

**The Clorox Company**  
**Reconciliation schedule of operating profit**  
**to earnings from continuing operations before income taxes**

In millions

	<u>Three months ended,</u>	
	<u>9/30/04</u>	<u>9/30/03</u>
Net sales	\$1,090	\$1,048
Gross profit	485	457
<i>Gross margin (1)</i>	44.5%	43.6%
Total operating expenses (2)	261	247
Operating profit	224	210
<i>Operating margin (1)</i>	20.6%	20.1%
Restructuring and asset impairment costs	30	-
Interest expense	8	6
Other (income) expense, net	(3)	3
Earnings from continuing operations before income taxes	\$189	\$201

(1) Percentages based on unrounded numbers

(2) Operating expenses = selling and administrative expenses, advertising costs and research and development costs

In accordance with SEC's Regulation G, this schedule provides the definition of a non-GAAP measure and the reconciliation to the most closely related GAAP measure.

Operating margin is a measure of operating profit as a percentage of net sales, whereby operating profit (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding restructuring and asset impairment costs, interest expense and other income and expense, as reported in the Condensed Consolidated Statements of Earnings (Unaudited).

Management believes the presentation of operating profit and margin provides useful information to investors about current trends in the business. Operating profit is a component for the calculation of management incentive compensation and employee profit sharing plans.

**The Clorox Company**  
**Supplemental Balance Sheet and Cash Flow Information – Preliminary\* (unaudited)**  
**For the quarter ended September 30, 2004**

**Working Capital (WC) Update**

	<b>Q1 '05 (\$ million)</b>	<b>Q1 '04 (\$ million)</b>	<b>Change (\$ million)</b>	<b>Days '05</b>	<b>Days '04</b>	<b>Change</b>
Receivables, net	385	379	+6	35	36	-1 day
Inventories	305	273	+32	45	41	+4 days
Accounts payable	287	282	+5	44	45	-1 day
Accrued liabilities	617	490	+127			
Total WC <sup>(1) (2)</sup>	-167	-70	-97			
Avg WC% Net sales <sup>(3)</sup>	-3.8%	-2.0%	-1.8 pts			

- Inventory was higher primarily due to normalization of charcoal inventory levels and increased bags and wraps inventory behind the launch of *Glad ForceFlex*.
- Accrued liabilities increased as a result of higher tax-related accruals.

**Capital expenditures were \$27 million**

**Depreciation and amortization was \$47 million**

**Cash provided by operations**

- Cash provided by continuing operations was \$216 million, 20 percent of sales and 54 percent above the year ago quarter. The variance to year ago was driven by higher pretax earnings before restructuring and asset impairment charges in the current period, and a \$37 million pension contribution made in the year ago period.

\*Preliminary estimates. Final numbers will be published in our Form 10-Q.

<sup>(1)</sup> Working capital is defined as current assets minus current liabilities excluding cash, assets held for exchange and short term debt, except as noted in footnote (2) below.

<sup>(2)</sup> Q1 '05 balance includes \$12 million in net working capital included in the assets held for exchange line, as reflected on the 9/30/04 Condensed Consolidated Balance Sheet (Unaudited). Assets held for exchange include assets exchanged under the terms of the definitive share exchange agreement reached with Henkel KGaA.

<sup>(3)</sup> Based on a two points average working capital divided by annualized net sales (*current quarter net sales x 4*).

# The Clorox Company

## Supplemental Volume Growth Information

Business Unit	% Change vs. Prior Year					
	FY04					FY05
	Q1	Q2	Q3	Q4	FY	Q1
Laundry Care	2%	14%	9%	7%	8%	6%
Home Care	-2%	-1%	-4%	4%	0%	7%
Water Filtration	-13%	-2%	21%	21%	6%	0%
Bags & Wraps	11%	9%	9%	7%	9%	14%
<b>Total Household Products - North America</b>	<b>1%</b>	<b>5%</b>	<b>3%</b>	<b>6%</b>	<b>4%</b>	<b>8%</b>
<i>Household, excluding divestitures</i>	1%	5%	3%	6%	4%	8%
Seasonal Products	5%	6%	4%	5%	5%	-5%
<i>Seasonal, excluding divestitures</i>	8%	8%	5%	5%	6%	-5%
Cat Litter	6%	5%	4%	8%	6%	2%
<i>Cat Litter, excluding divestitures</i>	17%	13%	4%	8%	10%	2%
Auto Care	-11%	-5%	-2%	-11%	-7%	-12%
Dressings & Sauces	15%	10%	14%	7%	11%	-2%
<b>Total Specialty Products</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>3%</b>	<b>4%</b>	<b>-2%</b>
<i>Specialty, excluding divestitures</i>	7%	7%	5%	3%	5%	-2%
<b>Total International</b>	<b>4%</b>	<b>5%</b>	<b>2%</b>	<b>10%</b>	<b>5%</b>	<b>6%</b>
<i>International, excluding divestitures</i>	5%	5%	3%	10%	6%	6%
<b>Total Clorox</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>4%</b>	<b>4%</b>
<i>Total, excluding divestitures</i>	3%	6%	4%	6%	5%	4%
<i>Total North America, excl. divestitures</i>	3%	6%	4%	5%	4%	4%

### Major drivers of change

Increased *Clorox Bleach Pen* and *Clorox2* shipments behind distribution gains and merchandising support.

Growth driven by launch of *Clorox Toilet Wand* and continued shipment gains for *Clorox* disinfecting wipes.

Category softness offset by share gains in both pour-through and faucet-mount segments.

Strong growth behind launch of *Glad ForceFlex* and merchandising support for *GladWare* containers.

Shipments declined due to category softness early in the quarter.

Growth behind continued distribution gains.

Decline due to reduced merchandising in appearance category and competitive activity in the performance category.

Decline primarily due to early quarter category softness in salad dressings and competitive activity in marinades.

Growth across much of Latin America behind new products and category and share growth, and in Australia and New Zealand behind introduction of new Home Care products.