NEWS RELEASE

Clorox Delivers 23 Percent Earnings Growth in Q1, Driven by Robust Gross Margin Expansion

11/2/2009

OAKLAND, Calif., Nov. 2, 2009 - The Clorox Company (NYSE: CLX) today reported strong earnings growth, driven by robust gross margin expansion and modest volume growth, for its first quarter, which ended Sept. 30.

"We had a great first quarter, especially given the continued challenging economic environment and the impact of weaker foreign currencies," said Chairman and CEO Don Knauss. "Most of our businesses performed well, and we exceeded our earnings expectations due to strong sales of disinfecting products related to the H1N1 flu pandemic. We also delivered our third consecutive quarter of significant gross margin improvement."

Fiscal first-quarter results

Following is a summary of key first-quarter results. All comparisons are with the first quarter of fiscal year 2009, unless otherwise stated.

- $1.11 diluted earnings per share (23% net earnings growth)
- 1% volume growth
- 1% sales decline

Clorox reported first-quarter net earnings of $157 million, or $1.11 diluted earnings per share (EPS), versus $128 million, or 90 cents diluted EPS, in the year-ago quarter, an increase of 23 percent. Earnings in the current quarter

benefited from higher U.S. and International sales of disinfecting products in response to demand associated with the H1N1 flu pandemic, double-digit sales growth in food products and robust gross margin expansion. These positive factors were partially offset by lower sales of Glad® products due to category softness, competitive activity and the company's exit from its private label food bags business; $9 million in pretax foreign currency transaction losses, or 4 cents diluted EPS, in "Other expense, net," primarily related to Venezuela; and $6 million in pretax restructuring-related charges, or 3 cents diluted EPS. (See "Non-GAAP financial information" below and the last page of this press release for information and a reconciliation of key first-quarter results.)

Earnings in the year-ago quarter included about $6 million in pretax restructuring-related charges, or 3 cents diluted EPS; pretax foreign currency transaction losses of $3 million, or 2 cents diluted EPS; and a pretax charge of $3 million, or 1 cent diluted EPS, related to the Burt's Bees acquisition.

Note: As a result of the adoption of a new accounting standard regarding calculation of earnings per share, diluted EPS for the first quarter of fiscal year 2009 was reduced by 1 cent, from 91 cents to 90 cents. Further details will be available in this quarter's Form 10-Q filing.

Total volume increased 1 percent, primarily due to higher shipments of Clorox® disinfecting wipes and Hidden Valley® bottled salad dressing, largely offset by lower shipments of Glad® trash bags and the company's exit from its private-label food bags business.

Sales for the first quarter of fiscal 2010 declined 1 percent to $1.4 billion, compared to 12 percent sales growth in the year-ago quarter. Unfavorable foreign exchange rates reduced sales by 1.5 percentage points. The change in sales lagged volume growth primarily due to the impact of unfavorable foreign exchange rates, unfavorable product mix and higher trade-promotion spending. These factors were partially offset by the benefit of price increases, primarily in International.

Gross margin increased 450 basis points to 45.1 percent from 40.6 percent. The year-over-year increase was primarily due to the benefit of lower commodity costs, strong cost savings and price increases.

Net cash provided by operations was $94 million, flat to the year-ago period. These results reflect higher net earnings, offset by a voluntary $33 million pension plan contribution.

The company's debt to EBITDA (earnings before interest, taxes, depreciation and amortization) ratio, as defined in our lending agreement, was 2.6 to 1 at Sept. 30, 2009.

Key segment results

Following is a summary of key first-quarter results by reportable segment. All comparisons are with the first quarter of fiscal year 2009, unless otherwise stated.

Cleaning

(Laundry, home care, auto, away from home)

- 4% volume growth
- 3% sales growth
- 19% pretax earnings growth

The segment's volume increase was driven by increased shipments of disinfecting products to meet demand associated with the H1N1 flu pandemic, reflected in all-time record shipments of Clorox® disinfecting wipes to retail and institutional customers. Also contributing to the volume growth were increased shipments of Pine-Sol® cleaner and all-time record shipments of Clorox® toilet bowl cleaners. These results were partially offset by lower shipments of auto-care products. Pretax earnings reflected the benefit of lower commodity costs versus the year-ago quarter, cost savings, price increases and sales growth.

Household

(Bags and wraps, charcoal, cat litter)

- 7% volume decline
- 11% sales decline
- 11% pretax earnings decline

The segment's volume decline was primarily driven by lower shipments of Glad® products and the company's exit from the private-label food bags business. These results were partially offset by all-time record shipments of Fresh Step® cat litter. The variance between changes in volume and sales was primarily driven by unfavorable product mix and higher trade-promotion spending in response to competitive activity. The decline in pretax earnings was primarily due to the impact of lower sales of Glad® products and higher advertising, partially offset by the benefit of lower commodity costs and cost savings.

Lifestyle

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

- 4% volume growth
- 3% sales growth
- 18% pretax earnings growth

The segment's volume growth compares with 35 percent volume growth in the year-ago quarter, which was primarily due to the Burt's Bees acquisition. The current quarter results were driven by increased shipments of Hidden Valley® bottled salad dressing, propelled by highly effective marketing. Shipments of Brita® and Burt's Bees® products decreased due to the comparison with strong volume increases in the year-ago period. Pretax earnings reflected the benefit of higher sales of Hidden Valley® bottled salad dressing and lower commodity costs versus the year-ago quarter.

International

(All countries outside of the U.S., excluding natural personal care)

- 3% volume growth
- 4% sales growth
- 38% pretax earnings growth

Volume growth was driven by increased shipments of bleach and other disinfecting products in Latin America due to increased demand as a result of the H1N1 flu pandemic. Sales growth benefitted from price increases, partially offset by unfavorable foreign exchange rates, which negatively impacted International sales by 8 percentage points. Pretax earnings reflected the benefit of sales growth and cost savings.

Clorox raises fiscal 2010 financial outlook for gross margin, diluted EPS

- 1-2 percent sales growth (unchanged)
- 100-150 basis points gross margin improvement

- Diluted EPS in the range of $4.05-$4.20

Clorox continues to anticipate fiscal year 2010 sales growth in the range of 1-2 percent. This reflects the benefit of more favorable foreign currency outlook, offset by the impact of higher trade-promotion spending. Clorox now anticipates gross margin improvement in the range of 100-150 basis points, compared with 180 basis points of improvement in fiscal year 2009. This revised outlook assumes that improved currencies will more than offset the impact of higher trade-promotion spending and increased commodity costs, which the company now anticipates will be less favorable than previously anticipated.

Clorox now anticipates diluted EPS in the range of $4.05-$4.20. This outlook represents a high single-digit to low double-digit increase, on top of 17 percent diluted EPS growth in fiscal year 2009. This updated outlook includes an anticipated reduction of 2 cents diluted EPS as a result of the aforementioned new accounting standard. (Further details on this standard will be available in the first-quarter Form 10-Q filing.) Clorox continues to anticipate that the foreign currency transaction impact in "Other expense, net" will remain high due to currency exchange restrictions and costs in Venezuela.

For more detailed financial information

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

- 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)
- 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 first-quarter 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 Web site.

The Clorox Company

The Clorox Company is a leading manufacturer and marketer of consumer products with fiscal year 2009 revenues of $5.5 billion. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Green Works® natural cleaners, 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, Glad® bags, wraps and containers, and Burt's Bees® natural personal care products. With approximately 8,300 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 $77 million to nonprofit organizations, schools and colleges. In fiscal 2009 alone, the foundation awarded $3.6 million in cash grants, and Clorox made product donations valued at $7.8 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 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 year ended June 30, 2009, 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, agricultural commodities and other raw materials; increases in energy costs; unfavorable general economic and marketplace conditions and events, including consumer confidence and consumer spending levels, the rate of economic growth, the rate of inflation, and the financial condition of our customers and suppliers; interest rate and

foreign currency exchange rate fluctuations; unfavorable political conditions in international markets and risks relating to international operations; consumer and customer reaction to price increases; risks relating to acquisitions, mergers and divestitures; the ability of the company to implement and generate expected savings from its programs to reduce costs, including its supply chain restructuring and operating model changes; the success of the company's previously announced Centennial Strategy; the need for any additional restructuring or asset-impairment charges; the company's ability to achieve the projected strategic and financial benefits from the Burt's Bees acquisition; customer-specific ordering patterns and trends; competitive actions; changes in the company's tax rate; supply disruptions or any future supply constraints that may affect key commodities or product inputs; risks inherent in sole-supplier relationships; risks related to customer concentration; risks arising out of natural disasters; the impact of disease outbreaks, epidemics or pandemics; risks related to the handling and/or transportation of hazardous substances, including but not limited to chlorine; risks inherent in litigation; the company's ability to maintain its business reputation and the reputation of its brands; the impact of the volatility of the debt markets on the company's access to funds, including its access to commercial paper and its credit facility; 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 agreements relating to the provision of information technology and related services by third parties; the conversion of any information systems; the success of new products; risks relating to changes in the company's capital structure; and the ability of the company to successfully manage tax, regulatory, product liability (including class action litigation), intellectual property, environmental and other legal matters, including the risk resulting from joint and several liability for environmental contingencies. Declines in cash flow, whether resulting from 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, could adversely affect the company's earnings.

The company's forward looking statements in this report are based on management's current views and assumptions regarding future events and speak only as of their dates. Investors are cautioned not to place undue reliance on any such forward looking statements. 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 EPS, sales growth and gross margin. Included on the last page of this release 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, operating model implementation and other restructuring-related charges.
- The impact of the company's acquisition of Burt's Bees, Inc., completed on Nov. 30, 2007.
- The impact of foreign exchange and foreign currency transactions.
- The impact of the company's exit from its private label food bags business.

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 the following pages for these unaudited first-quarter results:

- **Condensed Consolidated Statements of Earnings, Reportable Segment Information and Condensed Consolidated Balance Sheets**
- **Reconciliation of First-Quarter Sales Growth, Gross Margin and Diluted EPS**
- **Supplemental Volume and Sales Growth Information**
- **Supplemental Gross Margin Driver Information**
- **Reconciliation of Certain Non-GAAP Financial Information, Including EBIT and EBITDA**
- **Supplemental Balance Sheet and Cash Flow Information**

- **Supplemental Price Increase Information**

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