of the investment portfolio for the Company's domestic qualified pension plan at June 30 and target allocations are:

	% Target	% Plan Assets at June 30	
	Allocation	2004	2003
Asset Category			
U.S. Equity	57	60	55
International Equity	18	16	15
Fixed Income	25	24	30
Total	100%	100%	100%

The expected long-term rate of return assumption is based on an analysis of historical experience of the portfolio and the summation of prospective returns for each asset class in proportion to the fund's current asset allocation. The target asset allocation was determined based on the risk tolerance characteristics of the plan and, at times, may be adjusted to achieve the Company's overall investment objective and to minimize any concentration of investment risk. The Company's investment objective is to invest plan assets in a manner that will assure sufficient resources to pay current and projected plan obligations over the life of the Plan and minimize the need for additional contributions. The plan is invested in the Wilshire 5000 index fund which contains Company stock within its portfolio.

18. Employee Benefit Plans (Continued)

Weighted-average assumptions used to estimate the actuarial present value of benefit obligations and the net periodic pension and other postretirement benefit expenses (income) for fiscal year end June 30, are as follows:

	Retirement Income		Retirement Health Care	
	2004	2003	2004	2003
Benefit Obligation				
Discount rate				
Range	5.50% to 6.50%	4.75% to 6.25%	6.25% to 6.50%	6.25%
Weighted average	6.48%	6.24%	6.49%	6.25%
Rate of compensation increase				
Range	3.50% to 5.50%	3.50% to 5.50%	NA	NA
Weighted average	4.17%	4.16%	NA	NA
Expected return on plan assets				

(Millions of Dollars, Except Share and Per-Share Amounts)

Range	6.50% to 8.25%	6.50% to 8.25%	NA	NA
Weighted average	8.19%	8.20%	NA	NA

	Retirement Income		
	2004	**2003**	**2002**
Net periodic expense (income)			
Discount rate			
Range	4.75% to 6.25%	5.75% to 7.25%	6.8% to 7.50%
Weighted average	6.24%	7.23%	7.48%
Rate of compensation increase			
Range	3.50% to 5.50%	3.50% to 5.50%	3.50% to 7.50%
Weighted average	4.17%	4.16%	4.43%
Expected return on plan assets			
Range	6.50% to 8.25%	6.50% to 9.50%	6.50% to 9.50%
Weighted average	8.19%	9.41%	9.43%

	Retirement Health Care		
	2004	**2003**	**2002**
Net periodic expense (income)			
Discount rate			
Range	6.25% to 6.50%	6.25% to 6.75%	7.00% to 7.50%
Weighted average	6.49%	6.27%	7.49%

Expected benefit payments for the Company’s pension and other postretirement plans are as follows:

	Retirement Income	Retirement Health Care
2005	$ 30	$ 7
2006	30	6
2007	33	6
2008	33	6
2009	34	6
Fiscal years 2010–2014	172	31

18. Employee Benefit Plans (Continued)

Expected benefit payments are based on the same assumptions used to measure the benefit obligations and include estimated future employee service.

Defined Contribution Plans

The Company has defined contribution plans for most of its domestic employees not covered by collective bargaining agreements. The cost of those plans is based on the Company’s profitability and level of participants’ deferrals qualifying for match. The plans include The Clorox Company 401(k) Plan, which has two components, a 401(k) component and a profit sharing component. Employee contributions made to the 401(k) component are partially matched with the Company’s contributions. Company contributions to the profit sharing component above 3% of employee eligible earnings are discretionary and are based on Company performance targets based on sales, operating margins, and return on invested capital ("ROIC"). ROIC is defined as net operating earnings after taxes divided by average invested capital. The aggregate cost of the defined contribution plans was $26, $33, and $38 in fiscal years 2004, 2003 and 2002, respectively. The Company also has defined contribution plans for certain of its international employees. The aggregate cost of these foreign plans was $2, $2, and $1 in fiscal years 2004, 2003, and 2002, respectively.

(Millions of Dollars, Except Share and Per-Share Amounts)

19. Industry Segment Information

Information regarding the Company's operating segments is shown below. Each segment is individually managed with separate operating results that are reviewed regularly by the chief operating decision makers. Information presented below for prior years has been reclassified to conform to the current year's presentation of segment results. Intersegment sales are insignificant. 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.
- 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. Corporate assets include cash and cash equivalents, the Company's headquarters and research and development facilities, information systems hardware and software, pension assets, and other investments.

19. Industry Segment Information (Continued)

	Fiscal Year	Household Products North America	Specialty Products	Household Products Latin America/ Other	Corporate Interest and Other	Total Company
Net sales	2004	$ 2,347	$1,424	$ 553	$ —	$4,324
	2003	2,282	1,369	493	—	4,144
	2002	2,198	1,304	520	—	4,022
Earnings (losses) from continuing operations before income taxes	2004	600	525	129	(414)	840
	2003	607	521	66	(392)	802
	2002	535	517	(66)	(425)	561
Equity in earnings of affiliates	2004	—	—	17	—	17
	2003	—	—	9	—	9
	2002	—	—	16	—	16
Identifiable assets	2004	1,347	916	660	911	3,834
	2003	1,446	906	664	636	3,652
Capital expenditures	2004	47	44	8	73	172
	2003	47	37	9	112	205
	2002	46	30	9	91	176
Depreciation and amortization	2004	77	27	12	81	197
	2003	72	26	11	82	191

(Millions of Dollars, Except Share and Per-Share Amounts)

	2002	76	26	16	71	189
Significant non-cash charges included in earnings (losses) above:						
Restructuring and asset impairment costs	2004	11	—	—	—	11
	2003	—	—	30	—	30
	2002	9	—	149	—	158

The aggregate net pre-tax gain on divestitures in fiscal year 2003 was $2 and is included in the Specialty Products segment, and was $33 in fiscal year 2002 and is included in the Household Products — North America segment. There were no divestitures in fiscal year 2004.

Net sales to the Company's largest customer, Wal-Mart Stores, Inc. and its affiliates, were 25%, 25%, and 23% of consolidated net sales in fiscal years 2004, 2003 and 2002, respectively. The Household Products — North America and Specialty Products segments net sales to Wal-Mart Stores, Inc. and its affiliates were no greater than 31% and 24%, respectively, of net sales for those segments for any of the fiscal years ended June 30, 2004, 2003 and 2002. No other customers exceeded 6% of consolidated net sales in any year.

Sales of Clorox liquid bleach represent approximately 11% of total Company net sales in fiscal year 2004, with no other product exceeding 10% of net sales in any of the fiscal years ended June 30, 2004, 2003 and 2002.

19. Industry Segment Information (Continued)

Net sales and identifiable assets by geographic area as of and for the fiscal years ended June 30 are as follows:

	Fiscal Year	United States	Foreign	Total Company
Net sales	2004	$ 3,655	$669	$4,324
	2003	3,540	604	4,144
	2002	3,393	629	4,022
Identifiable assets	2004	2,951	883	3,834
	2003	2,794	858	3,652

20. Guarantees and Contingencies

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 a maximum possible indemnification exposure. The Company's aggregate exposure from these agreements is $11. 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 aforementioned letter of credit will result, and therefore has not recorded any associated liabilities.

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations. The potential cost to the Company related to ongoing environmental matters is uncertain due to the unknown magnitude of possible clean-up costs, the complexity and evolving nature of laws and regulations and their interpretations, and the timing, varying costs and effectiveness of alternative clean-up technologies. Although the Company believes it has properly accrued for such matters, no assurance can be given with respect to their ultimate outcome.

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

21. Earnings per Share

A reconciliation of the weighted average number of common shares outstanding (in thousands) used to calculate basic and diluted earnings per common share is as follows for the fiscal years ended June 30:

	2004	2003	2002
Basic	211,683	218,174	231,849
Stock options and other	2,688	2,518	2,855
Diluted	214,371	220,692	234,704

Stock options to purchase 832,815, 1,045,413, and 1,141,797 shares of common stock for the fiscal years ended June 30, 2004, 2003 and 2002, respectively, were not included in the computation of diluted net earnings per common share because the exercise price of the stock options was greater than the average market price of the common shares and therefore the effect would be antidilutive.

22. Unaudited Quarterly Data

	Quarters Ended				
	September 30	December 31	March 31	June 30	Total Year
Fiscal year ended June 30, 2004					
Net sales	$1,048	$ 947	$1,086	$1,243	$4,324
Cost of products sold	591	535	596	665	2,387
Earnings from continuing operations	$ 130	$ 111	$ 127	$ 178	$ 546
Earnings (losses) from discontinued operations, net of tax	(1)	(2)	(1)	7	3
Net earnings (1)	$ 129	$ 109	$ 126	$ 185	$ 549
Per common share:					
Net earnings					
Basic					
Continuing operations	$ 0.61	$ 0.53	$ 0.60	$ 0.84	$ 2.58
Discontinued operations	(0.00)	(0.01)	(0.00)	0.03	0.01
Net earnings	$ 0.61	$ 0.52	$ 0.60	$ 0.87	$ 2.59
Diluted					
Continuing operations	$ 0.60	$ 0.52	$ 0.59	$ 0.83	$ 2.55
Discontinued operations	(0.00)	(0.01)	(0.00)	0.03	0.01
Net earnings	$ 0.60	$ 0.51	$ 0.59	$ 0.86	$ 2.56
Dividends	$ 0.27	$ 0.27	$ 0.27	$ 0.27	$ 1.08
Market price (NYSE)					
High	$46.52	$49.16	$50.95	$54.29	$54.29
Low	41.60	44.44	46.50	48.73	41.60
Year-end					53.78

(Millions of Dollars, Except Share and Per-Share Amounts)

(1) The Company recognized $5 of income tax benefits in earnings from discontinued operations in the fourth quarter of fiscal year 2004, which includes $3 (or $0.02 per share) of income tax benefits related to losses incurred in the first three quarters of fiscal year 2004. Net earnings for the fourth quarter also includes pre-tax restructuring and asset impairment charges of $11.

22. Unaudited Quarterly Data (Continued)

	Quarters Ended				
	September 30	**December 31**	**March 31**	**June 30**	**Total Year**
Fiscal year ended June 30, 2003					
Net sales	$1,047	$ 926	$1,019	$1,152	$4,144
Cost of products sold	544	496	555	630	2,225
Earnings from continuing operations	$ 158	$ 87	$ 112	$ 157	$ 514
Earnings (losses) from discontinued operations, net of tax	(13)	2	(2)	(8)	(21)
Net earnings (2)	$ 145	$ 89	$ 110	$ 149	$ 493
Per common share:					
Net earnings					
Basic					
Continuing operations	$ 0.71	$ 0.40	$ 0.52	$ 0.73	$ 2.36
Discontinued operations	(0.06)	0.01	(0.01)	(0.04)	(0.10)
Net earnings	$ 0.65	$ 0.41	$ 0.51	$ 0.69	$ 2.26
Diluted					
Continuing operations	$ 0.71	$ 0.39	$ 0.51	$ 0.72	$ 2.33
Discontinued operations	(0.06)	0.01	(0.01)	(0.04)	(0.10)
Net earnings	$ 0.65	$ 0.40	$ 0.50	$ 0.68	$ 2.23
Dividends	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.88
Market price (NYSE)					
High	$43.85	$46.59	$47.11	$48.37	$48.37
Low	31.92	38.33	37.40	41.40	31.92
Year-end					42.65

(2) Net earnings for the first and second quarters of fiscal year 2003 include the pre-tax effect of restructuring and asset impairment charges of $3 and $30, respectively.

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The Company retained Ernst & Young LLP, independent registered public accounting firm, to audit the 2004 financial statements. Their accompanying report is based on an examination conducted in accordance with auditing standards generally accepted in the United States of America, which includes a review of the Company’s systems of internal control as well as tests of accounting records and procedures sufficient to enable them to render an opinion on the Company’s financial statements taken as a whole.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of The Clorox Company:

We have audited the accompanying consolidated balance sheets of The Clorox Company and subsidiaries as of June 30, 2004 and 2003, and the related consolidated statements of earnings, stockholders’ equity, and cash flows for the years then ended. Our audit also included the financial statement schedule listed in the index at Item 15(a)(2) for the years ended June 30, 2004 and 2003. These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

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

In our opinion, the financial statements referred to above presently fairly, in all material respects, the consolidated financial position of The Clorox Company and subsidiaries at June 30, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with United States generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young

San Francisco, California
August 5, 2004

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Stockholders and Board of Directors of The Clorox Company:

We have audited the accompanying consolidated statements of earnings, stockholders’ equity and cash flows of The Clorox Company and its subsidiaries (the “Company”) for the fiscal year ended June 30, 2002. Our audit also included the financial statement schedule listed in the index at Item 15(a)(2) for the fiscal year ended June 30, 2002. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audit.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of the Company’s operations and their cash flows for the fiscal year ended June 30, 2002 in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, such 2002 financial statement schedule, when considered in relation to the basic 2002 consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Oakland, California
September 4, 2002

FIVE-YEAR FINANCIAL SUMMARY

The Clorox Company

Years ended June 30	2004	2003	2002	2001	2000
In millions, except share and per-share data.					
OPERATIONS					
Net sales	$ 4,324	$ 4,144	$ 4,022	$ 3,859	$ 3,941
Cost of products sold	2,387	2,225	2,279	2,289	2,215
Selling and administrative expenses	552	532	526	483	511
Advertising costs	429	456	391	348	365
Research and development costs	84	76	66	67	63
Interest and other expense, net	21	20	15	134	132
Merger, restructuring and asset impairment	11	33	184	59	36
Total costs and expenses	3,484	3,342	3,461	3,380	3,322
Earnings from continuing operations before income taxes	840	802	561	479	619
Income taxes	294	288	204	153	218
Earnings from continuing operations	546	514	357	326	401
Earnings (losses) from discontinued operations, net of tax	3	(21)	(35)	(1)	(7)
Cumulative effect of change in accounting principle	—	—	—	(2)	—
Net earnings	$ 549	$ 493	$ 322	$ 323	$ 394
Change in net sales	4%	3%	4%	–2%	3%
Change in net earnings	11%	53%	—	–18%	60%
COMMON STOCK					
Weighted average shares outstanding (in thousands)					
Basic	211,683	218,174	231,849	236,149	236,108
Diluted	214,371	220,692	234,704	239,483	239,614
Earnings (losses) per common share					
Basic					
Continuing operations	$ 2.58	$ 2.36	$ 1.54	$ 1.39	$ 1.70
Discontinued operations	0.01	(0.10)	(0.15)	(0.01)	(0.03)
Cumulative effect of change in accounting principle	—	—	—	(0.01)	—
Basic net earnings per common share	$ 2.59	$ 2.26	$ 1.39	$ 1.37	$ 1.67
Diluted					
Continuing operations	$ 2.55	$ 2.33	$ 1.52	$ 1.37	$ 1.67
Discontinued operations	0.01	(0.10)	(0.15)	(0.01)	(0.03)
Cumulative effect of change in accounting principle	—	—	—	(0.01)	—
Diluted net earnings per common share	$ 2.56	$ 2.23	$ 1.37	$ 1.35	$ 1.64
Dividends per common share	$ 1.08	$ 0.88	$ 0.84	$ 0.84	$ 0.80

Stockholders' equity per common share at end of year	$ 7.23	$ 5.69	$ 6.13	$ 8.17	$ 7.73
OTHER DATA					
Property, plant and equipment, net	$ 1,052	$ 1,072	$ 992	$ 1,036	$ 1,070
Capital expenditures	172	205	176	190	154
Long-term debt	475	495	678	685	590
Total assets	3,834	3,652	3,524	4,028	4,377
Stockholders' equity	1,540	1,215	1,366	1,933	1,819
Return on net sales (1)	13%	12%	8%	8%	10%
Return on average stockholders' equity (2)	43%	38%	19%	18%	23%

(1) Return on net sales is calculated by dividing net earnings by net sales.

(2) Return on average stockholders' equity is calculated by dividing net earnings by the average of the ending balances of the last five quarters of stockholders' equity.