

**Condensed Consolidated Statements of Earnings (Unaudited)**

Dollars in millions, except per share amounts

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>12/31/2014</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2013</b>
Net sales	\$ 1,345	\$ 1,308	\$ 2,697	\$ 2,651
Cost of products sold	<u>773</u>	<u>753</u>	<u>1,547</u>	<u>1,512</u>
Gross profit	<u>572</u>	<u>555</u>	<u>1,150</u>	<u>1,139</u>
Selling and administrative expenses	191	196	371	390
Advertising costs	127	122	248	242
Research and development costs	33	31	63	62
Interest expense	26	26	52	52
Other (income) expense, net	<u>(2)</u>	<u>(4)</u>	<u>1</u>	<u>(2)</u>
Earnings from continuing operations before income taxes	197	184	415	395
Income taxes on continuing operations	<u>69</u>	<u>66</u>	<u>142</u>	<u>138</u>
Earnings from continuing operations	128	118	273	257
Losses from discontinued operations, net of tax	<u>(3)</u>	<u>(3)</u>	<u>(58)</u>	<u>(6)</u>
Net earnings	<u>\$ 125</u>	<u>\$ 115</u>	<u>\$ 215</u>	<u>\$ 251</u>
Net earnings (losses) per share				
Basic				
Continuing operations	\$ 0.98	\$ 0.91	\$ 2.10	\$ 1.99
Discontinued operations	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.44)</u>	<u>(0.06)</u>
Basic net earnings per share	<u>\$ 0.96</u>	<u>\$ 0.89</u>	<u>\$ 1.66</u>	<u>\$ 1.93</u>
Diluted				
Continuing operations	\$ 0.97	\$ 0.90	\$ 2.07	\$ 1.95
Discontinued operations	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.44)</u>	<u>(0.05)</u>
Diluted net earnings per share	<u>\$ 0.95</u>	<u>\$ 0.87</u>	<u>\$ 1.63</u>	<u>\$ 1.90</u>
Weighted average shares outstanding (in thousands)				
Basic	130,555	129,836	129,933	129,955
Diluted	132,819	132,278	132,203	132,276

**Reportable Segment Information**  
**(Unaudited)**  
Dollars in millions

<b><u>Second Quarter</u></b>	Net Sales			Earnings (Losses) from Continuing Operations Before Income Taxes		
	Three Months Ended			Three Months Ended		
	12/31/14	12/31/13 <sup>(1)</sup>	% Change <sup>(2)</sup>	12/31/14	12/31/13 <sup>(1)</sup>	% Change <sup>(2)</sup>
Cleaning Segment	\$ 447	\$ 432	3%	\$ 107	\$ 101	6%
Household Segment	371	352	5%	51	41	24%
Lifestyle Segment	246	237	4%	73	69	6%
International Segment	281	287	-2%	24	33	-27%
Corporate	-	-	-	(58)	(60)	-3%
Total Company	<u>\$ 1,345</u>	<u>\$ 1,308</u>	<u>3%</u>	<u>\$ 197</u>	<u>\$ 184</u>	<u>7%</u>
<b><u>Year-to-Date</u></b>	Net Sales			Earnings (Losses) from Continuing Operations Before Income Taxes		
	Six Months Ended			Six Months Ended		
	12/31/14	12/31/13 <sup>(1)</sup>	% Change <sup>(2)</sup>	12/31/14	12/31/13 <sup>(1)</sup>	% Change <sup>(2)</sup>
Cleaning Segment	\$ 917	\$ 911	1%	\$ 231	\$ 232	0%
Household Segment	763	724	5%	103	93	11%
Lifestyle Segment	462	455	2%	129	122	6%
International Segment	555	561	-1%	50	64	-22%
Corporate	-	-	-	(98)	(116)	-16%
Total Company	<u>\$ 2,697</u>	<u>\$ 2,651</u>	<u>2%</u>	<u>\$ 415</u>	<u>\$ 395</u>	<u>5%</u>

<sup>(1)</sup> As a result of Clorox Venezuela results being included in discontinued operations beginning in the first fiscal quarter of the current fiscal year, the prior comparative period has been reclassified to conform with current quarter presentation.

<sup>(2)</sup> Percentages based on rounded numbers.

**Condensed Consolidated Balance Sheets**

Dollars in millions

	<u>12/31/2014</u> <u>(Unaudited)</u>	<u>6/30/2014</u>	<u>12/31/2013</u> <u>(Unaudited)</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 819	\$ 329	\$ 341
Receivables, net	473	546	499
Inventories, net	446	386	466
Other current assets	167	134	194
Total current assets	<u>1,905</u>	<u>1,395</u>	<u>1,500</u>
Property, plant and equipment, net	933	977	992
Goodwill	1,080	1,101	1,100
Trademarks, net	537	547	552
Other intangible assets, net	55	64	67
Other assets	164	174	177
Total assets	<u>\$ 4,674</u>	<u>\$ 4,258</u>	<u>\$ 4,388</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities			
Notes and loans payable	\$ 2	\$ 143	\$ 342
Current maturities of long-term debt	875	575	-
Accounts payable	375	440	359
Accrued liabilities	492	472	480
Income taxes payable	-	8	-
Total current liabilities	<u>1,744</u>	<u>1,638</u>	<u>1,181</u>
Long-term debt	1,795	1,595	2,170
Other liabilities	773	768	765
Deferred income taxes	81	103	116
Total liabilities	<u>4,393</u>	<u>4,104</u>	<u>4,232</u>
Stockholders' equity			
Common stock	159	159	159
Additional paid-in capital	726	709	693
Retained earnings	1,757	1,739	1,623
Treasury shares	(1,908)	(2,036)	(1,932)
Accumulated other comprehensive net losses	(453)	(417)	(387)
Stockholders' equity	<u>281</u>	<u>154</u>	<u>156</u>
Total liabilities and stockholders' equity	<u>\$ 4,674</u>	<u>\$ 4,258</u>	<u>\$ 4,388</u>

**The tables below present the reconciliation of non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP and other supplemental information. See “Non-GAAP Financial Information” above for further information regarding the company’s use of non-GAAP financial measures.**

*The reconciliations below are on a continuing operations basis*

## Second-Quarter and Fiscal Year-to-Date Sales Growth Reconciliation

	Q2 Fiscal 2015	Q2 Fiscal 2014	Q2 YTD Fiscal 2015	Q2 YTD Fiscal 2014
<b>Total Sales Growth – GAAP</b>	<b>2.9%</b>	<b>0.5%</b>	<b>1.7%</b>	<b>1.4%</b>
Less: Foreign exchange	-2.8	-1.7	-2.4	-1.6
<b>Currency Neutral Sales Growth - Non-GAAP</b>	<b>5.7%</b>	<b>2.2%</b>	<b>4.1%</b>	<b>3.0%</b>

*The reconciliations below for fiscal year 2014 are provided as a reference point for the fiscal year 2015 outlook, and reflect the reclassification of Clorox Venezuela to discontinued operations in Q1FY15.*

## Fiscal Year EBIT Margin<sup>(1)</sup> Reconciliation

	FY Fiscal 2014
<b>Earnings from continuing operations before income taxes – GAAP</b>	<b>\$884</b>
Interest Income	-3
Interest Expense	103
<b>EBIT <sup>(1)</sup> – non-GAAP</b>	<b>\$984</b>
Net Sales	\$5,514
<b>EBIT margin<sup>(1)</sup> – non-GAAP</b>	<b>17.80%</b>

(1) EBIT represents earnings from continuing operations before interest and taxes. EBIT margin is the ratio of EBIT to net sales.

**For Gross Margin Drivers, please refer to the Supplemental Information: Gross Margin Driver page in the Financial Results section of the company’s website [TheCloroxCompany.com](http://TheCloroxCompany.com).**

Supplemental Unaudited Condensed Information – Volume Growth

Reportable Segments	% Change vs. Prior Year								Major Drivers of Change
	FY14 <sup>(1)</sup>					FY15 <sup>(1)</sup>			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD	
Cleaning	0%	3%	-5%	0%	-1%	-1%	3%	1%	Q2 volume increase driven by higher shipments in the Professional Products business for Health Care and Cleaning, including benefit related to Ebola and Enterovirus concerns.
Household	2%	-1%	5%	-2%	1%	4%	3%	3%	Q2 volume increase driven by higher shipments of Glad® Odorshield Trash behind scent innovation and distribution, and Fresh Step® Lightweight litter products.
Lifestyle	4%	-1%	-1%	2%	1%	0%	5%	2%	Q2 volume increase driven by higher shipments of Burt's Bees® lip and face care products, partially offset by lower shipments of Brita® products.
International	1%	3%	1%	2%	2%	5%	5%	5%	Q2 volume increase driven by higher shipments in Latin America, Canada and Europe.
Total Company	1%	1%	0%	0%	1%	1%	4%	2%	

Supplemental Unaudited Condensed Information – Sales Growth

Reportable Segments	% Change vs. Prior Year								Major Drivers of Change
	FY14 <sup>(1)</sup>					FY15 <sup>(1)</sup>			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	YTD	
Cleaning	1%	2%	-4%	-1%	0%	-2%	3%	1%	Q2 variance between volume and sales was flat.
Household	5%	-1%	4%	-2%	1%	5%	5%	5%	Q2 variance between volume and sales driven by the benefit of price increases.
Lifestyle	5%	0%	-3%	2%	1%	-1%	4%	2%	Q2 variance between volume and sales was driven primarily by unfavorable mix.
International	-2%	1%	-6%	-6%	-3%	0%	-2%	-1%	Q2 variance between volume and sales driven by unfavorable foreign currency exchange rates, partially offset by the benefit of price increases.
Total Company	2%	0%	-2%	-2%	0%	1%	3%	2%	

(1) Volume growth and sales growth percentage changes for the International reportable segment and Total Company reflect the reclassification of Clorox Venezuela to discontinued operations effective Q1 fiscal 2015 for all periods presented.

## The Clorox Company

**Supplemental Unaudited Condensed Information – Gross Margin Drivers**

The table below provides details on the drivers of gross margin change versus the prior year.

Driver	Gross Margin Change vs. Prior Year (basis points)						
	FY14					FY15	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Cost Savings	+180	+150	+140	+110	+140	+120	+130
Price Changes	+80	+70	+80	+80	+80	+90	+100
Market Movement (commodities)	-110	-140	-120	-110	-120	-40	-90
Manufacturing & Logistics	-140	-120	-120	-240	-160	-170	-90
All other <sup>(1)</sup>	-10	-20	-10	-10	-10	-70	-40
Impact of Clorox Venezuela reclassification to discontinued operations <sup>(2)</sup>	+30	+10	-	+40	+20	-	-
<b>Change vs prior year</b>	<b>+30</b>	<b>-50</b>	<b>-30</b>	<b>-130</b>	<b>-50</b>	<b>-70</b>	<b>+10</b>
<i>Gross Margin (%)</i>	<i>43.5%</i>	<i>42.4%</i>	<i>42.1%</i>	<i>42.9%</i>	<i>42.7%</i>	<i>42.8%</i>	<i>42.5%</i>

(1) In Q2 of fiscal year 2015, 'All other' includes -40 bps of unfavorable foreign currency impact.

(2) Other than the impact of the Clorox Venezuela reclassification, none of the fiscal year 2013 and 2014 gross margin drivers have changed; all effects of the Clorox Venezuela reclassification to discontinued operations are reflected in this line.

## Supplemental Information – Balance Sheet

(Unaudited)

As of December 31, 2014

## Working Capital Update

	Q2		Change (\$ millions)	Days <sup>(5)</sup> FY 2015	Days <sup>(5)</sup> FY 2014	Change
	FY 2015 (\$ millions)	FY 2014 (\$ millions)				
Receivables, net	\$473	\$499	-\$26	31	35	-4
Inventories	\$446	\$466	-\$20	49	54	-5
Accounts payable <sup>(1)</sup>	\$375	\$359	\$16	42	42	0
Accrued liabilities	\$492	\$480	\$12			
Total WC <sup>(2)</sup>	\$219	\$320	-\$101			
Total WC % net sales <sup>(3)</sup>	4.1%	6.1%				
Average WC <sup>(2)</sup>	\$155	\$267	-\$112			
Average WC % net sales <sup>(4)</sup>	2.9%	5.1%				

**Receivables, net:** Decrease driven primarily by unfavorable foreign exchange rates.

**Inventories:** Decrease driven primarily by the write-off of inventory resulting from the discontinuation of Clorox Venezuela's operations.

(1) Days of accounts payable is calculated as follows: average accounts payable / [(cost of products sold + change in inventory) / 90].

(2) Working capital (WC) is defined in this context as current assets minus current liabilities excluding cash and short-term debt, based on end of period balances. Average working capital represents a two-point average of working capital.

(3) Represents working capital at the end of the period divided by annualized net sales (*current quarter net sales x 4*).

(4) Represents a two-point average of working capital divided by annualized net sales (*current quarter net sales x 4*).

(5) Days calculations based on a two-point average.

## Supplemental Information – Cash Flow

(Unaudited)

For the quarter ended December 31, 2014

Capital expenditures for the second quarter were \$31 million versus \$36 million in the year-ago quarter.

Depreciation and amortization for the second quarter was \$42 million versus \$45 million in the year ago quarter.

Net cash provided by continuing operations in the second quarter was \$33 million, or 2 percent of sales.

## Supplemental Unaudited Condensed Information

## Fiscal Year to Date Free Cash Flow Reconciliation

	Q2 Fiscal YTD 2015	Q2 Fiscal YTD 2014
<b>Net cash provided by continuing operations – GAAP</b>	<b>\$267</b>	<b>\$222</b>
Less: Capital expenditures	60	63
<b>Free cash flow – non-GAAP <sup>(1)</sup></b>	<b>\$207</b>	<b>\$159</b>
<i>Free cash flow as a percent of sales – non-GAAP <sup>(1)</sup></i>	<i>7.7%</i>	<i>6.0%</i>
Net sales	\$2,697	\$2,651

- (1) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management uses free cash flow and free cash flow as a percent of sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.



# Supplemental unaudited reconciliation of earnings from continuing operations before income taxes to EBIT<sup>(1)(3)</sup> and EBITDA<sup>(2)(3)</sup>

(Adjusted to reflect Clorox Venezuela reclassified to discontinued operations)

Dollars in millions and percentages based on rounded numbers

	FY 2014					FY 2015	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
	9/30/13	12/31/13	3/31/14	6/30/14	6/30/14	9/30/14	12/31/14
<b>Earnings from continuing operations before income taxes</b>	\$ 211	\$ 184	\$ 226	\$ 263	\$ 884	\$ 218	\$ 197
Interest income	(1)	-	(1)	(1)	(3)	(1)	(1)
Interest expense	26	26	25	26	103	26	26
<b>EBIT<sup>(1)(3)</sup></b>	<b>236</b>	<b>210</b>	<b>250</b>	<b>288</b>	<b>984</b>	<b>243</b>	<b>222</b>
<i>EBIT margin<sup>(1)(3)</sup></i>	17.6%	16.1%	18.3%	19.2%	17.8%	18.0%	16.5%
Depreciation and amortization	43	45	43	46	177	43	42
<b>EBITDA<sup>(2)(3)</sup></b>	<b>\$ 279</b>	<b>\$ 255</b>	<b>\$ 293</b>	<b>\$ 334</b>	<b>\$ 1,161</b>	<b>\$ 286</b>	<b>\$ 264</b>
<i>EBITDA margin<sup>(2)(3)</sup></i>	20.8%	19.5%	21.4%	22.3%	21.1%	21.2%	19.6%
Net sales	\$ 1,343	\$ 1,308	\$ 1,366	\$ 1,497	\$ 5,514	\$ 1,352	\$ 1,345
Total debt <sup>(4)</sup>					\$2,313	\$2,224	\$2,672
<b>Debt to EBITDA<sup>(3)(5)</sup></b>					<b>2.0</b>	<b>1.9</b>	<b>2.3</b>

- (1) EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income and interest expense, as reported above. EBIT margin is the ratio of EBIT to net sales.
- (2) EBITDA (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortization, as reported above. EBITDA margin is the ratio of EBITDA to net sales.
- (3) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, EBITDA, EBITDA margin and debt to EBITDA provides additional useful information to investors about current trends in the business.
- (4) Total debt represents the sum of notes and loans payable, current maturities of long-term debt, and long-term debt.
- (5) Debt to EBITDA (a non-GAAP measure) represents total debt divided by EBITDA for the trailing four quarters. The Company calculates debt to Consolidated EBITDA for compliance with its debt covenants using Consolidated EBITDA for the trailing four quarters, as contractually defined.

# The Clorox Company

Updated: 2-4-15

## U.S. Retail Pricing Actions from CY2009 - CY2015

Brand / Product	Average Price Change	Effective Date
<b>Home Care</b>		
Green Works® cleaners	-7 to -21%	May 2010
Formula 409®	+6%	August 2011
Clorox Clean-Up® cleaners	+8%	August 2011
Clorox® Toilet Bowl Cleaner	+5%	August 2011
Liquid-Plumr® products	+5%	August 2011
Pine-Sol® cleaners		April 2012
Clorox Clean-Up®, Formula 409®, and Clorox® Disinfecting Bathroom spray cleaners	+17% +5%	March 2013
Green Works® cleaners	+21%	July 2014
<b>Laundry</b>		
Green Works® liquid detergent	approx. -30%	May 2010
Clorox® liquid bleach	+12%	August 2011
Clorox 2® stain fighter and color booster	+5%	August 2011
Clorox® liquid bleach	+7%	February 2015
<b>Glad</b>		
GladWare® disposable containers	-7%	April 2009
Glad® trash bags	-7%	May 2009
Glad® trash bags	+5%	August 2010
Glad® trash bags	+10%	May 2011
Glad® wraps	+7%	August 2011
Glad® food bags	+10%	November 2011
GladWare® disposable containers	+8%	July 2012
Glad® trash bags	+6%	March 2014
Glad® ClingWrap	+5%	March 2014
Glad® trash bags	+6%	November 2014
Glad® wraps	+5%	January 2015
<b>Litter</b>		
Cat litter	-8 to -9%	March 2010
Cat litter	+5%	May 2012
<b>Food</b>		
Hidden Valley Ranch® salad dressing	+7%	August 2011
<b>Charcoal</b>		
Charcoal and lighter fluid	+7 to +16%	January 2009
Charcoal and lighter fluid	+8 to 10%	January 2012
Charcoal	+6%	December 2012
<b>Brita</b>		
Brita® pitchers	+3%	August 2011
Brita® pitchers and filters	+5%	July 2012
<b>Natural Personal Care</b>		
Burt's Bees® lip balm	+10%	July 2013

### Notes:

- Individual SKUs vary within the range.
- This communication reflects pricing actions on primary items, and does not reflect pricing actions on our Professional Products business.