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 twelve months ended June 30, 2002

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  (I.R.S. Employer
incorporation or organization) 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
COMMON STOCK—$1 PAR VALUE on which registered

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. /X/

The aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the closing price of the Registrant's Common Stock as of July 31, 2002, was $6,077,490,780.

Number of shares of Registrant's Common Stock, par value $1 per share ("Common Stock"), outstanding on July 31, 2002 was 223,085,794.
PART I

ITEM 1. BUSINESS

(a) GENERAL DEVELOPMENT OF BUSINESS.

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

In fiscal year 2002, the Company amended its segment definitions. The Company has three business segments: Household Products—North America, Household Products—Latin America/Other and Specialty Products. Financial information for each of the Company's segments for the last three fiscal years, including net sales, earnings before income taxes, cumulative effect of change in accounting principle and identifiable assets is described in Note 18 – Industry Segment Information of the Notes to Consolidated Financial Statements, which appears in pages A-47, A-48 and A-49 of Exhibit 99-1 hereto, incorporated herein by reference.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

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

PRINCIPAL PRODUCTS. The Household Products—North America segment includes the Company's household cleaning, bleach and other home care products, water filtration products, food storage and trash disposal categories marketed in the United States, and all products marketed in Canada. The Household Products—Latin America/Other segment includes the Company's operations outside the United States and Canada, exports and Puerto Rico, excluding European automotive care, and primarily focuses on the laundry, household cleaning, automotive care, insecticides (Brazil and Korea) and food storage and trash disposal categories. Finally, the Specialty Products segment includes the Company's charcoal, United States and European automotive care, cat litter, insecticides, dressings and sauces, and professional products categories. Principal products, by segment, currently marketed in the United States and internationally are listed in Exhibit 13 hereto. Each of the Company's segments accounted for more than 10 percent of the Company's consolidated revenues during the last three fiscal years, as shown in Note 18 – Industry Segment Information of the Notes to Consolidated Financial Statements, which appears on pages A-47, A-48 and A-49 of Exhibit 99-1 hereto, incorporated herein by reference.

PRINCIPAL MARKETS - METHODS OF DISTRIBUTION. Most non-durable household consumer products are nationally advertised and sold within the United States to grocery stores through a network of brokers and sold 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 specialty food and non-food products. Outside the United States, the Company sells consumer products through subsidiaries, licensees, distributors and joint-venture arrangements with local partners.

SOURCES AND AVAILABILITY OF RAW MATERIALS. The Company has obtained ample supplies of all required raw materials and packaging supplies, and, with few exceptions, they were available from a wide variety of sources during fiscal year 2002. Polyethylene resin raw materials, which are particularly important for the Household Products-North America segment, were available from a sufficient number of sources during fiscal year 2002. Contingency plans have been developed for any significant raw materials sourced from a single supplier.

PATENTS AND TRADEMARKS. Although some products are covered by patents, the Company does not believe that patents, patent licenses or similar arrangements are material to its business. Most of the Company's brand name consumer products are protected by registered
Company's operating results and net earnings may be influenced by a number of factors, including the following:

- The Company does not achieve all of its key goals, then the Company's actual performance could vary materially from its expectations.
- The mix of products sold in a given quarter;
- The introduction of new products and line extensions by the Company or its competitors;
- The Company's ability to control its internal costs and the cost of raw materials;
- The introduction of new products and line extensions by the Company or its competitors;
- The mix of products sold in a given quarter;
- The Company's ability to control its internal costs and the cost of raw materials;
- The mix of products sold in a given quarter;
- The introduction of new products and line extensions by the Company or its competitors;
- The mix of products sold in a given quarter;
- The Company's ability to control its internal costs and the cost of raw materials;
- The mix of products sold in a given quarter;
- The introduction of new products and line extensions by the Company or its competitors;
- The mix of products sold in a given quarter;
- The Company's ability to control its internal costs and the cost of raw materials;
- The mix of products sold in a given quarter;
- The introduction of new products and line extensions by the Company or its competitors;
- The mix of products sold in a given quarter;
- The Company's ability to control its internal costs and the cost of raw materials;
- The mix of products sold in a given quarter;
significant increases in energy 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;

changes of accounting policies;

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 ability of major customers and other creditors to meet their obligations as they come due;

the ability to successfully manage regulatory, tax and legal matters, including resolution of pending matters within current estimates;

the ability of the Company to attract and retain qualified personnel;

disruptions associated with staff reductions;

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;

significant increases in the costs of key raw materials including but not limited to resin, corrugated, chlorine and caustic (although the Company has tried to limit the impact of these through contractual terms and other means);

significant increases in interest rates; 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 OVERSEAS MARKETS. The Company’s sales outside the United States were 18 percent of net sales in fiscal year 2002. The Company has been and will continue to be facing substantial risks associated with having foreign operations, including:

economic or political instability in its overseas markets; and

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

Largely as a result of these risks the Company took substantial impairment charges related to its international operations in fiscal year 2002 and may have to take additional charges in the future. Refer to the information set forth under the captions “Household Products-Latin America/Other” and “South America Economic, Social and Political Conditions” in "Management's Discussion and Analysis," on pages A-6, A-11 and A-12 of Exhibit 99-1 hereto, incorporated herein by reference. 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 foreign markets and may have a material adverse effect on the Company's results of operations or financial position. The Company seeks to limit its foreign currency exchange risks using operational strategies (such as matching receipt and payment currencies). It also uses derivative instruments to mitigate certain foreign exposures where such instruments are available at reasonable cost to the Company, but cannot be sure that this strategy will be successful. In addition, the Company's operations outside the United States are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations, credit risk of local customers and distributors, and potentially adverse tax consequences. The Company’s small volume in some countries, relative to some multinational and local competitors, could exacerbate such risks.

IMPLEMENTATION OF ERP SYSTEM MAY NOT BE SUCCESSFUL. The Company is in the process of implementing enterprise resource planning system software. This software is designed to improve internal systems and support business processes, including order
fulfillment. If the Company fails to implement the software successfully, its order fulfillment process, and therefore its ability to take, ship, bill for and collect for orders, could be adversely impacted. To minimize risk, the Company has dedicated substantial resources to this project and will implement the software in a staged fashion. As a result, the Company will have to manage in a multiple system environment for a significant period of time. Employing multiple systems increases the risk that system interfaces will fail, resulting in loss of data or inability to process transactions. It is expected that the software will enable the Company to better understand and control customer payments and deductions, and, as a result, the Company is likely to be less tolerant of customer deviations from its policies, which might result in friction between the Company and certain customers.

INTEGRATION AND MANAGEMENT OF ACQUISITIONS MAY NOT BE SUCCESSFUL. One of the Company's strategies is to increase 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 to successfully integrate future acquisitions into its operations or identify, negotiate and successfully 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.

DISPOSITION OF NON-STRATEGIC BUSINESSES MAY NOT BE SUCCESSFUL. The Company engages in an ongoing review of its portfolio of businesses. If it decides that a business no longer supports the Company's strategic direction, the Company may attempt to sell that business. There can be no assurance that any such disposition will occur, that, if it occurs, it will be at a price sufficient to recover the book value of the business disposed of or that the proceeds will be sufficient to avoid reducing earnings.

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, storage, distribution and labeling of the Company's products and the Company's business operations all must comply with extensive federal, state, and foreign laws and regulations. For example, in the United States, many of the Company's products are regulated by the Environmental Protection Agency, the Food and Drug Administration and the Consumer Product Safety Commission. Most states have agencies that regulate in parallel to these federal agencies. The failure to comply with applicable laws and regulations in these or other areas, including tax laws, 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. 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 in the United States and internationally. The Company is currently involved in or has potential liability with respect to the remediation of past contamination in the operation of some of its presently and formerly owned and leased facilities. In addition, some of the Company's present and former facilities have been or had been in operation for many years, and over that time, some of these facilities may have used substances or generated and disposed of wastes that are or may be considered hazardous. It is possible that those sites, as well as disposal sites owned by third parties to which the Company has sent waste, may in the future be identified and become the subject of remediation. It is possible that the Company could become subject to additional environmental liabilities in the future that could result in a material adverse effect on the Company's results of operations or financial condition.

FAILURE TO PROTECT OUR INTELLECTUAL PROPERTY COULD IMPACT OUR COMPETITIVENESS. The Company relies on trademark, trade secret, patent and copyright laws to protect its intellectual property. The Company cannot be sure that these intellectual property rights will be successfully asserted in the future or that they will not be invalidated, circumvented or challenged. In addition, laws of some of the foreign countries in which the Company's products are or may be sold do not protect the Company's intellectual property rights to the same extent as the laws of the United States. The failure of the Company to protect its proprietary information and any successful intellectual property challenges or infringement proceedings against the Company could make it less competitive and could have a material adverse effect on the Company's business, operating results and financial condition. There is a risk that the Company will not be able to develop, locate and, where appropriate, license necessary technology to support new product introductions. It is also possible that the Company will be deemed to have violated intellectual property rights granted to others. For example, a competitor has asserted that elements of the Clorox ReadyMop® self-contained mopping system may infringe existing patents or patents that may issue from pending applications.
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:

<table>
<thead>
<tr>
<th>Net Sales By Geographic Area:</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign</td>
<td>$712</td>
<td>$734</td>
<td>$767</td>
</tr>
<tr>
<td>United States</td>
<td>$3,349</td>
<td>$3,169</td>
<td>$3,222</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign</td>
<td>$861</td>
<td>$1,134</td>
<td>$1,201</td>
</tr>
<tr>
<td>United States</td>
<td>$2,769</td>
<td>$2,861</td>
<td>$3,152</td>
</tr>
</tbody>
</table>

ITEM 2. PROPERTIES

PRODUCTION FACILITIES. The Company operates production and major warehouse facilities for its operations in 26 locations throughout the United States and in 29 locations internationally. Most of the space is owned. Warehousing space is leased from public service warehouses around the United States. Domestically the Company also utilizes six domestic regional distribution centers for many of the Company’s products, which are operated by service providers. The Company closed its manufacturing facilities in Wrens, Ga. and Moose Jaw, Saskatchewan, Canada in fiscal year 2002. As part of the Himolene sale in fiscal year 2002, the Company divested its Tupelo, Miss. manufacturing facility and assigned its leases at its Bell, Calif. and West Chicago manufacturing facilities. The Himolene sale is discussed further on page A-8 of Exhibit 99-1 hereto. The Company has announced plans to close its manufacturing facilities in Bedford Park, Ill. during fiscal year 2003. The Company considers its manufacturing and warehousing facilities to be adequate to support its business.

OFFICES AND R&D FACILITIES. The Company owns its general office building located in Oakland, Calif. The Company also owns its Technical Center and Data Center located in Pleasanton, Calif. The Company leases its research and development center and its engineering research facility for Glad® and GladWare® products, which are located in Willowbrook, Ill., and Kennesaw, Ga., respectively. 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® products located in Brookfield, Conn. and for Armor All® products located in Walnut Creek, Calif. Leased sales and other office facilities are located at a number of other locations.

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

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 Kingsford Products Company subsidiary during the 1950’s in and around the City of Kingsford, Mich. Although no formal 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 potential cost to the Company related to ongoing environmental matters is uncertain due to such factors as: the unknown magnitude of possible pollution and clean-up costs; the complexity and evolving nature of laws and regulations and their interpretations; and the timing, varying costs and effectiveness of alternative clean-up technologies. Based on its experience, the Company does not expect that such costs individually or in the aggregate will represent a material cost to the Company in excess of amounts already accrued or affect its competitive position. As of June 30, 2002, $16.7 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 as of July 31, 2002 and current positions of the executive officers of the Company are set forth below:

Name, Age (as of July 31, 2002) and Year Elected to Current Position                                    Title and Current Position(s)

<table>
<thead>
<tr>
<th>Name, Age</th>
<th>Year Elected</th>
<th>Title and Current Position(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G. C. Sullivan (62)</td>
<td>1992</td>
<td>Chairman of the Board and Chief Executive Officer</td>
</tr>
<tr>
<td>G. E. Johnston (55)</td>
<td>1999</td>
<td>President and Chief Operating Officer</td>
</tr>
<tr>
<td>R. T. Conti (47)</td>
<td>1999</td>
<td>Group Vice President</td>
</tr>
<tr>
<td>L. S. Peiros (47)</td>
<td>1999</td>
<td>Group Vice President</td>
</tr>
<tr>
<td>K. M. Rose (53)</td>
<td>1997</td>
<td>Group Vice President – Chief Financial Officer</td>
</tr>
<tr>
<td>P. D. Bewley (55)</td>
<td>1998</td>
<td>Senior Vice President – General Counsel and Secretary</td>
</tr>
<tr>
<td>F. A. Tataseo (48)</td>
<td>1999</td>
<td>Senior Vice President – Sales</td>
</tr>
<tr>
<td>J. M. Brady (48)</td>
<td>1993</td>
<td>Vice President – Human Resources</td>
</tr>
<tr>
<td>W. L. Delker (48)</td>
<td>1999</td>
<td>Vice President – Research &amp; Development</td>
</tr>
<tr>
<td>W. L. Every-Burns (49)</td>
<td>2001</td>
<td>Vice President – General Manager, Asia Pacific</td>
</tr>
<tr>
<td>G. S. Frank (42)</td>
<td>2001</td>
<td>Vice President – Treasurer</td>
</tr>
<tr>
<td>D. J. Heinrich (46)</td>
<td>2001</td>
<td>Vice President – Controller</td>
</tr>
<tr>
<td>S. D. House (41)</td>
<td>1999</td>
<td>Vice President – General Manager, Latin America</td>
</tr>
<tr>
<td>D. G. Matz (40)</td>
<td>2002</td>
<td>Vice President – Marketing</td>
</tr>
<tr>
<td>M. J. Richenderfer (41)</td>
<td>2002</td>
<td>Vice President – Supply Chain</td>
</tr>
<tr>
<td>G. C. Roeth (41)</td>
<td>2002</td>
<td>Vice President – Growth and Strategy</td>
</tr>
<tr>
<td>G. R. Savage (46)</td>
<td>2002</td>
<td>Vice President – General Manager, Laundry and Home Care</td>
</tr>
<tr>
<td>D. G. Simpson (48)</td>
<td>2002</td>
<td>Vice President – Corporate Planning</td>
</tr>
<tr>
<td>M. B. Springer (37)</td>
<td>2002</td>
<td>Vice President – General Manager, Glad Products(1)</td>
</tr>
<tr>
<td>K. R. Tandowsky (44)</td>
<td>1998</td>
<td>Vice President – Chief Information Officer</td>
</tr>
<tr>
<td>S. A. Weiss (45)</td>
<td>2000</td>
<td>Vice President – General Manager, Brita and Canada</td>
</tr>
</tbody>
</table>

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

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

R. T. Conti joined the Company in 1981 as associate region sales manager - household products. Prior to his election as group vice president effective September 1999, he was vice president - general manager of Kingsford Products from July 1996 through August 1999, and vice president - international from June 1992 through June 1996.

L. S. Peiros joined the Company in 1982 as a brand assistant. He was elected group vice president effective January 1999. Prior to that, 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.

K. M. Rose joined the Company in 1978 as a financial analyst. Prior to her election as group vice president - chief financial officer effective December 1, 1997, she was vice president - treasurer from July 1992 through November 1997.

P. D. Bewley joined the Company in February 1998 as senior vice president - general counsel and secretary. From 1994 through January 1998, he was employed by Nova Care, Inc., as senior vice president - general counsel and secretary, and prior to that was employed by Johnson & Johnson as associate general counsel.

F. A. Tataseo joined the Company in October 1994 as vice president - sales and was elected as senior vice president - sales effective September 1999.

W. L. Delker joined the Company as vice president - research and development in August 1999. Prior to that, he was general manager of Six Sigma Quality for GE Silicones, a division of GE Plastic, from February 1998 through July 1999, and general manager of technology for GE Silicones from January 1994 through January 1998.

W. L. Every-Burns joined the Company in 1999 as part of the First Brands merger. Prior to his election as vice president - general manager, Asia-Pacific division effective August, 2001, he was vice president - general manager, Australia, New Zealand, Africa and Greater China from November 2000 through July 2001; vice president - general manager, Australia, New Zealand and Africa from September 1999 through October 2000; and general manager of the Glad products companies in Australia and New Zealand, from July 1995 through September 1999.


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

S. D. House joined the Company in 1983 as a staff accountant. Prior to his election as vice president - general manager, Latin America effective July 1999, he was vice president - treasurer from December 1997 through June 1999, and prior to that he had served as a director of finance for the international business and also had held various positions in auditing, financial analysis and forecasting.

D. G. Matz joined the Company in 1986 as a brand assistant in the Company's household products marketing organization. Prior to his election as vice president – marketing effective August 2002, he was vice president - general manager, home care from September 1999 (and his title was changed to vice president – general manager, laundry and home care effective July 2001) through July 2002. Prior to that, he was category general manager - home care from February 1999 through August 1999, director of marketing - home care from December 1997 through January 1999, director of marketing - food products and auto care from August 1995 through November 1997, and group marketing manager - laundry care additives from January 1994 through July 1995.

M. J. Richenderfer joined the Company in May, 2002 as vice president – supply chain. Prior to this, from June 1993 through April 2002, he was employed by Nestle S.A., most recently as vice president- supply chain in Vevey, Switzerland (Nestle Global Headquarters). He held various other positions at Nestle including vice president- finance & IS for the pet care division and vice president and assistant general manager- Nestle Distribution Company. Prior to that, he was employed by Kraft General Foods where he held various positions in operations, finance, supply chain and sales.

G. C. Roeth joined the company in 1987 as a brand assistant in the marketing organization. Prior to his election as vice president – growth and strategy effective August 2002, he was vice president - marketing from April 2000 through July 2002, vice president – brand marketing from October 1999 through March 2000; marketing director – Brita from February 1998 through September 1999, group marketing manager for Brita from October 1996 through January 1998, and for home cleaning from January 1994 through September 1996.

G. R. Savage joined the Company in 1983 as an associate marketing manager. Prior to his election as vice president – general manager,
laundry and home care effective as of August 2002, he was vice president - general manager, Glad products from January 1999 through July 2002. Prior to that, he served as vice president - food products from December 1997 through January 1999, and director of marketing for the household products business from 1993 to November 1997.

D. G. Simpson joined the Company in 1979 in the brand management function. Prior to his election as vice president – corporate planning effective August 2002, he was vice president - strategy and planning from December 1997 through July 2002. Prior to that, he had served as head of corporate strategic planning.

M. B. Springer was elected vice president - general manager, Glad Products, effective October 2002. She joined the Company in 1990 as an associate marketing manager in household products, and subsequently held marketing positions of increasing responsibility with the company's litter and home care businesses. In October 1999, Ms. Springer was appointed vice-president marketing, Glad Products where she served until her present appointment except that she worked in the Company’s “cutting costs everywhere” program during a portion of fiscal year 2002.

K. R. Tandowsky joined the Company in 1981 as a staff accountant. He was elected vice president - information services effective February 1998. Prior to that, he had served as director of finance for the Kingsford Products business from 1994 and director of corporate finance, Treasury from 1992.

S. A. Weiss joined the Company in 1994 as an area general manager for the Pacific-rim business. He was elected vice president – general manager, Brita and Canada in March 2000. Prior to that, he was vice president - general manager, food & professional products from February 1999 to March 2000, vice president - Asia-Middle East from June 1998 through January 1999 and he held the position of area general manager Asia-Middle East from 1994 until his election as an officer.

(1) Ms. Springer was elected vice president effective Oct. 1, 2002

PART II

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

(a) MARKET INFORMATION.

The principal markets for the Company's common stock are the New York Stock Exchange and the Pacific Exchange. The high and low sales prices quoted for New York Stock Exchange-Composite Transactions Report for each quarterly period during the past two fiscal years appears in Note 21 -Quarterly Data (Unaudited) of the Notes to Consolidated Financial Statements, which appears on pages A-50 and A-51 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, 2002 was 15,023 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 21 -Quarterly Data (Unaudited) of the Notes to Consolidated Financial Statements, which appears on pages A-50 and A-51 of Exhibit 99-1 hereto, incorporated herein by reference.

(d) 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 13 – Stock Compensation Plans of the Notes to Consolidated Financial Statements, which appears on pages A-40 and A-41 of Exhibit 99-1 hereto, incorporated herein by reference.

| [a] | [b] | [c] |
|---------------------------------|
| Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands) | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining for future issuance under non-qualified stock-based compensation programs (excluding securities reflected in column (a)) |
ITEM 6. SELECTED FINANCIAL DATA

This information appears under "Five-Year Financial Summary," on page A-53 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


ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

These statements and data appear on pages A-19 through A-53 of Exhibit 99-1 hereto, incorporated herein by reference.

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

None.

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.

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

ITEM 11. EXECUTIVE COMPENSATION


ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

Information concerning the only entity or person known to the Company to be the beneficial owner of more than 5 percent of its common stock appears under "Beneficial Ownership of Voting Securities" of the Proxy Statement, incorporated herein by reference.
(b) SECURITY OWNERSHIP OF MANAGEMENT.

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

ITEM 14. CONTROLS AND PROCEDURES

The chief executive officer and chief financial officer of the Company have evaluated the effectiveness of the Company’s internal controls within 90 days of the filing of this report and have concluded that such controls are effective. Subsequent to the date of such evaluation, there have not been any significant changes in internal controls or in other factors that could significantly affect internal controls, nor have there been any corrective actions with regard to significant deficiencies and material weaknesses. Refer to the certifications by the chairman of the board and chief executive officer and the group vice president - chief financial officer under “Certifications” below.

PART IV

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

(a) (1) Financial Statements:

Consolidated Financial Statements and Independent Auditors' Report included in Exhibit 99-1 hereto, incorporated herein by reference:

Consolidated Statements of Earnings for the years ended June 30, 2002, 2001 and 2000
Consolidated Balance Sheets as of June 30, 2002 and 2001
Consolidated Statements of Stockholders' Equity for the years ended June 30, 2002, 2001 and 2000
Notes to Consolidated Financial Statements
Independent Auditors' Report

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

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

Long-Term Compensation Program dated October 21, 1987, amended November 17, 1993, which was adopted by the shareholders at the Company’s annual meeting of shareholders on November 17, 1993 (attached hereto as Exhibit 10(i))

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 (attached hereto as Exhibit 10(vii))

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

Officer Employment Agreement (form) (attached hereto as Exhibit 10(viii))

Officer Change of Control Employment Agreement (form) (attached hereto as Exhibit 10(ix))

Non-Qualified Deferred Compensation Plan (attached hereto as Exhibit 10(x))
The Clorox Company 1995 Performance Unit Plan (attached hereto as Exhibit 10(xi))

The Clorox Company 1996 Stock Incentive Plan, amended and restated as of July 19, 2001, which was adopted by the shareholders at the Company’s annual meeting of shareholders on November 28, 2001 (filed as Exhibit 10(xii) to the Annual Report on Form 10-K for the year ended June 30, 2001, incorporated herein by this reference)

The Clorox Company 1996 Executive Incentive Compensation Plan, amended and restated as of July 1, 2001, which was adopted by the shareholders at the Company’s annual meeting of shareholders on November 28, 2001 (filed as Exhibit 10(xiii) to the Annual Report on Form 10-K for the year ended June 30, 2001, incorporated herein by this reference)

The Clorox Company Independent Directors’ Stock-Based Compensation Plan (attached hereto as Exhibit 10(xiv))

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

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 Non-Qualified Stock Option Award Agreement, Notice of Stock Option Grant, issued to G. Craig Sullivan effective as of November 1, 2001 (filed as Exhibit 10(xviii) 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 Award Agreement, entered into by The Clorox Company and G. Craig Sullivan, dated effective as of November 1, 2001 (filed at Exhibit 10(xix) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2001, incorporated herein by reference)

(b) Current Reports on Form 8-K during the fourth quarter of fiscal year 2002:

   None.

(c) Exhibits:

   Index to Exhibits follows.

(d) (Not applicable)

Index to Exhibits

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

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

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

(10) Material contracts:

   (i) Long-Term Compensation Program dated October 21, 1987, amended November 17, 1993, which was adopted by the shareholders at the Company’s annual meeting of shareholders on November 17, 1993 (attached hereto as Exhibit 10(i))

   (ii) Agreement between Henkel KGaA and the Company dated June 18, 1981 (attached hereto as Exhibit 10(ii))

   (iii) Agreement between Henkel GmbH (now Henkel KGaA) and the Company dated July 31, 1974 (attached hereto as Exhibit 10(iii))

   (iv) Agreement between Henkel KGaA and the Company dated July 16, 1986 (attached hereto as Exhibit 10(iv))

   (v) Agreement between Henkel KGaA and the Company dated March 18, 1987 (attached hereto as Exhibit 10(v))
Supplemental Executive Retirement Plan Restated (July 17, 1991, amended May 18, 1994, January 17, 1996 and January 19, 2000), (filed as Exhibit 10(viii) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, incorporated herein by reference)

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 (attached hereto as Exhibit 10(vii))

Officer Employment Agreement (form) (attached hereto as Exhibit 10(viii))

Officer Change of Control Employment Agreement (form) (attached hereto as Exhibit 10(ix))

Non-Qualified Deferred Compensation Plan (attached hereto as Exhibit 10(x))

The Clorox Company 1995 Performance Unit Plan (attached hereto as Exhibit 10(xi))

The Clorox Company 1996 Stock Incentive Plan, amended and restated as of July 19, 2001, which was adopted by the shareholders at the Company’s annual meeting of shareholders on November 28, 2001 (filed as Exhibit 10(xii) to the Annual Report on Form 10-K for the year ended June 30, 2001, incorporated herein by reference)

The Clorox Company 1996 Executive Incentive Compensation Plan, amended and restated as of July 1, 2001, which was adopted by the shareholders at the Company’s annual meeting of shareholders on November 28, 2001 (filed as Exhibit 10(xiii) to the Annual Report on Form 10-K for the year ended June 30, 2001, incorporated herein by reference)

The Clorox Company Independent Directors’ Stock-Based Compensation Plan, (attached hereto as Exhibit 10(xiv))

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

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

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 Non-Qualified Stock Option Award Agreement, Notice of Stock Option Grant, issued to G. Craig Sullivan effective as of November 1, 2001 (filed as Exhibit 10(xviii) 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 Award Agreement, entered into by The Clorox Company and G. Craig Sullivan, dated effective as of November 1, 2001 (filed at Exhibit 10(xix) to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2001, incorporated herein by reference)

Excerpts of 2002 Annual Report to Stockholders

Subsidiaries of the Company

Deloitte & Touche LLP Independent Auditors’ Consent

Power of Attorney (see pages 18 and 19)

Management's Discussion and Analysis and Financial Statements

Certification by the chairman of the board and chief executive officer of the Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification by the group vice president-chief financial officer of the Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

Pursuant to the requirements of the Securities Exchange Act of 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.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/G. C. Sullivan</td>
<td>Chairman of the Board &amp; Director (Chief Executive Officer)</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/ D. Boggan</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/T. M. Friedman</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/ C. Henkel</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/ W. R. Johnson</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/R. W. Matschullat</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/G. G. Michael</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/D. O. Morton</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>K. Morwind</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/J. L. Murley</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/L. R. Scott</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/M. E. Shannon</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/C. A. Wolfe</td>
<td>Director</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/K. M. Rose</td>
<td>Group Vice President - Chief Financial Officer (Principal Financial Officer)</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>/s/D. J. Heinrich</td>
<td>Vice President-Controller (Principal Accounting Officer)</td>
<td>September 18, 2002</td>
</tr>
<tr>
<td>D. J. Heinrich</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CERTIFICATIONS

Certification by the Chairman of the Board and Chief Executive Officer of The Clorox Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, G. Craig Sullivan, Chairman of the Board and Chief Executive Officer of The Clorox Company (the “Company”), hereby certify as of the date hereof that:

(1) I have reviewed this annual report on Form 10-K of the Company;

(2) Based on my knowledge, this annual 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 annual report;

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

(4) The Company’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the Company including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the “Evaluation Date”); and

   (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company’s other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company’s other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated this 26th day of September, 2002

/s/ G. Craig Sullivan

G. Craig Sullivan

Chairman of the Board and Chief Executive Officer

Certification by the Group Vice President - Chief Financial Officer of The Clorox Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Karen Rose, Group Vice President - Chief Financial Officer of The Clorox Company (the “Company”), hereby certify as of the date hereof that:

(1) I have reviewed this annual report on Form 10-K of the Company;
(2) Based on my knowledge, this annual 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 annual report;

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

(4) The Company’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the Company including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the “Evaluation Date”); and

   (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company’s other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls; and

(6) The Company’s other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated this 26th day of September, 2002

/s/ Karen Rose

Karen Rose

Group Vice President - Chief Financial Officer

The certifications by the chairman of the board and chief executive officer and the group vice president-chief financial officer of the Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto as Exhibits 99-2 and 99-3 respectively.

THE CLOROX COMPANY

1987 LONG-TERM

COMPENSATION PROGRAM

TABLE OF CONTENTS
Establishment, Purpose, and Effective Date of Plan

1.1 Establishment
1.2 Purpose
1.3 Effective Date

Definitions

2.1 Definitions
2.2 Gender and Number

Eligibility and Participation

3.1 Eligibility and Participation

Administration

4.1 Administration

Stock Subject to Program

5.1 Number
5.2 Lapsed Awards
5.3 Adjustment in Capitalization

Duration of Program

6.1 Duration of Program
## The Stock Option Plan

### 7.1 Grant of Options

### 7.2 Option Agreement

### 7.3 Option Price

### 7.4 Duration of Options

### 7.5 Exercise of Options

### 7.6 Payment

### 7.7 Restrictions on Stock Transferability

### 7.8 Termination of Employment
- Due to Death, Disability,
- or Retirement

---

**THE CLOROX COMPANY**

**1987 LONG-TERM COMPENSATION PROGRAM**

**TABLE OF CONTENTS**

(Continued)

<table>
<thead>
<tr>
<th>Article</th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.9</td>
<td>Termination of Employment</td>
<td>10</td>
</tr>
</tbody>
</table>
  
---

*Other Than for Death,*
Disability, Retirement or Termination for Cause

7.10 Nontransferability

7.11 Time of Exercise for Incentive Stock Options

8 The Restricted Stock Plan

8.1 Grant of Restricted Stock

8.2 Nontransferability

8.3 Other Restrictions

8.4 Voting Rights

8.5 Dividends and Other Distributions

8.6 Termination of Employment Due to Retirement

8.7 Termination of Employment Due to Death or Disability

8.8 Termination of Employment for Reasons Other Than Death, Disability, or Retirement

9 The Performance Unit Plan

9.1 Grant of Performance Units

9.2 Value of Performance Units

9.3 Payment of Performance Units
9.4     Form and Timing of Payment      14

9.5     Termination of Employment

         Due to Death, Disability,                      14
         or Retirement

9.6     Termination of Employment

         for Other than Death,                         15
         Disability or Retirement Reasons

9.7     Nontransferability                        15

Amended 11/17/93 - Former Article 8, Stock Indemnification

Rights, deleted

(ii)

THE CLOROX COMPANY

1987 LONG-TERM

COMPENSATION PROGRAM

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Article</th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Beneficiary Designation</td>
<td></td>
</tr>
<tr>
<td>10.1</td>
<td>Beneficiary Designation</td>
<td>16</td>
</tr>
</tbody>
</table>
11           Rights of Employees
           11.1  Employment  17
           11.2  Participation  17

12           Change of Control
           12.1  Acceleration of Rights Due to Change of Control  18
           12.2  Definition  18

13           Amendment, Modification, and Termination of Programs
           13.1  Amendment, Modification, and Termination of Program  19

14           Tax Withholding
           14.1  Tax Withholding  20

15           Indemnification
           15.1  Indemnification  21

16           Requirements of Law
           16.1  Requirements of Law  22
           16.2  Governing Law  22
1987 LONG-TERM COMPENSATION PROGRAM

Article 1. Establishment, Purpose, and Effective Date of Plan

1.1 Establishment. The Clorox Company, a Delaware corporation, hereby establishes "THE CLOROX COMPANY 1987 LONG-TERM COMPENSATION PROGRAM" (the "Program") for key employees. The Program consists of the separate plans contained herein which permit the grant of stock options, stock indemnification rights, restricted stock and performance units, with common stock or cash serving as a payout medium for payments under the plans.

1.2 Purpose. The purpose of the Program is to advance the interests of the Company, by encouraging and providing for the acquisition of an equity interest in the success of the Company by key employees, by providing additional incentives and motivation toward superior performance of the Company, and by enabling the Company to attract and retain the services of key employees upon whose judgment, interest, and special effort the successful conduct of its operations is largely dependent.

1.3 Effective Date. The Program and each underlying plan became effective upon approval by the stockholders of the Company on October 21, 1987, that date being the Effective Date.
Article 2. Definitions

2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Award" means any Option, Stock Indemnification Right, Restricted Stock, or Performance Unit granted under the Program.

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

(c) "Code" means the Internal Revenue Code of 1986, as amended. To the extent required by the context and the purpose of the Program, any reference to a particular Code provision shall be deemed to include the successor to such provision.

(d) "Committee" means the committee of three or more persons constituting the "outside," independent directors serving on the Employee Benefits and Management Compensation committee of the Board.

No person, while a member of the Committee, shall be eligible for participation in the Program, and no person shall become a member of the Committee if, within one year prior to becoming a member, that person shall have been eligible for selection as a Participant in the Program, or any other plan.
of the Company entitling participants to acquire
Stock, or be granted Options or Stock
Indemnification Rights.

(e) "Company" means The Clorox Company, a Delaware
corporation.

(f) "Disability" means permanent and total disability
as defined in the Company's Pension Plan.

(g) "Employee" means a regular salaried employee
(including directors who are also employees) of
the Company or its subsidiaries, or any branch
or division thereof.

(h) "Fair Market Value" (unless another definition
is required by the Code or regulations thereunder)
means the average of the highest and lowest prices
of the Stock as reported in publications of general
circulation for the New York Stock Exchange
Composite Transactions on a particular date. In
the event that there are no Stock transactions
on such date, the Fair Market Value shall be
determined as of the immediately preceding date
on which there were Stock transactions.

(i) "Option" means the right to purchase shares of
Stock at a stated price for a specified period
of time. An Option may be either an "incentive
stock option" within the meaning of Section 422A
of the Code, any other type of option encompassed
by the Code, or a non-statutory option.

(j) "Participant" means any Employee designated by
the committee to participate in any of the plans
in the Program.
(k) "Performance Unit" means a right to receive a payment equal to the value of a Performance Unit as determined by the Committee pursuant to Article 9.

(l) "Period of Restriction" means the period during which the transfer of shares of Restricted Stock is restricted pursuant to Article 8 of this Program.

(m) "Restricted Stock" means Stock granted to a participant pursuant to Article 8 of this Program.

(n) "Retirement" (including "Early Retirement" and "Normal Retirement") means termination of employment under the terms of the Company's Pension Plan.

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

(p) "Termination for Cause" means termination by the Company because of the Employees' dishonesty, an assault by an employee on another person which adversely affects the Company or for any other violation of Company policy which follows a warning to cease such violation. The Committee, in its discretion, shall make the final decision as to whether a particular termination constitutes a Termination for Cause.

2.2 Gender and Number. Except when otherwise indicated by the context, words in the masculine gender when used in the Program shall include the feminine gender, the singular shall include the plural, and the plural shall include the
Article 3. Eligibility and Participation

3.1 Eligibility and Participation. Participants in each plan under the Program shall be selected by the Committee from among those Employees who are recommended for participation by the chief executive officer of the Company and who, in the opinion of the Committee, are key Employees in a position to contribute materially to the Company's continued growth and development and to its long-term success. Selection for participation under one plan does not automatically result in selection for participation under another plan unless such result is specified by the Committee or by the terms of the Program.
majority action thereof, is authorized to interpret the Program, to prescribe, amend, and rescind rules and regulations relating to the Program, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration of the Program, but only to the extent not contrary to the express provisions of the Program. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Program shall be final and binding and conclusive for all purposes and upon all persons whomsoever.

7/15/87

Article 5. Stock Subject to Program

5.1 Number. The total number of shares of Stock subject to Awards under the Program may not exceed 4,800,000 subject to adjustment upon occurrence of any of the events indicated in section 5.3. The shares to be delivered under the Program may consist, in whole or in part, of authorized but unissued Stock or treasury Stock, not reserved for any other purpose.

5.2 Lapsed Awards. If any Award granted under the Program terminates, expires or lapses or for any reason,
any shares subject to such Award shall again be available for the grant of an Award.

5.3 Adjustment in Capitalization. In the event of any change in the outstanding shares that occurs after the Effective Date by reason of a Stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the aggregate number of shares subject to each outstanding Option, and its stated Option price, shall be adjusted appropriately by the Committee, whose determination shall be conclusive.

11/17/93 Number of Authorized Shares Increased from 3.1 Million to 4.8 Million

Article 6. Duration of Program

6.1 Duration of Program. The Program shall remain in effect, subject to the Board's right to terminate the Program earlier pursuant to Article 13, until all Stock subject to it shall have been purchased or acquired pursuant to the provisions hereof. Notwithstanding the foregoing, no Award may be granted under the Program on or after July 14, 1997.

7/15/87
Article 7. The Stock Option Plan

7.1 Grant of Options. One plan under the Program shall relate to Options. Subject to the other applicable provisions of the Program, Options may be granted to Participants at any time and from time to time as shall be determined by the Committee. The Committee shall have complete discretion in determining the number of Options granted to each Participant. The Committee may grant any type of Option permitted by law at the time of grant and shall specify whether or not any Option is intended to be an incentive stock option described in section 422A of the Code. In the case of incentive stock options, the following conditions shall apply in addition to any other requirements of this plan or the Code:

(a) 10-Percent Stockholders. An optionee must not, immediately before an incentive stock option is granted, own stock representing more than ten percent of the voting power or value of all classes of Stock of the Company or of any subsidiary. This requirement is waived if (i) the exercise price of the incentive stock option to be granted is at least 110 percent of the Fair Market Value of the Stock subject to the Option, determined at the time the Option is granted, and (ii) the Option is not exercisable more than five years from the date the Option is granted.

(b) Annual Limitation. The aggregate Fair Market Value (determined at the time the Option is granted) of
7.2 Option Agreement. Each Option shall be evidenced by an Option agreement that shall specify the type of Option granted, the Option price, the duration of the Option, the number of shares to which the Option pertains, and such other provisions as the Committee shall determine.

7.3 Option Price. No Option granted pursuant to this plan shall have an Option price that is less than the Fair Market Value of the Stock on the date the Option is granted.

7.4 Duration of Options. Each Option shall expire at such time as the Committee shall determine at the time it is granted, provided; however, that no Option shall be exercisable later than ten years and one day from the date of its grant.

7.5 Exercise of Options. Options granted under this plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for all Participants. Each Option which is intended to qualify
as an incentive stock option pursuant to Section 422A of
the Code shall comply with the applicable provisions of
the Code pertaining to such Options.

7.6 Payment. The Option price of Stock upon exercise
of any Option shall be paid in full either (i) in cash, or
(ii) in shares of Stock valued at their Fair Market Value
on the date of exercise, or (iii) by a combination of (i)
and (ii), in the manner provided in the Option agreement.
Certificates for such shares tendered in payment shall be
in a form of good delivery and, if the certificates were
issued pursuant to the exercise of an incentive stock
option, the optionee must have held the tendered shares
for at least one year.

7.7 Restrictions on Stock Transferability. The
Committee may impose such restrictions on any shares
acquired pursuant to the exercise of an Option under this
plan as it may deem advisable, including, without
limitation, restrictions under applicable Federal
securities law, under the requirements of any stock
exchange upon which such shares of Stock are then
listed and under any state securities laws applicable
to such shares.

7/15/87
7.8 Termination of Employment Due to Death, Disability, or Retirement. In the event the employment of a Participant is terminated by reason of death or Disability, any outstanding Options then exercisable may be exercised at the time prior to the expiration date of the Options or within 12 months after such date of termination of employment, whichever period is the shorter. In the event of termination of employment by reason of Retirement, all of the Participant's options which have been outstanding for more than six months shall become immediately exercisable and may be exercised at any time prior to the expiration date of the Options or within a period following the Participant's Retirement specified from time to time by the Committee, whichever period is shorter. Options which have been outstanding for less than six months on the date of the Participant's Retirement shall not become exercisable until they have been outstanding for six months and thereafter may be exercised at any time prior to the expiration of the Option or within the period following the Participant's Retirement specified from time to time by the Committee, whichever period is shorter. However, in the case of incentive stock options, the favorable tax treatment prescribed under section 422A of the Code shall not be available if such options are not exercised within three months after date of termination, or 12 months in the case of death or disability as defined in section 22(e) (3) of the Code. If an incentive stock option is not exercised within three months of termination due to Retirement, it shall be treated as a nonstatutory stock option for the remainder of its allowable exercise
If the Compensation Committee changes the time period following Retirement in which an Option may be exercised, the change will not (i) have the effect of shortening the exercise period of Options held by persons who retired before the effective date of the Compensation Committee's action, or (ii) make exercisable any Option which had expired pursuant to an exercise time period previously set by the Compensation Committee.

7.9 Termination of Employment Other Than for Death, Disability, Retirement or Termination for Cause. If the employment of the Participant shall terminate for any reason other than death, Disability, Retirement, or Termination for Cause, the rights under any then outstanding Option granted pursuant to this plan shall terminate upon the expiration date of the Option or three months after such date of termination of employment, whichever first occurs. Upon a Termination for Cause rights under all Options shall terminate immediately.

7.10 Nontransferability. No Option granted under the plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, otherwise than by will or by the laws of descent and distribution. Further, all Options granted to a Participant under this plan shall be exercisable during his lifetime only by such Participant.
7.11 Time of Exercise for Incentive Stock Options.

Notwithstanding other provisions pertaining to the times at which Options may be exercised, no Option that is intended to be an incentive stock option shall first become exercisable at a time earlier than that originally specified in the Option grant, if the result would be to cause such Option, when granted, not to be treated as an incentive stock option (whether by reason of the possible future violation of the annual limitation of section 7.1(b) or otherwise).

7/15/87

Article 8. The Restricted Stock Plan

8.1 Grant of Restricted Stock. One plan under the Program shall relate to Restricted Stock. Subject to other applicable provisions of the Program, the Committee, at any time and from time to time, may grant shares of Restricted Stock under the plan to such Participants and
in such amounts as it shall determine. The Committee may also offer participants in the Company's management incentive compensation plan, or any other Company bonus or incentive plan in which awards are otherwise paid primarily or totally in cash, the opportunity to elect to receive Restricted Stock, including a bonus amount of Restricted Stock to serve as an incentive to make such an election, in lieu of receiving all or a portion of the participant's award in cash. Each grant of Restricted Stock shall be in writing and shall specify the Period(s) of Restriction and the time or times, which may be accelerated upon the attainment of specific financial goals, at which such period(s) shall lapse with respect to a specified number of shares of Stock. The Periods of Restriction shall not exceed ten years from the date of grant of the Restricted Stock.

8.2 Nontransferability. Except as provided in section 8.8 hereof, the shares of Restricted Stock granted hereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated for such period of time as shall be determined by the Committee and shall be specified in the Restricted Stock grant, or upon earlier satisfaction or other conditions as specified by the Committee in its sole discretion and set forth in the Restricted Stock grant.

8.3 Other Restrictions. The Committee may impose such other restrictions on any shares of Restricted Stock granted pursuant to this plan as it may deem advisable including, without limitation, restrictions under applicable Federal
or state securities laws, and may legend the certificates representing Restricted Stock to give appropriate notice of such restrictions.

8.4 Voting Rights. Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those shares during the Period of Restriction.

8.5 Dividends and Other Distributions. During the Periods of Restriction, Participants holding shares of Restricted Stock granted hereunder shall be entitled to receive all dividends and other distributions paid with respect to those shares while they are so held. If any such dividends or distributions are paid in shares of Stock, those shares shall be subject to the same restrictions on transferability as the shares of Restricted Stock with respect to which they were paid.

11/17/93 – Former Article 8 (Stock Indemnification Rights) Deleted. Section 8.1 added accelerated vesting upon meeting goals and right to receive Restricted Stock in lieu of cash bonus.

8.6 Termination of Employment Due to Retirement.

(a) In the event that a Participant terminates his employment due to Retirement, the Periods of Restriction applicable to the Restricted Stock
pursuant to subsection 8.2 hereof, shall lapse automatically and, except as otherwise provided in subsection 8.3 and 8.6 (b), the Shares of Restricted Stock shall thereby be free of restrictions and freely transferable if such Restricted Stock was issued to the Participant more than six months prior to the Participant's Retirement Date. With regard to Restricted Stock issued to the Participant less than six months before the Participant's Retirement Date, the Periods of Restriction shall lapse only after six months have elapsed since the issuance.

(b) If the grant of Restricted Stock contains a provision permitting lapse of the Period(s) of Restriction to be accelerated upon the attainment of specific financial goals, a Participant's Retirement will not accelerate the lapse of the Period(s) of Restriction. In such a case the Participant's Restricted Stock shall not be forfeited but the Period(s) of Restriction will lapse at the earlier of the Participant's death or upon the achievement of the conditions specified in the grant of the Restricted Stock.

8.7 Termination of Employment Due to Death or Disability. In the event a Participant's employment with the Company terminates because of his death or Disability during the Periods of Restriction, the restrictions applicable to the shares of Restricted Stock pursuant to
section 8.2 hereof shall lapse automatically.

8.8 Termination of Employment for Reasons Other Than
Death, Disability, or Retirement. Except as otherwise
provided in this section, in the event that a Participant's
employment with the Company terminates for any reason other
than those set forth in sections 8.6 and 8.7 during the
Periods of Restriction, any shares of Restricted Stock
still subject to restrictions at the date of such
termination automatically shall be forfeited and returned
to the Company. In the event of an involuntary termination
of the employment of a Participant by the Company other
than a Termination for Cause, the Committee in its sole
discretion may waive the automatic forfeiture of any or
all such shares. With regard to Restricted Stock granted
pursuant to an election to receive Restricted Stock in
lieu of a cash award under the Company's Management
Incentive Compensation Plan, or any other Company bonus
or incentive plan in which awards are otherwise paid
primarily or totally in cash, the Committee may provide
at the time of the grant that upon the Participant's
termination of employment for any reason, or for any
reason other than Termination for Cause, the restrictions
applicable to those shares of Restricted Stock, including
any bonus amount, shall lapse automatically.

10/16/91 Section 8.6 Effective Retroactively to 7/1/91
11/17/93 Section 8.6 (b) added
11/17/93 Provision for vesting Restricted Stock received
in lieu of cash bonus.
Article 9. The Performance Unit Plan

9.1 Grant of Performance Units. One plan under the Program shall relate to Performance Units. Subject to other applicable provisions of the Program, Performance Units may be granted to Participants at any time and from time to time as shall be determined by the Committee. The Committee shall have complete discretion in determining the number of Performance Units granted to each Participant.

9.2 Value of Performance Units. Each Performance Unit shall have an arbitrary value to be determined by the Committee at the time of grant. The Committee shall establish performance goals in its discretion which, depending on the extent to which they are met, will determine the ultimate value of the Performance Unit to the Participant. The time period during which the performance goals must be met shall be called a performance period, and also is to be determined by the Committee.

9.3 Payment of Performance Units. After a performance period has ended, the holder of a Performance Unit shall be entitled to receive the value thereof as determined pursuant to section 9.2.

9.4 Form and Timing of Payment. Payment under section 9.3 above shall be made in cash and/or shares of Stock and
shall be in the form of a lump sum or installments as prescribed by the Committee. If any payment is to be made on a deferred basis, the Committee may provide for the payment of additional compensation computed in a manner like interest during the deferral period. In general, the time and manner of making installment payments and the interest component that is applied during the period of deferral shall be determined by the Committee.

9.5 Termination of Employment Due to Death, Disability, or Retirement. In the case of death, Disability or Retirement, the holder of a Performance Unit shall receive pro rata payment based on the number of full months' of service completed during the performance period but based on the achievement of performance goals during the entire performance period. Payment shall be made at the time payments are made to Participants who did not terminate service during the performance period.

11/17/93 Sections renumbered.

9.6 Termination of Employment for Other than Death, Disability or Retirement Reasons. In the event that a Participant terminates employment with the Company for any reason other than death, Disability or Retirement, all Performance Units shall be forfeited. In the event of an involuntary termination of employment of the Participant by the Company other than a Termination for
Cause, the Committee in its sole discretion may waive the automatic forfeiture provisions and pay out on a perorate basis.

9.7 Nontransferability. No Performance Unit granted under this plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution to the extent permitted by section 9.5 until the termination of the applicable performance period.

11/17/93 Sections renumbered.

Article 10. Beneficiary Designation

10.1 Beneficiary Designation. If the Program permits the transfer of any right granted in the event of a Participant's death, the beneficiary of such transfer shall be the person(s) designated by the Participant for this Company sponsored group life insurance benefits, provided, however, a Participant may designate different beneficiaries in a written instrument delivered to the Committee.

11/17/93 Sections renumbered.
Article 11. Rights of Employees

11.1 Employment. The Program shall not constitute a contract of employment. Nothing in the Program shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor shall it confer upon any Participant any right to continue in the employ of the Company.

11.2 Participation. No Employee shall have the right to be selected as a Participant, or, having been so selected, to be selected again as a Participant.

11/17/93 Sections renumbered.

Article 12. Change of Control

12.1 Acceleration of Rights Due to Change of Control. Upon a change in control, as defined in section 12.2, the Period of Restriction on any Restricted Stock shall end, all unexpired Options held by Participants shall immediately vest and become exercisable (except as otherwise provided in section 7.11), and all Performance Units shall become subject to immediate payment based upon the extent to which performance goals during the performance period have been met up to the date of the change of control, or at 100% of the total value of the Performance Unit, whichever produces the greater payout.
12.2 Definition. For purposes of the Program, a "change of control" shall be deemed to have occurred if:

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

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

(c) For purposes of this section 12.2:

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

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

(iii) "Person" shall mean any individual, firm, partnership, corporation or other entity, and shall include any successor of such entity and all Affiliates, Associate and Subsidiaries (as those terms are defined in Rule 12b-2 under the 1934 Act) of such Person; provided, however, that the term "Person" shall not include Henkel Corporation or any of its Subsidiaries.

11/17/93 Sections renumbered.

Article 13. Amendment, Modification, and Termination of Programs

13.1 Amendment, Modification, and Termination of Program. The Board at any time may terminate, and from time to time may amend or modify the Program, provided, however, that no such action of the Board, without approval
of the stockholders, may:

(a) Increase the total amount of Stock which may be
    issued under the Program, except as provided in
    section 5.3 of the Program.

(b) Change the provisions of the Program regarding
    the Option price except as provided by section
    5.3.

(c) Change the class of employees to whom incentive
    stock options may be granted.

(d) Extend the period during which Awards may be
    granted.

(e) Extend the maximum period after the date of grant
    during which Options may be exercised.

No amendment, modification, or termination of the Program
shall in any manner adversely affect any Award theretofore
granted under the Program, without the consent of the
Participant.

11/17/93 Sections renumbered.

Article 14. Tax Withholding

14.1 Tax Withholding. The Company shall have the power
to withhold, or require a Participant to remit to the
Company, an amount sufficient to satisfy any Federal, state,
local or foreign withholding tax requirements on any Award
under the Program.
To the extent permissible under applicable tax, securities, and other laws, the Company may, in its sole discretion, permit the Participant to satisfy a tax withholding requirement by directing the Company to apply shares of stock to which the Participant is entitled as a result of the exercise of an option or the lapse of a Period of Restriction, to satisfy such requirement.

11/17/93 Sections renumbered.

Article 15. Indemnification

15.1 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit, or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act under the Program and against and from any and all amounts paid by him in settlement thereof, with the approval of the Committee, or for members thereof of the Board, or paid by him in satisfaction of any judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to defend the same before he undertakes to defend it on his
own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

11/17/93 Sections renumbered.

Article 16. Requirements of Law

16.1 Requirements of Law. The granting of Awards and the issuance of shares of Stock upon the exercise of an Option shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

16.2 Governing Law. The Program, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of California.

11/17/93 Sections renumbered.

HENKEL

KOMMANDITGESELLSCHAFT AUF AKTIEN

The Clorox Company

1221 Broadway
Dear Sirs:

As you know from our recent discussions, we desire to have a solidly based, long-term participation in The Clorox Company and to establish a basis for future consideration between our companies that would continue to be fully compatible with the independence of Clorox. It is an important corporate goal of ours that Clorox be operated by strong and competent management personnel, under the direction of the Clorox Board of Directors, so as to maximize profitability and growth in every appropriate manner, including by acquisition. This letter is based on such desires and goals, on our record of mutual cooperation over the last six years, and on the new spirit of cooperation that has emerged from our recent discussions.

1. We view our role in Clorox as that of a significant minority shareholder in a prospering independent company, vitally interested in all aspects of its progress and welfare, and fully supportive of its effective development. We believe our common interests will be best served by our continuing our previous policy of not taking an active role in the management of Clorox. For example, we do not intend to request that officers of Clorox report to us or our representatives.

2. Effective on the date hereof, Stefan Schulz-Dornburg and Ursula Fairchild will be considered by us and by Clorox to be serving on the Board as our representatives. We are currently satisfied with this arrangement, although we reserve the right in the future to seek additional representation consistent with the number of seats on the Board, the size of our shareholdings (relative to the number of shares of Clorox common stock then outstanding) and other circumstances then obtaining. We understand that you agree to use your best efforts to assure us appropriate representation on committees of the Board.

3. We understand that Clorox agrees to keep us fully advised with respect to all matters of corporate policy, and all proposed transactions that would materially affect our relationship with Clorox, and not to undertake any such transaction or implement any such policy unless: we have been given reasonable opportunity and a reasonable period of time to comment thereon, and if we so desire, to make a presentation concerning the merits thereof to the Clorox management or Board of Directors, as may be appropriate; Clorox has carefully considered and discussed with us such comments and presentation (if any); and in the event that we are in disagreement with such transaction and or policy, Clorox and/or its advisors have used their best efforts to convince us of the merits of such transaction or policy; it being understood of course that whether and when Clorox shall undertake any such transaction or implement any such policy shall be in the sole discretion of the Board of Directors of Clorox based solely on the interests of Clorox shareholders generally.

4. In the same spirit of cooperation evidenced by paragraph 3 above, (a) our intention is to keep our investment in Clorox under or at 25% of Clorox’s issued common stock; (b) we consider our investment in Clorox to be long-term and therefore have no intention to sell our shares of Clorox common stock; and (c) we agree (i) not to effect a private sale of any shares of Clorox common stock, and (ii) not to purchase shares of Clorox common stock if such purchase would result in our owning in excess of 25% of the issued common stock of Clorox, unless, in either case: we have disclosed to Clorox that we are considering such a transaction; we have given Clorox a reasonable opportunity and a reasonable period of time to comment thereon (including, in the case of a proposed sale by us, the opportunity to purchase the shares of Clorox common stock proposed to be sold, since we believe that under presently foreseeable circumstances we would prefer to sell to Clorox or to a Clorox designee that to another person) and, if Clorox so desires, to make a presentation concerning the merits thereof to appropriate Henkel representatives; and we have carefully considered and discussed with Clorox such comments and presentation (if any); it being of course understood that whether and when we shall effect such proposed transaction shall be in our sole discretion based solely on the interests of our shareholders.

5. We intend, and we understand that Clorox intends, to seek opportunities (even to a greater degree than heretofore) with respect to which our companies can work together beyond the technical area, perhaps including significant joint
corporate acquisitions. Henkel stands ready to add financial strength to Clorox when appropriate for both companies and meaningful for the future development of the Clorox business.

6. We propose to intensify the cooperation under the Henkel/Clorox research and development agreement dated as of July 31, 1974 on such terms and conditions as may be mutually acceptable. In any case, we agree to terminate the existing minimum royalty provision of that agreement as it relates to any additional advance royalty commitments.

We are confident that the cooperation between Henkel and Clorox will continue to prove mutually beneficial and that continuing contact between us (which we are dedicated to maintain) will ensure the attainment of our joint goals. Upon your acceptance hereof, this letter shall supersede and replace the existing agreements between you and us reflected in our letter agreement of July 31, 1974 as amended, except with respect to the provisions of Section 4 of the letter agreement of July 31, 1974 (which shall remain in effect).

July 31, 1974

Henkel GmbH
D-4000 Dusseldorf
Postfach 1100
Federal Republic of Germany

Gentlemen:

In order to induce Henkel GmbH (“Henkel”, which includes all of its affiliates) to enter into an agreement of even date herewith with respect to certain marketing, research and development and related matters, the undersigned hereby agrees as follows effective as of September 1, 1974:

1. We understand that Henkel wishes to make a substantial investment in our common stock by way of a purchase from existing stockholders. We will cooperate in every reasonable way toward that end, on the understanding that it will attempt to acquire a minimum of 9% and that Henkel will not, without our prior written consent, acquire more than a total of 15% of our outstanding stock.

2. We will immediately use our best efforts to have a person nominated by Henkel elected as a member of our Board of Directors and of such committees as are deemed appropriate by Henkel and ourselves.

3. We will consult with Henkel and keep Henkel advised with respect to matters of significant corporate policy, and will not undertake any significant merger, acquisition, long-term financing or similar transaction, unless Henkel has been given a reasonable opportunity to comment thereon. We will carefully consider Henkel’s comments, and will not undertake any such proposed course of action with which Henkel is in disagreement without first having discussed the matter with Henkel and attempted to convince Henkel of the merits of the proposed course of action.

4. On at least two occasions at the request of Henkel, we will prepare and file, and use our best efforts to have made

Very truly yours,

HENKEL KGaA

By: /s/ Dr. Konrad Henkel
Dr. Konrad Henkel
The undersigned accept and agree to the foregoing.

THE CLOROX COMPANY

By: /s/ Robert B. Shetterly
Robert B. Shetterly

July 31, 1974

By: /s/ Dr. Helmut Sihler
Dr. Helmut Sihler

By: /s/ Calvin S. Hatch
Calvin S. Hatch
effective within six months from the receipt of such request, a registration statement on any available form under the U.S. Securities Act of 1933 covering any of our securities then owned by Henkel, at Henkel’s expense. In addition, Henkel’s securities shall, at its request, be included in any other registration statement covering our securities, Henkel to pay only the incremental expenses resulting from such inclusion. This Section 4 will not be operative if, in the opinion of our counsel with which Henkel’s counsel concurs, Henkel may dispose of its Clorox securities in the manner and to the person, persons or class of persons contemplated by it without registration under such Act. In addition, we will use our best efforts to the end that Henkel may sell its Clorox securities pursuant to Rule 144 promulgated pursuant to such Act.

Very truly yours,
THE CLOROX COMPANY

By: /s/ R. B. Shetterly
President

The Clorox Company
The undersigned, duly authorized by the Executive Committee of Henkel GmbH, accepts the foregoing and agrees to be bound by its terms.

HENKEL GmbH
/s/ Dr. Konrad Henkel
(Dr. Konrad Henkel)

/s/ Dr. Helmut Sihler
(Dr. Helmut Sihler)

AGREEMENT

AGREEMENT, dated as of July 16, 1986 between HENKEL KgaA, organized under the laws of the Federal Republic of Germany (“Henkel”), and THE CLOROX COMPANY, a California corporation on its own behalf and on behalf of a Delaware corporation to be organized to succeed to its business (“Clorox”).

WHEREAS, pursuant to an agreement dated June 18, 1981 between Henkel and Clorox (the “1981 Agreement”), Henkel has the right to two representatives on the board of directors of Clorox (the “Board”).

WHEREAS, pursuant to the 1981 Agreement, Henkel has the additional right to seek additional representation on the Board consistent with the number of seats on the Board, the size of Henkel’s shareholdings (relative to the number of shares of Clorox common stock outstanding) and other circumstances.

WHEREAS, the 1981 Agreement obligates Clorox to use its best efforts to have no fewer than two Henkel representatives serve on the Board and to assure Henkel appropriate representation on the committees thereof.

WHEREAS, Henkel now owns beneficially approximately twenty-five percent (25%) of the outstanding common stock of Clorox.

WHEREAS, Clorox wishes to reincorporate in the State of Delaware.

WHEREAS, the State of California, in which Clorox is now incorporated, provides for mandatory cumulative voting of common stock, and the State of Delaware does not.

WHEREAS, Clorox does not wish to provide for cumulative voting in its Delaware Certificate of Incorporation.

WHEREAS, the parties hereto wish to provide to Henkel the net effect of cumulative voting to the greatest extent possible in the absence of mandatory cumulative voting and to enable Henkel to cause special shareholders’
NOW, THEREFORE, paragraph 2 of the 1981 Agreement is hereby superseded and replaced by the following provisions (without affecting the remainder of the 1981 Agreement including its incorporation by reference of the provisions of Section 4 of the letter agreement of July 31, 1974, all of which remain in effect):

2 (a) So long as Henkel shall own beneficially not less than five percent (5%) of the outstanding common stock of Clorox, Clorox shall:

(i) cause to be nominated as management candidates for election to the Board at all elections of directors at shareholders’ meetings that number of persons designated by Henkel so that, after such election, Henkel shall be Appropriately Represented;

(ii) cause to be elected at any election of directors, including as the result of an increase in the number of directors, other than at a shareholders’ meeting that number of persons designated by Henkel so that, after such election, Henkel shall be Appropriately Represented; and

(iii) otherwise use its best efforts to cause Henkel to be Appropriately Represented.

In addition, Clorox shall cause each committee of the Board to include directors designated by Henkel so that the number of such directors on each such committee shall be as nearly as possible proportional to the number of such directors on the Board.

(b) Henkel shall be Appropriately Represented, as that term is used in subparagraph (a) hereof, if the number of persons on the Board designated by Henkel shall not be less than the greater of (i) the maximum number of persons which Henkel could cause to be elected to the Board at a shareholders’ meeting by cumulating the votes of shares owned by it in the manner prescribed in Section 708 of the California Corporations Code in effect on the date hereof, assuming that 100% of the shares entitled to vote are represented and that any fractional result is rounded up to the next whole number, and (ii) two. In addition, Henkel shall be Appropriately Represented if all persons Henkel designates are elected to the Board even if the number of such persons is less than the number of persons determined pursuant to the first sentence hereof.

(c) So long as Henkel shall own beneficially not less than ten percent (10%) of the outstanding common stock of Clorox, upon request of Henkel, the Board, or any person of persons authorized by the certificate of incorporation or by-laws of Clorox to call special shareholders’ meetings, shall call and otherwise cause to be convened a special shareholders’ meeting.

HENKEL KGaA THE CLOROX COMPANY
By: /s/ Prof. Sihler  By: /s/ C. R. Weaver
By: /s/ Dr. Winkhaus By: /s/ E. A. Cutter

AGREEMENT

AGREEMENT, dated as of March 18, 1987 between Henkel KGaA, organized under the laws of the Federal Republic of Germany (“Henkel”), and The Clorox Company, a Delaware corporation (“Clorox”).

WHEREAS, Henkel and Clorox are parties to an agreement dated June 18, 1981, as amended by an agreement dated as of July 16, 1986 (as so amended, the “1981 Agreement”).

WHEREAS, the relationship between Henkel and Clorox pursuant to the 1981 Agreement has been mutually beneficial and the parties wish to strengthen such relationship.

NOW, THEREFORE, Henkel and Clorox agree as follows:
1. Paragraph 4 of the 1981 Agreement is hereby amended as set forth below (without affecting the remainder of the 1981 Agreement, including its incorporation by reference to the provisions of Section 4 of the Letter Agreement as of July 31, 1974, all of which remain in effect):

Each of the references in clauses (a) and (c) (ii) of Paragraph 4 to “25%” is hereby deleted and replaced by a reference to “30%”.

Henkel and Clorox shall as promptly as practicable make or cause to be made all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 so as to permit Henkel to acquire more than 25% of the outstanding common stock of Clorox and shall each use its best efforts to seek early termination of the applicable waiting periods and to furnish or cause to be furnished promptly any additional information required or duly requested pursuant to such Act.

THE CLOROX COMPANY

1993 DIRECTORS’ STOCK OPTION PLAN

RESTATED AS OF SEPTEMBER 2, 1997 AND NOVEMBER 15, 1999

TO REFLECT TWO FOR ONE STOCK SPLITS

SECTION 1. INTRODUCTION.

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

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

SECTION 2. DEFINITIONS.

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

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

(i) The Company consolidates or merges with, or sells or otherwise transfers more than 50% of its assets or earning power to, any Person in a transaction or series of transactions which result in the holders of the outstanding common stock of the Company immediately prior to the first such transaction holding (either by such shares remaining outstanding or by being converted into securities of the surviving entity) less than a majority of the shares entitled to vote for the election of directors of the surviving entity outstanding immediately after such merger, consolidation, sale or transfer, or
(ii) Any Person becomes the beneficial owner of more than 30% of the outstanding common shares (a "30% Beneficial Owner") and a majority of the members of the Board of Directors of the Company are not Continuing Directors.

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

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

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

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

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

d) "Committee" means the Employee Benefits and Management Compensation Committee of the Board, as constituted from time to time.

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

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

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


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

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

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

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

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

n) "Optionee" means an individual who holds an Option.

(o) "Plan" means this 1993 Directors' Stock Option Plan, as it may be amended from time to time.
"Retirement" means termination of Service after (i) attaining age 70 or (ii) serving as an Independent Director for not less than five years.

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

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

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

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

SECTION 3. ADMINISTRATION.

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

(b) Committee Responsibilities. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:

(i) To interpret the Plan and to apply its provisions;

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

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

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

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

SECTION 4. STOCK SUBJECT TO PLAN.  

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

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

SECTION 5. TERMS AND CONDITIONS OF OPTIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Optionee may exercise all or part of his or her Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before his or her Service terminated or became exercisable as a result of the termination. The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of his or her Service but before
the expiration of his or her Options, all or part of such Options may be exercised at any time within 12 months after the

date of death by the executors or administrators of the Optionee's estate or by any person who has acquired such
Options directly from him or her by bequest, inheritance or beneficiary designation under the Plan, but only to the
extent that such Options had become exercisable before his or her Service terminated or became exercisable as a result
of the termination.

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

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

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

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

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

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

SECTION 6. MISCELLANEOUS PROVISIONS.

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

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

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

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

SECTION 7. ADJUSTMENT OF SHARES.

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

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

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

**SECTION 8. DURATION AND AMENDMENTS.**

(a) **Term of the Plan.** The Plan, as set forth herein, shall become effective on November 17, 1993 if approved by the Company's stockholders. The Plan shall remain in effect until it is terminated under Subsection (b) below.

(b) **Right to Amend or Terminate the Plan.** The Board may amend, suspend or terminate the Plan at any time and for any reason, except that the provisions of the Plan relating to the amount, price and timing of Option grants shall not be amended more than once in any six-month period. Any amendment of the Plan shall be subject to the approval of the Company's stockholders to the extent required by applicable laws, regulations or rules (including, without limitation, Rule 16b-3 under the Exchange Act).

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

**EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED AGREEMENT, effective ____________, is between THE CLOROX COMPANY, a Delaware corporation (the "Company"), and ______________ (the "Executive") and replaces a prior agreement with the same effective date.

**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 ______ 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.
(b) **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.

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 President and all Vice Presidents). 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) **Management Incentive Compensation Plan; Long Term Compensation Program.** The Executive shall be entitled to participate in the Company's Management Incentive Compensation Plan (the "MIC Plan") and 1987 Long Term Compensation Program and any later Long Term Compensation Program which is primarily based on Company stock (the "LTC Programs") in accordance with the Company's practice for administering the MIC Plan and the LTC Program with respect to Executive Officers, unless the Company suspends or terminates the MIC Plan or the LTC Program, or both.

(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, 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 MIC 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 MIC 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 MIC 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 MIC 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; or

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

(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. The Executive may, upon giving 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 MIC Plan award pursuant to Section 3(b) for the fiscal year in which he terminates.

(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 in 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, 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 nonrevocation 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.**

       Continuation of salary, at a monthly rate equal to the highest monthly base salary rate in effect during the twelve month period preceding the termination for a period equal to what would be 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"). Such payments will be made on the Company's regular semimonthly payroll dates.

   (ii) **MIC Plan Components.**

       (A) Promptly after termination, the Executive will be paid a lump sum amount equal to 75% of his target MIC Award for the fiscal year preceding the fiscal year in which the termination occurs, prorated to the date of termination.

       (B) In addition, for the Severance Payment Period, together with and in addition to each payment described in (i) above, the Company shall pay the Executive semimonthly an amount equal to one twenty-fourth of 75% of the Executive's target MIC Award for the fiscal year preceding the fiscal year in which the termination occurs, for each year of the Severance Payment Period.

   (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) **Supplemental Executive Retirement Plans Component.**

       Benefit credits and service accruals under the SERP will continue 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
(v) Long Term Compensation Programs 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 Restricted Stock and unvested Stock Options and other LTC Program awards which remain at the date of termination will be forfeited unless their terms specifically provide to the contrary in the event of a termination by the Company other than for Cause. Even in the event such an election is made, any incentive stock options which are not exercised within 90 days of the beginning of the Severance Payment Period will convert to non-qualified stock options thereafter.

(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 Plans in the LTC Program, he will be deemed to have terminated employment on the day prior to the beginning of the Severance Payment Period. Shares of Restricted Stock, any unvested stock options and any Performance Units shall be forfeited.

(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) Mitigation Damages. During the Severance Payment Period, the Executive shall make reasonable efforts to secure other employment or self-employment opportunities (the suitability and acceptability of which shall be in the Executive's sole judgment), and at the Company's request (which shall not be made more frequently than semi-annually) the Executive shall report his efforts to the Company. The Executive shall promptly and regularly report to the Company all earned income, and all medical and dental coverage of the type described in (a)(iii) above provided or made available to the Executive by a subsequent employer.

(i) The Executive's severance payments under (a)(i) and (a)(ii)(B) above, shall be reduced by his Earned Income during the Severance Payment Period. "Earned Income" refers to wages, salary, fees or other immediately taxable compensation for personal services rendered as an employee or contractor and to the net before tax earnings from self-employment. The reduction provided for in this subsection (i) shall apply only to severance payments due from the Company from and after the Executive's receipt of such Earned Income. At the Company's request, the Executive will provide the Company with copies of appropriate pages of his federal and state income tax returns to verify Earned Income amounts, from which pages irrelevant material may be redacted.

(ii) 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.
(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, the Value Sharing Plan including the Tax Reduction Investment 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 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 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.

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. 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.

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 at the Company's Technical Center or General Offices. 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 may in the arbitrator's discretion award attorney's fees to the Executive.

15. Withholdings. 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.

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

THE CLOROX COMPANY

The Company

By: __________________________  __________________________

E. A. Cutter  (Executive)

Its Senior Vice President

________________________
(Address)

________________________

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:


(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 _____ 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 _____ 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.

(d) 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 second anniversary thereof.

(e) The "Target Annual Bonus" shall mean the Annual Bonus that the Executive would have received for the year in which the Date of Termination occurs, if the target goals had been achieved.

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 20%, 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 dated _____________, 1996, (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 first day of the month following the Executive's 65th birthday or the ________ anniversary of such date (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 (the "Annual Bonus") in cash at least equal to the highest amount the Executive had the opportunity to earn under the Management Incentive Compensation ("MIC") Plan 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, 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, 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;

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

(vi) a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date.

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 Target 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) __ and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target 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;

(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.

(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 Deloitte & Touche 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 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:
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 Employment Agreement dated ________________, 1996 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 Employment 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 Employment 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 at the Company's Technical Center or General Offices. 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 may in the arbitrator's discretion award attorney's fees to the Executive.

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

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

2.02 "Affiliate" means an entity other than the Company whose employees participate in the Profit Sharing Plan and/or the Pension Plan.
2.03 "Beneficiary" means the beneficiary or beneficiaries designated by a Participant, in writing, to receive amounts (if any) payable from that Participant's Account after the Participant's death. If a Participant fails to properly designate a beneficiary or if a beneficiary predeceases the Participant, the portion of the Participant's Account that was to be paid to the improperly designated beneficiary or to the beneficiary that predeceased the Participant will be paid to the Participant's estate.

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

2.05 "Committee" means the Company's Employee Benefits Committee or another group appointed by the Employee Benefits and Management 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.

2.06 "Company" means The Clorox Company.

2.07 "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 deferrals 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.

2.08 "$150,000 Limit" means the $150,000 (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.

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

2.10 "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.

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

2.12 "Profit Sharing Plan" means The Clorox Company Profit Sharing Plan, as amended from time to time. "Profit Sharing Plan Year" means the plan year defined in the Profit Sharing Plan and "Profit Sharing Contribution" means a profit sharing contribution (including forfeitures) as described in the Profit Sharing Plan.

2.13 "Regular Pay" means the pre-tax amount of an 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.

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

ARTICLE III.

DEFERRALS AND CONTRIBUTIONS

3.01 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.

(a) 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 Profit 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.

(b) 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 for that upcoming calendar year.

(c) Initial Election. Notwithstanding the timing provisions in paragraphs (a) and (b) above, within 30 days after the date that an Eligible Employee 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, an
Eligible Employee 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.

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

(a) **Profit Sharing**. The amount of an Eligible Employee's profit sharing restoration contribution for a Profit Sharing Plan Year beginning on or after July 1, 1995 will be equal to the amount by which that Eligible Employee's Profit Sharing Contribution (including any Cash-or-Deferred Profit Sharing) for that Profit Sharing Plan Year was reduced due to (i) the $150,000 Limit and (ii) amounts (excluding any Cash-or-Deferred Profit Sharing) voluntarily deferred under this Plan.

(b) **Pension**. The amount of an 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 $150,000 Limit and (ii) amounts voluntarily deferred under this Plan.

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

(i) **1994-95 Profit Sharing Plan Contribution**. A special contribution equal to the amount by which the Eligible Employee's Profit Sharing Contribution for the Profit Sharing Plan Year 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.

(d) **Crediting**. Restoration contributions will be credited to Eligible Employees' Accounts as of the date that the Profit Sharing Contributions or the Cash Balance Contributions to which the restoration contributions relate are credited to the Profit Sharing 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.

(e) **Vesting**. Participants will vest in their restoration contributions at the same percentage rate that they vest in the Profit Sharing
Contributions or the Pension Plan allocations to which the restoration contributions relate. Amounts not vested upon the earlier of Termination of Employment or death will be forfeited.

(f) Restrictions.

(i) Participation. If an Eligible Employee is not credited with an actual Pension Plan accrual for a given Pension Plan Year, that Eligible Employee will not receive a pension restoration contribution under this Plan for that year. Similarly, if an Eligible Employee does not receive an actual Profit Sharing Contribution for a given Profit Sharing Plan Year, that Eligible Employee will not receive a profit sharing restoration contribution under this Plan for that year.

(ii) Eligible Employee. In order to receive a restoration contribution under this Plan with respect to a given Profit Sharing Year or Pension Plan Year, an individual must have been an Eligible Employee during that year; provided, however, that this requirement 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 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.

ARTICLE V.

DISTRIBUTIONS

5.01 Distribution Elections. Eligible Employees will elect the form in which Plan benefits will be paid to them upon Termination of Employment by following the procedures described below and by satisfying such additional requirements as the Committee may determine.

(a) Restoration Contributions. When an Eligible Employee confirms his or her Plan participation, as provided in Section 2.07 of the Plan, the Eligible Employee will irrevocably elect, in writing, one of the distribution forms described in Section 5.02, below, as the form in which the Eligible Employee's vested restoration contributions (if any) described in Section 3.02 (and associated earnings) will be paid upon the Eligible Employee's Termination of Employment.
(b) **Deferrals**. Each time an Eligible Employee authorizes deferrals for a calendar year under Section 3.01(a) or Section 3.01(c) of the Plan, the Eligible Employee will irrevocably elect one of the distribution forms described in Section 5.02, below, as the form in which all amounts to be deferred for that calendar year (and associated earnings) will be paid upon the Eligible Employee's Termination of Employment. The election must be submitted to the Committee, in writing, before the calendar year in which the deferrals governed by the election are scheduled to be paid (or, if applicable, when elections are made under Section 3.01(c)) and no less than 6 months before scheduled payment of any Bonus governed by the election. If a distribution election for a calendar year is not valid because it is not made in a timely manner, the Eligible Employee's most recent effective distribution election under this Section 5.01(b) or, if there is no such election, the Eligible Employee's distribution election under Section 5.01(a), will govern deferrals (if any) for that calendar year.

5.02 Termination of Employment. The vested portion of a Participant's Account will be distributed to the Participant following the Participant's Termination of Employment in one or more of the following forms elected pursuant to Section 5.01, above.

(a) **Lump Sum**. Payment in one lump sum as soon as administratively practicable (as determined by the Committee) after the Participant's Termination of Employment, but in no event later than 60 days after the Participant's Termination of Employment or, if the Participant so elected, as soon as administratively practicable (as determined by the Committee) after the end of the calendar year of the Participant's Termination of Employment, but in no event later than 60 days after the end of the calendar year of the Participant's Termination of Employment.

(b) **Installments**. Annual installment payments, not in excess of 10, to begin as soon as administratively practicable (as determined by the Committee) after the Participant's Termination of Employment, but in no event later than 60 days after the Participant's Termination of Employment or, if the Participant so elected, as soon as administratively practicable (as determined by the Committee) after the end of the calendar year of the Participant's Termination of Employment, but in no event later than 60 days after the end of the calendar year of the Participant's Termination of Employment. The amount of each installment will be equal to the Participant's entire remaining Account balance as of the beginning of the calendar quarter of payment divided by the number of remaining installments to be paid.

(c) **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 under paragraph (a) and/or (b) above will cease, amounts forfeited (if any) from the Participant's Account will be restored, and the Participant's distribution election under Section 5.01(a) will remain in effect. 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) if he or she again becomes an Eligible Employee.

5.03 Death. If a Participant dies with a vested 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 later than 60 days.
5.04 **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.

**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 of any related entity.

6.02 **Satisfaction of Claims**. Payments to a Participant, the Participant's legal representative, or Beneficiary in accordance with the 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.

6.03 **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 or omission 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.

6.04 **Assignment**. To the fullest extent permitted by law, rights 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.

6.05 **Lost Recipients**. If the Committee cannot locate a person entitled to payment of a 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.

6.06 **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.

6.07 **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.

6.08 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 for purposes of Title I of the

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

__________________________________    __________________________
DATE

THE CLOROX COMPANY 1995 PERFORMANCE UNIT PLAN

The Clorox Company 1995 Performance Unit Plan (the "Plan") is adopted pursuant to the Performance Unit Plan
component of The Clorox Company 1987 Long Term Compensation Program (the "Program") effective December 15,
1995. In addition to the terms and conditions set forth below, the Plan is subject to the provisions of the Program,
which are incorporated herein by this reference.

ARTICLE I

DEFINITIONS

1.1 Definitions.

Except as defined in this Article I, terms used in this Plan have the definitions of the terms as set forth in Article
II of the Program:

a) Deferred Stock Units - Performance Units for which Performance Shares have been exchanged pursuant to the
terms of this Plan.

b) Incentive Units - additional Performance Units equal to ten percent of Deferred Stock Units which a Participant
receives upon making an Election to Exchange pursuant to Section 2.1.

c) Participant - an officer of the Company who has been awarded Performance Shares and elects to exchange them
for Deferred Stock Units pursuant to the terms of this Plan.

d) Performance Shares - means shares of the Company's restricted stock which have been awarded under the
Program's Restricted Stock Plan with a vesting date of October 1, 2000, but with the opportunity for accelerated vesting
on either October 1, 1996 or October 1, 1998 provided certain specified total shareholder return goals are achieved by
June 30, 1996 or June 30, 1998, respectively.

e) Stock Withholding Arrangement - means a procedure whereby a Participant satisfies a tax withholding requirement
by directing the Company to apply shares of stock to which the Participant is entitled as a result of the redemption of
Deferred Stock Units to satisfy such requirements.
1.2 Value of Performance Unit.

Each Performance Unit shall have a value equal to one share of Stock (subject to adjustment as provided in Section 3.2), plus the right to receive amounts equal to dividends paid by the Company on a share of Stock (as adjusted).

1.3 Performance Period.

The Performance Period shall be the period from January 1, 1996, to October 1, 2000, provided that (i) if the Performance Goal is first achieved by June 30, 1996, the Performance Period shall end on December 31, 1997, and (ii) if the Performance Goal is first achieved after June 30, 1996, but on or before June 30, 1998, the Performance Period shall end on October 1, 1998.

1.4 Performance Goal.

The Performance Goal shall be the shareholder return goals specified with respect to the award of Performance Shares.

ARTICLE II

TERMS OF PERFORMANCE UNITS

2.1 Participant Elections.

a) Election to Surrender Performance Shares and Grant of Performance Units. Officers of the Company who have been awarded Performance Shares may, on or before December 31, 1995, make an irrevocable written election to surrender some or all of their Performance Shares, effective December 31, 1995. Officers who elect to surrender Performance Shares will be granted one Deferred Stock Unit for each Performance Share surrendered and one Incentive Unit for each ten Performance Shares surrendered.

b) Election Regarding Redemption Upon Retirement in Installments. At the time the election under Section 2.1(a) is made, a Participant must further make an irrevocable written election to have his/her vested Performance Units redeemed in a lump sum or in not less than three nor more than five equal annual installments, without interest, following his/her Retirement. Except in the case of Retirement, vested Performance Units will be redeemed in a lump sum.

c) Election Regarding Payment of Dividend Equivalents. At the time the election under Section 2.1(a) is made, a Participant may make an irrevocable written election to have dividend equivalent amounts payable pursuant to Section 2.5 of the Plan deferred and invested in additional Performance Units based upon the number of whole and fractional Units which the dollar dividend amount would purchase using the average between the high and low price value of the Stock on the New York Stock Exchange on each dividend payment date.

2.2 Vesting of Performance Units.

a) Except as provided in this Section 2.2, or in Article 12 of the Program (relating to Change of Control), Performance Units granted pursuant to Section 2.1(a) will vest on the last day of the Performance Period.

b) Performance Units purchased pursuant to a Participant election under Section 2.1(c) shall be fully vested at the time of purchase.

c) In the case of death, Disability or Retirement prior to the last day of the Performance Period, Performance Units which are Deferred Stock Units shall be fully vested, but payment of such Performance Units shall not
commence prior to the last day of the Performance Period.

d) If the Performance Goal is met on or before June 30, 1996, then after October 1, 1996, in the case of a Participant's involuntary termination by the Company other than a Termination for Cause, Performance Units which are Deferred Stock Units shall be fully vested, but payment of such Performance Units shall not commence prior to the last day of the Performance Period.

e) Except in the event of a Change of Control, Performance Units which are Incentive Units will not vest prior to December 31, 1997.

f) Performance Units which are not vested pursuant to this Section 2.2 on a Participant's termination of employment, whether by death, Disability, Retirement, voluntary or involuntary termination of employment, with or without Cause, shall be forfeited. In the event of a Participant's involuntary termination by the Company other than a Termination for Cause, the Committee in its sole discretion may waive the automatic forfeiture provisions.

2.3 Redemption of Performance Units.

a) Company's Right to Defer Redemption. A Participant's Performance Units will be redeemed at the time and in the manner set forth below; provided, however, that no redemption under Section 2.3(c) shall be permitted prior to the ninetieth day of the Company's fiscal year following the Participant's termination of employment to the extent that the Company determines that an earlier redemption would result in the payment of compensation which would not be deductible by the Company under Section 162(m) of the Internal Revenue Code of 1986, as amended. If a Participant's election to redeem Performance Units is deferred by reason of this Section 2.3(a), any reduction in the value of the Stock from the day the Performance Units would otherwise have been redeemed to the day the Performance Units are actually redeemed will be made up to the Participant in the form of additional shares of the Stock based on the average between the high and low price of the Stock on the New York Stock Exchange on the day of the actual redemption, or, if the Stock is not traded on that day, on the next trading day.

b) Redemption Upon a Change of Control. Immediately following a Change of Control, all Performance Units will be redeemed in cash. The cash amount per Performance Unit will equal the average between the high and low price of the Stock on the New York Stock Exchange on the date the Change of Control occurs or, if the Stock is not traded on that day, on the trading day immediately preceding the Change of Control.

c) Redemption Upon Termination of Employment. On the first business day following a Participant's termination of employment or as soon as practicable thereafter, the Participant's vested Performance Units or, in the case of an installment redemption election the appropriate proportion of the Participant's vested Performance Units, will be redeemed unless the Company exercises its deferral rights pursuant to Section 2.3(a).

If a Participant has elected redemption in installments, his/her Performance Units will be redeemed in the number of installments elected by the Participant pursuant to Section 2.1(b) beginning on the first business day following his/her Retirement and annually thereafter, unless the Company exercises its deferral right with regard to any such installments pursuant to Section 2.3(a).

In no event will Performance Units be redeemed prior to the last day of the Performance Period.

2.4 Performance Units Will be Redeemed Only in Stock Except Following a Change of Control.

Except in the case of redemptions made as a result of a Change of Control, Performance Units will be redeemed one for one for shares of Stock. If the Participant owns a fractional number of Units, the number of Units will be rounded up or down to the next whole Unit for purposes of calculating the number of shares of Stock to be exchanged in the redemption. If Performance Units are settled in Stock, a Stock Withholding Arrangement may be used to meet the Participant's withholding tax obligation. If a redemption is as a result of a Change of Control, Performance Units will be settled in cash.
2.5 **Dividends on Performance Units.**

The Company shall pay in cash to each Participant on the dividend payment date an amount equal to the number of the Participant's Performance Units multiplied by the per share dividend rate for each declaration of a dividend (other than a Stock dividend) on the Stock from January 1, 1996, until the date on which the Performance Units are redeemed. In the case of dividend distributions on Stock which are paid in the form of property (other than Stock), the Committee shall determine the cash equivalent amount to be paid pursuant to this Section 2.5.

**ARTICLE III**

**MISCELLANEOUS PROVISIONS**

3.1 **Accelerated Redemption of Performance Units in Case of an Unforeseeable Emergency.**

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

3.2 **Adjustment of Performance Units.**

In the event of any change in the outstanding shares of the Stock, by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the number of Performance Units shall be adjusted appropriately by the Committee, whose determination shall be conclusive.

3.3 **No Funding.**

The Plan constitutes a mere promise by the Company to make redemptions or 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. Any cash payments will be paid from the general assets of the Company and nothing in the Plan will be construed to give any Participant or any other person rights to any specific assets of the Company. In all events, it is the intention of the Company and all Participants that the Plan be treated as unfunded for tax purposes and for 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

THE CLOROX COMPANY

INDEPENDENT DIRECTORS' STOCK-BASED COMPENSATION PLAN

Table of Contents
ARTICLE I   INTRODUCTION

1.01 Establishment of Plan 1
1.01 Purpose of Plan 1
1.02 Effective Date of Plan 1

ARTICLE II   DEFINITIONS 1

ARTICLE III   CREDITS

3.01 Transition Credits 3
3.02 Automatic Credits 3
3.03 Elective Credits 4

ARTICLE IV   ACCOUNTS AND INVESTMENTS

4.01 Accounts 5
4.02 Deferred Stock Units 5
4.03 Deferred Cash Accounts 6
4.04 Hypothetical Nature of Accounts and Investments 6

ARTICLE V   PAYMENTS

5.01 Entitlement to Payment 6
5.02 Payment Commencement Date 7
5.03 Form and Amount of Payment 7

ARTICLE VI   ADMINISTRATION

6.01 In General 8
6.02 Plan Amendment and Termination 8
6.03 Reports to Participants 8
ARTICLE I

ESTABLISHMENT AND PURPOSES OF PLAN

1.01 Establishment of Plan

The Company hereby establishes the Clorox Company Independent Directors' Stock-Based Compensation Plan, a nonqualified deferred compensation plan for the Independent Directors of the Company. The Plan shall be an unfunded plan within the
meaning of the Internal Revenue Code of 1986, as amended.

It is intended that the Plan not cover employees and therefore not be subject to the Employee Retirement Income Security Act of 1974, as amended.

1.02 Purpose of Plan

The purpose of the Plan is to enhance the Company's ability to attract and retain Independent Directors whose training, experience and ability will promote the interests of the Company and to directly align the interests of such Independent Directors with the interests of the Company's shareowners by providing compensation based on the value of Clorox Common Stock. The Plan is designed to permit such Independent Directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Company as members of the Board. This Plan replaces the Company's Directors' Deferred Compensation Plan and the Directors' Retirement Plan with respect to persons who are the Independent Directors of the Company on July 1, 1996, or who become such after that date.

1.03 Effective Date of Plan

Except as otherwise provided by Section 3.01, the Plan shall apply only to a Participant's Director's Fees with respect to service on and after July 1, 1996.

ARTICLE II
Unless the context clearly indicates otherwise, the following terms, when used in capitalized form in the Plan, shall have the meanings set forth below:

Account shall mean a bookkeeping account established for a Participant under Section 4.01.

Article shall mean an article of the Plan.

Beneficiary shall mean a Participant's beneficiary, designated in writing and in a form and manner satisfactory to the Board, or if a Participant fails to designate a beneficiary, or if the Participant's designated Beneficiary predeceases the Participant, the Participant's estate.

Board shall mean the Board of Directors of the Company.

Clorox Common Stock shall mean the common stock of the Company.

Closing Price shall mean, with respect to any date specified by the Plan, the closing price of a share of Clorox Common Stock on the composite tape of New York Stock Exchange issues (or if there was no reported sale of Clorox Common Stock on such date, on the next preceding day on which there was such a reported sale).

Company shall mean The Clorox Company.
Deferred Stock Unit shall mean a hypothetical share of Clorox Common Stock as described in Section 4.02.

Director's Fees shall mean the annual retainer and meeting fees payable to a Participant for services to the Company as an Independent Director. Director's Fees do not include amounts credited to a Participant under Section 3.01 or Section 3.02 hereof.


Independent Director means any individual who serves as a member of the Board of Directors of the Company and who is not an employee of the Company or any of its subsidiaries.

Participant means an Independent Director who is participating in the Plan.

Payment Anniversary Date shall mean an anniversary of the Payment Commencement Date.

Payment Commencement Date shall mean the first business day of the Plan Year immediately following the Plan Year in which the Participant terminates service as a member of the Board.

Plan shall mean this Clorox Company Independent Directors' Stock-Based Compensation Plan, as set forth herein and as amended from time to time.
Plan Year shall mean the calendar year.

Section shall mean a section of the Plan.

ARTICLE III

CREDITS

3.01 Transition Credits

(a) Retirement Plan Credits. As soon as practicable on or after July 1, 1996, the Company shall credit to the Account of each Participant a number of Deferred Stock Units determined in accordance with the schedule set forth in Appendix I to the Plan. The credits set forth in Appendix I shall be provided in lieu of any benefits to which the Participant otherwise would have been entitled under The Clorox Company Directors' Retirement Plan as of its termination on June 30, 1996.

(b) Deferred Compensation Plan Credits.

(1) Each Participant who has a balance standing to his or her credit in the Directors' Deferred Compensation Plan as of July 1, 1996, shall be permitted a one-time election, on or before December 31, 1996, to convert all or a portion of the balance standing to his or her credit in the Directors' Deferred Compensation Plan to Deferred Stock Units as of December 31, 1996. A Participant who elects to convert all or a portion of his or her account
in the Directors' Deferred Compensation Plan to Deferred
Stock Units shall be credited with the number of Deferred
Stock Units determined by dividing the portion of his or
her account in the Directors' Deferred Compensation Plan on
December 31, 1996, for which such election is made by the
average of the daily Closing Price for the month of December
1996.

(2) A Participant who does not elect to convert all
of the balance standing to his or her credit in the Directors'
Deferred Compensation Plan to Deferred Stock Units shall have
the balance not converted transferred to a Deferred Cash
Account which, thereafter, shall be administered under the
terms of this Plan.

3.02 Automatic Credits

As of the last day of each Plan Year, the Company shall credit
Deferred Stock Units to each Participant's Deferred Stock Unit
Account equal to the number of Deferred Stock Units determined
by dividing Ten Thousand Dollars ($10,000) by the average of
the Closing Prices for the trading days in the month of
December. In the case of a Participant whose service as an
Independent Director terminates during the Plan Year, the
applicable dollar amount shall be determined by multiplying
Ten Thousand Dollars ($10,000) by a fraction, the numerator of
which shall be the number of full calendar quarters of service
as an Independent Director completed by the Participant during
the Plan Year and the denominator of which shall be four.
(a) Subject to the provisions of this Section 3.03, a Participant may make an irrevocable election, with respect to each Plan Year, to receive all or a portion of his or her Director's Fees for the year in the form of cash, shares of Clorox Common Stock, deferred cash or Deferred Stock Units, provided that an individual who becomes a Participant on the Effective Date may elect to receive Director's Fees for the first quarter of the Company's fiscal year 1997 only in the form of cash or shares of Clorox Common Stock. An election under this Section 3.03 shall be made in a form and manner satisfactory to the Board and shall be effective for a Plan Year only if made before the beginning of the Plan Year; provided that (i) an individual who becomes a Participant on the Effective Date may make an election to receive Director's Fees in the form of cash, shares of Clorox Common Stock, deferred cash or Deferred Stock Units for the second quarter of the Company's fiscal year 1997 on or before September 30, 1997, and (ii) any other individual who becomes a Participant after the first day of a Plan Year may make the election for that Plan Year within 30 days of becoming a Participant. A Participant who does not file a timely election for a Plan Year shall receive his or her Director's Fees in cash.

(b) A Participant who elects to receive his or her Director's Fees in the form of shares of Clorox Common Stock, deferred cash, and/or Deferred Stock Units shall specify the percentage of such Director's Fees (in multiples of 10%,
with an aggregate minimum of 50%) to be paid in the form of shares of Clorox Common Stock, deferred cash or Deferred Stock Units.

(c) A Participant who elects to receive shares of Clorox Common Stock shall be distributed shares of Clorox Common Stock as of the last day of each calendar quarter equal to his or her accrued Director's Fees for the quarter, multiplied by the percentage of such Director's Fees previously selected by the Participant to be applied to the purchase of shares of Clorox Common Stock, and divided by the Closing Price as of the last trading day in such calendar quarter. Cash shall be distributed in lieu of fractional shares of Clorox Common Stock.

(d) A Participant who elects to receive deferred cash shall have credited to his or her Deferred Cash Account as of the last day of each calendar quarter an amount determined by multiplying his or her accrued Director's Fees for the quarter by the percentage of such Director's Fees previously selected by the Participant to be received as deferred cash.

(e) A Participant who elects to receive Deferred Stock Units shall have credited to his or her Deferred Stock Unit Account as of the last day of each calendar quarter the number of Deferred Stock Units determined by multiplying his or her accrued Director's Fees for the quarter by the percentage of such Director's Fees previously selected by the Participant to be applied to the purchase of Deferred
Stock Units, and dividing the product thereof by the Closing Price as of the last trading day in such calendar quarter.

ARTICLE IV

ACCOUNTS AND INVESTMENTS

4.01 Accounts

A separate Account under the Plan shall be established for each Participant. Such Account shall be (a) credited with the amounts credited in accordance with Article III, (b) credited (or charged, as the case may be) with the investment results determined in accordance with Sections 4.02 and 4.03, and (c) charged with the amounts paid by the Plan to or on behalf of the Participant in accordance with Article V. Within each Participant's Account, separate subaccounts (including, as necessary, a Deferred Stock Unit Account and a Deferred Cash Account) shall be maintained to the extent the Board determines them to be necessary or useful in the administration of the Plan.

4.02 Deferred Stock Units

(a) Deemed Investment in Clorox Common Stock. Except as provided in subsection (b), below, a Participant's Deferred Stock Unit Account shall be treated as if it were invested in Deferred Stock Units that are equivalent in value to the fair market value of shares of Clorox Common Stock in accordance with the following rules:
(1) Deemed Reinvestment Of Dividends. The number of Deferred Stock Units credited to a Participant's Deferred Stock Unit Account shall be increased on each date on which a dividend is paid on Clorox Common Stock. The number of additional Deferred Stock Units credited to a Participant's Deferred Stock Unit Account as a result of such increase shall be determined by (i) multiplying the total number of Deferred Stock Units (excluding fractional Deferred Stock Units) credited to the Participant's Deferred Stock Unit Account immediately before such increase by the amount of the dividend paid per share of Clorox Common Stock on the dividend payment date, and (ii) dividing the product so determined by the Closing Price on the dividend payment date.

(2) Conversion Out of Deferred Stock Units. The dollar value of the Deferred Stock Units credited to a Participant's Deferred Stock Unit Account on any date shall be determined by multiplying the number of Deferred Stock Units (including fractional Deferred Stock Units) credited to the Participant's Deferred Stock Unit Account by the Closing Price on that date.

(3) Effect of Recapitalization. In the event of a transaction or event described in this paragraph (3), the number of Deferred Stock Units credited to a Participant's Deferred Stock Unit Account shall be adjusted in such manner as the Board, in its sole discretion, deems equitable. A transaction or event is described in this paragraph (3) if (i) it is a dividend (other than regular quarterly dividends)
or other distribution (whether in the form of cash, shares, other securities, or other property), extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, repurchase, or exchange of shares or other securities, the issuance or exercisability of stock purchase rights, the issuance of warrants or other rights to purchase shares or other securities, or other similar corporate transaction or event and (ii) the Board determines that such transaction or event affects the shares of Clorox Common Stock, such that an adjustment pursuant to this paragraph (3) is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(b) Change in Deemed Investment Election. A Participant who elects to receive distribution of his or her Accounts in annual installments will continue to have his or her Deferred Stock Unit Account credited with Deferred Stock Units during the installment period.

4.03 Deferred Cash Accounts

Deferred Cash Accounts shall be credited with interest at an annual rate for each Plan Year equal to the Prime Lending Rate of Wells Fargo Bank as in effect on January 1 of such year. Interest shall be accrued to the date of the actual payment and shall be compounded on a calendar quarter basis.

4.04 Hypothetical Nature of Accounts and Investments
Each Account established under this Article IV shall be maintained for bookkeeping purposes only. Neither the Plan nor any of the Accounts established under the Plan shall hold any actual funds or assets. The Deferred Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting or dividend rights.

ARTICLE V
PAYMENTS

5.01 Entitlement to Payment

(a) Credits to a Participant's Account under Section 3.03 shall be in lieu of payment to the Participant of the related Director's Fees. Any payment under the Plan with respect to an Account shall be made as provided in this Article V. The right of any person to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Company.

(b) Amounts credited to a Participant's Deferred Cash Account shall be paid in cash and amounts credited to a Participant's Deferred Stock Unit Account shall be paid in shares of Clorox Common Stock, except that a cash payment will be made with any final installment for any fraction of a
Deferred Stock Unit remaining in the Participant's Account. Such fractional Deferred Stock Unit shall be valued at the Closing Price on the date of settlement.

5.02 Payment Commencement Date

Payments to a Participant with respect to the Participant's Account shall begin as of the Participant's Payment Commencement Date; provided that if a Participant dies before the Participant's Payment Commencement Date, payment of the entire value of the Participant's Account shall be made to the Participant's Beneficiary in accordance with the provisions of Section 5.03 after the Board receives all documents and other information that it requests in connection with the payment.

5.03 Form and Amount of Payment

(a) Five Annual Installments. A Participant shall receive his or her Account in five annual installments unless the Participant elects to receive his or her benefits under the Plan in the form of a lump-sum payment in accordance with subsection (b), below. Annual installments shall be payable to the Participant beginning as of the Payment Commencement Date and continuing as of each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one-fifth (1/5th) of the value of the Participant's Account(s), determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Participant's Account(s),
determined as of the Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of five over the number of installment payments previously made (i.e., 1/4th, 1/3rd, etc.). If the Participant dies before the Participant's Payment Commencement Date, or after the Participant's Payment Commencement Date but before all five installments have been paid, the remaining installments shall be paid to the Participant's Beneficiary in accordance with the schedule in this subsection (a).

(b) Lump Sum. A Participant may elect to receive his or her Account under the Plan in the form of a lump-sum payment in lieu of the five installment payments determined under subsection (a), above. The lump sum shall be payable to the Participant in cash and shares of Clorox Common Stock on the Payment Commencement Date. An election under this subsection (b) shall be made in a form and manner satisfactory to the Board and shall be effective as to the Participant only if made prior to termination of service with the Board of Directors. If the Participant dies before his or her Payment Commencement Date having elected to receive benefits in the form of a lump sum, a lump sum payment shall be made to the Participant's Beneficiary on the Payment Commencement Date.

ARTICLE VI
ADMINISTRATION

6.01 In General
(a) The Plan shall be administered by the Board. The Board shall act by vote or written consent of a majority of its members.

(b) The Board shall have the discretionary authority to interpret the Plan and to decide any and all matters arising under the Plan, including without limitation the right to determine eligibility for participation, benefits, and other rights under the Plan; the right to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed; the right to determine the proper recipient of any distribution under the Plan; the right to remedy possible ambiguities, inconsistencies, or omissions by general rule or particular decision; and the right otherwise to interpret the Plan in accordance with its terms. The Board's determination on any and all questions arising out of the interpretation or administration of the Plan shall be final, conclusive, and binding on all parties.

6.02 Plan Amendment and Termination

The Board may amend, suspend, or terminate the Plan at any time; provided that no amendment, suspension, or termination of the Plan shall, without a Participant's consent, reduce the Participant's benefits accrued under the Plan before the date of such amendment, suspension, or termination. If the Plan is terminated in accordance with this Section 6.02, the terms of the Plan as in effect immediately before termination...
shall determine the right to payment in respect of any amounts that remain credited to a Participant's Account upon termination.

6.03 Reports to Participants

The Board shall furnish an annual statement to each Participant or, if the Participant is deceased, the Participant's Beneficiary) reporting the value of the Participant's Account as of the end of the most recent Plan Year.

6.04 Delegation of Authority

The Board may delegate to officers of the Company any and all authority with which it is vested under the Plan, and the Board may allocate its responsibilities under the Plan among its members.

ARTICLE VII

CHANGE OF CONTROL

7.01 Change of Control Defined

A Change of Control shall be deemed to occur on

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20%, or in the case of Henkel KGaA, or any person controlled by it ("Henkel"), more than the percentage unit
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 in Control: (1) any acquisition directly from the Company; (2) 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; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or by any corporation controlled by the Company; or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of Section 7.01(c); or

(b) Individuals who, as of July 1, 1996, 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 the 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 of 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 the 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.

7.02 Effect of Change of Control

(a) Notwithstanding any other provision in any other Article of this Plan to the contrary, other than Section 8.08(b), (i) the value of all amounts deferred by a Participant which have not yet been credited to the Participant's Account and (ii) the value of such Participant's Account shall be paid to such Participant in each case in a lump-sum cash payment on the occurrence of a Change in
Control or as soon thereafter as practicable, but in no event later than five days after the Change in Control.

The amount of cash credited to each Participant's Account prior to determining the amount of cash to be paid from the Account shall be determined by the Board (which, for this purpose, shall be comprised of employee members of the Board prior to the Change in Control) so as to reflect fairly and equitably appropriate interest and dividends and so as to reflect fairly and equitably such other facts and circumstances as the Board deems appropriate, including, without limitation, the recent price of shares of Clorox Common Stock. For purposes of payments under this Article VII, the value of a Deferred Stock Unit shall be computed as the greater of (1) the Closing Price on or nearest the date on which the Change of Control is deemed to occur, or (2) the highest per share price for shares of Clorox Common Stock actually paid in connection with the Change of Control.

ARTICLE VIII

MISCELLANEOUS

8.01 Rights Not Assignable

No payment due under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge in any other way. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such payment in any other way shall be void. No such payment or interest therein shall be liable
for or subject to the debts, contracts, liabilities, or torts of any Participant or Beneficiary. If any Participant or Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge in any other way any payment under the Plan, the Board may direct that such payment be suspended and that all future payments to which such Participant or Beneficiary otherwise would be entitled be held and applied for the benefit of such person, the person's children or other dependents, or any of them, in such manner and in such proportions as the Board may deem proper.

8.02 Certain Rights Reserved

Nothing in the Plan shall confer upon any person the right to continue to serve as a member of the Board or to participate in the Plan other than in accordance with its terms.

8.03 Withholding Taxes

The Board may make any appropriate arrangements to deduct from all credits and payments under the Plan any taxes that the Board reasonably determines to be required by law to be withheld from such credits and payments.

8.04 Incompetence

If the Board determines, upon evidence satisfactory to the Board, that any Participant or Beneficiary to whom a benefit is payable under the Plan is unable to care for
his or her affairs because of illness or accident or otherwise, any payment due under the Plan (unless prior claim therefor shall have been made by a duly authorized guardian or other legal representative) may be paid, upon appropriate indemnification of the Board and the Company, to the spouse of the Participant or Beneficiary or other person deemed by the Board to have incurred expenses for the benefit of and on behalf of such Participant or Beneficiary. Any such payment shall be a complete discharge of any liability under the Plan with respect to the amount so paid.

8.05 Inability to Locate Participants and Beneficiaries

Each Participant and Beneficiary entitled to receive a payment under the Plan shall keep the Board advised of his or her current address. If the Board is unable for a period of 36 months to locate a Participant or Beneficiary to whom a payment is due under the Plan, commencing with the first day of the month as of which such payment first comes due, the total amount payable to such Participant or Beneficiary shall be forfeited. Should such a Participant or Beneficiary subsequently contact the Board requesting payment, the Board shall, upon receipt of all documents and other information that it might request in connection with the payment, restore and pay the forfeited payment in a lump sum, the value of which shall not be adjusted to reflect any interest or other type of investment earnings or gains for the period of forfeiture.

8.06 Successors
The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term "successors" as used in the preceding sentence shall include any corporation or other business entity that by merger, consolidation, purchase, or otherwise acquires all or substantially all of the business and assets of the Company, and any successors and assigns of any such corporation or other business entity.

8.07 Usage

(a) Titles and Headings. The titles to Articles and the headings of Sections, subsections, and paragraphs in the Plan are placed herein for convenience of reference only and shall be of no force or effect in the interpretation of the Plan.

(b) Number. The singular form shall include the plural, where appropriate.

8.08 Severability

If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part, such unlawfulness, invalidity, or unenforceability shall not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable, such unlawfulness, invalidity or unenforceability shall not prevent
any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

8.09 Governing Law

The Plan and all determinations made and actions taken under the Plan shall be governed by and construed in accordance with the laws of the State of California.

THE CLOROX COMPANY

Attest: /s/ E. A. Cutter

Date: September 18, 1996

**EXHIBIT 13**

**EXCERPT FROM ANNUAL REPORT**

**LIST OF PRINCIPAL PRODUCTS**

**PAGES 23-24**

**Household Products – North America**

Bags, Wraps and Containers
Glad  
Freezer, food storage and sandwich bags; food wraps; outdoor, indoor and recycling 
disposal bags; unscented and odor-fighting trash bags; GladWare containers, ovenware

Home Care

Clorox  
Outdoor bleach cleaner, disinfecting sprays and wipes,
towel bowl cleaners

Clorox Clean-Up  
Dilutable, spray and gel household cleaners

Clorox Oxygen Action  
Multipurpose stain remover

Clorox ReadyMop  
Mopping system including mop, advanced floor cleaner and cleaning pads

Formula 409  
All-purpose spray cleaners, glass and

surface cleaner, carpet cleaners

Handi-Wipes  
Reusable cleaning cloths

Lestoil  
Heavy-duty cleaner

Liquid-Plumr remover  
Drain openers, buildup remover, septic-system treatment; Foaming Pipe Snake clog

Pine-Sol  
Dilutable, all-purpose spray and floor spray cleaners

Soft Scrub  
Mild-abrasive liquid and gel cleansers

S.O.S  
Steel-wool soap pads, scrubber sponges;
Tuffy mesh scrubbers

Tilex cleaners  
Instant mildew remover, soap scum and bathroom cleaners; Fresh Shower daily shower

Wash’n Dri  
Pre-moistened towelettes

Laundry

Clorox  
Liquid bleaches, Advantage smooth-pour and less-splash bleach, Stain Out laundry stain
removers, FreshCare fabric refresher

Clorox 2  
Dry and liquid color-safe bleaches

Water Filtration

Brita  
Pour-through and faucet-mount water

filtration systems, replacement filters

Specialty Products

Auto Care

Armor All  
Protectants, cleaners and wipes, tire- and wheel-care
<table>
<thead>
<tr>
<th>Product</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rain Dance</td>
<td>Waxes, washes</td>
</tr>
<tr>
<td>STP</td>
<td>Automotive additives; Son of a Gun appearance products</td>
</tr>
<tr>
<td>Tuff Stuff</td>
<td>All-purpose cleaner, spot and stain remover</td>
</tr>
<tr>
<td>Cat Litter</td>
<td></td>
</tr>
<tr>
<td>EverClean</td>
<td>Clumping cat litter</td>
</tr>
<tr>
<td>Fresh Step</td>
<td>Clay, scoopable and silica-gel crystals cat litter, cat odor eliminator</td>
</tr>
<tr>
<td>Jonny Cat</td>
<td>Clay cat litter, liners</td>
</tr>
<tr>
<td>Scoop Away</td>
<td>Scoopable cat litter</td>
</tr>
<tr>
<td>Food Products</td>
<td></td>
</tr>
<tr>
<td>Hidden Valley</td>
<td>Dressings and dip mixes; Salad Crispins</td>
</tr>
<tr>
<td>seasoned mini-croutons</td>
<td></td>
</tr>
<tr>
<td>K C Masterpiece</td>
<td>Barbecue sauces, marinades</td>
</tr>
<tr>
<td>Kitchen Bouquet</td>
<td>Browning and seasoning sauce and gravy aid</td>
</tr>
<tr>
<td>Professional Products</td>
<td></td>
</tr>
<tr>
<td>Clorox</td>
<td>Germicidal bleach, toilet bowl cleaners and disinfectants, disinfecting sprays and wipes, dilutable cleaners</td>
</tr>
<tr>
<td>Clorox Clean-Up</td>
<td>Dilutable cleaners</td>
</tr>
<tr>
<td>Combat</td>
<td>Insecticides</td>
</tr>
<tr>
<td>Formula 409</td>
<td>Cleaners</td>
</tr>
<tr>
<td>Glad</td>
<td>Food-storage bags, wraps, trash bags</td>
</tr>
<tr>
<td>Hidden Valley</td>
<td>Dressings</td>
</tr>
<tr>
<td>K C Masterpiece</td>
<td>Barbecue sauce</td>
</tr>
<tr>
<td>Kingsford</td>
<td>Charcoal briquets</td>
</tr>
<tr>
<td>Kitchen Bouquet</td>
<td>Browning and seasoning sauce and gravy aid</td>
</tr>
<tr>
<td>Liquid-Plumr</td>
<td>Heavy-duty clog remover</td>
</tr>
<tr>
<td>Pine-Sol</td>
<td>Cleaners</td>
</tr>
<tr>
<td>S.O.S</td>
<td>Pot and pan detergent, steel-wool soap pads</td>
</tr>
</tbody>
</table>
Soft Scrub  Mild-abrasive liquid cleansers
Tilex  Instant mildew remover, soap scum and bathroom cleaner

Seasonal Products
Kingsford  Charcoal briquets, charcoal lighter, wood chips; BBQ Bag single-use, lightable charcoal briquet bag; Match Light instant-lighting charcoal briquets
Black Flag  Ant, roach and other flying-insect aerosols; Roach Motel insect trap
Combat  Ant and roach bait stations and aerosols, ant granules and stakes, roach gels

**Household Products – Latin America/Other**

Asia-Pacific
Ant Rid  Insecticides
Astra  Disposable gloves
Chux  Cleaning cloths, sponges and scourers, disposable gloves
Clorox Gentle  Color-safe bleach
Glad  Non-stick baking paper, ice cube bags, non-stick frying pan sheets, aluminum foil, foil trays, plastic covers, oven bags
Glad-Lock  Reclosable bags
Gumption  Paste cleaner
Home Mat  Insecticides
Home Keeper  Insecticides
Mono  Aluminum foil, trash bags, food bags, cling films
OSO  Aluminum foil, trash bags, food bags, cling films
Prestone  Coolant concentrate, brake fluid
XLO  Sponges
Yuhanrox  Bleach

Latin America
Arco Iris  Laundry additives
Arela  Waxes
Ayudín  Bleach, laundry additives, spray and gel cleaners, liquid household cleaners, toilet bowl and bathroom cleaners,
disinfecting sprays
Blanquita                                Bleaches
Bon Bril                                  Cleaning utensils, liquid household cleaners
Brimax                                    Cleaners
Ceracol                                    Waxes
Clorinda                                   Bleaches, brooms, cleaning utensils
Clorisol                                    Bleaches
Sani Fleur                                 Toilet bowl cleaners
Emperatriz                                  Waxes
Fluss                                      Toilet bowl cleaners
Lestol                                    Liquid household cleaners,
bathroom cleaners
Límpido                                    Bleaches
Los Conejos                                Bleaches
Luminosa                                    Candles
Lustrillo                                   Cleaning utensils
Mistolín                                     Cleaners
Mortimer                                    Cleaning utensils
Pinoluz                                    Cleaners
Poett                                      Liquid household cleaners, toilet bowl cleaners, air fresheners
SBP                                         Insecticides
Selton                                      Insecticides
Super Globo                                 Bleaches
Trenet                                      Laundry additives, fabric refreshers
X-14                                        Cleaners

(Many U.S. brands are also sold internationally.)

For more information about Clorox products, contact:
**EXHIBIT 21**

**LIST OF SUBSIDIARIES**

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1221 Olux, LLC</td>
<td>Delaware</td>
</tr>
<tr>
<td>American Sanitary Company (Overseas) Inc.</td>
<td>Grand Cayman, British West Indies</td>
</tr>
<tr>
<td>Amesco Ltd.</td>
<td>Grand Cayman, British West Indies</td>
</tr>
<tr>
<td>A &amp; M Products Manufacturing Company</td>
<td>Delaware</td>
</tr>
<tr>
<td>Andover Properties, Inc.</td>
<td>Delaware</td>
</tr>
<tr>
<td>Armor All Products GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>The Armor All/STP Products Company</td>
<td>Delaware</td>
</tr>
<tr>
<td>Brita Canada Corporation</td>
<td>Nova Scotia</td>
</tr>
<tr>
<td>Brita Canada Holdings Corporation</td>
<td>Nova Scotia</td>
</tr>
<tr>
<td>Brita Manufacturing Company</td>
<td>Delaware</td>
</tr>
<tr>
<td>The Brita Products Company</td>
<td>Delaware</td>
</tr>
<tr>
<td>Chesapeake Assurance Limited</td>
<td>Hawaii</td>
</tr>
<tr>
<td>Clorosul Ltd.</td>
<td>Brazil</td>
</tr>
<tr>
<td>Clorox Argentina S.A.</td>
<td>Argentina</td>
</tr>
<tr>
<td>Clorox Australia Pty. Ltd.</td>
<td>Australia</td>
</tr>
<tr>
<td>Clorox (Barbados) Inc.</td>
<td>Barbados</td>
</tr>
<tr>
<td>Clorox do Brasil Ltda.</td>
<td>Brazil</td>
</tr>
<tr>
<td>Clorox Car Care Limited</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Clorox (Cayman Islands) Ltd.</td>
<td>Cayman Islands</td>
</tr>
<tr>
<td>Clorox de Centro America, S.A.</td>
<td>Costa Rica</td>
</tr>
<tr>
<td>Clorox Chile S.A.</td>
<td>Chile</td>
</tr>
<tr>
<td>Clorox China (Guangzhou) Ltd.</td>
<td>Guangzhou, P.R.C.</td>
</tr>
<tr>
<td>Clorox de Colombia S.A.</td>
<td>Colombia</td>
</tr>
<tr>
<td>Clorox Commercial Company</td>
<td>Delaware</td>
</tr>
<tr>
<td>The Clorox Company of Canada Ltd.</td>
<td>Canada (Federal)</td>
</tr>
<tr>
<td>The Clorox Company of Puerto Rico</td>
<td>Delaware</td>
</tr>
<tr>
<td>Clorox (Europe) Financing S.a.r.l.</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>The Clorox Far East Company Limited</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Clorox Germany GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>Clorox Holdings Pty. Limited</td>
<td>Australia</td>
</tr>
<tr>
<td>Clorox Hong Kong Limited</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Clorox Hungary Liquidity Management Kft</td>
<td>Hungary</td>
</tr>
<tr>
<td>The Clorox International Company</td>
<td>Delaware</td>
</tr>
<tr>
<td>Clorox International Philippines, Inc.</td>
<td>The Philippines</td>
</tr>
<tr>
<td>Clorox Korea Limited</td>
<td>Korea</td>
</tr>
<tr>
<td>Clorox (Malaysia) Industries Sdn. Bhd.</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Clorox (Malaysia) Sdn. Bhd.</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Clorox Mexicana S. de R.L. de C.V.</td>
<td>Mexico</td>
</tr>
</tbody>
</table>
Clorox de Mexico, S.A. de C.V.  
Clorox Netherlands B.V.  
Clorox New Zealand Limited  
Clorox de Panama S.A.  
Clorox del Peru S.A.  
The Clorox Pet Products Company  
The Clorox Products Company  
Clorox Products Manufacturing Company  
Clorox Professional Products Company  
The Clorox Sales Company  
Clorox Services Company  
Clorox Servicios Corporativos S. de R.L. de C.V.  
Clorox Switzerland S.a.r.l.  
Clorox Uruguay S.A.  
Corporacion Clorox de Venezuela, S.A..  
CLX Realty Co.  
EcuACLorox S.A.  
Electroquimicas Unidas S.A.I.C.  
Evolution S.A.  
Fabricante de Productos Plasticos, S.A. de C.V.  
First Brands (Africa) Holdings Pty. Ltd.  
First Brands (Africa) Pty. Ltd.  
First Brands Bermuda Limited  
First Brands do Brasil Ltda.  
First Brands Corporation  
First Brands Mexicana, S.A. de C.V.  
First Brands Zimbabwe Holdings (Private) Ltd.  
First Brands Zimbabwe (Private) Ltd.  
Forest Technology Corporation  
Fully Will Limited  
Glad Manufacturing Company  
The Glad Products Company  
Henkel Iberica S.A.  
The Household Cleaning Products Company of Egypt Ltd.  
The HV Food Products Company  
HV Manufacturing Company  
Invermark S.A.  
Jingles LLC  
Jonapurvco ULC  
Kaflex S.A.  
Kingsford Manufacturing Company  
The Kingsford Products Company  
Lerwood Holdings Limited  
The Mexco Company  
Mohamed Ali Abudawood and Company for Industry  
Multifoil Trading (Pty) Ltd.  
National Cleaning Products Company Limited  
Pacico International Limited  
Pacific Brands (Malaysia) Sdn. Bhd.  
Paulsboro Packaging Inc.  
Percenta Enterprise Sdn. Bhd.  
Petroplus Produtos Automotivos S.A.  
Petroplus Sul Comercio Exterior S.A.  
Polysak, Inc.  
Productos del Hogar, C. por A.  
PT Clorox Indonesia  
Mexico  
The Netherlands  
New Zealand  
Panama  
Peru  
Texas  
Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
Mexico  
Switzerland  
Uruguay  
Venezuela  
Delaware  
Ecuador  
Chile  
Uruguay  
Mexico  
South Africa  
South Africa  
Bermuda  
Brazil  
Delaware  
Mexico  
Zimbabwe  
Zimbabwe  
Delaware  
Hong Kong  
Delaware  
Delaware  
Spain  
Egypt  
Delaware  
Delaware  
Argentina  
Delaware  
Nova Scotia  
Argentina  
Delaware  
Delaware  
British Virgin Islands  
Delaware  
Saudi Arabia  
South Africa  
Saudi Arabia  
Hong Kong  
Malaysia  
New Jersey  
Malaysia  
Brazil  
Brazil  
Connecticut  
Dominican Republic  
Indonesia
Exhibit 23

INDEPENDENT AUDITOR'S CONSENT


/s/ DELOITTE & TOUCHE LLP

Oakland, California

September 24, 2002
## FINANCIAL HIGHLIGHTS

*The Clorox Company*

<table>
<thead>
<tr>
<th>Years Ended June 30</th>
<th>2002</th>
<th>2001</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$4,061</td>
<td>$3,903</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Earnings before cumulative effect of change in accounting principle</strong></td>
<td>$322</td>
<td>$325</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Cumulative effect of change in accounting principle (net of tax benefit of $1)</strong></td>
<td>—</td>
<td>(2)</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$322</td>
<td>$323</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Earnings per common share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings before cumulative effect of change in accounting principle</td>
<td>$1.39</td>
<td>$1.38</td>
<td>1%</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>—</td>
<td>(0.01)</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Basic net earnings per common share</strong></td>
<td>$1.39</td>
<td>$1.37</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings before cumulative effect of change in accounting principle</td>
<td>$1.37</td>
<td>$1.36</td>
<td>1%</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>—</td>
<td>(0.01)</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Diluted net earnings per common share</strong></td>
<td>$1.37</td>
<td>$1.35</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Weighted average common shares outstanding (in thousands)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic</strong></td>
<td>231,849</td>
<td>236,149</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Diluted</strong></td>
<td>234,704</td>
<td>239,483</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td>$1,354</td>
<td>$1,900</td>
<td>-29%</td>
</tr>
<tr>
<td><strong>Dividends per common share</strong></td>
<td>$0.84</td>
<td>$0.84</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Stockholders’ equity per common share</strong></td>
<td>$6.07</td>
<td>$8.03</td>
<td>-24%</td>
</tr>
</tbody>
</table>
MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF WORLDWIDE OPERATIONS

Management’s discussion and analysis of the results of operations, unless otherwise noted, compares fiscal year 2002 to fiscal year 2001 and fiscal year 2001 to fiscal year 2000.

CONSOLIDATED RESULTS

Fiscal year 2002 was a year where the Company refocused on its priorities and conducted a thorough review of its operations. The Company set goals that enabled growth in volume and net sales, strengthened its cost structure and improved its working capital and operating cash flows. This was accomplished despite a sluggish U.S. economy and a difficult year in South America.

**Diluted earnings per share** increased to $1.37 in fiscal year 2002 from $1.35 in fiscal year 2001, and **net earnings** were $322 million versus $323 million for the same periods. The improvement in diluted earnings per share reflects lower common shares outstanding due to $669 million of treasury stock repurchases and related premiums and settlement of share repurchase contracts in fiscal year 2002.

Net earnings remained relatively flat, despite deteriorating economic conditions in South America. The Company had higher net sales and volumes led by new product introductions and a focus on core brands, and improvements in gross profit. Also contributing to net earnings was the net gain of $33 million (pre-tax), or $23 million (after-tax), recognized on the sales of the *Maxforce* and *Himolene* businesses in fiscal year 2002. Offsetting these increases were restructuring and asset impairment charges and related inventory reserve adjustments of $237 million (pre-tax), or $193 million (after-tax), driven by currency devaluations, particularly in Argentina, and generally poor economic conditions in South America and the Company’s review of its operations. Restructuring and asset impairment costs (including inventory write-offs and reserve adjustments) partially offset by the net gain on sale of businesses in fiscal year 2002 had the effect of reducing diluted earnings per share by $0.72 in fiscal year 2002, $0.27 in fiscal year 2001 and $0.11 in fiscal year 2000.

Diluted earnings per share decreased to $1.35 in fiscal year 2001 from $1.64 in fiscal year 2000, and net earnings decreased to $323 million from $394 million for fiscal year 2001, as compared to fiscal year 2000, primarily due to lower net sales, inventory write-offs and restructuring and asset impairment charges, partially offset by lower administrative costs.

**Net sales** in fiscal year 2002 increased 4% to $4,061 million on a 3% increase in volume. Excluding the impacts from the divested businesses, net sales and volume grew 5%. The improvement in net sales and volumes reflects the Company’s efforts to restore growth in core brands through increased advertising and the introduction of new products.

Net sales in fiscal year 2001 decreased 2% to $3,903 million despite an increase in volume of 1%. The decline in net sales resulted from increased trade promotion spending, foreign currency weaknesses and unfavorable assortment and product mixes caused by a trend towards larger sizes as well as a shift to lower-margin items.

**Cost of products sold** as a percentage of sales decreased to 57% in fiscal year 2002 from 59% in the prior year. Consistent with the Company’s priority to reduce its cost structure, the improvement in cost of products sold was mostly due to cost savings generated from the Company’s ongoing manufacturing initiatives, lower inventory write-offs compared to the prior year, and decreased raw material costs driven by the renegotiation of resin pricing earlier this fiscal year. Cost savings from ongoing procurement, manufacturing and logistics initiatives include the 44% reduction of domestic stock keeping units (product items based on a product’s color, size, fragrance, flavor and other distinctions), strategic sourcing of materials by consolidating suppliers resulting in price reductions, renegotiation of co-packer agreements, closure of nonstrategic, under-utilized plants and better demand planning resulting in lower logistics costs. These improvements are partially offset by start-up costs associated with new product launches.
Cost of products sold as a percentage of sales increased to 59% in fiscal year 2001 from 56% in fiscal year 2000 mostly due to the provision for inventory obsolescence of $54 million which included $39 million for inventories associated primarily with discontinued product lines, packaging and unsuccessful product launches. Higher energy, raw material and packaging costs and an unfavorable assortment mix due to a shift to larger sizes also contributed to the increase. These write-offs and higher costs were somewhat mitigated by cost savings generated from the Company’s ongoing manufacturing initiatives, transferring auto care and Scoop Away cat litter manufacturing in-house from co-packers, and restructuring the Company’s Asia operations.

**Selling and administrative expenses** increased 8% to $537 million in fiscal year 2002 from $495 million in fiscal year 2001. This increase was primarily attributable to performance-based compensation costs, related to the Company’s achievement of performance targets, of $44 million in fiscal year 2002 as compared with $14 million in fiscal year 2001, expenditures of $16 million in fiscal year 2002 as compared with $6 million in the prior year for the Company’s new systems projects, and an increase in the Company’s allowance for doubtful accounts. As a consequence of the economic crisis and political turmoil in South America as well as a softening U.S. economy, the Company increased its allowance for doubtful accounts by $11 million for fiscal year 2002. These increases are partially offset by savings from the elimination of approximately 260 positions from the Company’s U.S. divisions and 250 positions from its Latin American division that occurred in December 2001.

Selling and administrative expenses declined 6% to $495 million in fiscal year 2001 from $525 million in fiscal year 2000. The decline results from lower commissions due to renegotiated broker rates in certain of the domestic businesses as well as the impact of the fiscal year 2000 acquisition of a distribution business in Argentina, lower market-research expenditures, reductions in corporate overhead driven by lower compensation costs, and lower costs resulting from restructuring the Company’s Asia operations in fiscal year 2000. These savings were partially offset by higher spending in Latin America to support volume growth.

**Advertising costs** as a percentage of sales increased to 9.8% in fiscal year 2002 as compared to 9% in fiscal years 2001 and 2000. The increase in advertising costs in fiscal year 2002 as compared with fiscal year 2001 was driven by higher media expenditures of approximately $80 million to support the base business and introduction of new products, partly offset by lower noncoupons sales promotion spending of $35 million. In fiscal year 2001, as compared with fiscal year 2000, higher media expenditures in support of the cat litter and Glad businesses were offset by decreased noncoupons promotional spending in the auto care business.

**Merger, restructuring and asset impairment costs** of $241 million, $59 million and $36 million were recognized in fiscal years 2002, 2001 and 2000, respectively.

In fiscal year 2002, restructuring and asset impairment costs of $241 million included $196 million for the impairment of goodwill and trademarks associated with the Company’s Argentine ($100 million), Brazilian ($57 million) and Colombian ($39 million) businesses due to significant currency devaluations and weakening market and economic conditions in these countries as well as a reassessment of the Company’s strategies due to termination of a pending acquisition in Brazil. The Company is currently taking steps to mitigate the impacts arising from the weakening economic conditions in South America, including the reduction of the cost structure in its Latin America operations. In the fourth quarter of fiscal year 2002, the Company recognized a severance charge of $6 million related to the elimination of 119 positions in the Company’s Latin America division. The Company will continue to take mitigating steps, monitor economic conditions in South America and evaluate the need for additional asset impairment charges for its Latin America operations.

The remaining fiscal year 2002 charges of $39 million included $22 million for the write-off of equipment and the closure of certain of the Company’s plants and $17 million for severance costs resulting from the Company’s review of operations and its staffing levels. The Company recognized a total of $200 million ($102 million in fiscal year 2002 and $98 million in fiscal year 2001) of such costs, which resulted from the Company’s review of operating plans and strategies for all its reporting units. Charges recognized include $165 million recorded for restructuring and asset impairment and $35 million relating to inventory write-offs.
included in cost of products sold, principally for discontinued products, packaging and unsuccessful product launches.

In fiscal year 2001, the Company recognized $59 million for restructuring and asset impairment costs and $39 million related to inventory write-offs associated primarily with discontinued product lines, packaging and unsuccessful product launches, which was included in cost of products sold. Restructuring and asset impairment for fiscal year 2001 included $47 million for the write-off of equipment no longer necessary due to changes in technology, elimination of redundancies and discontinued product lines and associated with plant closures, $8 million for the write-off of intangible assets, and $4 million for severance and other restructuring costs.

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

**Interest expense** in fiscal year 2002 as compared with fiscal year 2001 decreased by $49 million due to lower commercial paper interest rates and lower levels of commercial paper borrowings during the year. Interest expense in fiscal year 2001, as compared with fiscal year 2000, decreased by $10 million due to the Company’s ability to reduce borrowings with cash flows from operations.

**Other expense (income), net** in fiscal year 2002 as compared with fiscal year 2001 changed $73 million to income of $26 million from expense of $47 million due to lower goodwill, trademarks and other intangible assets amortization of $47 million resulting from the adoption of Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets”, a net gain of $33 million in fiscal year 2002 on the sale of the MaxForce and Himolene businesses, and an increase in income of $20 million due to foreign exchange gains from the revaluation of Argentine net monetary assets denominated in currencies other than the peso. These gains were partially offset by a $6 million increase in environmental liabilities, an increase of $6 million in losses relating to mark-to-market adjustments on the Company’s resin contracts reflecting current market conditions, a $4 million write-down of certain international joint venture investments, and $4 million of losses related to mark-to-market adjustments on the Company’s investment fund. The environmental liabilities were increased based on estimated additional costs associated with remediating and monitoring a former plant site.

Other expense, net in fiscal year 2001 as compared with fiscal year 2000 increased by $11 million due to higher amortization of intangibles resulting from acquisitions made in fiscal year 2001 and lower equity and royalty income.

**The effective tax rate** was 35.3%, 31.7% and 35.4% in fiscal years 2002, 2001 and 2000, respectively. The increase in the tax rate in fiscal year 2002 was primarily due to the provision of valuation allowances against tax benefits resulting from impairment charges recognized for the Company’s Colombian and Argentine businesses, and from tax provided on currently expected repatriation of accumulated earnings of the Company’s Chilean subsidiary. The increase in the tax provision was partially offset by adjustments of federal and state tax accruals. The reduction in the tax rate from 35.4% in fiscal year 2000 to 31.7% in fiscal year 2001 was due primarily to the reversal of deferred tax liabilities on foreign earnings as a result of the Company’s increasing ability to utilize foreign tax credits and due to the adjustment of fiscal year 2000 tax accruals.

**The cumulative effect of the change in accounting principle** of $2 million (net of tax benefit of $1 million) in fiscal year 2001 was recognized as a transition adjustment due to the implementation of SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended. The Company adopted SFAS No. 133, as amended, effective July 1, 2000.
SEGMENT RESULTS

Current and prior fiscal year results by segment are presented based upon realigned segments as described in Note 18 of the Notes to Consolidated Financial Statements.

<table>
<thead>
<tr>
<th>Net sales</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Products — North America</td>
<td>$2,198</td>
<td>$2,097</td>
<td>$2,175</td>
</tr>
<tr>
<td>Household Products — Latin America/ Other</td>
<td>559</td>
<td>584</td>
<td>605</td>
</tr>
<tr>
<td>Specialty Products</td>
<td>1,304</td>
<td>1,222</td>
<td>1,209</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,061</strong></td>
<td><strong>$3,903</strong></td>
<td><strong>$3,989</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings (losses) before income taxes</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Products — North America</td>
<td>$535</td>
<td>$453</td>
<td>$599</td>
</tr>
<tr>
<td>Household Products — Latin America/ Other</td>
<td>(129)</td>
<td>72</td>
<td>68</td>
</tr>
<tr>
<td>Specialty Products</td>
<td>517</td>
<td>397</td>
<td>403</td>
</tr>
<tr>
<td>Corporate Interest and Other</td>
<td>(425)</td>
<td>(446)</td>
<td>(460)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$498</strong></td>
<td><strong>$476</strong></td>
<td><strong>$610</strong></td>
</tr>
</tbody>
</table>

**Household Products — North America**

Fiscal Year 2002 versus Fiscal Year 2001: The Household Products — North America segment rebounded from the prior year’s declines to post a 5% increase in both volume and net sales, and an 18% increase in pre-tax earnings. The increase in volume and net sales were driven by the introduction of new products, strategic pricing actions and increased advertising spending to support core brands and new products.

Laundry and Home Care’s volume increase of 7% was driven by the introduction of Clorox ReadyMop self-contained mopping system and Clorox Oxygen Action multipurpose stain remover, increased shipments of Clorox disinfecting wipes, and distribution gains for Clorox toilet bowl cleaner and Ultra Clorox bleach. Partially offsetting these gains were distribution losses for Clorox disinfecting spray and Formula 409 carpet cleaner.

The Glad bags and wraps business saw volume increase by 5% due to new products in the GladWare disposable-containers line, an improved price-value relationship for trash bags and increased advertising to support wraps and trash bags. These gains were partially offset by distribution losses and increased competitive activity for stand-up bags.

Total volume for Brita was down by 4% due primarily to distribution losses for Brita Fill & Go sports bottles, a decline in shipments of pour-through systems and filters, and by lower shipments to Kmart, partially offset by volume gains for faucet-mount systems and filters.

The increase in earnings before tax was due to increased volumes, cost savings initiatives in manufacturing operations, lower raw material costs driven by renegotiation of the resin pricing earlier this fiscal year and lower restructuring and related inventory write-offs. These cost and spending decreases were partially offset by start-up costs associated with new product launches, increased media spending to support core brands and new products, and an increase of $6 million related to mark-to-market adjustments on the Company’s resin contracts.

Fiscal Year 2001 versus Fiscal Year 2000: Household Products-North America net sales decreased 4% to $2,097 million from fiscal year 2000 and earnings before tax decreased 24% to $453 million from fiscal year 2000.

The decline in net sales was caused by a 2% decrease in volumes, an unfavorable assortment mix resulting from a shift towards larger sizes, and higher trade-promotion spending. The segment’s volume decline follows a year in which 21 new products were introduced in the laundry and home care business and the
economy softened. Laundry and home care’s volume decline of 1% resulted from lower shipments of Clorox disinfecting spray due to increased competitive activity and discontinued Clorox FreshCare dry cleaning product; these volume declines were partly offset by increases in shipments of Ultra Clorox liquid bleach. The Glad bags and wraps business volumes decreased 2% from the prior year despite signs of volume improvement seen in the fourth quarter of fiscal year 2001. Driving the fourth quarter volume improvement was the launch of the GladWare line of containers. Brita’s shipments decreased 8% from the prior year despite the Company’s advertising and marketing efforts to improve shipments of Brita pour-through pitchers and filters. Partially offsetting this decline were increased shipments of Brita faucet-mount systems and Brita Fill & Go sports bottles.

The decline in net earnings before tax was due to the recognition of restructuring and asset impairment costs, lower volumes, an unfavorable assortment mix and higher raw material costs and trade spending, partly offset by cost savings generated from manufacturing initiatives.

**Household Products — Latin America/ Other**

Fiscal Year 2002 versus Fiscal Year 2001: Weakening economic conditions, currency devaluations and political turmoil in South America had a negative impact on the segment’s fiscal year 2002 results. The Household Products — Latin America/ Other segment’s earnings before tax declined to a loss of $129 million and net sales decreased 4% to $559 million. (See further discussion regarding the “South America Economic, Social and Political Conditions” on page A-11 in the Financial Position and Liquidity section).

Net sales decreased 4% while volumes grew by 1%. The decrease in net sales was driven by the weakening economic conditions in South America that gave rise to a 7% decrease attributable to foreign currency weaknesses primarily in Argentina, Venezuela and Brazil. Volume gains were driven by line extensions of Lestoil heavy-duty cleaner, new product launches in Korea, launches of Poett and other fragranced cleaners in the current and prior years and increased advertising to support volume growth in Puerto Rico, Central America and Mexico, partly offset by volume declines in Argentina, Venezuela and Chile driven by the poor economic conditions in South America as well as in Colombia due to economic conditions and competitive price activity in bleach.

The decline in earnings before tax reflects $196 million of goodwill and trademarks impairment charges and an increase of $9 million for restructuring costs. Asset impairment costs include $100 million, $57 million and $39 million for the Company’s Argentine, Brazilian and Colombian businesses, respectively. The Company is currently taking steps to mitigate the impacts from the weakening economic conditions, including the reduction of the cost structure in its Latin America operations, the elimination of 250 positions in December 2001 and 119 positions in May 2002, an increase in advertising spending to drive volume growth, and the implementation of a number of competitive pricing initiatives. Despite the negative impacts from the weakening conditions, the segment has benefited from the Company’s on-going cost savings initiatives contributing to gross profit improvements and the elimination of positions earlier in the year resulting in lower administrative expense. In addition, the segment has recognized $20 million of gains in foreign exchange from the revaluation of the Argentina net monetary assets denominated in currencies other than the peso.

Fiscal Year 2001 versus Fiscal Year 2000: Household Products — Latin America/ Other’s earnings before tax increased 6% to $72 million while net sales decreased 3% to $584 million. The decrease in net sales was due to foreign currency weaknesses in Australia, New Zealand and most Latin America countries and higher trade-promotion spending, despite a volume increase of 6%. The increase in volumes from the prior year resulted from the prior-year acquisitions of Bon Bril cleaning utensils businesses in certain Latin American countries, the launch of Poett and other fragranced cleaners in Argentina, Chile, Mexico, Brazil, Peru, Panama and Venezuela, and increased insecticide consumption in Korea. The increase in earnings before tax was generated from the restructuring of the Company’s Asia operations, lower commission expense resulting from the prior-year acquisition of a distribution business in Argentina, and the Company’s ongoing efforts to improve operating margins.
**Specialty Products**

Fiscal Year 2002 versus Fiscal Year 2001: The Specialty Products segment reported volume and net sales gains of 3% and 7%, respectively, and 30% growth in earnings before tax. All business units in this segment experienced increased volume growth. Excluding the impacts from the divested professional insecticides and firelogs businesses, net sales and volume increased 9% and 6%, respectively from the prior year. The difference between net sales growth and volume growth is attributable to lower trade promotion spending in the seasonal, food and cat litter businesses as the Company shifted marketing support towards increased advertising from trade spending, which is accounted for as a reduction in revenue.

Seasonal’s volume growth of 11%, excluding volumes from the divested professional insecticides and firelogs businesses, led the volume growth in this segment. This growth reflects higher shipments of Kingsford charcoal, which are up 12% for the fiscal year. Kingsford charcoal’s growth is attributable to a focus on retail execution, increased media spending, a narrowing price gap with private label as a result of private-label price increases, and improved weather conditions. Auto care’s volume increase of 7% was driven by growth from the Armor All wipes and tire protectant products, including the recently launched Armor All leather spray and wipes. The year-to-date growth rate for the auto care business was impacted in the latter part of the year by lower shipments to Kmart and unseasonably warm winter weather in the third quarter of fiscal year 2002 which reduced demand for cold weather performance products. Cat litter’s volume growth of 5% is due to product improvements, increased marketing support for Fresh Step and line extensions such as Fresh Step Cedar cat litter. Food product’s volumes increase of 3% reflects higher shipments from Hidden Valley dressings and K C Masterpiece marinades. The segment increased its advertising and consumer promotions of Hidden Valley dressings to counteract ongoing competitive activity. K C Masterpiece volumes increased behind the introduction of K C Masterpiece Caribbean Jerk marinade despite competitive pressures in the recent quarter.

Earnings before taxes increased due to volume growth, lower trade spending, savings generated by the Company’s ongoing cost reduction initiatives and plant closures, lower restructuring costs and inventory write-offs, and the gain of $36 million recognized in fiscal year 2002 on the sale of the Maxforce business. Increased advertising spending to support core brands and new product launches partly offset these improvements.

Fiscal Year 2001 versus Fiscal Year 2000: Specialty Products’ fiscal year 2001 net sales increased 1% to $1,222 million and volumes increased 3% from fiscal year 2000. Earnings before tax for the segment declined 1% to $397 million from fiscal year 2000.

The net sales increase of 1% was due to volume growth of 3% driven by higher volumes in the seasonal, cat litter and auto care businesses, offset by an unfavorable assortment mix. Seasonal’s increased volumes of 6% from fiscal year 2000 reflect greater charcoal shipments boosted by marketing support and a narrowing price spread with private label products. The 5% increase in cat litter’s volumes came from the fiscal year 2000 launch of Fresh Step crystals cat litter, higher Scoop Away cat litter volumes due to the price rollback in June 2000, and the relaunch of Scoop Away cat litter along with increased advertising and trade spending. These increases were partly offset by poor performance early in fiscal year 2001 due to difficulties experienced in the execution of a packaging conversion and a cat toy promotion. The 2% increase in auto care’s shipments resulted from the introduction of Armor All cleaning and protectant wipes. Offsetting volume gains in these businesses was a decline in the food business. The 5% volume decline in the food business reflects lower salad dressing consumption and intense competitive pressure in this category that resulted in decreased consumption in Hidden Valley dressings.

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

Fiscal Year 2002 versus Fiscal Year 2001: “Corporate, Interest and Other” loss before tax decreased 5% from fiscal year 2001 to fiscal year 2002 due to lower goodwill amortization and interest expense offset by increased compensation costs, expenditures associated with the Company’s new enterprise resource planning and customer relationship management data processing system projects, and severance costs.

Fiscal Year 2001 versus Fiscal Year 2000: “Corporate, Interest and Other” loss before tax decreased 3% from fiscal year 2000 to fiscal year 2001 due primarily to lower interest expense and lower compensation costs.

FINANCIAL POSITION AND LIQUIDITY

Cash Flows from Operations

The Company’s financial position and liquidity remains strong due to the continued strength of operating cash flows during the fiscal year ended June 30, 2002.

Net cash provided by operations increased 17% to $876 million in fiscal year 2002 as compared to the prior year, and is primarily attributable to improved working capital management and improved earnings. Working capital changes from fiscal year 2001 were partly attributable to the effect of currency devaluations in Argentina, Venezuela and Brazil, and better management of working capital, including receivables, inventory, accounts payable, accrued expenses and income taxes payable. The decline in receivables is due to improved collections partly offset by higher receivables driven by increased sales from the recent introduction of Clorox Ready Mop self-contained mopping system and the charcoal business. Inventory has declined as a result of the Company’s enhanced operational planning and continuing efforts to reduce the number of stock keeping units as well as lower charcoal inventories resulting from a 7% increase in sales volume during the fourth quarter of this year from that business. A build-up in inventory due to the recently launched Clorox Ready Mop self-contained mopping system partially offsets this decline. Higher payables and accrued expenses arise from the Company’s new system projects, increased advertising, and incentive compensation costs. Higher income taxes payable is attributable to the timing of quarterly tax payments.

Net cash provided by operations increased 10% to $747 million in fiscal year 2001 as compared to fiscal year 2000. The increase in cash provided by operations in fiscal year 2001 is attributable to improved management of working capital. Working capital changes from fiscal year 2000 included decreases in receivables and inventories and an increase in accrued liabilities, offset partially by lower accounts payable. The decrease in receivables is due to a decrease in net sales for the month of June 2001 versus June 2000 and successful collection of some past due receivables. Lower inventory levels in fiscal year 2001 reflect better inventory management and a decrease in seasonal product inventories. Inventory levels were favorably impacted due to management’s continuing efforts to optimize inventories and to eliminate under-performing stock keeping units. Seasonal product inventories were lower than planned due to 15% stronger sales in charcoal during the fourth quarter of fiscal year 2001 versus the year ago quarter. The decrease in accounts payable is related to lower raw-material purchases consistent with the decline in inventories and the effect resulting from the discontinuation of certain products.

Acquisitions and Divestitures

During fiscal years 2002 and 2001, the Company divested certain nonstrategic brands in order to focus on its core brands. In fiscal year 2002, the Company sold its Maxforce professional insecticides business and the Himolene industrial trash can liner business. The aggregate sales price and net pre-tax gain (included in other income) on divestitures was $65 million and $33 million, respectively. In fiscal year 2001, the Company sold its firelogs business for $2 million, and no gain or loss was recognized on the sale.

The Company also made acquisitions in fiscal years 2001 and 2000 that were accounted for as purchases and were funded using a combination of cash and debt.
During fiscal year 2001, the Company invested $126 million in new businesses. The Company acquired for $122 million (or $116 million, net of cash acquired) from Brita GmbH the rights to the Brita trademark and other intellectual property in North and South America, an increase in the Company’s ownership from 50% to 100% in Brita Limited and Brita South America Inc., and certain other net assets. The Company also increased its ownership to 100% in its two joint ventures in Costa Rica, previously 49% and 51% owned. The investments in Brita Limited, Brita South America Inc. and Costa Rica were previously accounted for under the equity method of accounting and are fully consolidated from the date of acquisition. Net assets acquired included net working capital assets of $11 million, property, plant and equipment of $9 million, goodwill of $11 million and trademarks and other intangible assets of $110 million to be amortized over estimated lives of ten years, less the additional investment to acquire the remaining interest for $15 million. Because the Company previously owned 50% to 51% in these equity investments, only the incremental equity and its underlying net book value of the net assets were adjusted to their fair value.

During fiscal year 2000, the Company invested $120 million in new international businesses. These acquisitions included the Bon Bril cleaning utensils businesses in Colombia, Venezuela and Peru, the Agrocom S.A. distribution business in Argentina, an increase in ownership to 100% in Clorox de Colombia S.A. (formerly Tecnoclor S.A. and previously 72% owned) and the Astra rubber gloves business purchased in Australia. Net assets, acquired at fair value, included net working capital assets of $6 million, property, plant and equipment of $12 million, goodwill of $24 million and trademarks and other intangible assets of $70 million to be amortized over estimated lives of five years. In addition, approximately $8 million was paid to acquire minority interests in Clorox de Colombia S.A.

**Capital Expenditures**

Capital expenditures were $177 million in fiscal year 2002, $192 million in fiscal year 2001 and $158 million in fiscal year 2000. In fiscal years 2002, 2001, and 2000, capital expenditures included the Company’s purchases of property, plant and equipment and $67 million in fiscal year 2002 and $41 million in fiscal year 2001 of expenditures for the Company’s new enterprise resource planning system and customer relationship management system. Despite higher expenditures for the new systems project, capital expenditures decreased from the prior year principally due to the Household Products — Latin America/ Other reduced capital spending levels.

The Company will be implementing new information systems over the next two fiscal years, with total implementation costs estimated to be approximately $250 million. Approximately $150 million represents incremental spending over and above previously planned spending on systems projects. Total expenditures were $83 million in fiscal year 2002, of which $63 million was capitalized as other assets, $4 million was capitalized as property, plant and equipment, and $16 million was recorded as selling and administrative expense. Total expenditures were $47 million in fiscal year 2001, of which $28 million was capitalized as other assets, $13 million was capitalized as property, plant and equipment and $6 million was recorded as selling and administrative expense.

**Contractual Obligations**

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

<table>
<thead>
<tr>
<th></th>
<th>At June 30, 2002 (in millions)</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>$2</td>
<td>$207</td>
<td>$2</td>
<td>$2</td>
<td>$152</td>
<td>$315</td>
<td>$680</td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td></td>
<td>30</td>
<td>24</td>
<td>18</td>
<td>10</td>
<td>10</td>
<td>15</td>
<td>107</td>
</tr>
<tr>
<td>Low income housing partnerships</td>
<td>23</td>
<td>11</td>
<td>7</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>Unconditional purchase obligations</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>18</td>
<td>18</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Total contractual cash obligations</td>
<td>$60</td>
<td>$247</td>
<td>$32</td>
<td>$21</td>
<td>$169</td>
<td>$352</td>
<td>$881</td>
<td></td>
</tr>
</tbody>
</table>

Low income housing partnerships also generate tax credits that reduce the Company’s income tax liability.

A-9
Borrowing Information

The Company continues to maintain strong credit ratings. The Company’s long-term credit rating from Standard & Poor’s and Fitch are A+ ratings and its short-term credit ratings from Standard & Poor’s and Fitch are A-1 and F1 ratings, respectively. The Company’s overall level of indebtedness (both short-term and long-term debt) was fairly stable at $1 billion at both June 30, 2002, and 2001. The Company’s increase in commercial paper borrowings was, in part, to repay its $200 million 8.8% note in July 2001. In fiscal year 2000, the Company reduced its commercial paper borrowings and repaid a $142 million short-term note due in March 2001. The Company also issued $300 million of 6.125% unsecured senior unsubordinated notes due in February 2011.

Credit Agreements

In fiscal years 2002, 2001 and 2000, cash flow from operations exceeded cash requirements to fund acquisitions, capital expenditures, dividends and scheduled debt service. The Company believes that cash flow from operations, supplemented by financing expected to be available from external sources, will provide sufficient liquidity for at least the next twelve months.

At June 30, 2002, the Company had domestic credit agreements with available credit lines totaling $550 million, which expire on various dates through March 2007. At June 30, 2002, 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 $53 million of foreign working capital credit lines and overdraft facilities at June 30, 2002, of which $33 million 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 million, 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, 2002. 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 strategic acquisitions 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

In fiscal year 2002, the Company increased its accrual for pension obligations from a pension asset of $23 million to a pension liability of $43 million, with a resulting increase in accumulated other comprehensive net losses. This increase primarily reflects a minimum pension liability adjustment of $65 million that was required to recognize a liability equal to the “unfunded accumulated benefit obligation” based on the market value of the assets that decreased due to asset performance. The Company expects to make annual minimum pension contributions starting in calendar year 2004. Contributions have not yet been determined due to uncertainty in estimating future market conditions.

Common Stock Dividends, Company Stock Purchases and Stock Authorization Information

Dividends paid in fiscal years 2002, 2001 and 2000 were $196 million, or $0.84 per share; $199 million, or $0.84 per share; and $189 million, or $0.80 per share, respectively. On July 17, 2002, the Company announced a 5% increase in the quarterly dividend rate from $0.21 per share to $0.22 per share.
Treasury share purchases and related premiums were $412 million (10,000,000 shares) in fiscal year 2002, $10 million in fiscal year 2001, and $135 million (3,123,000 shares) in fiscal year 2000. In July 2002, the Board of Directors authorized the Company to increase its previously announced share repurchase program by an additional $500 million. The share repurchase program was first announced in August 2001, with an authorization of $500 million, of which $417 million of treasury share repurchases, excluding related premiums, has been spent with $83 million remaining.

In the fourth quarter of fiscal year 2002, the Company settled its three share repurchase agreements totaling approximately $257 million, including carrying costs of $11 million. The Company had contracted for future delivery of 2,260,000 shares each on September 15, 2002 and on September 15, 2004, at a strike price of $43 per share, and for future delivery of 1,000,000 shares on November 1, 2003 at a strike price of $51.70 per share.

**South America Economic, Social and Political Conditions**

During fiscal year 2002, certain countries in South America have experienced weakening economic, social and political conditions, particularly in Argentina as well as Colombia and Brazil. Effective in fiscal year 2002, the Argentine peso is no longer fixed to the U.S. dollar, and Argentina and Brazil have faced currency devaluations of 74% and 19%, respectively. Argentina has also been impacted by government-imposed currency restrictions and banking holidays.

As a consequence of the deteriorating conditions in South America, the Company has recognized goodwill and trademarks impairment charges of $100 million for Argentina, $57 million for Brazil and $39 million for Colombia, which were recorded as restructuring and asset impairment charges. The Company also recorded foreign currency deferred translation charges for the Argentine peso of $137 million ($80 million tax effected) that reduced stockholders’ equity and recognized a pre-tax gain of $20 million on net monetary assets denominated in non-peso currencies, which is included in other income.

The Company is taking steps to mitigate the impact of the weakening conditions in South America such as shortening its Latin America division’s payment terms for customers, eliminating 250 and 119 positions in December 2001 and May 2002, respectively, and monitoring the Latin America division’s capital spending levels. The division is also eliminating low margin and non-core brands in its portfolio and will focus on strengthening its strategic core brands.

Argentina has faced unique challenges resulting from government-imposed currency restrictions as well as banking holidays. In fiscal year 2002, the government in Argentina decreed that certain trade non-peso denominated currencies be converted to the Argentine peso currency. The Company’s Argentine subsidiary has U.S. dollar cash balances of approximately $7 million that may be subject to repatriation at retroactive conversion rates. The Company is currently holding discussions with the Argentine central bank to obtain relief from converting U.S. dollar cash balances at retroactive conversion rates. The ultimate outcome of discussions with the Argentine central bank is not known at this time. If the Company were to convert its U.S. dollar cash balances at retroactive conversion rates, the currency exchange loss is estimated to be approximately $2 million. In addition, throughout calendar year 2002, the Argentine government has declared periodic “banking holidays”, frozen deposits and implemented various currency restrictions. This has limited the subsidiary’s ability to deposit funds, to issue checks that could be cleared in Argentine banks, and to exchange foreign currencies.

The Company is working towards limiting the impacts from these restrictions as well as ensuring that its Argentine subsidiary has adequate funding. In April 2002, the Company repatriated cash from the Argentine subsidiary that reduced the subsidiary’s U.S. dollar denominated cash balances. Despite the limitations imposed during these banking holidays and the repatriation of U.S. dollar cash balances, the Company believes that the subsidiary has adequate funding generated from its operations and has the ability to meet its working capital requirements.
While the Company has made progress against these challenges, it will continue to seek opportunities to limit the impacts from the weakening economic conditions in South America. The Company will also continue to evaluate its businesses in its Latin America operations for impairment in accordance with SFAS No. 142 “Goodwill and Other Intangible Assets” and SFAS No. 144, “Accounting for the Impairment or Disposal of Long-lived Assets”.

MARKET-SENSITIVE DERIVATIVES AND FINANCIAL INSTRUMENTS

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

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

As mentioned above, the Company has market risk exposure to foreign currency fluctuations. It uses derivative instruments, as well as operational strategies such as the matching of foreign currency receipts with payments, to mitigate the effects of foreign exchange exposure. However, because the Company has not been able to identify cost effective hedges for its net investments in foreign subsidiaries and joint ventures that would effectively mitigate fluctuations in value resulting from foreign currency devaluation, it is the Company’s policy not to hedge its long-term investment in foreign subsidiaries and joint ventures. Changes in valuations resulting from foreign currency fluctuations are reflected in other comprehensive income. Such fluctuations in foreign currency may make the Company’s products more expensive in its foreign markets and negatively impact sales or earnings.

Refer to Note 10 of the Notes to Consolidated Financial Statements for a further discussion on the Company’s financial instruments.

SENSITIVITY ANALYSIS

For fiscal year 2002, the Company’s exposure to market risk has been estimated using sensitivity analysis, which is defined as the change in the fair value of a derivative or financial instrument assuming a hypothetical 10% adverse change in market rates or prices. The results of the sensitivity analysis for interest rate, foreign currency and commodity risk exposures are summarized below. Actual changes in interest rates or market prices may differ from the hypothetical changes.

Sensitivity Analysis — Interest Rate Exposure

The Company has market risk exposure to changing interest rates. Interest rate risk is managed through the use of a combination of fixed and floating rate debt. Interest rate swaps may be used to adjust interest rate risk exposures when appropriate, based on market conditions. These instruments have the effect of converting fixed rate instruments to floating, or floating to fixed. Changes in interest rates would result in gains or losses in the market value of the Company’s fixed-rate debt instruments and the Company’s interest rate swap agreements that convert debt instruments from floating to fixed, due to differences between current market rates and the rates implicit for these instruments. Based on the hypothetical change of 10% in interest rates at June 30, 2002, the Company’s estimated market exposure for interest rates would impact interest expense by $9 million.
Sensitivity Analysis — Foreign Currency Exposure

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. The foreign exchange sensitivity analysis includes forward contracts affected by foreign exchange risk. Based on the hypothetical change of 10% in foreign currency exchange rates, the net unrealized losses at June 30, 2002 would impact pre-tax expense by $10 million.

Sensitivity Analysis — Commodity Price Exposure

Commodity futures and swap contracts are used to manage cost exposures on certain raw material purchases with the objective of ensuring relatively stable costs for these commodities. The Company also has a commodity written option contract with no hedging designation. The commodity price sensitivity analysis includes commodity futures, swap and option contracts, including resin derivative contracts, affected by commodity price risk. Based on the results of the hypothetical change of 10% in commodity prices, the Company’s estimated market exposure for commodity prices would impact pre-tax expense at June 30, 2002 by $3 million and would impact accumulated other comprehensive income by $8 million.

ENVIRONMENTAL MATTERS

The Company is committed to an ongoing program of comprehensive, long-term environmental assessment of its facilities. This program is monitored by the Company’s Department of Health, Safety and Environment with guidance from legal counsel. During each facility assessment, compliance with applicable environmental laws and regulations is evaluated and the facility is reviewed in an effort to identify possible future environmental liabilities. The Company believes that there are no unrecorded potential future environmental liabilities that will have a material adverse effect on its financial position or future operating results, although no assurance can be given with respect to the ultimate outcome of any such matters. This premise is based on the accrual of $17 million for such costs as of June 30, 2002, and the probable future costs of such environmental claims and actions.

NEW ACCOUNTING STANDARDS

SFAS Nos. 141 and 142

As of July 1, 2001, the Company adopted SFAS No. 141, “Business Combinations,” and SFAS No. 142, “Goodwill and Other Intangible Assets.” SFAS No. 141 requires all business combinations entered into after June 30, 2001 to be accounted for under the purchase method. SFAS No. 142 sets forth new financial accounting and reporting standards for the acquisition of intangible assets, other than those acquired in a business combination, and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard requires that goodwill be reported separately from other identifiable intangible assets, and no longer amortized but tested for impairment on an annual basis. In connection with the transition provisions for adopting this standard, the Company performed a transitional impairment test and found no impairment, and reviewed the classification of its intangible assets. Amounts determined to be other than goodwill were reallocated as of July 1, 2001. Approximately $301 million was assigned to trademarks not subject to amortization and $23 million to other intangible assets subject to amortization.

In accordance with SFAS No. 142, the Company discontinued the amortization of goodwill and indefinite-lived trademarks effective July 1, 2001. The financial statement impact was to reduce amortization expense by $47 million and to increase net earnings by $34 million (net of tax benefits of $13 million), or $0.14 per diluted share for the year ended June 30, 2002 compared to June 30, 2001. A reconciliation of previously reported net earnings and earnings per share to the amounts adjusted to exclude goodwill and indefinite-lived trademarks amortization, net of the related income tax effect is shown in Note 1 of the Notes to Consolidated Financial Statements.
SFAS No. 143

In June 2001, the FASB issued SFAS No. 143, “Accounting for Asset Retirement Obligations,” which addresses financial accounting requirements for retirement obligations associated with tangible long-lived assets. SFAS No. 143 is effective for fiscal year 2003. The Company is evaluating what impact, if any, SFAS No. 143 may have on its consolidated financial statements.

SFAS No. 144

In August 2001, the FASB issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” that replaces SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.” SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying value or fair value less costs to sell, whether reported in continuing operations or in discontinued operations. Discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet been incurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of SFAS No. 144 are effective for fiscal year 2003 and are to be applied prospectively.

SFAS No. 146

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities”, which addresses accounting for restructuring and similar costs. SFAS No. 146 supersedes previous accounting guidance, principally Emerging Issues Task Force (“EITF”) Issue No. 94-3. The Company will adopt the provisions of SFAS No. 146 for restructuring activities, if any, initiated after December 31, 2002. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF Issue No. 94-3, a liability for an exit cost was recognized at the date of the Company’s commitment to an exit plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly, SFAS No. 146 may affect how the amount and the timing of future restructuring costs, if any, are recognized.

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 of goodwill, trademarks and other intangible assets and property, plant and equipment; recovery of deferred software costs; accruals for incentive compensation; valuation of pension benefits; and income tax valuation allowances, contingency accruals and indefinite reversal criteria. 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

Customer sales are recognized when the risk of loss and title pass to the customer, generally at the time of shipment. Customer sales are recorded net of allowances for damaged goods returns, trade promotions, coupons and other discounts, which are recognized as a deduction from sales at the time of sale.

The Company routinely commits to one-time or on-going trade promotion and coupon programs with customers that require the Company to estimate and accrue the ultimate costs of such programs. Using experience gained over many years, the Company records an accrual at the end of each period for the earned, but unpaid, costs related thereto. Trade promotion and coupon costs are recorded as a deduction from sales.

Estimating the costs associated with on-going and routine trade promotion and coupon programs for core brands is based on the Company’s experience and available historical information. However, for new products estimating the costs of such programs 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 current trade promotion system allocates amounts for each customer for promotional activities. These funds are available to pay for promotional activities once earned by the customer. All promotional payments throughout the year to customers are subtracted from amounts available. The Company currently tracks promotional spending for its significant accounts and accrues for the estimated incurred but unpaid portion of trade promotion events. In determining liability accruals for trade promotional spending, the Company must rely on judgment and estimates which include, but are not limited to, the Company’s understanding of trade promotional spending patterns, knowledge of the status of trade promotional activities, and interpretation of historical spending trends by customer and category. If the Company’s estimates were to differ by 10%, the impact to promotional spending accruals would be approximately $11 million.

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, and new product introductions. The estimates as to future demand used in the valuation of inventory are dependent on the ongoing success of its products. In addition, the Company’s allowance for obsolescence may be impacted by the rationalization of the number of stock keeping units. To minimize this risk, the Company evaluates its inventory levels and expected usage on a periodic basis and records adjustments as required. Provisions for inventory obsolescence were $15 million in fiscal year 2002, $54 million in fiscal year 2001 and $15 million in fiscal year 2000.

Impairment of Goodwill, Trademarks and Other Intangible Assets and Property, Plant and Equipment

Carrying values of goodwill, trademarks and other intangible assets are reviewed periodically 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 discounted present value of the cash flows for 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 asset. 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, acts by governments and courts, may signal that an asset has become impaired.

Property, plant and equipment and other long-lived tangible and intangible assets are reviewed periodically for possible impairment in accordance with SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets to Be Disposed Of”. The Company’s impairment review is based on an undiscounted cash flow analysis at the lowest level for which identifiable cash flows exist. The analysis requires management judgment with respect to changes in technology, the continued success of product lines, and future volume, revenue and expense growth rates. The Company conducts annual reviews for idle and underutilized equipment, and reviews business plans for possible impairment implications. Impairment occurs when the carrying value of the asset exceeds the future undiscounted cash flows and the impairment is viewed as other than temporary. When an impairment is indicated, the estimated future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows.

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 value of future cash flows and would have increased or decreased any impairment charge taken. 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. In fiscal year 2002, the Company recognized goodwill and trademark impairment charges of $196 million for its Argentine, Brazilian and Colombian businesses. If the Company had varied its estimates and assumptions by 10%, then impairment charges would have been higher or lower by approximately $15 million to $20 million.

**Recoverability of Deferred Software Costs**

The Company capitalizes qualifying costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials, consultants, interest, and payroll and payroll-related costs for employees involved in development. 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”. In applying the guidelines outlined in SOP 98-1, the Company must use its judgment in determining whether the costs incurred should be capitalized or expensed. The determination of whether the costs incurred are capitalized may have a significant impact on the Company’s financial statements. Determination of whether such costs should be expensed or capitalized is subject to the nature of the activities performed. The Company must make a determination of whether the direct costs of materials and services consumed in developing or obtaining internal-use computer software and an employee’s time and travel expenses directly associated with developing software should be capitalized. This determination is based on the nature and the extent of the activity that the employee is performing. The Company believes that the basis for its determination is reasonable and that it has adequately determined the costs to be capitalized versus expensed.

The Company’s new systems expenditures of $83 million in fiscal year 2002 and $47 million in fiscal year 2001 include deferred software costs of $63 million in fiscal year 2002 and $28 million in fiscal year 2001, which were capitalized as other assets and are subject to the Company’s expectation that the acquired or developed software will be completed and placed in service as anticipated. Deferred software costs are amortized on a straight-line basis over three to seven years.

**Accruals for Incentive Compensation**

The Company has various incentive compensation programs, including a performance unit program and The Clorox Company Employee Retirement Investment Plan (ERIP). Certain payments or contributions under these programs are subject to the Company achieving certain performance targets. Accordingly, the
quarterly accrual of such costs for these programs is based on the Company’s expectations as to whether the performance targets are achievable.

Under the Company’s performance unit program, compensation cost for shares issued was recorded based upon the current market value of the Company’s stock at the end of each period. These compensation costs were amortized over the program’s vesting periods. Vesting criteria for the program are based on the performance of the Company’s stock against the S&P 500 and a peer group of companies. At June 30, 2002, the Company reviewed the vesting criteria for its performance unit programs for the Company’s officers, and determined that it did not meet the initial vesting criteria as of June 30, 2002 and may not meet the vesting criteria as of June 30, 2003. Consequently, the Company reversed to income in the fourth quarter of fiscal year 2002 its net accrued liability of $10 million for the performance unit program.

The ERIP has two components; a 401(k) component and a profit sharing component. Employee contributions made to the 401(k) component are matched with the Company’s contributions. The Company’s contributions to the profit sharing component are discretionary and are based on targets that are measured by the “Clorox Value Measure” (CVM). Drivers of CVM targets include net operating earnings after taxes minus a charge for investment, asset utilization and sales growth. These targets are affected by the amount of product that the Company sells, its profitability, and the amount of investment needed to generate those earnings. The Company accrues quarterly for such costs as selling and administrative expense based upon estimated annual results. By fiscal year-end, actual contribution amounts are reasonably certain. At June 30, 2002, the Company believes that it has adequately accrued for contributions and anticipates making the contribution to the ERIP plan in the first quarter of fiscal year 2003.

Valuation of Pension Benefits

The valuation of net periodic pension costs is calculated using actuarial assumptions, including discount rates 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. Because assumptions and estimates are used, actual results could differ from expected results. At June 30, 2002, the Company is using discount rate assumptions of 6.75% to 7.25% and long-term rate of return on plan assets assumptions of 8% and 9.5% in its calculation of pension expense. The use of a different discount rate or long-term rate of return on plan assets can significantly impact pension expense. For example, a decrease of about 1% to the discount rate or to the long-term rate of return on plan assets, would impact pension expense by approximately $2 million, or $3 million to $6 million, respectively.

The recognition of pension assets or liabilities is subject to pension asset performance. At June 30, 2002, the Company increased its pension obligation by $65 million, with a resulting increase in accumulated other comprehensive net losses. This increase reflected a minimum pension liability adjustment that was required to recognize a liability equal to the “un-funded accumulated benefit obligation” based on the market value of the assets that decreased due to asset performance. The Company expects to make annual minimum pension contributions starting in calendar year 2004, however, contribution amounts have not yet been determined.

Income Tax Valuation Allowances, Contingency Accruals and Indefinite Reversal Criteria

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 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 realization of a deferred tax asset. During the year ended June 30, 2002, the Company established a valuation allowance of $45 million with respect to potential tax benefits stemming from its Argentina and Colombia impairment charges. These valuation allowances relate to the tax basis in unamortizable goodwill and trademarks, the
recovery of which is uncertain. The Company also assessed the need for a valuation allowance on tax benefits of $21 million relating to its Brazil impairment, but determined it was more likely than not that the benefits would be realized and that no valuation allowance was necessary. Other significant valuation allowances maintained by the Company relate to the ability to use net operating losses in certain foreign countries, including Colombia and Canada. In addition to deferred tax valuation allowances, the Company maintains an allowance for tax contingencies, which the Company believes is adequate.

Income tax is not provided when foreign earnings are indefinitely reinvested in accordance with Accounting Principles Board (“APB”) Opinion No. 23, “Accounting for Income Taxes, Special Areas”. The Company determines whether its foreign subsidiaries have invested, or will invest, a significant portion of their undistributed earnings indefinitely. The Company reassesses its determination on a periodic basis. Changes 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. During fiscal year 2002, the Company determined that earnings of $24 million of certain foreign affiliates were no longer invested indefinitely and provided income taxes of $6 million.

CAUTIONARY STATEMENT

Except for historical information, matters discussed above and in the financial statements and footnotes, including statements about future plans, objectives, expectations, growth or profitability, are forward-looking statements based on management’s estimates, assumptions and projections. These forward-looking statements are subject to risks and uncertainties, and actual results could differ materially from those discussed in this Appendix A to the Company’s 2002 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, 2002, which is expected to be filed with the SEC on or about September 27, 2002, and in subsequent SEC filings. Those factors include, but are not limited to, marketplace conditions and events, the Company’s actual cost performance, implementation of the Company’s new enterprise resource planning and customer relationship management systems, risks inherent in litigation and international operations, the success of new products, the integration of acquisitions and mergers, divestiture of nonstrategic businesses and environmental, regulatory and intellectual property matters. These forward-looking statements speak only as of the date of this document.
## CONSOLIDATED STATEMENTS OF EARNINGS

*The Clorox Company*

<table>
<thead>
<tr>
<th>Years ended June 30</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In millions, except share and per-share amounts.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$4,061</td>
<td>$3,903</td>
<td>$3,989</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>2,308</td>
<td>2,319</td>
<td>2,250</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,753</td>
<td>1,584</td>
<td>1,739</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>537</td>
<td>495</td>
<td>525</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>397</td>
<td>352</td>
<td>371</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>67</td>
<td>67</td>
<td>63</td>
</tr>
<tr>
<td>Merger, restructuring and asset impairment costs</td>
<td>241</td>
<td>59</td>
<td>36</td>
</tr>
<tr>
<td>Interest expense</td>
<td>39</td>
<td>88</td>
<td>98</td>
</tr>
<tr>
<td>Other expense (income), net</td>
<td>(26)</td>
<td>47</td>
<td>36</td>
</tr>
<tr>
<td>Earnings before income taxes and cumulative effect of change in accounting principle</td>
<td>498</td>
<td>476</td>
<td>610</td>
</tr>
<tr>
<td>Income taxes</td>
<td>176</td>
<td>151</td>
<td>216</td>
</tr>
<tr>
<td>Earnings before cumulative effect of change in accounting principle</td>
<td>322</td>
<td>325</td>
<td>394</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle (net of tax benefit of $1)</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$322</td>
<td>$323</td>
<td>$394</td>
</tr>
<tr>
<td><strong>Earnings per common share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings before cumulative effect of change in accounting principle</td>
<td>$1.39</td>
<td>$1.38</td>
<td>$1.67</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Basic net earnings per common share</td>
<td>$1.39</td>
<td>$1.37</td>
<td>$1.67</td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings before cumulative effect of change in accounting principle</td>
<td>$1.37</td>
<td>$1.36</td>
<td>$1.64</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Diluted net earnings per common share</td>
<td>$1.37</td>
<td>$1.35</td>
<td>$1.64</td>
</tr>
<tr>
<td>Weighted average common shares outstanding (in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>231,849</td>
<td>236,149</td>
<td>236,108</td>
</tr>
<tr>
<td>Diluted</td>
<td>234,704</td>
<td>239,483</td>
<td>239,614</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.

A-19
## CONSOLIDATED BALANCE SHEETS

*The Clorox Company*

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$177</td>
<td>$251</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>483</td>
<td>514</td>
</tr>
<tr>
<td>Inventories</td>
<td>258</td>
<td>281</td>
</tr>
<tr>
<td>Other current assets</td>
<td>84</td>
<td>57</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,002</td>
<td>1,103</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>922</td>
<td>1,046</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>728</td>
<td>906</td>
</tr>
<tr>
<td>Trademarks and other intangible assets, net</td>
<td>573</td>
<td>668</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>405</td>
<td>272</td>
</tr>
<tr>
<td>Total assets</td>
<td>$3,630</td>
<td>$3,995</td>
</tr>
</tbody>
</table>

### Liabilities and Stockholders’ Equity

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and loans payable</td>
<td>$330</td>
<td>$117</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>2</td>
<td>202</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>329</td>
<td>314</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>511</td>
<td>436</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>53</td>
<td>—</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,225</td>
<td>1,069</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>678</td>
<td>685</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>231</td>
<td>194</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>142</td>
<td>147</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $1.00 par value, 750,000,000 shares authorized, 249,826,934 shares issued and 223,009,909 and 236,691,020 shares outstanding at June 30, 2002 and 2001, respectively</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>222</td>
<td>195</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,270</td>
<td>2,142</td>
</tr>
<tr>
<td>Treasury shares, at cost, 26,817,025 and 13,135,914 shares at June 30, 2002 and 2001, respectively</td>
<td>(1,070)</td>
<td>(441)</td>
</tr>
<tr>
<td>Accumulated other comprehensive net losses</td>
<td>(308)</td>
<td>(235)</td>
</tr>
<tr>
<td>Unearned compensation</td>
<td>(10)</td>
<td>(11)</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>1,354</td>
<td>1,900</td>
</tr>
<tr>
<td>Total liabilities and stockholders’ equity</td>
<td>$3,630</td>
<td>$3,995</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.

A-20
The Clorox Company

### CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Additional Paid-in Capital</th>
<th>Retained Earnings</th>
<th>Treasury Shares</th>
<th>Accumulated Other Comprehensive Net Losses</th>
<th>Unearned Compensation</th>
<th>Total</th>
<th>Total Comprehensive Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, June 30, 1999</strong></td>
<td>$250</td>
<td>$ 76</td>
<td>$1,816</td>
<td>$ (392)</td>
<td>$(160)</td>
<td>$ (20)</td>
<td>$1,570</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>394</td>
<td></td>
<td>(23)</td>
<td>394</td>
<td>(23)</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 371</td>
</tr>
<tr>
<td><strong>Dividends ($0.80 per share)</strong></td>
<td>(189)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(189)</td>
<td></td>
</tr>
<tr>
<td><strong>Employee stock plans</strong></td>
<td>35</td>
<td>(1)</td>
<td>21</td>
<td></td>
<td>3</td>
<td></td>
<td>58</td>
</tr>
<tr>
<td><strong>Treasury stock purchased and related premiums</strong></td>
<td>(12)</td>
<td></td>
<td>(135)</td>
<td></td>
<td>(147)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 271</td>
</tr>
<tr>
<td><strong>Balance, June 30, 2000</strong></td>
<td>250</td>
<td>175</td>
<td>2,020</td>
<td>(451)</td>
<td>(183)</td>
<td>(17)</td>
<td>1,794</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>323</td>
<td></td>
<td></td>
<td>323</td>
<td></td>
<td></td>
<td>$ 323</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>(54)</td>
<td></td>
<td></td>
<td>(54)</td>
<td></td>
<td></td>
<td>(54)</td>
</tr>
<tr>
<td>Minimum pension liability adjustments</td>
<td>(3)</td>
<td></td>
<td></td>
<td>(3)</td>
<td></td>
<td></td>
<td>(3)</td>
</tr>
<tr>
<td>Cumulative effect and change in valuation of derivatives, net of tax</td>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 271</td>
</tr>
<tr>
<td><strong>Dividends ($0.84 per share)</strong></td>
<td>(199)</td>
<td></td>
<td></td>
<td></td>
<td>(199)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee stock plans</strong></td>
<td>20</td>
<td>(2)</td>
<td>20</td>
<td>6</td>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Treasury stock purchased and related premiums</strong></td>
<td>(10)</td>
<td></td>
<td>(10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance, June 30, 2001</strong></td>
<td>250</td>
<td>195</td>
<td>2,142</td>
<td>(441)</td>
<td>(235)</td>
<td>(11)</td>
<td>1,900</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>322</td>
<td></td>
<td></td>
<td>322</td>
<td></td>
<td></td>
<td>$ 322</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>(222)</td>
<td></td>
<td></td>
<td>(222)</td>
<td></td>
<td></td>
<td>(222)</td>
</tr>
<tr>
<td>Tax effect on currency translation adjustments</td>
<td>119</td>
<td></td>
<td></td>
<td>91</td>
<td></td>
<td></td>
<td>91</td>
</tr>
<tr>
<td>Translation related to impairment charges</td>
<td>91</td>
<td></td>
<td></td>
<td>91</td>
<td></td>
<td></td>
<td>91</td>
</tr>
<tr>
<td>Change in valuation of derivatives, net of tax</td>
<td>4</td>
<td></td>
<td></td>
<td>4</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Minimum pension liability adjustments</td>
<td>(65)</td>
<td></td>
<td></td>
<td>(65)</td>
<td></td>
<td></td>
<td>(65)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 249</td>
</tr>
<tr>
<td><strong>Dividends ($0.84 per share)</strong></td>
<td>(196)</td>
<td></td>
<td></td>
<td></td>
<td>(196)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee stock plans</strong></td>
<td>27</td>
<td>(3)</td>
<td>32</td>
<td>1</td>
<td>57</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Treasury stock purchased and related premiums</strong></td>
<td>5</td>
<td>(417)</td>
<td></td>
<td>(412)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Settlement of share repurchase contracts</strong></td>
<td>(244)</td>
<td></td>
<td></td>
<td>(244)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance, June 30, 2002</strong></td>
<td>$250</td>
<td>$222</td>
<td>$2,270</td>
<td>$(1,070)</td>
<td>$(308)</td>
<td>$(10)</td>
<td>$1,354</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.

A-21
# CONSOLIDATED STATEMENTS OF CASH FLOWS

The Clorox Company

<table>
<thead>
<tr>
<th>Years ended June 30</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In millions.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$322</td>
<td>$323</td>
<td>$394</td>
</tr>
<tr>
<td>Adjustments to reconcile net earnings to net cash provided by operations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>190</td>
<td>225</td>
<td>201</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(27)</td>
<td>(41)</td>
<td>(16)</td>
</tr>
<tr>
<td>Merger, restructuring and asset impairment</td>
<td>215</td>
<td>59</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>(2)</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Cash effects of changes in (excluding effects of businesses sold or acquired):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, net</td>
<td>3</td>
<td>123</td>
<td>(10)</td>
</tr>
<tr>
<td>Inventories</td>
<td>3</td>
<td>90</td>
<td>(50)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>(3)</td>
<td>8</td>
<td>(3)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>104</td>
<td>(78)</td>
<td>144</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>71</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td><strong>Net cash provided by operations</strong></td>
<td>$876</td>
<td>$747</td>
<td>$681</td>
</tr>
<tr>
<td><strong>Investing Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(177)</td>
<td>(192)</td>
<td>(158)</td>
</tr>
<tr>
<td>Businesses acquired, net of cash acquired</td>
<td>—</td>
<td>(126)</td>
<td>(120)</td>
</tr>
<tr>
<td>Proceeds from sale of businesses</td>
<td>60</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>(18)</td>
<td>18</td>
</tr>
<tr>
<td><strong>Net cash used for investing</strong></td>
<td>(109)</td>
<td>(336)</td>
<td>(260)</td>
</tr>
<tr>
<td><strong>Financing Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and loans payable, net</td>
<td>206</td>
<td>(651)</td>
<td>34</td>
</tr>
<tr>
<td>Collection of prepaid forward contract</td>
<td>—</td>
<td>150</td>
<td>—</td>
</tr>
<tr>
<td>Long-term debt borrowings</td>
<td>3</td>
<td>310</td>
<td>5</td>
</tr>
<tr>
<td>Long-term debt repayments</td>
<td>(212)</td>
<td>(19)</td>
<td>(117)</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(196)</td>
<td>(199)</td>
<td>(189)</td>
</tr>
<tr>
<td>Treasury stock purchased and related premiums</td>
<td>(412)</td>
<td>(10)</td>
<td>(135)</td>
</tr>
<tr>
<td>Settlement of share repurchase contracts</td>
<td>(257)</td>
<td>—</td>
<td>76</td>
</tr>
<tr>
<td>Issuance of common stock for employee stock plans</td>
<td>35</td>
<td>12</td>
<td>27</td>
</tr>
<tr>
<td><strong>Net cash used for financing</strong></td>
<td>(833)</td>
<td>(407)</td>
<td>(299)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>(8)</td>
<td>(7)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(74)</td>
<td>(3)</td>
<td>122</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>251</td>
<td>254</td>
<td>132</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td>$177</td>
<td>$251</td>
<td>$254</td>
</tr>
<tr>
<td><strong>Supplemental Cash Flow Information:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, net of amounts capitalized</td>
<td>$47</td>
<td>$83</td>
<td>$92</td>
</tr>
<tr>
<td>Income taxes, net of refunds</td>
<td>119</td>
<td>156</td>
<td>166</td>
</tr>
<tr>
<td>Non-cash transactions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share repurchase and other obligations</td>
<td>—</td>
<td>—</td>
<td>$55</td>
</tr>
<tr>
<td>Acquisitions, net of cash acquired</td>
<td>—</td>
<td>126</td>
<td>120</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Clorox Company


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

1. Significant Accounting Policies

NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

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

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 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. Actual results could differ from estimates and assumptions made.

NEW ACCOUNTING STANDARDS

As of July 1, 2001, the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 141, “Business Combinations,” and SFAS No. 142, “Goodwill and Other Intangible Assets.” SFAS No. 141 requires all business combinations entered into after June 30, 2001 to be accounted for under the purchase method. SFAS No. 142 sets forth new financial accounting and reporting standards for the acquisition of intangible assets, other than those acquired in a business combination, and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard requires that goodwill be reported separately from other identifiable intangible assets and no longer amortized but tested for impairment on an annual basis. The Company’s policy is to separately identify, value, and determine the useful lives for all intangible assets acquired in acquisitions occurring after June 30, 2001. Those assets with a definite life shall be amortized over such periods, and those with indefinite lives shall not be amortized, but tested for impairment. The annual impairment tests will be performed at the same time each year unless events suggest an impairment may have occurred in the interim. The Company tests for impairment by comparing the carrying value with the fair value of each reporting unit. An impairment loss is recorded for the excess of the carrying value over the fair value of the goodwill, trademarks and other intangible assets. In connection with the transition provisions for adopting this standard, the Company performed a transitional impairment test and found no impairment, and reviewed the classification of its intangible assets. Amounts determined to be other than goodwill were reallocated as of July 1, 2001. Approximately $301 was assigned to trademarks not subject to amortization and $23 to other intangible assets subject to amortization.

In accordance with SFAS No. 142, the Company discontinued the amortization of goodwill and indefinite-lived trademarks effective July 1, 2001. The financial statement impact was to reduce amortization expense by $47 and increase net earnings by $34 (net of tax benefits of $13), or $0.14 per diluted share for the year ended June 30, 2002 compared to June 30, 2001.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

1. Significant Accounting Policies (Continued)

A reconciliation of previously reported net earnings and earnings per share to the amounts adjusted to exclude goodwill and indefinite-lived trademarks amortization, net of the related income tax effect, follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported net earnings</td>
<td>$ 322</td>
<td>$ 323</td>
<td>$ 394</td>
</tr>
<tr>
<td>Add: Goodwill and indefinite-lived trademarks amortization, net of tax benefits</td>
<td>—</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Adjusted net earnings</td>
<td>$ 322</td>
<td>$ 357</td>
<td>$ 425</td>
</tr>
</tbody>
</table>

Basic earnings per common share:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported net earnings</td>
<td>$1.39</td>
<td>$1.37</td>
<td>$1.67</td>
</tr>
<tr>
<td>Add: Goodwill and indefinite-lived trademarks amortization, net of tax benefits</td>
<td>—</td>
<td>0.14</td>
<td>0.13</td>
</tr>
<tr>
<td>Adjusted net earnings</td>
<td>$1.39</td>
<td>$1.51</td>
<td>$1.80</td>
</tr>
</tbody>
</table>

Diluted earnings per common share:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported net earnings</td>
<td>$1.37</td>
<td>$1.35</td>
<td>$1.64</td>
</tr>
<tr>
<td>Add: Goodwill and indefinite-lived trademarks amortization, net of tax benefits</td>
<td>—</td>
<td>0.14</td>
<td>0.13</td>
</tr>
<tr>
<td>Adjusted net earnings</td>
<td>$1.37</td>
<td>$1.49</td>
<td>$1.77</td>
</tr>
</tbody>
</table>

In June 2001, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 143, “Accounting for Asset Retirement Obligations,” which addresses financial accounting requirements for retirement obligations associated with tangible long-lived assets. SFAS No. 143 is effective for fiscal year 2003. The Company is evaluating what impact, if any, SFAS No. 143 may have on its consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” that replaces SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.” SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying value or fair value less costs to sell, whether reported in continuing operations or in discontinued operations. Discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet been incurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of SFAS No. 144 are effective for fiscal year 2003 and are to be applied prospectively.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities”, which addresses accounting for restructuring and similar costs. SFAS No. 146 supersedes previous accounting guidance, principally Emerging Issues Task Force (“EITF”) Issue No. 94-3. The Company will adopt the provisions of SFAS No. 146 for restructuring activities, if any, initiated after December 31, 2002. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF Issue No. 94-3, a liability for an exit cost was recognized at the date of the Company’s commitment to an exit plan. SFAS No. 146 also establishes...
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

1. Significant Accounting Policies (Continued)

that the liability should initially be measured and recorded at fair value. Accordingly, SFAS No. 146 may affect the timing of recognizing future restructuring costs as well as the amounts recognized.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Inventories are stated at the lower of cost or market (net realizable value). Cost for the majority of the domestic inventories, approximately 41% and 35% of inventories at June 30, 2002 and 2001, respectively, is determined on the last-in, first-out (LIFO) method. The cost method for all other inventories, including inventories of all international businesses, is 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 net realizable value, 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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over estimated useful lives generally ranging from 3-40 years. Property, plant and equipment is reviewed periodically for possible impairment in accordance with SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets to be Disposed Of.” The Company’s impairment review is based on an undiscounted cash flow analysis of assets at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset exceeds the future undiscounted cash flows and the impairment is viewed as other than temporary. When an impairment is indicated, the future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of future cash flows.

CAPITALIZED SOFTWARE COSTS

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 or development of software for internal use, including the costs of the software, materials, consultants, interest and payroll and payroll-related costs for employees incurred in developing internal-use computer software once final selection of 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 expense was $18, $18, and $13, in fiscal years 2002, 2001 and 2000, respectively. The net book value of capitalized software costs included in other assets at June 30, 2002 and 2001 was $102 and $59, respectively.

A-25
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

1. Significant Accounting Policies (Continued)

EMPLOYEE BENEFITS

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. The Company follows the accounting guidance as specified in SFAS No. 87, “Employers Accounting for Pensions,” for the recognition of net periodic pension cost. (See Note 17).

The Company provides certain health care benefits for employees who meet age, participation and length of service requirements at retirement. The Company follows the accounting guidance as specified in SFAS No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pension,” for the recognition of postretirement benefits. (See Note 17).

The Company provides for medical, dental, vision, life and other benefits to its employees. The Company accrues for estimated claims incurred but not reported based on estimates provided by its actuaries.

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 has various incentive compensation programs, including a performance unit program and The Clorox Company Retirement Investment Plan (ERIP). Certain payments or contributions under these programs are subject to the Company achieving certain performance targets. The Company reviews these performance targets on a periodic basis and accrues for incentive compensation costs accordingly.

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. The Company follows 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, and environmental expenditures are included in other expense, net.

RESTRUCTURING LIABILITIES

The Company follows the guidance of Emerging Issues Task Force (“EITF”) Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring),” 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 group impacted has been notified. Other qualified exit and disposal costs are recognized at the time a plan has been approved by management.

REVENUE RECOGNITION

Customer sales are recognized as revenue when the risk of loss and title pass to the customer, generally at the time of shipment. Customer sales are recorded net of allowances for damaged goods returns, trade promotions, coupons and other discounts, which are recognized as a deduction from sales at the time of sale.
1. Significant Accounting Policies (Continued)

The Company routinely commits to one-time or on-going trade promotion and coupon programs with customers that require the Company to estimate and accrue the ultimate costs of such programs. The Company records an accrual at the end of each period for the earned, but unpaid costs related to the programs. Trade promotion and coupon costs are recorded as a deduction from sales. The Company also provides for an allowance for estimated damaged goods returns, which is recognized as a deduction from sales at the time of sale.

The Company provides for an allowance for doubtful accounts based on historical experience and a review of its receivables. Receivables are presented net of an allowance for doubtful accounts of $15 at both June 30, 2002 and 2001. The Company’s provision for doubtful accounts and deductions for charge-offs of receivables were $11 and $6, respectively, in fiscal year 2002, $5 and $3, respectively, in fiscal year 2001, and $8 and $5, respectively, in fiscal year 2000.

ADVERTISING

The Company expenses advertising costs in the year incurred.

INCOME TAXES

The Company uses the asset and liability method to account for income taxes, including recognition of deferred tax assets included in other current assets and liabilities for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. Income tax expense is recognized currently for taxes payable on remittances of foreign earnings, while no provision for expense is made for taxes on foreign earnings that are deemed to be permanently reinvested. The Company reviews its deferred tax assets for recovery. 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. Changes in valuation allowances from period to period are included in the Company’s tax provision in the period of change. (See Note 16).

FOREIGN CURRENCY TRANSLATION

Local currencies are the functional currencies for most of the Company’s foreign operations. Assets and liabilities are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rates during the year. Translation gains and losses not reflected in earnings are reported in accumulated other comprehensive net losses in stockholders’ equity. Deferred taxes are not provided on translation gains and losses where the Company expects earnings of a foreign subsidiary to be permanently reinvested. During fiscal year 2002, the Company has determined that, at this time, foreign earnings from certain countries and joint ventures are no longer permanently reinvested and, therefore, the income tax effects of $119 have been recorded to other assets with an offset to accumulated other comprehensive net losses. Transaction gains and losses where the U.S. dollar is the functional currency are included in other expense (income), net.

EARNINGS PER COMMON SHARE

Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding each period. Diluted earnings per share is computed by dividing net earnings by the
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

1. Significant Accounting Policies (Continued)

diluted weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution from common shares issuable through stock options, restricted stock and share repurchase contracts.

DERIVATIVE INSTRUMENTS

Effective July 1, 2000, the Company adopted SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities,” as amended by SFAS No. 138, “Accounting for Certain Derivative Instruments and Certain Hedging Activities.” SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The effect of this new standard was a reduction of fiscal year 2001 net earnings of $2 (net of tax benefit of $1), which was recognized as a cumulative effect of a change in accounting principle and an increase in fiscal year 2001 accumulated other comprehensive income of $10 (net of tax benefit of $7). The ongoing effects are dependent on future market conditions and the Company’s hedging activities.

The use of derivative instruments, principally swap, forward and option contracts, is limited to non-trading purposes and includes management of interest rate movements, foreign currency exposure and commodity exposure. Most interest rate swaps and commodity purchase and foreign exchange contracts are designated as fair-value or cash-flow hedges of fixed and variable rate debt obligations, raw material purchase obligations, 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 or not overall risk is being reduced and (c) if there is correlation between the value of the derivative instrument and the underlying obligation. Changes in the fair value of such derivatives are recorded as either assets or liabilities in the balance sheet with an offset to current earnings or other comprehensive income, depending on whether the derivative is designated as a hedge transaction and the type of hedge transaction. For fair-value hedge transactions, changes in fair value of the derivative and changes in the fair value of the item being hedged are recorded in earnings. For cash-flow hedge transactions, changes in fair value of derivatives are reported as other comprehensive income and are recognized into earnings in the period or periods during which the hedge transaction affects earnings. The Company also has contracts with no hedging designations. At June 30, 2002 and 2001, the Company held a written put option contract for the purchase of resin that does not qualify for hedge accounting treatment. Additionally, in fiscal year 2002, the Company elected to discontinue hedge accounting treatment for its foreign exchange contracts that are considered immaterial. The financial statement impact of this change to the Company’s consolidated statement of earnings and balance sheet as of and for the fiscal year ended June 30, 2002 is insignificant. These contracts are accounted for by adjusting the carrying amount of the contracts to market and recognizing any gain or loss in other expense (income), net.

The Company uses several different methodologies to estimate the fair value of its derivative contracts. The estimated fair values of the Company’s interest rate swaps, certain commodity derivative contracts and foreign exchange contracts are based on quoted market prices, traded exchange market prices or broker quotes and represent the estimated amounts that the Company would pay or receive to terminate the contracts. The estimated fair values of the Company’s resin commodity contracts were previously determined using valuation models, including a Black-Scholes model for the written option, with forward resin market

A-28
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

1. Significant Accounting Policies (Continued)

price curves provided by market makers. Starting in fiscal year 2002, the Company is using forward resin market price curves provided by other external sources because of a lack of available market quotations. Factors used to determine the fair value of the resin forward curve are based on resin market information, which considers many economic factors, including technology, labor, material and capital costs, capacity, world supply and demand.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 whereby the options are granted at market price, and therefore no compensation costs are recognized. Compensation cost for stock options, if any, would be measured as the excess of the quoted market price of the Company’s stock at the date of grant over the amount an employee must pay to acquire the stock. Restricted stock awards are recorded as compensation cost over the requisite vesting periods based on the market value on the date of grant. Unearned compensation cost on restricted stock awards is shown as a reduction to stockholder’s equity. SFAS No. 123, “Accounting for Stock-Based Compensation,” established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation plans. The Company has elected to retain its current method of accounting as described above and has adopted the disclosure requirements of SFAS No. 123. (See Note 13).

RECLASSIFICATIONS

Certain reclassifications have been made to the prior years’ financial statements to conform to the current year’s presentation, including the reclassification of income related to the Company’s low income housing partnerships to income tax expense, previously reported as a part of other income, to conform to the current year’s presentation.

2. Merger, Restructuring and Asset Impairment

Merger, restructuring and asset impairment charges were $241, $59 and $36 in fiscal years 2002, 2001 and 2000, respectively.

A-29
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

2. Merger, Restructuring and Asset Impairment (Continued)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance costs</td>
<td>$23</td>
<td>$1</td>
<td>$5</td>
</tr>
<tr>
<td>Plant closure costs</td>
<td>9</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Total restructuring</td>
<td>32</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Asset impairment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill and other intangibles (including deferred translation and deferred charges)</td>
<td>196</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>13</td>
<td>47</td>
<td>1</td>
</tr>
<tr>
<td>Total asset impairment</td>
<td>209</td>
<td>55</td>
<td>8</td>
</tr>
<tr>
<td>Merger costs</td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>Total expense</td>
<td>$241</td>
<td>$59</td>
<td>$36</td>
</tr>
</tbody>
</table>

Accrued restructuring at beginning of year $11 $16 $23
Payments (29) (9) (35)
Restructuring expense and merger costs, net 32 4 28

Accrued restructuring at end of year $14 $11 $16

During fiscal year 2002, the Company recorded $196 for the impairment of goodwill and trademarks associated with its businesses in Argentina, Brazil and Colombia. Other charges include severance related to the elimination of 369 positions in the Company’s Latin America division and approximately 260 positions from the Company’s U.S. divisions, the write-off of equipment and the closure of certain plants.

The $59 of merger, restructuring and asset impairment charges in fiscal year 2001 relates primarily to the obsolete equipment that was written off due to changes in technology, elimination of redundancies and discontinued product lines. The Company also closed its cat litter manufacturing plant in Wrens, Georgia during fiscal year 2001.

The $36 of merger, restructuring and asset impairment charges in fiscal year 2000 is primarily composed of First Brands merger-related costs and charges associated with the restructuring of the Company’s Asia operations.

3. Businesses Sold and Acquired

The aggregate sales price and estimated net pre-tax gain (included in other income) on the sale of the Maxforce professional insecticides business and the Himolene industrial trash can liner business were $65 and $33, respectively, for the fiscal year ended 2002. The aggregate sales price of the firelogs business was $2 in fiscal year 2001, with no gain or loss recognized on the sale.

Acquisitions in fiscal year 2001 totaled $126. These acquisitions included the purchase for $122 (or $116, net of cash acquired) from Brita GmbH of the rights to the Brita trademark and other intellectual property in North and South America, an increase in the Company’s ownership from 50% to 100% in Brita Limited and Brita South America Inc. and certain other net assets. The Company also increased its ownership to 100% in its two joint ventures in Costa Rica, previously 49% and 51% owned. The investments in Brita Limited, Brita South America Inc. and Costa Rica were previously accounted for under the equity method of accounting.
3. Businesses Sold and Acquired (Continued)

and are fully consolidated from the date of acquisition. Net assets acquired included net working capital assets of $11, property, plant and equipment of $9, goodwill of $11 and trademarks and other intangible assets of $110 to be amortized over estimated lives of ten years, less the additional investment to acquire the remaining interest for $15. Because the Company previously owned 50% to 51% in these equity investments, only the incremental equity and its underlying net book value of the net assets were adjusted to their fair value.

Acquisitions in fiscal year 2000 totaled $120. These acquisitions included the Bon Bril cleaning utensils business in Colombia, Venezuela and Peru, the Agrocom S.A. distribution business in Argentina, an increase in ownership to 100% in Clorox de Colombia S.A. (formerly Tecnoclor, S.A. and previously 72% owned), and the Astra rubber glove business purchased in Australia. Net assets, acquired at fair value, included net working capital assets of $6, property, plant and equipment of $12, goodwill of $24 and trademarks and other intangible assets of $70 to be amortized over estimated lives of five years. In addition, approximately $8 was paid to acquire minority interests in Clorox de Colombia S.A.

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

4. Inventories

Inventories at June 30 are comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods and work in process</td>
<td>$194</td>
<td>$219</td>
</tr>
<tr>
<td>Raw materials and packaging</td>
<td>87</td>
<td>122</td>
</tr>
<tr>
<td>LIFO allowances</td>
<td>(11)</td>
<td>(11)</td>
</tr>
<tr>
<td>Allowances for obsolescence</td>
<td>(12)</td>
<td>(49)</td>
</tr>
<tr>
<td>Total</td>
<td>$258</td>
<td>$281</td>
</tr>
</tbody>
</table>

The LIFO method was used to value approximately 41% of inventories at June 30, 2002, and 35% at June 30, 2001. If the cost of LIFO inventories had been determined using the FIFO method, inventory amounts would have increased by approximately $11 at June 30, 2002 and 2001. The effect on earnings of the liquidation of any LIFO layers was not material for fiscal years ended June 30, 2002, 2001 and 2000.

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

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for inventory obsolescence at beginning of year</td>
<td>$(49)</td>
<td>$(15)</td>
</tr>
<tr>
<td>Provision for inventory obsolescence</td>
<td>(15)</td>
<td>(54)</td>
</tr>
<tr>
<td>Deductions for inventory write-offs</td>
<td>52</td>
<td>20</td>
</tr>
<tr>
<td>Allowance for inventory obsolescence at end of year</td>
<td>$(12)</td>
<td>$(49)</td>
</tr>
</tbody>
</table>

Provision for inventory obsolescence totaling $15, $54 and $15 was charged to cost of products sold during the fiscal years ended June 30, 2002, 2001 and 2000 respectively, and included charges of $39 in fiscal year 2001 that were related primarily to discontinued products, packaging, and unsuccessful product launches.
5. Property, Plant and Equipment

The components of property, plant and equipment at June 30 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and improvements</td>
<td>$ 97</td>
<td>$ 93</td>
</tr>
<tr>
<td>Buildings</td>
<td>459</td>
<td>448</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>1,173</td>
<td>1,256</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>100</td>
<td>77</td>
</tr>
<tr>
<td>Construction in progress and other</td>
<td>41</td>
<td>97</td>
</tr>
</tbody>
</table>

Less accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 922</td>
<td>$1,046</td>
</tr>
</tbody>
</table>

Depreciation expense was $147, $134 and $121 in fiscal years 2002, 2001 and 2000, respectively.

6. Goodwill, Trademarks and Other Intangible Assets

Changes in the carrying amount of goodwill for the years ended June 30, 2002 and 2001 by operating segment are summarized below. Goodwill is net of accumulated amortization of $365 at June 30, 2001.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>North America</td>
<td>Latin America and Other</td>
</tr>
<tr>
<td>Balance as of June 30, 2000</td>
<td>$ 369</td>
<td>$ 415</td>
</tr>
<tr>
<td>Amortization</td>
<td>(12)</td>
<td>(15)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Asset impairment</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Translation adjustments and other</td>
<td>2</td>
<td>(13)</td>
</tr>
<tr>
<td>Reallocated to trademarks and other intangible assets</td>
<td>(243)</td>
<td>(54)</td>
</tr>
<tr>
<td>Balance as of June 30, 2001</td>
<td>121</td>
<td>341</td>
</tr>
<tr>
<td>Asset impairment</td>
<td></td>
<td>(63)</td>
</tr>
<tr>
<td>Translation adjustments and other</td>
<td>(2)</td>
<td>(108)</td>
</tr>
<tr>
<td>Balance as of June 30, 2002</td>
<td>$ 119</td>
<td>$ 170</td>
</tr>
</tbody>
</table>

Changes in trademarks and other intangible assets for the years ended June 30, 2002 and 2001 are summarized below. Trademarks and other intangible assets subject to amortization are net of accumulated amortization of $123 and $111 at June 30, 2002 and 2001, respectively. Trademarks not subject to amortization are net of accumulated amortization of $139 at June 30, 2001. Estimated amortization expense of trademarks and other intangible assets for each of the fiscal years 2003, 2004, 2005, 2006 and 2007 is $11, $8, $4, $3 and $3, respectively. Trademarks and other intangible assets are amortized over lives ranging from 5 to 40 years.
6. Goodwill, Trademarks and Other Intangible Assets (Continued)

During fiscal year 2002, the Company undertook a review of its domestic and international operations for impairment. The Company’s impairment review and methodology is based on internal valuations using 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. Based on this review, the Company concluded that the goodwill, trademarks and other intangible assets associated with its domestic operations were not impaired but that certain international assets were impaired. The Company has recognized a pre-tax charge of $196 for the year ended June 30, 2002, to write-down goodwill and trademarks associated with its businesses in Argentina, Brazil and Colombia. A reassessment of the Company’s Brazilian strategy due to termination of a pending acquisition and a weakening economy, resulted in the recognition of an impairment loss of $57 for the year ended June 30, 2002, of which $34 was recorded to goodwill, $7 to deferred charges and $16 as a reduction in deferred translation. The Company recognized a pre-tax impairment loss of $39 in the year ended June 30, 2002 related to its Colombian business due to a weakening market and poor economic conditions in that country, of which $8 was recorded to goodwill, $22 to trademarks, and $9 as a reduction in deferred translation. The Company also recognized a pre-tax impairment loss of $100 for the year ended June 30, 2002 related to its Argentina business due to significant currency devaluations, a weakening market and poor economic conditions, of which $21 was recorded to goodwill, $13 to trademarks, and $66 as a reduction in deferred translation. The fair values were determined using the discounted present values of estimated future cash flows.

A-33
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

7. Other Assets

Other assets at June 30 are comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax effect of deferred translation</td>
<td>$119</td>
<td>$—</td>
</tr>
<tr>
<td>Deferred software costs, net</td>
<td>102</td>
<td>59</td>
</tr>
<tr>
<td>Equity investments in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Henkel Iberica, S.A. of Spain</td>
<td>65</td>
<td>46</td>
</tr>
<tr>
<td>Other</td>
<td>39</td>
<td>44</td>
</tr>
<tr>
<td>Investment in low income housing partnerships</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>Investment fund</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Qualified retirement income plans</td>
<td>—</td>
<td>23</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>$405</td>
<td>$272</td>
</tr>
</tbody>
</table>

TAX EFFECT OF DEFERRED TRANSLATION

At June 30, 2002, the tax effect associated with deferred currency translation adjustments of $119 for the Company’s foreign subsidiary and equity investments, is included in other assets with an offset to accumulated other comprehensive net losses. The income tax effects on other comprehensive income are not provided when foreign earnings are deemed to be permanently reinvested. During fiscal year 2002, the Company has determined that foreign earnings from certain countries and joint ventures are no longer permanently reinvested.

LOW INCOME HOUSING

The Company is a 99% limited partner in low income housing partnerships, which are accounted for on an equity basis. The purpose of the partnerships is to develop low-income housing rental properties. The Company’s estimated future contributions are approximately $23, $11, $7, $4, $2 and $4 in fiscal years 2003, 2004, 2005, 2006, 2007 and thereafter, respectively. These partnerships also generate tax credits that reduce the Company’s federal income tax liability. Tax credits net of amortization of the investment in the low income housing partnerships were $11 in both fiscal years 2002 and 2001 and $12 in fiscal year 2000. Other than the expected tax credits, the Company does not anticipate any cash distributions from these partnerships.

INVESTMENT FUND

The Company is a 99% limited partner in an investment fund with a $15 and $19 interest at June 30, 2002 and 2001, respectively, which is accounted for on an equity basis. The Company invested in the fund, as a more cost-effective alternative to traditional hedging strategies, to help manage a portion of its emerging markets foreign exchange and economic investment risk. The fund invests in financial instruments such as foreign currency options and foreign currency and interest rate swap agreements. The general partner, an unrelated party, manages the investment fund. The fund’s assets and liabilities are transacted primarily with two counter-parties. The assets in the investment fund carry a tax basis significantly in excess of book basis. The Company does not control the investment decisions of the fund, and therefore the amounts and timing of any realization of such tax basis is uncertain. The Company’s risk of loss is limited to the amount of its
7. Other Assets (Continued)

The 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 to the fund.

At June 30, 2002 and 2001, the investment fund consisted, at estimated fair value, of assets of $109 and $95, respectively, and liabilities of $94 and $76, respectively. Mark-to-market losses were $4 for the year ended June 30, 2002 and were insignificant for the years ended June 30, 2001 and 2000.

The fund’s financial instruments are measured and recorded at their estimated fair values based on prices obtained from securities exchanges or over-the-counter markets, quotations from brokers, or estimates of fair value when market quotations are not readily available. When market quotations are not readily available, such estimates are based on counter-party quotes and pricing models utilizing quoted values. Because of the inherent uncertainty of valuing these investments, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material.

The fund’s liabilities primarily include non-recourse Euro denominated loans secured by the Euro denominated options. The loans are carried at face value plus accrued interest payable. The loans have an open maturity date and could be terminated by both parties at any time. The interest rates for the loans are based on three-month Euribor plus 0.25%.

8. Accrued Liabilities

Accrued liabilities at June 30 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales promotion costs</td>
<td>$140</td>
<td>$123</td>
</tr>
<tr>
<td>Taxes other than income</td>
<td>175</td>
<td>173</td>
</tr>
<tr>
<td>Compensation and employee benefit costs</td>
<td>90</td>
<td>40</td>
</tr>
<tr>
<td>Other</td>
<td>106</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$511</strong></td>
<td><strong>$436</strong></td>
</tr>
</tbody>
</table>

9. Debt

Notes and loans payable, which mature in less than one year include the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian dollar-denominated commercial paper</td>
<td>$163</td>
<td>$105</td>
</tr>
<tr>
<td>U.S. dollar-commercial paper</td>
<td>158</td>
<td>—</td>
</tr>
<tr>
<td>Notes payable</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$330</strong></td>
<td><strong>$117</strong></td>
</tr>
</tbody>
</table>

At June 30, 2002 and 2001 the Company had $163 and $105, respectively, of Canadian dollar-denominated commercial paper that was fully hedged by a forward currency contract. The terms of the forward currency contract match the terms of the underlying commercial paper.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

9. Debt (Continued)

The weighted average interest rate for notes and loans payable was 2.8%, 6.1% and 6.4% for fiscal years 2002, 2001 and 2000, respectively. The carrying value of notes and loans payable at June 30, 2002 and 2001 approximates the fair value of such debt.

Long-term debt at June 30 includes the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior unsecured notes and debentures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.125%, $300 due February 2011</td>
<td>$314</td>
<td>$301</td>
</tr>
<tr>
<td>8.8%, $200 due July 2001</td>
<td>—</td>
<td>200</td>
</tr>
<tr>
<td>7.25%, $150 due March 2007</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Preferred interest transferable securities, $200 due July 2003, with a preferred dividend rate of 4.6%</td>
<td>192</td>
<td>200</td>
</tr>
<tr>
<td>Industrial revenue bond, $13 due October 2003, interest at bond market association index, secured by manufacturing facility in Belle, Missouri</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Foreign bank loans</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>680</td>
<td>887</td>
</tr>
<tr>
<td>Less: current maturities</td>
<td>(2)</td>
<td>(202)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$678</td>
<td>$685</td>
</tr>
</tbody>
</table>

The weighted average interest rate on long-term debt was 5.0%, 6.3% and 6.4% for fiscal years 2002, 2001 and 2000, respectively. The estimated fair value of long-term debt at June 30, 2002 and 2001 is $693 and $696, respectively.

At June 30, 2002 the Company had the following interest rate swaps:

<table>
<thead>
<tr>
<th>Maturity Dates</th>
<th>Notional Principal Amount</th>
<th>Interest Rate</th>
<th>Variable Rate Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Paid</td>
<td>Received</td>
</tr>
<tr>
<td>February 2011</td>
<td>$100</td>
<td>4.15%</td>
<td>6.125%</td>
</tr>
<tr>
<td>February 2011</td>
<td>100</td>
<td>2.12%</td>
<td>6.125%</td>
</tr>
<tr>
<td>July 2003</td>
<td>200</td>
<td>2.34%</td>
<td>5.78%</td>
</tr>
</tbody>
</table>

The Company has domestic credit agreements of $550 that expire on various dates through March 2007. At June 30, 2002 there were no borrowings under any of these agreements, which are available for general corporate purposes and to support commercial paper issuance. In addition, the Company had $53 of foreign working capital credit lines and overdraft facilities at June 30, 2002, of which $33 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, 2002.


A-36
10. Fair Value of Financial Instruments

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

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity purchase contracts</td>
<td>$1</td>
<td>$—</td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>Commodity purchase contracts</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Current liabilities — foreign exchange contracts</td>
<td>(3)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Long-term debt:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>(1)</td>
<td>5</td>
</tr>
<tr>
<td>Other long-term obligations — commodity option contracts</td>
<td>(9)</td>
<td>(1)</td>
</tr>
</tbody>
</table>

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

The Company has policies with restrictions on the usage of derivatives, including a prohibition of the use of any leveraged instrument. Derivative contracts are entered into with several major creditworthy institutions, thereby minimizing the risk of credit loss. Exposure to counterparty credit risk is considered low because these agreements have been entered into with major credit-worthy institutions with strong credit ratings, and they are expected to perform fully under the terms of the agreements. In the normal course of business, the Company employs practices and procedures to manage its exposure to changes in interest rates, foreign currencies and commodity prices using a variety of derivative instruments.

Most interest rate swap, commodity purchase and foreign exchange contracts are designated as fair-value or cash-flow hedges of fixed and variable rate debt obligations, raw material purchase obligations, or foreign currency-denominated debt instruments. At June 30, 2002 and 2001, the Company also had certain derivative contracts with no hedging designations, including a written put option contract for the purchase of resin that does not qualify for hedge accounting treatment. These contracts are accounted for by adjusting the carrying amount of the contracts to market value, and recognizing any gain or loss in other income or expense.

Interest rate swap agreements are used to manage interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. The Company also has preferred interest transferable securities, which is a Deutsche mark (DM) denominated financing arrangement. The Company manages its interest rate and DM risks through a series of swaps with notional amounts totaling $200 to eliminate foreign currency exposure risks and to effectively convert the Company’s 4.6% fixed DM obligation to a floating U.S. dollar rate of 90 day LIBOR less 133 basis points. The terms of the swap agreements match the terms of the underlying debt. The estimated amount of existing pre-tax gains for this swap agreement in accumulated other
10. Fair Value of Financial Instruments (Continued)

comprehensive net losses that is expected to be reclassified into earnings in fiscal year 2003 is approximately $7.

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. Such currency contracts existed at June 30, 2002 and 2001 for Canadian dollars and certain other currencies. Contracts outstanding as of June 30, 2002 will mature over the next year.

The Company uses commodity futures contracts to fix the price on a portion of its raw material purchase requirements and swap contracts to hedge the market risk of diesel fuel included as part of carrier contracts. Contract maturities are correlated to actual purchases, and contract gains and losses are reflected as adjustments of the cost of the related item. The Company also uses swap and option contracts to fix the price and to partially stabilize the cost of its polyethylene resin requirements. These contracts cover a portion of the Company’s domestic resin requirements. The Company’s commodity contracts have varying maturities until December 2006. Considerable judgment is required in interpreting market data and developing assumptions to estimate the fair value of resin commodity contracts. Actual results could differ materially from estimates because of the volatility inherent in the resin markets where a 10% change in the forward resin market price curve would impact pre-tax expense by approximately $3 and accumulated other comprehensive net losses by approximately $7. The estimated amount of existing pre-tax net losses for commodity contracts in accumulated other comprehensive net losses that is expected to be reclassified into earnings in fiscal year 2003 is approximately $4. All hedges accorded hedge accounting treatment are considered highly effective.

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

<table>
<thead>
<tr>
<th></th>
<th>Notional</th>
<th>Fair Value</th>
<th>Notional</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt-related contracts</td>
<td>$400</td>
<td>$8</td>
<td>$350</td>
<td>$—</td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>393</td>
<td>(1)</td>
<td>335</td>
<td>(1)</td>
</tr>
<tr>
<td>Commodity purchase contracts</td>
<td>90</td>
<td>1</td>
<td>126</td>
<td>5</td>
</tr>
<tr>
<td>Commodity option contracts</td>
<td>35</td>
<td>(9)</td>
<td>46</td>
<td>(1)</td>
</tr>
</tbody>
</table>

The carrying values of cash, short-term investments, accounts and notes receivable, accounts payable, forward purchase financing agreements and other derivative instruments approximate their fair values at June 30, 2002 and 2001. The Company has used market information for similar instruments and applied judgment in estimating fair values. See Note 9 for fair values of notes and loans payable and long-term debt.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Clorox Company


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

11. Other Liabilities

Other liabilities consist of the following at June 30:

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified retirement income plans</td>
<td>$43</td>
<td>$2</td>
</tr>
<tr>
<td>Retirement healthcare costs</td>
<td>81</td>
<td>80</td>
</tr>
<tr>
<td>Non-qualified retirement income plans</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Environmental costs</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>65</td>
<td>82</td>
</tr>
<tr>
<td>Total</td>
<td>$231</td>
<td>$194</td>
</tr>
</tbody>
</table>

12. Stockholders’ Equity

As of December 31, 2000, the Company adopted the accounting and financial reporting standards in EITF Issue No. 00-19, “Determination of Whether Share Settlement is within the Control of the Company for Purposes of Applying EITF Issue No. 96-13, ‘Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock’ “. The Company is using the “equity” treatment of accounting, which allows for classification of such contracts as treasury shares. At June 30, 2001, the Company had three share repurchase agreements totaling approximately $246, whereby the Company contracted for future delivery of 2,260,000 shares each on September 15, 2002 and on September 15, 2004, at a strike price of $43 per share, and for future delivery of 1,000,000 shares on November 1, 2003 at a strike price of $51.70 per share. All share repurchase contracts were settled as of June 30, 2002, including the settlement and delivery of 5,520,000 shares for $257 in fiscal year 2002 and the settlement and receipt of net cash proceeds of $76 in fiscal year 2000.

Treasury share purchases and related premiums were $412 (10,000,000 shares) in fiscal year 2002, $10 in fiscal year 2001, and $135 (or 3,123,000 shares) in fiscal year 2000. In July 2002, the Board of Directors authorized the Company to increase its previously announced share repurchase program by an additional $500. The share repurchase program was first announced in August 2001, with an authorization of $500, of which $417 of treasury share repurchases, excluding related premiums, has been spent with $83 remaining to be spent.

Accumulated other comprehensive net losses at June 30, 2002 and 2001 included cumulative translation adjustments, net of tax, of $249 and $237, respectively, estimated fair value of the Company’s derivative contracts, net of tax, of $(9) and $(5), respectively, and minimum pension liability of $68 and $3, respectively.

The Company has various employee restricted stock and performance unit programs. Compensation cost related to restricted stock programs was $5, $7 and $3, for the fiscal years ending 2002, 2001 and 2000, respectively. Compensation cost related to performance unit programs was $2 and $4 for the fiscal years ending 2001 and 2000, respectively. At June 30, 2002, the Company reviewed the vesting criteria for its performance unit programs for the Company’s officers and determined that the initial vesting criteria had not been met as of June 30, 2002 and may not be met as of June 30, 2003. As a result, the Company reversed its net accrued liability of $10 for the performance unit program, resulting in a net credit to income of $7.

A-39
13. Stock Compensation Plans

At June 30, 2002, the Company has various non-qualified stock-based compensation programs which include stock options, performance units and restricted stock awards. The Company’s various stock options plans, which include the pre-merger plans of First Brands, provide for the granting of stock options to officers, key employees and directors. The 1996 Stock Incentive Plan (“1996 Plan”) and the 1993 Directors’ Stock Option Plan are the only plans with stock option awards currently available for grant. The 1996 Plan, the 1993 Directors’ Stock Option Plan and prior plans have shares exercisable at June 30, 2002. Effective July 1, 2001, the Board authorized and reserved for issuance an additional 11.5 million common shares under the 1996 Plan. The Company is authorized to grant options for up to 25.5 million common shares under the 1996 Plan, of which 12.6 million common shares are remaining and could be granted in the future. The Company is authorized to grant options for up to 400,000 common shares under the 1993 Directors’ Stock Option Plan, of which 111,000 common shares are remaining and could be granted in the future. Options outstanding under the Company’s plans (except First Brands options which became exercisable upon the merger) have been granted at prices which are either equal to or above the market value of the stock on the date of grant, vest over a one to seven-year period, and expire no later than ten years after the grant date.

The following table gives 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, 2002:

| Number of securities to be issued upon exercise (in thousands) | 16,334 |
| Weighted-average exercise price | $31 |
| Number of securities remaining for future issuance (in thousands) | 12,757 |

The status of the Company’s stock option plans at June 30, 2002 is summarized below:

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Weighted-Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding at June 30, 1999</strong></td>
<td></td>
</tr>
<tr>
<td>Outstanding at June 30, 1999</td>
<td>13,640</td>
</tr>
<tr>
<td>Granted</td>
<td>3,104</td>
</tr>
<tr>
<td>Exercised</td>
<td>(1,381)</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(301)</td>
</tr>
<tr>
<td><strong>Outstanding at June 30, 2000</strong></td>
<td></td>
</tr>
<tr>
<td>Outstanding at June 30, 2000</td>
<td>15,062</td>
</tr>
<tr>
<td>Granted</td>
<td>3,077</td>
</tr>
<tr>
<td>Exercised</td>
<td>(1,077)</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(3,367)</td>
</tr>
<tr>
<td><strong>Outstanding at June 30, 2001</strong></td>
<td></td>
</tr>
<tr>
<td>Outstanding at June 30, 2001</td>
<td>13,695</td>
</tr>
<tr>
<td>Granted</td>
<td>3,785</td>
</tr>
<tr>
<td>Exercised</td>
<td>(1,591)</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(677)</td>
</tr>
<tr>
<td><strong>Outstanding at June 30, 2002</strong></td>
<td></td>
</tr>
<tr>
<td>Outstanding at June 30, 2002</td>
<td>15,212</td>
</tr>
<tr>
<td>Options exercisable at:</td>
<td>$33</td>
</tr>
<tr>
<td>June 30, 2002</td>
<td>9,063</td>
</tr>
<tr>
<td>June 30, 2001</td>
<td>8,570</td>
</tr>
<tr>
<td>June 30, 2000</td>
<td>7,687</td>
</tr>
</tbody>
</table>

A-40
13. Stock Compensation Plans (Continued)

If compensation expense for the Company’s various stock option plans had been determined based upon fair values at the grant dates for awards under those plans in accordance with SFAS No. 123, “Accounting for Stock-Based Compensation”, then the Company’s pro-forma net earnings, basic and diluted earnings per common share would have been as follows for the fiscal years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$322</td>
<td>$323</td>
<td>$394</td>
</tr>
<tr>
<td>Pro forma</td>
<td>296</td>
<td>286</td>
<td>373</td>
</tr>
<tr>
<td>Earnings per share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$1.39</td>
<td>$1.37</td>
<td>$1.67</td>
</tr>
<tr>
<td>Pro forma</td>
<td>1.28</td>
<td>1.21</td>
<td>1.58</td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$1.37</td>
<td>$1.35</td>
<td>$1.64</td>
</tr>
<tr>
<td>Pro forma</td>
<td>1.26</td>
<td>1.19</td>
<td>1.56</td>
</tr>
</tbody>
</table>

The weighted-average fair value per share of each option granted during fiscal years 2002, 2001 and 2000, estimated as of the grant date using the Black-Scholes option pricing model, was $11.53, $12.76 and $12.43, respectively.

The following assumptions were used to estimate the fair value of fiscal year 2002, 2001 and 2000 option grants:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend yield</td>
<td>2.07%</td>
<td>2.28%</td>
<td>1.80%</td>
</tr>
<tr>
<td>Expected volatility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>3.5% to 4.8%</td>
<td>4.6% to 6.5%</td>
<td>5.7% to 6.8%</td>
</tr>
<tr>
<td>Expected life</td>
<td>4 to 5 years</td>
<td>4 to 5 years</td>
<td>3 to 6 years</td>
</tr>
</tbody>
</table>

Summary information about the Company’s stock options outstanding at June 30, 2002 is as follows (number of shares in thousands):

<table>
<thead>
<tr>
<th>Range of Exercise Price</th>
<th>Options Outstanding</th>
<th>Weighted-Average Remaining Contractual Life in Years</th>
<th>Weighted-Average Exercise Price</th>
<th>Options Exercisable</th>
<th>Weighted-Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10-$13</td>
<td>745</td>
<td>1.6</td>
<td>$13</td>
<td>745</td>
<td>$13</td>
</tr>
<tr>
<td>13- 20</td>
<td>1,024</td>
<td>8.1</td>
<td>36</td>
<td>1,024</td>
<td>16</td>
</tr>
<tr>
<td>20- 27</td>
<td>2,718</td>
<td>3.8</td>
<td>22</td>
<td>2,718</td>
<td>22</td>
</tr>
<tr>
<td>27- 34</td>
<td>80</td>
<td>5.7</td>
<td>33</td>
<td>63</td>
<td>33</td>
</tr>
<tr>
<td>34- 40</td>
<td>9,504</td>
<td>8.1</td>
<td>36</td>
<td>3,957</td>
<td>37</td>
</tr>
<tr>
<td>40- 47</td>
<td>250</td>
<td>7.5</td>
<td>44</td>
<td>153</td>
<td>43</td>
</tr>
<tr>
<td>47- 54</td>
<td>54</td>
<td>6.6</td>
<td>50</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>54- 61</td>
<td>342</td>
<td>6.8</td>
<td>54</td>
<td>342</td>
<td>54</td>
</tr>
<tr>
<td>61- 67</td>
<td>495</td>
<td>6.6</td>
<td>67</td>
<td>9</td>
<td>67</td>
</tr>
<tr>
<td>$10-$67</td>
<td>15,212</td>
<td>6.5</td>
<td>$33</td>
<td>9,063</td>
<td>$29</td>
</tr>
</tbody>
</table>

A-41
14. Leases

The Company leases transportation equipment and various manufacturing, warehousing, and office facilities. Leases are classified as operating leases and will expire over the next 15 years. The Company expects that in the normal course of business, leases will be renewed or replaced by other leases. The following is a schedule by fiscal year of future minimum rental payments required under the non-cancelable operating lease agreements:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Future Minimum Rental Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$30</td>
</tr>
<tr>
<td>2004</td>
<td>24</td>
</tr>
<tr>
<td>2005</td>
<td>18</td>
</tr>
<tr>
<td>2006</td>
<td>10</td>
</tr>
<tr>
<td>2007</td>
<td>10</td>
</tr>
<tr>
<td>Thereafter</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>$107</td>
</tr>
</tbody>
</table>

Rental expense for all operating leases was $56, $50 and $49 in fiscal years 2002, 2001 and 2000, respectively. Space not occupied by the Company in its headquarters building is rented to other tenants under operating leases expiring in 2008. Future minimum rentals to be received total $7 and do not exceed $2 in any one year.

15. Other Expense (Income), Net

The major components of other expense (income), net for the fiscal years ended June 30 are:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of trademarks and other intangible assets (and goodwill in 2001 and 2000)</td>
<td>$12</td>
<td>$60</td>
<td>$55</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated affiliates</td>
<td>(16)</td>
<td>(16)</td>
<td>(17)</td>
</tr>
<tr>
<td>Interest income</td>
<td>(4)</td>
<td>(10)</td>
<td>(10)</td>
</tr>
<tr>
<td>Gain on sale of businesses, net</td>
<td>(33)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign exchange gains, net</td>
<td>(22)</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>Other, net</td>
<td>37</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Total other expense (income), net</td>
<td>$(26)</td>
<td>$47</td>
<td>$36</td>
</tr>
</tbody>
</table>
16. Income Taxes

The provision for income taxes consists of the following for the fiscal years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$147</td>
<td>$132</td>
<td>$164</td>
</tr>
<tr>
<td>State</td>
<td>16</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td>Foreign</td>
<td>28</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total current</strong></td>
<td>191</td>
<td>174</td>
<td>214</td>
</tr>
<tr>
<td><strong>Deferred</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>1</td>
<td>(24)</td>
<td>5</td>
</tr>
<tr>
<td>State</td>
<td>(3)</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>Foreign</td>
<td>(13)</td>
<td>1</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Total deferred</strong></td>
<td>(15)</td>
<td>(24)</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total expense (net of tax benefit of $1 on cumulative effect of change in accounting principle in fiscal year 2001)</strong></td>
<td>$176</td>
<td>$150</td>
<td>$216</td>
</tr>
</tbody>
</table>

The components of earnings (loss) before income taxes and cumulative effect of change in accounting principle are as follows for the fiscal years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$582</td>
<td>$427</td>
<td>$556</td>
</tr>
<tr>
<td>Foreign</td>
<td>(84)</td>
<td>49</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$498</td>
<td>$476</td>
<td>$610</td>
</tr>
</tbody>
</table>

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

A reconciliation of the statutory federal income tax rate to the Company’s effective tax rate follows for the fiscal years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory federal tax rate</td>
<td>35.0%</td>
<td>35.0%</td>
<td>35.0%</td>
</tr>
<tr>
<td>State taxes (net of federal tax benefits)</td>
<td>1.8</td>
<td>3.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Incremental tax on foreign earnings</td>
<td>2.6</td>
<td>1.8</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Net reversal of prior year federal and state tax accruals</td>
<td>(3.6)</td>
<td>(3.4)</td>
<td>—</td>
</tr>
<tr>
<td>Brazil impairment loss</td>
<td>(2.8)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>7.7</td>
<td>(0.3)</td>
<td>1.9</td>
</tr>
<tr>
<td>Low income housing tax credits</td>
<td>(2.3)</td>
<td>(2.4)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Other differences</td>
<td>(3.1)</td>
<td>(2.0)</td>
<td>(1.2)</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>35.3%</td>
<td>31.7%</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

Applicable U.S. income and foreign withholding taxes have not been provided on approximately $54 of undistributed earnings of certain foreign subsidiaries at June 30, 2002. Accumulated undistributed earnings of certain foreign subsidiaries are considered permanently reinvested.
and are not subject to such taxes.

The tax benefit related to the Company’s stock option plans is recorded as an increase to equity when realized. In fiscal years 2002, 2001 and 2000, the Company realized tax benefits of approximately $12, $9 and $14, respectively. Stock option tax benefits are reflected as part of operating cash flows.
The Clorox Company


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

16. Income Taxes (Continued)

The net deferred income tax assets (liabilities), both current and non-current at June 30, result from the tax effects of the following temporary differences:

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred taxes — current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safe harbor lease agreements</td>
<td>$ (1)</td>
<td>$ (2)</td>
</tr>
<tr>
<td>Compensation and benefit programs</td>
<td>11</td>
<td>(2)</td>
</tr>
<tr>
<td>Net operating loss and tax credit carryforwards</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Inventory costs</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Accruals and reserves</td>
<td>37</td>
<td>9</td>
</tr>
<tr>
<td>Other, net</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Subtotal</td>
<td>58</td>
<td>26</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(1)</td>
<td>—</td>
</tr>
<tr>
<td>Total current assets, net</td>
<td>57</td>
<td>26</td>
</tr>
<tr>
<td>Deferred taxes — noncurrent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basis difference in fixed and intangible assets</td>
<td>(118)</td>
<td>(195)</td>
</tr>
<tr>
<td>Safe harbor lease agreements</td>
<td>(11)</td>
<td>(13)</td>
</tr>
<tr>
<td>Unremitted foreign earnings</td>
<td>(11)</td>
<td>(2)</td>
</tr>
<tr>
<td>Compensation and benefit programs</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>Merger and restructuring costs</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Income recorded for book purposes only</td>
<td>(23)</td>
<td>(22)</td>
</tr>
<tr>
<td>Net operating loss and tax credit carryforwards</td>
<td>33</td>
<td>42</td>
</tr>
<tr>
<td>Accruals and reserves</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Mark-to-market adjustments</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>Interest</td>
<td>(10)</td>
<td>(5)</td>
</tr>
<tr>
<td>Other, net</td>
<td>—</td>
<td>15</td>
</tr>
<tr>
<td>Subtotal</td>
<td>(77)</td>
<td>(119)</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(65)</td>
<td>(28)</td>
</tr>
<tr>
<td>Total noncurrent liabilities, net</td>
<td>(142)</td>
<td>(147)</td>
</tr>
</tbody>
</table>

Deferred tax liabilities — net

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferral tax liabilities — net</td>
<td>$ (85)</td>
<td>$ (121)</td>
</tr>
</tbody>
</table>

As of June 30, 2002, the Company has foreign tax credit carryforwards of $5 with expiration dates between fiscal years 2004 and 2007. The Company also has income tax credit carryforwards in foreign jurisdictions of $1, which have expiration dates between fiscal years 2003 and 2005, and $1, which may be carried forward indefinitely. The tax benefits from foreign net operating loss carryforwards of $25 have expiration dates between fiscal year 2003 and 2009. Additionally, the tax benefit from foreign net operating loss carryforwards of $2 may be carried forward indefinitely.

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, 2002 and 2001 were $66 and $28, respectively and have been
16. Income Taxes (Continued)

provided to reduce deferred tax assets to amounts considered recoverable. Details of the valuation allowance at June 30 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation allowance at beginning of year</td>
<td>$(28)</td>
<td>$(29)</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>(45)</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Valuation allowance at end of year</td>
<td>$(66)</td>
<td>$(28)</td>
</tr>
</tbody>
</table>

17. 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. Except for its Canadian plan, which has both the Company and employees contributing to the plan, the Company is the sole contributor to the plans in amounts deemed necessary to provide benefits and to the extent deductible for federal income tax purposes. Assets of the plans consist primarily of marketable equity and debt security investments.

At June 30, 2002 and 2001, the Company had minimum pension liabilities of $68 and $3, respectively, which were recorded to accumulated other comprehensive net losses, with an offset to other liabilities. Minimum pension liability adjustments were required to recognize a liability equal to the unfunded accumulated benefit obligation based on the market value of the assets that decreased due to asset performance.

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 $288, $273 and $222, respectively, as of June 30, 2002 and $34, $28, and $23, respectively, as of June 30, 2001.

RETIREMENT HEALTH CARE

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

The assumed health care cost trend rate used in measuring the accumulated post-retirement benefit obligation (“APBO”) was 15% for 2002-2003. These rates were assumed to gradually decrease by 2% for the next two years, then by 1% each year thereafter until an ultimate trend of 5.5% is reached in 2010-2011. Changes in these rates can have a significant effect on amounts reported. A one percentage point increase in the trend rates would increase the June 30, 2002 APBO by $1 and increase the fiscal year 2002 expense by less than $1. A one percentage point decrease in the trend rates would decrease the June 30, 2002 APBO by $1 and decrease the fiscal year 2002 expense by less than $1.
17. Employee Benefit Plans (Continued)

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:

<table>
<thead>
<tr>
<th>Retirement Income Plans</th>
<th>Retirement Health Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in benefit obligations</td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$308</td>
</tr>
<tr>
<td>Service cost</td>
<td>14</td>
</tr>
<tr>
<td>Interest cost</td>
<td>23</td>
</tr>
<tr>
<td>Plan amendments</td>
<td>1</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>14</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(25)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at end of year</td>
<td>335</td>
</tr>
<tr>
<td>Change in plan assets</td>
<td></td>
</tr>
<tr>
<td>Fair value of assets at beginning of year</td>
<td>288</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(21)</td>
</tr>
<tr>
<td>Employee contribution</td>
<td></td>
</tr>
<tr>
<td>Employer contribution</td>
<td>3</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(25)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td></td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>245</td>
</tr>
<tr>
<td>Unfunded status</td>
<td>(90)</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>(5)</td>
</tr>
<tr>
<td>Unrecognized loss</td>
<td>95</td>
</tr>
<tr>
<td>Unrecognized loss</td>
<td></td>
</tr>
<tr>
<td>Prepaid/(accrued) benefit cost</td>
<td>$ —</td>
</tr>
<tr>
<td>Amount recognized in the balance sheets consists of:</td>
<td></td>
</tr>
<tr>
<td>Prepaid benefit cost</td>
<td>$9</td>
</tr>
<tr>
<td>Accrued benefit liability</td>
<td>(77)</td>
</tr>
<tr>
<td>Accumulated other comprehensive net losses</td>
<td>68</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$—</td>
</tr>
<tr>
<td>Weighted-average assumptions as of June 30:</td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>6.75% to 7.25%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>3.5% to 7.25%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>8% to 9.5%</td>
</tr>
</tbody>
</table>
17. Employee Benefit Plans (Continued)

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 participants’ deferrals. The plans include The Clorox Company Employee Retirement Investment Plan (ERIP) which has two components, a 401(k) component and a profit sharing component. Employee contributions made to the 401(k) component are matched with the Company’s contributions. Company contributions to the profit sharing component are discretionary and are based on performance targets that are measured by the “Clorox Value Measure.” The aggregate cost of the defined contribution plans, including the ERIP, was $38 in fiscal year 2002, $3 in fiscal year 2001 and $15 in fiscal year 2000.

18. 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. Starting in fiscal year 2002, the Glad business unit is reported under the Household Products — North America segment and the European automotive care businesses are reported under the Specialty Products segment due to management realignment and organizational changes effective in fiscal year 2002. 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.

- **Household Products — Latin America/Other:** Includes operations outside the United States and Canada, excluding the European automotive care business.

- **Specialty Products:** Includes charcoal, the United States and European automotive care businesses, cat litter, insecticides, food products and professional products.
18. Industry Segment Information (Continued)

The table below represents operating segment information as of and for the fiscal years ended June 30:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Household Products — North America</th>
<th>Household Products — Latin America/ Other</th>
<th>Specialty Products</th>
<th>Corporate Interest and Other</th>
<th>Total Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2002  $2,198</td>
<td>$559</td>
<td>$1,304</td>
<td>$—</td>
<td>$4,061</td>
</tr>
<tr>
<td></td>
<td>2001  2,097</td>
<td>584</td>
<td>1,222</td>
<td>—</td>
<td>3,903</td>
</tr>
<tr>
<td></td>
<td>2000  2,175</td>
<td>605</td>
<td>1,209</td>
<td>—</td>
<td>3,989</td>
</tr>
<tr>
<td>Earnings (losses) before income taxes and cumulative effect of change in accounting principle</td>
<td>2002  535</td>
<td>(129)</td>
<td>517</td>
<td>(425)</td>
<td>498</td>
</tr>
<tr>
<td></td>
<td>2001  453</td>
<td>72</td>
<td>397</td>
<td>(446)</td>
<td>476</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>2000  599</td>
<td>68</td>
<td>403</td>
<td>(460)</td>
<td>610</td>
</tr>
<tr>
<td></td>
<td>2002  —</td>
<td>16</td>
<td>—</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2001  —</td>
<td>16</td>
<td>—</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2000  —</td>
<td>17</td>
<td>—</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Identifiable assets</td>
<td>2002  1,403</td>
<td>740</td>
<td>876</td>
<td>611</td>
<td>3,630</td>
</tr>
<tr>
<td></td>
<td>2001  1,432</td>
<td>1,011</td>
<td>888</td>
<td>664</td>
<td>3,995</td>
</tr>
<tr>
<td></td>
<td>2000  1,593</td>
<td>1,062</td>
<td>987</td>
<td>711</td>
<td>4,353</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>2002  46</td>
<td>10</td>
<td>30</td>
<td>91</td>
<td>177</td>
</tr>
<tr>
<td></td>
<td>2001  62</td>
<td>31</td>
<td>32</td>
<td>67</td>
<td>192</td>
</tr>
<tr>
<td></td>
<td>2000  73</td>
<td>21</td>
<td>28</td>
<td>36</td>
<td>158</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2002  82</td>
<td>23</td>
<td>26</td>
<td>59</td>
<td>190</td>
</tr>
<tr>
<td></td>
<td>2001  92</td>
<td>42</td>
<td>38</td>
<td>53</td>
<td>225</td>
</tr>
<tr>
<td></td>
<td>2000  82</td>
<td>36</td>
<td>35</td>
<td>48</td>
<td>201</td>
</tr>
<tr>
<td>Non-cash charges included in costs of products sold and merger, restructuring and asset impairment</td>
<td>2002  9</td>
<td>200</td>
<td>—</td>
<td>—</td>
<td>209</td>
</tr>
<tr>
<td></td>
<td>2001  60</td>
<td>10</td>
<td>24</td>
<td>—</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>2000  —</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Corporate, Interest and Other includes certain non-allocated administrative costs, amortization of trademarks and other intangible assets (and goodwill in fiscal years 2001 and 2000), interest income, interest expense, and other income and expense. Merger, restructuring and asset impairment costs and related inventory write-offs totaling $237, $98, and $40 in fiscal years 2002, 2001 and 2000, respectively, have been allocated to the applicable segment. These charges by segment, have been allocated as follows: Household Products — North America, $14 in fiscal year 2002 and $61 in fiscal year 2001; Specialty Products, $26 in fiscal year 2001, and $6 in fiscal year 2000; Household Products — Latin America/ Other, $216 in fiscal year 2002, $11 in fiscal year 2001, $11 in fiscal year 2000; and Corporate, Interest and Other, $7 in fiscal year 2002 and $23 in fiscal year 2000. Corporate assets include cash and cash equivalents, the Company’s headquarters and research and development facilities. The aggregate net pre-tax gain on divestitures totaling $33 for fiscal year ended 2002 is included in the Specialty Products and Household Products — North America segments.
The Clorox Company


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

18. Industry Segment Information (Continued)

Net sales to the Company’s largest customer, Wal-Mart Stores, Inc. and its affiliates, were 23%, 20%, and 19% of consolidated net sales in fiscal years 2002, 2001 and 2000, respectively. The Household Products — North America and Specialty Products segments net sales to Wal-Mart Stores, Inc. and its affiliates were no greater than 29% and 21%, respectively, of net sales for those segments for any of the fiscal years ended June 30, 2002, 2001 and 2000. No other customer exceeded 6% of net sales in any year.

Sales of Clorox liquid bleach represent approximately 10% of total Company net sales. No other brand exceeded 10% of net sales in any year.

19. Commitments and Contingent Liabilities

The Company has entered into an obligation to purchase raw materials at various indexed prices through September 2010. Estimated annual purchase commitments based on annual requirements and current market prices are $5 in each of fiscal years 2003 through 2007, and $18 thereafter.

The Company is subject to various lawsuits and claims, which include contract disputes, environmental issues, product liability, patent and trademark, advertising and tax 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.

20. Earnings per Share

A reconciliation of the weighted average number of common shares outstanding (in thousands) used to calculate basic and diluted earnings per share is as follows for the fiscal years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>231,849</td>
<td>236,149</td>
<td>236,108</td>
</tr>
<tr>
<td>Stock options and other</td>
<td>2,855</td>
<td>3,334</td>
<td>3,506</td>
</tr>
<tr>
<td>Diluted</td>
<td>234,704</td>
<td>239,483</td>
<td>239,614</td>
</tr>
</tbody>
</table>
21. Quarterly Data (Unaudited)

The Company’s quarterly data is as follows:

<table>
<thead>
<tr>
<th>Quarters Ended</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total Year(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions, except per-share amounts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal year ended June 30, 2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$991</td>
<td>$901</td>
<td>$1,033</td>
<td>$1,136</td>
<td>$4,061</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>566</td>
<td>514</td>
<td>597</td>
<td>631</td>
<td>2,308</td>
</tr>
<tr>
<td>Net earnings(1), (2), (3), (4)</td>
<td>79</td>
<td>51</td>
<td>46</td>
<td>145</td>
<td>322</td>
</tr>
<tr>
<td>Per common share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.34</td>
<td>$0.22</td>
<td>$0.20</td>
<td>$0.64</td>
<td>$1.39</td>
</tr>
<tr>
<td>Diluted</td>
<td>0.33</td>
<td>0.22</td>
<td>0.20</td>
<td>0.63</td>
<td>1.37</td>
</tr>
<tr>
<td>Dividends</td>
<td>0.21</td>
<td>0.21</td>
<td>0.21</td>
<td>0.21</td>
<td>0.84</td>
</tr>
<tr>
<td>Market price (NYSE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>$39.71</td>
<td>$40.85</td>
<td>$45.35</td>
<td>$47.95</td>
<td>$47.95</td>
</tr>
<tr>
<td>Low</td>
<td>33.85</td>
<td>34.83</td>
<td>38.45</td>
<td>40.60</td>
<td>33.85</td>
</tr>
<tr>
<td>Year-end</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>41.35</td>
</tr>
</tbody>
</table>
## 21. Quarterly Data (Unaudited) (Continued)

### Fiscal year ended June 30, 2001

<table>
<thead>
<tr>
<th></th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total Year(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$ 963</td>
<td>$ 876</td>
<td>$ 962</td>
<td>$1,102</td>
<td>$3,903</td>
</tr>
<tr>
<td><strong>Cost of products sold</strong></td>
<td>549</td>
<td>525</td>
<td>584</td>
<td>662</td>
<td>2,319</td>
</tr>
<tr>
<td><strong>Earnings before cumulative effect of change in accounting principle</strong></td>
<td>$ 100</td>
<td>$ 64</td>
<td>$ 79</td>
<td>$ 81</td>
<td>$ 325</td>
</tr>
<tr>
<td><strong>Cumulative effect of change in accounting principle</strong></td>
<td>(2)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Net earnings(1), (2)</strong></td>
<td>$ 98</td>
<td>$ 64</td>
<td>$ 79</td>
<td>$ 81</td>
<td>$ 323</td>
</tr>
</tbody>
</table>

**Per common share:**

**Basic**

<table>
<thead>
<tr>
<th></th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total Year(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings before cumulative effect of change in accounting principle</strong></td>
<td>$ 0.43</td>
<td>$ 0.27</td>
<td>$ 0.33</td>
<td>$ 0.34</td>
<td>$ 1.38</td>
</tr>
<tr>
<td><strong>Cumulative effect of change in accounting principle</strong></td>
<td>(0.01)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$ 0.42</td>
<td>$ 0.27</td>
<td>$ 0.33</td>
<td>$ 0.34</td>
<td>$ 1.37</td>
</tr>
</tbody>
</table>

**Diluted**

<table>
<thead>
<tr>
<th></th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>Total Year(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings before cumulative effect of change in accounting principle</strong></td>
<td>$ 0.42</td>
<td>$ 0.27</td>
<td>$ 0.33</td>
<td>$ 0.34</td>
<td>$ 1.36</td>
</tr>
<tr>
<td><strong>Cumulative effect of change in accounting principle</strong></td>
<td>(0.01)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$ 0.41</td>
<td>$ 0.27</td>
<td>$ 0.33</td>
<td>$ 0.34</td>
<td>$ 1.35</td>
</tr>
</tbody>
</table>

| **Dividends**        | $ 0.21       | $ 0.21      | $ 0.21   | $ 0.21  | $ 0.84        |
| **Market price (NYSE)** | High $45.88  | $48.63      | $37.40   | $36.18  | $48.63        |
|                      | Low $33.44   | $28.38      | $30.15   | $29.95  | $28.38        |
| **Year-end**         |              |             |          |         | $33.85        |

---

1. The Company expenses advertising costs in the year incurred, although such costs for interim periods are generally expensed ratably in relation to revenues.

2. Net earnings for the first, second, third and fourth quarters of fiscal year 2002 include the pre-tax effect of restructuring and asset impairment charges of $40, $66, $100 and $35, respectively. Net earnings for the second, third and fourth quarters of fiscal year 2001 include the pre-tax effect of restructuring and asset impairment charges of $4, $23 and $32, respectively.

3. Net earnings for the third quarter of fiscal year 2002 include the pre-tax effect of the net gain of $33 recognized on the sales of the Maxforce and Himolene businesses.

4. Net earnings for the fourth quarter of fiscal year 2002 includes the pre-tax effect of the reversal to income of the net accrued liability of $10 related to the Company’s performance unit program.

5. Due to rounding, totals for the year may not equal the sum of the quarterly amounts.
RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Company’s management is responsible for the preparation of the accompanying consolidated financial statements and for their content as well as other information contained 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. See also certification section of the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2002 after Signatures under the heading “Certifications.”

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

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

INDEPENDENT AUDITORS’ REPORT

The Stockholders and Board of Directors of The Clorox Company:

We have audited the accompanying consolidated balance sheets of The Clorox Company and its subsidiaries (the “Company”) as of June 30, 2002 and 2001, and the related consolidated statements of earnings, stockholders’ equity and cash flows for the fiscal years ended June 30, 2002, 2001 and 2000. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2002 and 2001, and the results of its operations and its cash flows for the fiscal years ended June 30, 2002, 2001, and 2000 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Oakland, California
September 4, 2002

A-52


## FIVE-YEAR FINANCIAL SUMMARY

### The Clorox Company

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$ 4,061</td>
<td>$ 3,903</td>
<td>$ 3,989</td>
<td>$ 3,886</td>
<td>$ 3,762</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>2,308</td>
<td>2,319</td>
<td>2,250</td>
<td>2,181</td>
<td>2,124</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,001</td>
<td>914</td>
<td>959</td>
<td>974</td>
<td>965</td>
</tr>
<tr>
<td>Interest and other expense, net</td>
<td>13</td>
<td>135</td>
<td>134</td>
<td>132</td>
<td>124</td>
</tr>
<tr>
<td>Merger, restructuring and asset impairment</td>
<td>241</td>
<td>59</td>
<td>36</td>
<td>180</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td>$ 3,563</td>
<td>$ 3,427</td>
<td>$ 3,379</td>
<td>$ 3,467</td>
<td>$ 3,216</td>
</tr>
<tr>
<td>Earnings before income taxes and cumulative effect of change in accounting principle</td>
<td>498</td>
<td>476</td>
<td>610</td>
<td>419</td>
<td>546</td>
</tr>
<tr>
<td>Income taxes</td>
<td>176</td>
<td>151</td>
<td>216</td>
<td>173</td>
<td>196</td>
</tr>
<tr>
<td><strong>Earnings before cumulative effect of change in accounting principle</strong></td>
<td>$ 322</td>
<td>$ 325</td>
<td>$ 394</td>
<td>$ 246</td>
<td>$ 350</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
<td>—</td>
<td>(2)</td>
<td>—</td>
<td>—</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$ 322</td>
<td>$ 323</td>
<td>$ 394</td>
<td>$ 246</td>
<td>$ 343</td>
</tr>
</tbody>
</table>

| Change in net sales | 4% | -2% | 3% | 3% | 8% |
| Change in net earnings | — | -18% | 60% | -28% | 14% |

### COMMON STOCK

- **Weighted average shares (in thousands)**
  - Basic: 231,849, 236,149, 236,108, 235,364, 234,666
  - Diluted: 234,704, 239,483, 239,614, 240,002, 239,540
- **Net earnings per common share**
  - Basic: $ 1.39, $ 1.38, $ 1.67, $ 1.05, $ 1.49
  - Diluted: $ 1.37, $ 1.36, $ 1.64, $ 1.03, $ 1.46
- **Dividends per common share** | $ 0.84, $ 0.84, $ 0.80, $ 0.71, $ 0.63 |
- **Stockholders’ equity per common share at end of year** | $ 6.07, $ 8.03, $ 7.62, $ 6.67, $ 6.32 |

### OTHER DATA

- **Property, plant and equipment, net** | $ 922, $ 1,046, $ 1,079, $ 1,054, $ 1,016 |
- **Capital expenditures** | 177, 192, 158, 176, 190 |
- **Long-term debt** | 678, 685, 590, 702, 704 |
- **Total assets** | 3,630, 3,995, 4,353, 4,132, 4,065 |
- **Stockholders’ equity** | 1,354, 1,900, 1,794, 1,570, 1,473 |
- **Return on net sales(1)** | 8%, 8%, 10%, 6%, 9% |
- **Return on average stockholders’ equity(2)** | 19%, 18%, 23%, 16%, 24% |

---

(1) Return on net sales is calculated by dividing net earnings by net sales.
Exhibit 99.2

Certification by the

Chairman of the Board and Chief Executive Officer

of The Clorox Company

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of The Clorox Company (the "Company") on Form 10-K for the fiscal year ended June 30, 2002 as filed with the Securities and Exchange Commission on September 26, 2002 (the "Report"), I, G. Craig Sullivan, Chairman of the Board and Chief Executive Officer, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that I have reviewed the Report and, based on my knowledge,

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

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

Dated this 26th day of September, 2002

/s/ G. Craig Sullivan

G. Craig Sullivan

Chairman of the Board and

Chief Executive Officer

Exhibit 99.3

Certification by the

Group Vice President - Chief Financial Officer

of The Clorox Company

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of The Clorox Company (the "Company") on Form 10-K for the fiscal year ended June 30, 2002 as filed with the Securities and Exchange Commission on September 26, 2002 (the "Report"), I, Karen Rose, Group Vice President - Chief Financial Officer of The Clorox Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that I have reviewed the Report and, based on my knowledge,
(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

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

Dated this 26th day of September, 2002

/s/ Karen Rose

Karen Rose

Group Vice President - Chief Financial Chief Executive Officer

End of Filing

© 2005 | EDGAR Online, Inc.