NEWS RELEASE

# Clorox Reports Strong Top-line Growth and 57 Cents EPS in First Quarter; Confirms Earnings Outlook for Second Quarter and Fiscal Year 2005

11/2/2004

OAKLAND, Calif., Nov. 2, 2004 - The Clorox Company (NYSE: CLX) (PSE: CLX) today announced that strong sales growth and cost savings contributed solidly to the company's results for its fiscal first quarter, which ended Sept. 30, 2004.

"Clorox people around the world delivered another strong quarter," said President and Chief Executive Officer Jerry Johnston. "We're extremely pleased with our results, which demonstrate the organization's focus on growth, innovation, margin expansion and cost savings."

Clorox reported first-quarter net earnings of $123 million, or 57 cents per diluted share, compared with net earnings in the year-ago period of $129 million, or 60 cents per diluted share, for a decrease of 3 cents per diluted share, or 5 percent. Net earnings reflected $30 million of pretax restructuring and asset-impairment charges (9 cents per diluted share), primarily due to the previously announced restructuring of the company's Glad U.S. manufacturing operations, part of a strategy to streamline manufacturing processes and improve margins.

First-quarter sales grew 4 percent to $1.09 billion, compared with $1.05 billion in the base period. Volume growth of 4 percent was driven by new products and all-time record shipments of Clorox® disinfecting wipes.

Gross margin in the first quarter grew 90 basis points versus the year-ago period to 44.5 percent, primarily due to strong cost savings, partially offset by increased raw-material expenses.

Clorox generated $216 million of cash from operations in the first quarter, compared to $140 million in the year-ago period, an increase of 54 percent. Contributing to this positive trend were higher pretax earnings in the current period before the aforementioned restructuring and asset-impairment charges on the Glad business, and a $37 million pension plan contribution in the year-ago period.

First-Quarter Results by Business Segment

Following is a summary of key first-quarter results by segment. All comparisons are with the first quarter of fiscal year 2004.

Household Products - North America

- 6% sales growth
- 8% volume growth
- 2% pretax earnings decline

Strong sales growth in the segment was driven by all-time record shipments of Glad® trash bags behind the launch of new Glad® ForceFlex™ trash bags, which have a unique diamond texture that stretches to prevent punctures and rips. Also driving sales growth were all-time record shipments of Clorox® disinfecting wipes, and strong shipments of the new Clorox® ToiletWand™ disposable toilet-cleaning system, partially offset by decreased shipments of Clorox® ReadyMop® mopping system. Sales growth lagged volume growth due to higher trade-promotion spending behind new products versus the year-ago quarter. Pretax earnings reflected the benefit of increased sales and strong cost savings, more than offset by the aforementioned restructuring and asset-impairment charges on the Glad business and the impact of trade-promotion spending in support of new products.

Specialty Products

- 1% sales decline
- 2% volume decline
- 1% pretax earnings growth

The segment's sales decline was driven by strong competitive activity in auto-care products and lower shipments of Kingsford® charcoal primarily due to category softness. These declines were partially offset by increased shipments of cat litter behind the 10th consecutive quarter of year-over-year volume growth for Scoop Away® cat litters, eighth consecutive quarter of year-over-year growth for Fresh Step® scoopable cat litter and record shipments of Fresh Step® Plus Dual Action Crystals™ blended cat litter. Pretax earnings reflected strong cost savings and lower costs for the third-party production of some Match Light® charcoal, substantially offset by unfavorable raw-material expenses.

International

- 6% sales growth
- 6% volume growth
- 3% pretax earnings decline

The segment's strong sales growth was driven by increased volume behind new products and category and share growth in Latin America, and the launch of Clorox® laundry and home-cleaning products in Australia and New Zealand. Pretax earnings reflected strong cost savings in Latin America and the benefit of increased sales across the segment, more than offset by higher advertising expenses in support of new products.

Outlook

As previously communicated, Clorox has reached a definitive agreement with Henkel KGaA under which Clorox will exchange full ownership interest in a subsidiary for Henkel's approximately 61.4 million shares of Clorox common stock. The subsidiary will contain Clorox's ownership interest in its insecticides and Soft Scrub® cleanser businesses, its 20 percent interest in the Henkel Iberica, S.A., joint venture, and cash. The transaction is expected to close no later than Dec. 1, 2004. For clarity, the company is providing outlook including and excluding the impact of the transaction.

Excluding Impact of Transaction

Excluding the impact of the transaction, Clorox continues to anticipate sales growth of 3 percent to 5 percent and earnings per diluted share in the range of 48 cents to 52 cents for the second quarter. For fiscal year 2005, also excluding the impact of the transaction, Clorox continues to expect sales growth of 3 percent to 5 percent and earnings per diluted share in the range of $2.58 to $2.66. Although first-quarter earnings benefited from higher-than-expected gross margin growth behind strong cost savings, the company is maintaining its earnings forecast for the rest of the year due to anticipated increases in commodity costs.

Including Impact of Transaction

The transaction is not expected to have a material impact on second-quarter outlook; however, it will impact the company's full-year expectations. Including the impact of the transaction, Clorox expects low-single-digit sales growth on an as-reported basis for fiscal 2005. The company anticipates that the transaction will increase earnings per diluted share in the range of 7 cents to 10 cents, excluding the book gain to be recognized on the transaction. Upon closing, Clorox anticipates recognizing a gain on the transaction in the range of $3.00 to $3.15 per diluted share.

Note: Percentage and basis-point changes noted in this news release are calculated based on rounded numbers. For additional information about the company's results, including definitions of financial terms used in this earnings release and on today's conference call with the investment community (details below), visit the Financial Results area within the Investors section of the company's Web site at **www.TheCloroxCompany.com**.

Today's Webcast

**www.TheCloroxCompany.com/investors/index.html**
The Clorox Company

The Clorox Company is a leading manufacturer and marketer of consumer products with fiscal year 2004 revenues of $4.3 billion. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Armor All® and STP® auto care products, Fresh Step® and Scoop Away® cat litters, Kingsford® charcoal briquets, Hidden Valley® and K C Masterpiece® dressings and sauces, Brita® water-filtration systems, and Glad® bags, wraps and containers. With 8,600 employees worldwide, the company manufactures products in 25 countries and markets them in more than 100 countries. Clorox is committed to making a positive difference in the communities where its employees work and live. Founded in 1980, The Clorox Company Foundation has awarded cash grants totaling more than $58.3 million to nonprofit organizations, schools and colleges; and in fiscal 2004 alone made product donations valued at $5 million. For more information about Clorox, visit **www.TheCloroxCompany.com**.

Forward-Looking Statements

Except for historical information, matters discussed above, including statements about future volume, sales and earnings growth, profitability, costs, cost savings or expectations, are forward-looking statements based on management's estimates, assumptions and projections. Important factors that could cause results to differ materially from management's expectations are described in "Forward-Looking Statements and Risk Factors" and "Management's Discussion & Analysis" in the company's SEC Form 10-K for the year ended June 30, 2004, as updated from time to time in the company's SEC filings. Those factors include, but are not limited to, general economic and marketplace conditions and events; competitors' actions; the company's costs, including changes in the company's exposure to commodity cost increases; the effects on cash flow of tax payments and share repurchases, including interest costs and repayment of debt incurred to finance repurchases; the ability to manage and realize the benefits of joint ventures and other cooperative relationships; risks inherent in litigation and international operations; the success of new products; the integration of acquisitions; and environmental, regulatory and intellectual property matters.

Risks particular to the previously announced share exchange agreement with Henkel KGaA include the sustainability of cash flows and the actual level of debt costs. Rating agency decisions and other external factors could increase interest costs. Declines in cash flow, which reduce the company's ability to repay debt, or interest cost increases greater than management expects, could adversely affect the company's earnings.

**Consolidated Earnings, Segment Information and Consolidated Balance Sheets**

Volume Growth Statement

P & L Supplement

Supplementary Balance Sheet and Cash Flow Information