The Clorox Company

## Reconciliation of Economic Profit (EP) [1] (Unaudited)

*Dollars in millions and all calculations on a rounded basis*

| | FY13 | FY12 | FY11 |
|---|---|---|---|
| **Earnings from continuing operations before income taxes** | **$ 853** | **$ 791** | **$ 563** |
| Noncash restructuring-related and asset impairment costs | - | 4 | 6 |
| Noncash goodwill impairment | - | - | 258 |
| Interest expense | 122 | 125 | 123 |
| Earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense | $ 975 | $ 920 | $ 950 |
| Income taxes on earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense [2] | 319 | 289 | 321 |
| **Adjusted after tax profit** | **$ 656** | **$ 631** | **$ 629** |
| Average capital employed [3] | $ 2,552 | $ 2,544 | $ 2,618 |
| **Capital charge** [4] | **230** | **229** | **236** |
| **Economic profit** [1] (Adjusted after tax profit less capital charge) | **$ 426** | **$ 402** | **$ 393** |

(1) 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. Economic profit (EP), a non-GAAP measure, is defined by the company as earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment (for fiscal year 2011) and interest expense; less an amount of tax based on the effective tax rate (before the fiscal year 2011 noncash goodwill impairment charge) and less a capital charge. Management uses EP to evaluate business performance and allocate resources, and is a component in determining management's incentive compensation. EP provides additional perspective to investors about financial returns generated by the business and represents profit generated over and above the cost of capital used by the business to generate that profit.

(2) The tax rate applied is the effective tax rate on continuing operations before the noncash goodwill impairment charge (for fiscal year 2011), which was 32.7%, 31.4% and 33.8% in fiscal years 2013, 2012 and 2011, respectively. The difference between the fiscal year 2011 effective tax rate on continuing operations before the noncash goodwill impairment charge and the effective tax rate on continuing operations of 49.0% is (16.0)% related to the non-deductible noncash goodwill impairment charge and 0.8% for other tax effects related to excluding this charge.

(3) Total capital employed represents total assets less non-interest bearing liabilities. Adjusted capital employed represents total capital employed adjusted to add back current year noncash restructuring-related and asset impairment costs and noncash goodwill impairment. Average capital employed represents a two-point average of adjusted capital employed for the current year and total capital employed for the prior year, based on year-end balances. See below for details of the average capital employed calculation:

| | FY13 | FY12 | FY11 |
|---|---|---|---|
| Total assets | $ 4,311 | $ 4,355 | $ 4,163 |
| Less: | | | |
| Accounts payable | 413 | 412 | 423 |
| Accrued liabilities | 490 | 494 | 442 |
| Income taxes payable | 29 | 5 | 41 |
| Other liabilities | 742 | 739 | 619 |
| Deferred income taxes | 119 | 119 | 140 |
| Non-interest bearing liabilities | 1,793 | 1,769 | 1,665 |
| **Total capital employed** | **2,518** | **2,586** | **2,498** |
| Noncash restructuring-related and asset impairment costs | - | 4 | 6 |
| Noncash goodwill impairment | - | - | 258 |
| **Adjusted capital employed** | **$ 2,518** | **$ 2,590** | **$ 2,762** |
| **Average capital employed** | **$ 2,552** | **$ 2,544** | **$ 2,618** |

(4) Capital charge represents average capital employed multiplied by the weighted-average cost of capital. The weighted-average cost of capital used to calculate capital charge was 9% for all fiscal years presented.