THE CLOROX COMPANY

NEWS RELEASE

Clorox Earns $2.23 for 63% EPS Growth in Fiscal 2003; Fourth-Quarter EPS Up 8%; Confirms Fiscal 2004 Outlook

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OAKLAND, Calif., Aug. 12, 2003 — The Clorox Company (NYSE: CLX) (PSE: CLX) today announced that strong gross margins, working capital and cash flows contributed to the company's results for its fiscal fourth quarter and year, which ended June 30, 2003.

In accordance with generally accepted accounting principles in the United States (GAAP), the company reported fourth-quarter net earnings of $149 million, or 68 cents per diluted share, compared with prior-year fourth-quarter net earnings of $145 million, or 63 cents per diluted share, which represents an increase of 5 cents per diluted share, or 8 percent.

For the fiscal year, Clorox reported net earnings of $493 million (GAAP), or $2.23 per diluted share, compared with year-ago net earnings of $322 million, or $1.37 per diluted share, which represents an increase of 86 cents, or 63 percent.

"Clorox people delivered another solid quarter and a very strong year, demonstrating the effectiveness of our strategies and the organization's focus on growth, innovation and margin expansion," said President and CEO Jerry Johnston. "The results of their efforts are clearly reflected throughout our earnings statement and balance sheet, and in fiscal 2003, we achieved each of our financial targets."

The earnings and balance sheet statements and segment information are reported in accordance with GAAP. To clarify the company's results with respect to prior-year periods, Clorox has posted additional details regarding previously reported earnings on the company's Web site at **www.thecloroxcompany.com/investors/financialinfo/results/**.

Fourth-Quarter Results

Fourth-quarter sales increased 2 percent to $1.2 billion. Excluding divestitures, sales increased 3 percent compared to the year-ago quarter. Sales growth was driven by increased volume, notably record fourth-quarter shipments of Glad® trash bags and Hidden Valley® and K C Masterpiece® food products.

Cost savings and increased volume drove a gross margin gain of 73 basis points. This is the company's seventh consecutive quarter of gross margin improvement.

Improvements in managing inventories and receivables contributed to the company's ability to achieve its fourth consecutive quarter of negative working capital and its 10th consecutive quarter of year-over-year improvements in working capital. Working capital averaged –1.7 percent of net sales, a 170 basis point improvement, compared with zero percent of net sales in the prior year.

During the quarter, Clorox used its free cash flow to purchase 3.5 million shares of the company's common stock at a total cost of $152 million. A portion of the shares purchased was allocated to the board-authorized $1 billion repurchase program, bringing the total number of shares repurchased to 18.2 million at a total cost of $773 million under that program. The remainder of shares purchased during the quarter was allocated to the company's ongoing program to offset the potential impact of stock option dilution.

Fourth-Quarter Results by Segment

A summary of key fourth-quarter results by segment follows. All comparisons are with fourth quarter fiscal 2002.

Household Products – North America

- 2% volume growth
- 2% sales growth
- 9% pretax profit decline

Volume growth in this segment was primarily driven by all-time record shipments of Glad® trash bags. Pretax profit results reflect increased volume and cost savings that were more than offset by unfavorable product mix, higher raw-material costs, increased trade-promotion spending, and increased R&D expenses to drive product innovation.

Specialty Products

- 3% volume growth, 5% growth excluding divestitures
- 1% sales growth, 3% growth excluding divestitures
- 6% pretax profit decline

Strong volume growth in this segment was primarily driven by record fourth-quarter shipments of Fresh Step® and Scoop Away® cat litters, Hidden Valley® bottled salad dressing and K C Masterpiece® barbecue sauce. The volume-to-sales variance was primarily driven by increased trade-promotion spending to launch new products, partially offset by a Kingsford® charcoal price increase implemented earlier in the fiscal year. Pretax profit results reflect increased trade marketing and advertising costs to launch new products.

Household Products – Latin America/Other

- 3% volume growth, 4% growth excluding divestitures
- 6% sales growth, 7% growth excluding divestitures
- 117% pretax profit growth

Volume growth in this segment was primarily driven by increased shipments in Argentina and insecticides, home care and laundry products in Asia-Pacific, partially offset by declines in bags and wraps and auto care volume in Asia-Pacific. Sales growth outpaced volume growth due to reduced trade-promotion spending, price increases and favorable foreign exchange rates. Significant gross margin improvement and cost savings drove the segment's pretax profit improvement, reflecting the steps Clorox has taken to mitigate unfavorable economic conditions in Latin America, which include taking price increases, reducing the size of the organization to improve the cost structure, cutting back on discretionary spending and aggressively managing working capital.

Fiscal Year 2003 Results

Fiscal-year sales increased 3 percent to $4.1 billion. Excluding divestitures, total company sales increased 5 percent and sales in North America rose 6 percent compared to the prior year.

Focusing on innovation and investing in core brands were key to the company's top-line results. For the year, Clorox increased advertising spending by 17 percent and brought several new products to market, including Clorox® bathroom cleaners with Teflon®, Don't Mop with Dirty Water Again!™ Pine-Sol® cleaner, Formula 409® wipes, Brita® pour-through pitchers with electronic filter change indicators, Hidden Valley® BBQ Ranch dressing, K C Masterpiece® Dip & Top™ sauces, Armor All® car wash wipes and Scoop Away® plus crystals cat litter.

For the fiscal year, significant gross margin increases in each segment drove overall gross margin growth of 296 basis points.

Improvements in managing inventories and receivables contributed to the company's ability to achieve negative working capital, which averaged –1.6 percent of net sales, a 220 basis point improvement, compared with .6 percent in the prior year.

The company's return on invested capital (ROIC) increased from 13.5 percent in fiscal 2002 to 14.7 percent in fiscal 2003. The company defines ROIC as after-tax operating profit (excluding deferred taxes and restructuring charges included in cost of goods sold) divided by average total invested capital.

Outlook for Fiscal 2004

Clorox continues to expect that fiscal year 2004 results will be consistent with the company's previously communicated long-term expectations for double-digit earnings-per-diluted-share growth and 3 percent to 5 percent sales and volume growth. Specifically, for fiscal year 2004, the company's preliminary expectations are for earnings per diluted share in the range of $2.47 to $2.57 (GAAP).

For the first quarter of fiscal 2004, the company continues to anticipate volume growth and increased cost savings versus the year-ago period. At the same time, first-quarter earnings are expected to be impacted by significant spending to launch new products, including Glad® Press 'n Seal™ food wrap, as well as higher raw-material costs and R&D investments as compared to the year-ago quarter. As a result, Clorox projects first-quarter earnings per diluted share in the range of 57 cents to 62 cents (GAAP), compared with 65 cents (GAAP) in the prior-year quarter.

For the second quarter, Clorox expects to deliver earnings per diluted share in the range of 46 cents to 51 cents (GAAP), compared with 40 cents (GAAP) in the prior-year quarter. The company expects this strong earnings growth to be driven by a strengthening top line offset by higher commodity costs and trade-promotion spending to support new products. Second-quarter earnings results will also benefit from comparison to the year-ago quarter, which included an asset impairment charge for the company's business in Argentina that was slightly offset by lower trade spending related to closing out retailer promotion programs as the company converted to new systems.

As previously announced, the board of directors authorized the company to increase its share repurchase program by $700 million. In 2004, in accordance with its previously announced agreement with HC Investments Inc. (Henkel), Clorox expects to repurchase $100 million of its common stock from Henkel and another $250 million on the open market. Of the $350 million total share repurchases planned in fiscal 2004, a portion will be purchased under the more than $900 million available through the board-authorized share repurchase program, and the balance will be allocated to the company's ongoing program to offset the potential impact of stock option dilution.

Today's Webcast

Today, Clorox will host a live audio webcast of a discussion with the investment community regarding the company's fourth-quarter and full-year results and its outlook. The webcast, which can be accessed at www.thecloroxcompany.com, will begin at 10:30 a.m. Pacific time (1:30 p.m. Eastern time). A replay of the webcast will be archived for one week on the company's Web site.

The Clorox Company

The Clorox Company is a leading manufacturer and marketer of consumer products with fiscal year 2003 revenues of $4.1 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, and Glad® bags, wraps and containers. With 9,500 employees worldwide, the company manufactures products in 25 countries and markets them in more than 100 countries. Founded in 1980, The Clorox Company Foundation has awarded cash grants totaling more than $51 million to nonprofit organizations, schools and colleges; and in fiscal 2002 alone made product donations valued at nearly $5 million. For more information about Clorox, visit the company's Web site at www.thecloroxcompany.com.

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 and Analysis of Financial Condition and Results of Operation" in the company's SEC Form 10-K for the year ended June 30, 2002, 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; the company's costs, including the impact of world events on raw material costs and/or supply disruption; risks inherent in litigation and international operations; the success of new products; the company's ability to manage and obtain the benefits of joint venture activities; the success of information systems design and implementation; integration of acquisitions; and environmental, regulatory and intellectual property matters.

Q4 Earnings Statements (PDF)

Q4 Supplemental Financial Information (PDF)