



NEWS RELEASE

Clorox Reports Strong 4% Sales and 20% EPS Growth in Q4; Updates Fiscal Year 2012 Outlook

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OAKLAND, Calif., Aug. 3, 2011 - The Clorox Company (NYSE: CLX) today announced results for its fourth quarter and fiscal year 2011, which ended June 30. Clorox reported strong fourth-quarter results with 4 percent sales growth and 20 percent growth in diluted earnings per share from continuing operations. For fiscal year 2011, excluding the second-quarter noncash goodwill impairment charge related to the Burt's Bees® business, Clorox reported \$3.93 diluted earnings per share (EPS), an increase of 7 percent versus the prior year.

"I'm really pleased with our strong finish to fiscal year 2011," said Chairman and CEO Don Knauss. "Despite the ongoing effects of the recession, we delivered very good results in the second half of the fiscal year, much as we'd been expecting, with sales increasing 3 percent, net earnings from continuing operations growing 6 percent, and diluted EPS from continuing operations up 11 percent. This solid performance was led by our portfolio of leading brands, which achieved its highest ever all-retail outlet market share of 27.9 percent, up 1.4 share points since fiscal 2008, the strongest performance of any branded player or private label in our categories. This performance was driven by our strong '3D' demand creation model. We've also now met or exceeded our annual innovation target of 2 percentage points of incremental sales growth from new products for the ninth consecutive year."

Knauss continued, "Building on this attractive top-line performance, our returns to stockholders have been enhanced by our cost-saving initiatives, which resulted in close to \$110 million of savings this year, as well as our fiscal year 2011 distribution of nearly \$1 billion to our stockholders through dividends and share repurchases. We have the right people, brands and capabilities to successfully execute our Centennial Strategy. We've consistently achieved growth in earnings per share, increased market shares, delivered strong cash flow performance and returned excess cash to stockholders."

All results in this press release are on a continuing operations basis unless otherwise stated, and some results are reported on a non-GAAP basis. See "Non-GAAP Financial Information" below and the tables toward the end of this press release for more information and a reconciliation of key fourth-quarter and fiscal year 2011 results.

Fiscal Fourth-Quarter Results

Following is a summary of key fourth-quarter results. All comparisons are with the fourth quarter of fiscal year 2010, unless otherwise stated.

- \$1.26 diluted earnings per share (20% growth)
- 2% volume growth
- 4% sales growth

Clorox reported fourth-quarter net earnings from continuing operations of \$169 million, or \$1.26 diluted EPS. This compares with the year-ago quarter when the company reported net earnings from continuing operations of \$150 million, or \$1.05 diluted EPS. The increase in diluted EPS was primarily due to higher sales, a lower tax rate and share repurchases. Total company pretax earnings from continuing operations increased 5 percent. Segment earnings decreased in the quarter due to the escalation in commodity costs, the choice to increase advertising investment behind new products and brand building, and the decision to invest in certain strategic infrastructure improvements. The earnings decrease in the segments was more than offset at the total company level by lower incentive compensation expense, lower interest expense and other lower corporate expenses.

Volume for the fourth quarter of fiscal 2011 grew 2 percent, with the largest gains from the Cleaning and Household segments. Sales grew 4 percent, with increases in all four of the company's segments.

As anticipated, gross margin decreased 80 basis points to 43.5 percent from 44.3 percent in the year-ago quarter. The decrease in the current quarter gross margin was primarily driven by higher commodity costs, partially offset by strong cost savings and the benefit of price increases.

"As expected, we did see a decrease in our gross margins during the fourth quarter and fiscal year due to increased commodity costs and other inflationary pressures," said Executive Vice President and Chief Financial Officer Dan Heinrich. "We were able to limit the impact by delivering strong cost savings and increasing prices in certain businesses. In fiscal 2012, we anticipate substantially higher commodity cost increases and other inflationary pressures than we saw in fiscal 2011. As a result, we will be taking broad price increases across our global portfolio. The anticipated net benefit from these pricing actions, combined with expected strong cost savings in fiscal 2012, should help us limit the impact of commodity cost increases and inflationary pressures on our margins."

Advertising and sales-promotion spending increased to 9.6 percent of sales, in support of new product innovation

and core business growth.

"We delivered strong fourth-quarter sales growth across all four segments, reflecting increased investment in advertising and demand building as evidenced by record high all-outlet retail market shares," said Executive Vice President and Chief Operating Officer Larry Peiros. "Our market shares have increased more over the past three years than any branded competitor or private label in our categories."

The effective tax rate for the fourth quarter decreased 450 basis points to 33.6 percent, primarily due to higher taxes on foreign earnings in the year-ago quarter. The company's normal effective tax rate is in the range of 33 percent to 34 percent.

Cash provided by continuing operations was \$303 million, or 20 percent of sales, for the quarter. Free cash flow, which the company defines as cash provided by continuing operations less capital expenditures, was \$234 million, or 16 percent of sales, for the quarter.

During the fourth quarter, Clorox repurchased 2.7 million shares of the company's common stock at a cost of \$183 million using proceeds from the sale of the Auto Care businesses. As of June 30, 2011, approximately \$159 million remained from the proceeds of the sale. For the full fiscal year, Clorox repurchased 9.8 million shares of the company's common stock at a cost of \$655 million.

Key Segment Results

Following is a summary of key fourth-quarter results by segment. All comparisons are with the fourth quarter of fiscal year 2010, unless otherwise stated.

Cleaning

(Laundry, home care, away from home)

- 4% volume growth
- 4% sales growth
- 4% pretax earnings decrease

The segment's volume growth was primarily driven by higher shipments in the Home Care and Away From Home businesses. Home Care grew shipments behind strong merchandising on Clorox® disinfecting wipes and several new product launches across the rest of the portfolio. The Away From Home business had gains in the hospital channel driven by new products and new distribution points. These results were partially offset by lower shipments in the Laundry business due to category softness. Pretax earnings reflected unfavorable commodity costs and

product mix, substantially offset by higher sales and the benefit of cost savings.

Household

(Bags & wraps, charcoal, cat litter)

- 2% volume growth
- 1% sales growth
- 7% pretax earnings decrease

Volume growth reflected gains in Cat Litter and Bags & Wraps. These factors were partially offset by lower shipments of Kingsford® charcoal due to a high level of shipments in the year-ago quarter resulting from elevated merchandising activity. The variance between volume and sales growth was primarily due to unfavorable product mix and the impact of incremental customer pick-up allowances, partially offset by the benefit of price increases. Pretax earnings reflected higher commodity costs, partially offset by the benefit of cost savings.

Lifestyle

(Dressings & sauces, water filtration, global natural personal care)

- 3% volume growth
- 5% sales growth
- 16% pretax earnings decrease

The segment's volume growth was driven primarily by new flavor launches in Dressings & Sauces and higher shipments in Water Filtration due to the new Brita® on-the-go bottle launch. Also contributing to volume growth were increased shipments of Burt's Bees® natural personal care products in U.S. and International markets. The variance between changes in volume and sales was primarily due to lower trade-promotion spending. Pretax earnings reflected a 45 percent increase in advertising spending in support of product innovation, as well as unfavorable commodity costs, partially offset by higher sales and cost savings.

International

(Sales in all countries outside of the U.S., excluding natural personal care)

- Flat volume
- 9% sales growth
- 13% pretax earnings decrease

Strong sales growth in the segment exceeded flat volume due to the benefit of favorable foreign currency exchange

rates and the impact of price increases. Pretax earnings reflected higher manufacturing and logistics costs, commodity costs and selling and administrative expenses associated with investments in information systems infrastructure. These factors were partially offset by stronger sales.

Fiscal Year 2011 Results

Following is a summary of key fiscal year 2011 results. All comparisons are with fiscal year 2010, and results exclude the second-quarter noncash goodwill impairment charge related to the Burt's Bees® business, unless otherwise stated.

- \$3.93 diluted earnings per share (7% growth)
- Flat volume
- Flat sales

For fiscal year 2011, excluding the noncash goodwill impairment charge, Clorox reported net earnings from continuing operations of \$545 million, or \$3.93 diluted EPS, versus \$526 million, or \$3.69 diluted earnings per share (EPS), in fiscal 2010. The increase in diluted EPS was primarily due to lower incentive compensation, lower interest expense, a lower tax rate and share repurchases. Earnings for the current year were impacted by foreign currency losses of \$24 million, or 11 cents diluted EPS, related to the Venezuela currency devaluation. This compares with foreign currency losses of \$53 million, or 24 cents diluted EPS, related to the Venezuela currency devaluation, in fiscal year 2010.

Volume was flat, as gains from Burt's Bees® natural personal care products, the Away From Home institutional business and Home Care were offset by lower shipments of Glad® food storage products and laundry additives due to category softness.

Sales were flat at \$5.2 billion, with the benefit of price increases offset by unfavorable product mix and the impact of incremental customer pick-up allowances.

Gross margin decreased 80 basis points to 43.5 percent from 44.3 percent in fiscal year 2010. The year-over-year decrease was primarily driven by higher commodity costs, higher manufacturing and logistics costs, and unfavorable product mix, partially offset by strong cost savings and the benefit of price increases.

Cash provided by continuing operations was \$690 million, or 13 percent of sales. Free cash flow was \$462 million, or 9 percent of sales for the fiscal year, below the company's targeted range of 10 percent to 12 percent of sales due to changes in working capital and higher capital expenditures for investments in global information technology systems and research and development facilities.

Clorox Updates Its Fiscal 2012 Financial Outlook

Clorox also updated its previous financial outlook for fiscal year 2012 continuing operations:

- 1-3 percent sales growth
- Gross margin about flat
- Diluted EPS in the range of \$4.00-\$4.10, including incremental IT systems and facility investments in the range of 18-20 cents diluted EPS

For fiscal year 2012, Clorox now anticipates year-over-year commodity cost increases in the range of \$140 million to \$150 million, down from the company's previous outlook of \$160 million to \$170 million. The company anticipates that about \$85 million to \$90 million of these increases will occur in the first half of the fiscal year. Clorox continues to anticipate \$40 million to \$50 million of inflationary pressures in manufacturing and logistics expenses for the fiscal year. The company anticipates it will substantially mitigate the margin impact for the full year with strong cost savings in the range of \$90 million to \$100 million, occurring about evenly across quarters. Clorox anticipates that broad price increases planned for fiscal 2012 will be partially offset by volume losses in the first half of the fiscal year, with more pricing benefit in the second half. Based on the expected timing of cost increases, cost savings and the benefit of price increases, the company anticipates a decline in the range of 150 basis points to 175 basis points in first quarter gross margin.

Clorox continues to anticipate investing \$36 million to \$40 million, primarily reflected in selling and administrative expense and more heavily weighted to the first half of the fiscal year, for the investments in global information technology systems and research and development facilities, and to expand the Burt's Bees international network. The company continues to anticipate incremental capital spending in the range of \$55 million to \$60 million for the information technology and facilities initiatives. The company anticipates total capital spending in the range of \$240 million to \$250 million in fiscal 2012, compared with \$228 million in fiscal 2011.

Given the seasonality of Clorox's business and the company's outlook for a greater first-half impact from commodity cost increases, the company anticipates that about 60 percent to 65 percent of diluted EPS from continuing operations will occur in the second half of the fiscal year.

For More Detailed Financial Information

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

- Supplemental volume and sales growth information
- Supplemental gross margin driver information

- Reconciliation of certain non-GAAP financial information, including earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA)
- Economic profit reconciliation information
- Supplemental balance sheet and cash flow information
- Supplemental price-change information
- Return on invested capital (ROIC) reconciliation information

Note: Percentage and basis-point changes noted in this news release are calculated based on rounded numbers. Supplemental materials are available in the Investors: Financial Results section of the company's website at www.TheCloroxCompany.com.

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 fourth-quarter and fiscal year 2011 results. The webcast can be accessed at <http://investors.thecloroxcompany.com>. Following a live discussion, a replay of the webcast will be archived for one week on the company's website.

The Clorox Company

The Clorox Company is a leading manufacturer and marketer of consumer products with 8,100 employees and fiscal year 2011 revenues of \$5.2 billion. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Green Works® naturally derived home care products, Pine-Sol® cleaners, Poett® home care products, Fresh Step® cat litter, Kingsford® charcoal, Hidden Valley® and K C Masterpiece® dressings and sauces, Brita® water-filtration products, Glad® bags, wraps and containers, and Burt's Bees® natural personal care products. Nearly 90 percent of Clorox Company brands hold the No. 1 or No. 2 market share positions in their categories. The company's products are manufactured in more than two dozen countries and sold 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 \$84 million to nonprofit organizations, schools and colleges. In fiscal year 2011 alone, the foundation awarded \$4 million in cash grants, and Clorox made product donations valued at \$13 million. For more information about Clorox, visit www.TheCloroxCompany.com.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of

1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such forward-looking statements involve risks and uncertainties. Except for historical information, matters discussed above, including statements about future volume, sales, costs, cost savings, earnings, cash flows, plans, objectives, expectations, growth, or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Words such as "will," "could," "may," "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 Annual Report on Form 10-K for the year ended June 30, 2010, as updated from time to time in the company's SEC filings. These factors include, but are not limited to: the company's costs, including volatility and increases in commodity costs such as resin, diesel, chlor-alkali, sodium hypochlorite, agricultural commodities and other raw materials; increases in energy costs; the ability of the company to implement and generate expected savings from its programs to reduce costs, including its supply chain restructuring and other restructuring plans; supply disruptions or any future supply constraints that may affect key commodities or product inputs; risks inherent in relationships with suppliers, including sole-source or single-source suppliers; risks related to the handling and/or transportation of hazardous substances, including, but not limited to, chlorine; the success of the company's strategies; the ability to manage and realize the benefits 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 agreements relating to the provision of information technology, procure to pay and other key services by third parties; risks relating to acquisitions, mergers and divestitures, including the company's ability to achieve the updated strategic and financial benefits from the Burt's Bees® acquisition or the company's ability to successfully implement changes resulting from divestitures, including the sale of the global Auto Care businesses, and the costs associated therewith; risks inherent in maintaining an effective system of internal controls, including the potential impact of acquisitions or the use of third-party service providers, and the need to refine controls to adjust for accounting, financial reporting and other organizational changes or business conditions; 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 and risks inherent in litigation, including class action litigation; risks related to maintaining and updating the company's information systems, including potential disruptions, costs and the ability of the company to implement adequate information systems in order to support the current business and to support the company's potential growth; the success of new products and the ability of the company to develop products that delight the consumer; consumer and customer reaction to price increases; competitive actions; risks related to customer concentration; customer-specific ordering patterns and trends; risks arising out of natural disasters; the impact of disease outbreaks, epidemics or pandemics on the company's,

suppliers' or customers' operations; changes in the company's tax rate; continuing unfavorable worldwide general economic and marketplace conditions and events, including consumer confidence and consumer spending levels, the rate of economic growth, the rate of inflation or deflation, and the financial condition of the company's customers, suppliers and service providers; foreign currency exchange rate and interest rate fluctuations; unfavorable political conditions in international markets and risks relating to international operations; the impact of the volatility of the debt markets on the company's cost of borrowing and access to funds, including commercial paper and its credit facility; risks relating to changes in the company's capital structure, including risks related to the company's ability to execute on share repurchase plans and the impact thereof on the company's capital structure and earnings per share; the need for any unanticipated restructuring or asset-impairment charges; risks arising from decreases in cash flow, whether resulting from declining sales, higher cost levels, tax payments, debt payments, share repurchases, interest cost increases greater than management's expectations, or increases in debt or changes in credit ratings, or otherwise; business disruptions, costs and future events related to the unsolicited, conditional proposal made by Icahn Enterprises L.P.; and the company's ability to maintain its business reputation and the reputation of its brands.

The company's forward-looking statements in this press release 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.

Non-GAAP Financial Information

This press release contains non-GAAP financial information relating to diluted EPS, sales growth and gross margin. Included below is a reconciliation of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with generally accepted accounting principles in the U.S. (GAAP).

The company has disclosed information related to diluted EPS, sales and gross margin on a non-GAAP basis to supplement its condensed consolidated statements of earnings presented in accordance with GAAP. These non-GAAP financial measures exclude certain items that are included in the company's EPS, sales and gross margin reported in accordance with GAAP, including:

- Charges associated with simplification of the company's supply chain and other restructuring-related charges.
- The impact of foreign exchange and foreign currency transactions.
- The noncash goodwill impairment charge.

Management believes that these non-GAAP financial measures provide useful additional information to investors about current trends in the company's operations and are useful for period over period comparisons of operations. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable

GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should only be read in connection with the company's condensed consolidated statements of earnings presented in accordance with GAAP.

See Below for These Unaudited Fourth-Quarter and Fiscal 2011 Results:

- **All Web Attachments**
- **Condensed Consolidated Statements of Earnings Reportable Segment Information and Condensed Consolidated Balance Sheets**
- **Reconciliation of Fourth-Quarter and Fiscal 2011 Sales Growth Gross Margin and Diluted EPS**
- **Supplemental Volume & Sales Growth Information**
- **Supplemental Gross Margin Drivers Information**
- **Supplemental Balance Sheet and Cash Flow Information**
- **Reconciliation of Certain Non-GAAP Financial Information Including EBIT and EBITDA**
- **Economic Profit Reconciliation Information**
- **ROIC Reconciliation Information**
- **Supplemental Pricing Actions Information**

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For recent presentations made by company management and other investor materials, visit <http://investors.thecloroxcompany.com/events.cfm>.