



NEWS RELEASE

Clorox Reports Strong Sales and EPS Growth in Q3; Updates Fiscal Year 2007 Outlook

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OAKLAND, Calif., May 2, 2007 - The Clorox Company (NYSE: CLX) today announced that substantial sales growth and higher gross margin contributed to strong earnings results for the company's fiscal third quarter, which ended March 31, 2007.

"I'm delighted with our third-quarter results," said Chairman and CEO Don Knauss. "We had strong sales and volume growth in all three of our business segments. We increased gross margin and delivered strong EPS growth, which exceeded our expectations for the quarter."

Third-quarter highlights

Clorox reported third-quarter net earnings of \$129 million, or 84 cents per diluted share. This compares with \$110 million in the year-ago quarter, or 72 cents per diluted share, for an increase of 12 cents per diluted share, or 17 percent. Diluted EPS results in the current quarter included 4 cents diluted EPS, or \$10 million on a pretax basis, of incremental costs from transition and restructuring associated with the previously announced IT services agreement. The company recorded \$5 million of these costs as administrative expense and \$5 million as restructuring charges.

Third-quarter sales grew 7 percent to \$1.24 billion, compared with \$1.16 billion in the year-ago quarter. Volume increased 8 percent, primarily driven by increased shipments in several businesses, including: home-care products in North America due to higher trade-promotion spending and new products, cat litter behind a significant product improvement, and laundry and cleaning products in Latin America due to category growth. Volume growth outpaced sales growth primarily due to the impact of higher trade-promotion spending to support brands facing

competitive pressure, and product and channel mix. These factors were partially offset by the benefit of recent price increases.

Gross margin in the third quarter increased 180 basis points versus the year-ago quarter to 43.3 percent. The increase was primarily due to the benefit of continued strong cost savings, price increases and slightly favorable commodity costs. These factors were partially offset by the impact of increased trade-promotion spending and higher expenses for manufacturing and logistics, which includes diesel costs.

Net cash provided by operations in the third quarter was \$172 million, compared to \$138 million in the year-ago quarter. The year-over-year increase was primarily due to higher earnings and improved working capital.

Third-quarter results by business segment

Following is a summary of key third-quarter results by business segment. All comparisons are with the third quarter of fiscal 2006, unless otherwise stated.

Household Group - North America

The segment reported 5 percent sales growth, 9 percent volume growth and an 8 percent increase in pretax earnings. The segment's volume growth was primarily driven by all-time-record shipments of Clorox® disinfecting wipes due to higher trade-promotion spending in response to competitive activity. Also contributing to volume growth were the launch of Clorox® bleach-free disinfecting cleaners, increased shipments of Armor All® auto-care products due to improved merchandising and favorable March weather, and higher shipments of STP® auto-care products behind a "saves gas" promotion. Volume growth outpaced sales growth primarily due to the impact of product and channel mix, and higher trade-promotion spending to support laundry and home-care brands facing competitive pressure. Pretax earnings reflected the benefit of higher sales and strong cost savings, partially offset by the impact of product and channel mix.

Specialty Group

The segment reported 7 percent sales growth, 6 percent volume growth and a 19 percent increase in pretax earnings. The segment delivered all-time-record shipments of Fresh Step® scoopable cat litter for the fourth consecutive quarter behind a significant product improvement, as well as higher shipments of Kingsford® charcoal products due to a product improvement, the earlier start of daylight-saving time and favorable March weather. Also contributing to volume growth were increased shipments of Glad® trash bags due to higher trade-promotion spending in response to competitive activity. Sales growth outpaced volume growth primarily due to the benefit of price increases. Pretax earnings reflected the benefit of higher sales and cost savings.

International

The segment reported 16 percent sales growth, 13 percent volume growth and a 15 percent increase in pretax earnings. Volume growth was driven by increased shipments of laundry and cleaning products in Latin America due to category growth and market share improvement. The volume growth was partially offset by lower shipments of products in Australia due to customer consolidation and increased competitive activity. Sales growth outpaced volume growth primarily due to the benefit of price increases. Pretax earnings reflected the benefit of higher sales and cost savings.

Fiscal year 2007 financial outlook

For the fourth quarter, Clorox continues to anticipate sales growth in the range of 3-5 percent. The outlook for sales growth reflects the impact of a continuing competitive environment, and the effect of poor April weather on seasonal businesses such as charcoal and auto-care products. The company now anticipates fourth-quarter diluted EPS in the range of \$1.05-\$1.11. The earnings outlook anticipates that gross margin will expand versus the year-ago quarter, but at a lower rate than in the third quarter due to increases in other commodities such as agricultural products like soybean oil and corn starch. The earnings outlook also reflects lower cost savings than in the third quarter. Selling and administrative expense is anticipated to decline versus the year-ago quarter, which included compensation expense related to a voluntary review of the company's historical stock option practices, and costs related to the retirement of the former chairman and CEO from his positions. However, the financial outlook does anticipate spending associated with revitalizing recently acquired bleach businesses in Canada and Latin America. It also anticipates spending for administrative resources in support of the company's long-term strategy, which will be introduced during its conference for the investment community in New York on May 24 (see below for more information).

For fiscal year 2007, Clorox now anticipates sales growth of about 5 percent and diluted EPS from continuing operations in the range of \$3.21-\$3.27. The company now anticipates the impact of the acquired bleach businesses to be neutral to earnings for the fiscal year. In addition, the fiscal 2007 outlook includes about 9 cents diluted EPS of transition and restructuring costs associated with the IT services agreement. The company's tax rate for the fiscal year is anticipated to be in the range of 34-35 percent, versus 32 percent in fiscal 2006. The anticipated year-over-year increase in tax rate is primarily due to benefits associated with dividend repatriation in fiscal year 2006 and changes in tax contingency accruals.

Preliminary fiscal year 2008 perspective

For fiscal year 2008, the company anticipates sales growth in the range of 3-5 percent. The company anticipates a

slightly negative net commodity cost impact. While Clorox expects resin costs to be favorable, costs are expected to increase for other commodities such as agricultural products. The company also anticipates further inflationary pressure in manufacturing and logistics. These factors are anticipated to be offset by cost savings. The outlook also anticipates investment in administrative resources to execute the company's long-term strategy. Clorox will provide more details of its financial outlook for fiscal year 2008 during its conference for the investment community in New York on May 24.

For more information

Visit the Investors: Financial Results section of the company's Web site at **www.TheCloroxCompany.com** for the following:

- Definitions of financial terms used in this earnings release and on today's conference call with the investment community (details below)
- Supplemental volume growth information
- Supplemental sales growth information
- Adjusted operating profit reconciliation information
- Supplemental balance sheet and cash flow information
- Supplemental price-increase information

Note: Percentage and basis-point changes noted in this news release are calculated based on rounded numbers.

Today's webcast

Today at 10:30 a.m. Pacific time (1:30 p.m. Eastern time), Clorox will host a live audio webcast of a discussion with the investment community regarding the company's third-quarter results. The webcast can be accessed at **www.TheCloroxCompany.com/investors/index.html**. Following a live discussion, a replay of the webcast will be archived for one week on the company's Web site.

Clorox to discuss corporate strategy in May

Clorox will host a conference for the investment community in New York on May 24, 2007. Don Knauss and members of the management team will present the company's long-term strategy. The media and public will be able to listen to a live audio webcast of the presentation. For more details, visit the Investor Relations section of the company's Web site at **www.TheCloroxCompany.com**.

The Clorox Company

The Clorox Company is a leading manufacturer and marketer of consumer products with fiscal year 2006 revenues of \$4.6 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 litter, Kingsford® charcoal, Hidden Valley® and K C Masterpiece® dressings and sauces, Brita® water-filtration systems, and Glad® bags, wraps and containers. With 7,600 employees worldwide, the company manufactures products in more than two dozen 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 \$66.3 million to nonprofit organizations, schools and colleges; and in fiscal 2006 alone made product donations valued at \$6 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, costs, cost savings, earnings, cash outflows, plans, objectives, expectations, growth, or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," and variations on such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed above. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, as updated from time to time in the company's SEC filings. These factors include, but are not limited to, general economic and marketplace conditions and events; competitors' actions; the company's costs, including changes in exposure to commodity costs such as resin, diesel and chlor alkali; increases in energy costs; consumer and customer reaction to price increases; customer-specific ordering patterns and trends; the company's actual cost performance; changes in the company's tax rate; any future supply constraints which may affect key commodities; risks inherent in sole-supplier relationships; risks related to customer concentration; risks arising out of natural disasters; risks related to the handling and/or transportation of hazardous substances, including but not limited to chlorine; risks inherent in litigation, including the litigation relating to the cumulative charge resulting from additional stock option compensation expenses relating to prior periods; risks relating to international operations; risks inherent in maintaining an effective system of internal controls, including the potential impact of acquisitions or the use of third-party service providers; the ability to manage and realize the benefit of joint ventures and other cooperative relationships, including the company's joint

venture regarding the company's Glad® plastic bags, wraps and containers business, and the agreement relating to the provision of information technology and related services by a third party; the success of new products; risks relating to acquisitions, mergers and divestitures; the ability of the company to successfully implement its long-term strategies; and the ability of the company to successfully manage tax, regulatory, product liability, intellectual property, environmental and other legal matters, including the risk resulting from joint and several liability for environmental contingencies. In addition, the company's future performance is subject to risks particular to the share exchange transaction with Henkel KGaA, the tax indemnification obligations and the actual level of debt costs. Declines in cash flow, whether resulting from tax payments, debt payments, share repurchases, interest cost increases greater than management expects, or otherwise, could adversely affect the company's earnings.

The company's forward-looking statements in this document are based on management's current views and assumptions regarding future events 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, except as required by the federal securities laws.

Consolidated Earnings, Segment Information and Consolidated Balance Sheets

Supplemental Volume Growth Information

Supplemental Sales Growth Information

Adjusted Operating Profit Reconciliation

Supplemental Balance Sheet and Cash Flow Information

Supplemental Price-Increase Information

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