NEWS RELEASE

Clorox Earns 40 Cents for 82% EPS Growth in Second Quarter

2/11/2003

OAKLAND, Calif., Feb. 11, 2003 – The Clorox Company (NYSE: CLX) (PSE: CLX) today announced strong net sales, gross margin, earnings, working capital reduction and cash flow results for the second quarter of fiscal year 2003 ended Dec. 31, 2002.

Excluding divestitures, overall volume increased 3 percent, reflecting a 5 percent increase in the combined Household Products-North America and Specialty Products segments, partially offset by declines in Latin America. Also excluding divestitures, overall company net sales increased 7 percent. Including divestitures (that is, Himolene®, Maxforce® and Jonny Cat®), overall company volume increased 1 percent and net sales increased 4 percent to $926 million compared to $887 million in the year-ago quarter.

Clorox reported second-quarter net earnings of $89 million, or 40 cents per diluted share. This compares with net earnings of $51 million in the year-ago quarter, or 22 cents per diluted share, for an increase of 18 cents per diluted share, or 82 percent.

The current period net earnings reflect a previously announced $30 million, or 11 cents per diluted share, asset-impairment charge for the company's Argentina business. The year-ago earnings include net charges of 17 cents per diluted share primarily related to goodwill impairment charges for the company's Latin America business, costs to close a manufacturing facility and workforce reductions.

Second-quarter gross margin increased 340 basis points to 46.5 percent, contributing to a 13 percent increase in operating profit due to sales growth, cost-saving activities and lower promotional expenses, partially offset by a 36 percent increase in advertising, higher R&D expenses and a shift in timing of plant maintenance activities.

Further improvements in managing inventories and receivables resulted in working capital of –2.0 percent of net

customer sales for the quarter.

The company reported a 15 percent increase in cash provided by operations over the year-ago quarter, setting a new second-quarter record.

During the quarter, Clorox acquired approximately 3.8 million shares of the company's common stock at a total cost of about $162 million. A portion of the shares purchased was allocated to the company's ongoing program to offset the potential impact of stock-option dilution. The remainder was allocated to the board-authorized $1 billion repurchase program, bringing the total number of shares repurchased to approximately 13.8 million at a total cost of about $579 million under that program.

"We're extremely pleased to report strong results," said Chairman and CEO Craig Sullivan. "Second-quarter performance clearly demonstrated that the investments we're making, and our margin-expansion and cost-saving initiatives, are delivering for us. In December, we turned on the first phase of 'Project Delta,' our multiyear process and systems initiative, and customer feedback indicates that Clorox people simply did an outstanding job executing this implementation."

The attached financial statements and schedules are reported solely in accordance with U.S. generally accepted accounting principles (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/**.

Second-Quarter Results by Business Segment

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

Household Products – North America

- 3% volume growth, 5% growth excluding divestitures
- 8% sales growth, 10% growth excluding divestitures
- 19% pretax earnings growth

New products, including the Clorox® ReadyMop™ self-contained mopping system, Clorox® Oxygen Action™ multipurpose stain remover and Pine-Sol® Orange Energy™ cleaner, drove volume growth in this segment. Also contributing to volume gains were Clorox® disinfecting wipes resulting from strong consumer demand, Brita® pour-through pitchers due to the launch of systems with electronic filter change indicators, Glad® trash bags, and

GladWare® products due to a Hillshire Farm comarketing program and the new Store-N-Eat™ container. Partially offsetting these volume gains were declines in liquid and color-safe bleach shipments from shifts to oxygen additives and timing of merchandising activities. Volume and sales gains, lower trade-promotion expenses, favorable product mix, and cost-saving initiatives, partially offset by increased advertising expenses, drove the segment's pretax earnings growth.

Specialty Products

- 2% volume growth, 6% growth excluding divestitures
- 9% sales growth, 12% growth excluding divestitures
- 20% pretax earnings growth

Volume growth was driven by record second-quarter shipments of Kingsford® charcoal due to share gains and increased distribution; Hidden Valley® dressing due to increased advertising, merchandising and category growth; the launch of Scoop Away® plus crystals cat litter; and Fresh Step® cat litter as a result of promotional activities. Top-line growth, favorable product mix, increased cost savings and lower promotional spending drove the segment's pretax earnings growth.

Household Products – Latin America & Other

- 9% volume decline, 8% decline excluding divestitures
- 16% sales decline, 16% decline excluding divestitures
- 68% pretax earnings improvement

Continuing weak economic conditions in South America drove volume declines in this segment. These decreases were partially offset by increased bleach and Lestoil® heavy-duty cleaner shipments in Puerto Rico. Segment earnings improved as a result of significant margin increases due to the steps Clorox is taking to mitigate conditions in South America, including executing cost-saving initiatives, increasing prices, reducing the size of the organization to improve the cost structure and reducing the number of product items. The company's efforts to aggressively manage working capital resulted in nearly a 7-point improvement as a percent of sales in its Latin America Division for the quarter. As previously announced, Clorox plans to sell its business in Brazil, and operating results of the business are presented on the statements of consolidated earnings as discontinued operations.

Outlook

In the first half of fiscal year 2003, Clorox reviewed all of its businesses for impairment in accordance with accounting standard No. 142.

For the third quarter, including a 2 percent negative impact from divestitures, Clorox expects volume to be about equal to or slightly below the year-ago quarter as the company anniversaries the introduction of Clorox® ReadyMop™. Sales are expected to lag volume due to promotional expenses associated with new product introductions. Clorox expects earnings per diluted share in the range of 49 cents to 52 cents (GAAP). This estimate reflects a 1 cent reduction due to an overall increase in the company's effective tax rate as a result of the second-quarter Argentina impairment charge. The third-quarter 2003 outlook compares with earnings per diluted share of 20 cents (GAAP) in the third quarter of fiscal year 2002. The year-ago earnings per share include net charges of 25 cents related to an asset-impairment charge for the company's business in Argentina partially offset by a pretax gain on divestitures.

For the fourth quarter, including a 1 percent negative impact from divestitures, Clorox expects low-to-mid single-digit volume and sales growth compared with the year-ago quarter driven by new product introductions. Clorox expects earnings per diluted share in the range of 67 cents to 70 cents (GAAP). This estimate reflects a 2 cent reduction due to an overall increase in the company's effective tax rate as a result of the second-quarter Argentina impairment charge. The fourth-quarter 2003 outlook compares with 63 cents (GAAP) in the fourth quarter of fiscal year 2002.

For fiscal 2003, the company continues to expect low-single-digit volume and sales growth. Clorox has increased its expectations for earnings per diluted share to the range of $2.21 to $2.27 (GAAP) compared with $1.37 (GAAP) in fiscal 2002. The increase from Clorox's previously announced expectations is due to the company's strong year-to-date results. Fiscal 2003 earnings expectations include an estimated reduction of 20 cents (of which 17 cents is reflected in first-half results) for noncash charges associated with the company's Latin America business and related tax effects. The year-ago earnings per share include net charges of 55 cents primarily related to asset-impairment charges for the company's businesses in Latin America, costs associated with plant closures and costs associated with reducing the size of the company's workforce, which were partially offset by gains on divestitures.

Today's Webcast

Today, at 1:30 p.m. Eastern time, Clorox will host a live audio webcast of its discussion with the investment community regarding the company's results in the fiscal second quarter. The webcast can be accessed at **www.thecloroxcompany.com/investors**. Following the live discussion, a replay of the webcast will be archived for one week on the company's Web site.

Clorox to Webcast Presentation at CAGNY

As previously announced, Clorox will broadcast its presentation at the Consumer Analysts Group of New York (CAGNY) annual conference live via the Internet at approximately 4:30 p.m. Eastern time on Wednesday, Feb. 19,

2003. The live webcast, which can be accessed at **www.thecloroxcompany.com/investors**, will feature Chairman and CEO Craig Sullivan and Chief Financial Officer Karen Rose. Following the live webcast, a replay 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 2002 revenues of $4.0 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 grants totaling more than $51 million to nonprofit organizations, schools and colleges; and in 2001-2002 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, 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.

Q2 Financial Statements (PDF)

Q2 Supplementary Financial Information (PDF)