UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 2, 2018

THE CLOROX COMPANY

(Exact name of registrant as specified in its charter)

Delaware	1-07151	31-0595760
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1221 Broadway, Oakland, California 94612-1888
(Address of principal executive offices) (Zip code)

(510) 271-7000
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 Under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On February 2, 2018, The Clorox Company issued a press release announcing its financial results for its second quarter ended December 31, 2017. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

Attached hereto as Exhibit 99.2 and incorporated herein by reference is supplemental financial information.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

See the Exhibit Index below.

EXHIBIT INDEX

Exhibit	Description
99.1	Press Release dated February 2, 2018 of The Clorox Company
99.2	Supplemental information regarding financial results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CLOROX COMPANY

Date: February 2, 2018	By: /s/ Laura Stein
	Executive Vice President –
	General Counsel and Corporate Affairs

Clorox Reports Q2 Fiscal Year 2018 Results; Raises EPS Outlook for Tax Reform

OAKLAND, Calif., Feb. 2, 2018 – The Clorox Company (NYSE:CLX) reported sales growth of 1 percent and diluted net earnings per share from continuing operations (diluted EPS) of $1.77 for its second quarter of fiscal year 2018, which ended Dec. 31, 2017. Diluted EPS results reflect a benefit of 61 cents from a significantly lower effective tax rate in the second quarter as a result of U.S. corporate tax reform.

"We're very pleased that halfway through the fiscal year, we're on track to achieve our sales outlook," said Chairman and CEO Benno Dorer. "Looking at the balance of the fiscal year, we're staying the course with our 2020 Strategy, with continued investments to deliver superior consumer value behind robust innovation that differentiates our products and brands, and digital marketing that engages consumers online."

Dorer added, "In addition, we're extremely pleased with the expected benefits from tax reform, which will give us the opportunity to further enhance shareholder value."

All results in this press release are reported on a continuing operations basis, unless otherwise stated.

Fiscal Second-Quarter Results and Tax Reform Impacts [1]

Following is a summary of key second-quarter results. All comparisons are with the second quarter of fiscal year 2017 unless otherwise stated.

- 1% sales growth
- $1.77 diluted EPS (55% increase)

Sales grew 1 percent, on top of a 5 percent sales increase in the year-ago quarter, reflecting increases in the International, Lifestyle and Cleaning segments, supported by the benefit of price increases and partially offset by unfavorable mix. Second quarter sales also included a reduction of nearly 1 point from the sale of the Aplicare business in late August 2017. Volume grew 1 percent, on top of 8 percent volume growth in the year-ago quarter, largely driven by gains in the Cleaning and Lifestyle segments.

As previously communicated, gross margin was significantly pressured in the second quarter, decreasing 170 basis points to 43.0 percent from 44.7 percent in the year-ago quarter. The decrease in gross margin was driven primarily by higher input costs related to commodities and further tightening of the transportation market. Strategic investments in future growth and cost savings initiatives also contributed to the decrease in gross margin. These factors were partially offset by the benefit of cost savings.

"Like other companies , we're facing more pronounced cost pressures from commodities and logistics," said Chief Financial Officer Steve Robb. "I believe we're taking the right steps to address these headwinds and ensure the long-term health of our business."

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[1] Clorox continues to assess and analyze the full impact of tax reform on its business. Accordingly, the estimated impacts of tax reform, including anticipated effective tax rates, the provisional revaluation of deferred tax liabilities and the provisional one-time transition tax on unremitted foreign earnings, are based on management's current assessment, and could be materially different based on the company's actual results for future periods, our further analysis of the tax reform, any additional congressional, administrative and other actions or guidance related to the tax reform, and any actions the company may take as a result of tax reform.

The passage of The Tax Cuts and Jobs Act (The Tax Act) on Dec., 22, 2017, is expected to meaningfully lower Clorox's long-term effective tax rate. The tax law reduces the U.S. corporate federal tax rate from 35 percent to 21 percent, utilizes a modified territorial approach to the taxation of future foreign earnings, disallows certain tax benefits and eliminates the domestic manufacturing deduction.

In the second quarter, the company recorded a provisional estimate of $81 million in tax benefits, or an increase of about 61 cents to diluted EPS, which is the main driver for the company's second quarter effective tax rate of minus (-3) percent, versus 34 percent in the year-ago period.

Clorox delivered earnings from continuing operations of $233 million, or $1.77 diluted EPS, which includes the benefits of tax reform, compared to $150 million, or $1.14 diluted EPS, in the year-ago quarter. Diluted EPS reflects the aforementioned 61 cents of benefit from the company's lower effective tax rate and higher sales, partially offset by lower gross margin. Diluted EPS also reflects a 7-cent reduction from $14 million in incremental demand building investments, largely to support product innovation.

Year-to-date net cash from continuing operations increased to $322 million, compared with $271 million in the year-ago period, an increase of 19 percent, due to lower employee incentive compensation payments. Tax reform had no impact on cash flows in the second quarter.

Key Segment Results

Following is a summary of key second-quarter results from continuing operations by segment. All comparisons are with the second quarter of fiscal year 2017, unless otherwise stated.

Cleaning
(Laundry, Home Care, Professional Products)

- 1% sales increase
- 16% pretax earnings increase

Segment sales growth was driven largely by gains in Home Care, reflecting higher shipments of Clorox ® disinfecting wipes behind continued strength in the club channel as well as the launch of new Scentiva ® branded products. These factors were partially offset by decreases in the Professional Products business, primarily from the sale of the Aplicare business in August 2017 as well as unfavorable mix within the segment. Pretax earnings increased, driven largely by the comparison to a $21 million noncash impairment charge related to the Aplicare business in the year-ago quarter. Pretax earnings also reflect the benefits of cost savings and higher sales, which were more than offset by increased manufacturing and logistics costs, including strategic investments in the company's supply chain; higher commodity costs and increased advertising and sales promotion investments.

Household
(Bags and Wraps, Charcoal, Cat Litter, Digestive Health)

- 3% sales decrease
- 24% pretax earnings decrease

Segment sales decreased in comparison to double-digit sales growth in the year-ago quarter. The decrease in sales reflected lower volume in the Bags & Wraps, Cat Litter and Charcoal businesses, partially offset by double-digit gains in the Digestive Health business from strong growth in the e-commerce channel. Pretax earnings decreased primarily due to lower sales; higher manufacturing and logistics costs, reflecting strategic investments in the company's supply chain; and higher commodity costs. These factors were partially offset by the benefit of cost savings.

Lifestyle
(Dressings and Sauces, Water Filtration, Natural Personal Care)

- 3% sales increase
- 10% pretax earnings decrease

Segment sales growth reflected double-digit volume gains in Water Filtration behind increased merchandising support for pour-through filter products in the club channel as well as the introduction of new Brita ® Long Last™ filters and Brita ® Stream™ pitchers. Segment sales growth was also driven by gains in the Natural Personal Care business behind continued strength of lip care products. Pretax earnings decreased primarily due to higher manufacturing and logistics costs as well as increased advertising and sales promotion investments to support product innovation, partially offset by higher sales.

International
(Sales outside of the U.S.)

- 4% sales increase
- 18% pretax earnings decrease

Segment sales growth was driven primarily by the benefit of price increases. Volume was flat, reflecting gains in Canada, offset by decreases in certain Asian and Latin American countries. Pretax earnings decreased, primarily driven by inflationary pressure on manufacturing and logistics costs and incremental investments in select initiatives to drive profitable growth.

Clorox Raises Fiscal Year 2018 EPS Outlook for New Tax Reform Law

- 1% to 3% sales growth (unchanged)
- $6.17 to $6.37 diluted EPS range (updated)

Clorox continues to anticipate sales growth in the range of 1 percent to 3 percent, reflecting a reduction of nearly 1 point in the fiscal year from the company's sale of the Aplicare business. The company's fiscal year sales outlook also reflects the continued expectation of 3 points of incremental benefit from product innovation.

Gross margin is now expected to decrease modestly as a result of higher input costs related to commodities and further tightening of the transportation market.

The company estimates its fiscal year 2018 effective tax rate to be in the range of 23 percent to 24 percent versus its previous assumption of 32 percent to 33 percent, with variability anticipated over the remaining two quarters of its fiscal year, ending June 30, 2018. Longer term, the company estimates its effective tax rate to be in the mid-20s range.

Net of all these factors, Clorox now anticipates fiscal year 2018 diluted EPS from continuing operations to be in the range of $6.17 to $6.37, which includes an updated assumption for a fiscal year benefit estimated to be 70 cents to 75 cents from tax reform, partially offset by lower gross margin.

"We're certainly expecting significant benefits to the company's earnings and cash flows from tax reform," said Chief Financial Officer Steve Robb. "We're continuing discussions with our board of directors on opportunities to enhance shareholder value consistent with our cash allocation priorities, with particular emphasis on growing our business and returning excess cash to shareholders."

For More Detailed Financial Information

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

- Supplemental unaudited volume and sales growth information
- Supplemental unaudited gross margin driver information
- Supplemental unaudited reconciliation of earnings from continuing operations before interest and taxes (EBIT) and earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA)
- Supplemental unaudited balance sheet and cash flow information and free cash flow reconciliation

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

The Clorox Company

The Clorox Company (NYSE: CLX) is a leading multinational manufacturer and marketer of consumer and professional products with approximately 8,100 employees worldwide and fiscal year 2017 sales of $6 billion. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products; Pine-Sol ® cleaners; Liquid Plumr ® clog removers; Poett ® home care products; Fresh Step ® cat litter; Glad ® bags, wraps and containers; Kingsford ® charcoal; Hidden Valley ® dressings and sauces; Brita ® water-filtration products; Burt's Bees ® natural personal care products; and RenewLife ® digestive health products. The company also markets brands for professional services, including Clorox Healthcare ® and Clorox Commercial Solutions ® . More than 80 percent of the company's sales are generated from brands that hold the No. 1 or No. 2 market share positions in their categories.

Clorox is a signatory of the United Nations Global Compact, a community of global leaders committed to sustainability. The company has been broadly recognized for its corporate responsibility efforts, most notably being named to the Drucker Institute’s 2017 Management Top 250 list, The Just 100: America’s Top Citizens list, CR Magazine's 2017 Best Corporate Citizens list and the first sector-neutral Bloomberg Gender Equality Index in 2018. In support of its communities, The Clorox Company and its foundations contributed about $11 million in combined cash grants, product donations and cause marketing in fiscal year 2017. For more information, visit TheCloroxCompany.com, including the Good Growth blog, and follow the company on Twitter at @CloroxCo.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such forward-looking statements involve risks and uncertainties. Except for historical information, statements about future volumes, sales, foreign currencies, costs, cost savings, margins, earnings, earnings per share, diluted earnings per share, foreign currency exchange rates, tax rates, cash flows, plans, objectives, expectations, growth, or profitability are forward-looking statements based on management’s estimates, beliefs, assumptions and projections. Words such as “could,” “may,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts” and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic and financial performance 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. 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, 2017, as updated from time to time in the Company’s SEC filings, including the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2017. These factors include, but are not limited to: intense competition in the Company’s markets; volatility and increases in commodity costs such as resin, sodium hypochlorite and agricultural commodities, and increases in energy, transportation or other costs; the ability of the Company to drive sales growth, increase prices and market share, grow its product categories and manage favorable product and geographic mix; dependence on key customers and risks related to customer consolidation and ordering patterns; the impact of increases in sales of consumer products through alternative retail channels; risks related to reliance on information technology systems, including potential security breaches, cyber-attacks, privacy breaches or data breaches that result in the unauthorized disclosure of consumer, customer, employee or Company information, or service interruptions; lower revenue or increased costs resulting from government actions and regulations; the ability of the Company to successfully manage global political, legal, tax and regulatory risks, including changes in regulatory or administrative activity; risks relating to acquisitions, new ventures and divestitures, and associated costs, including the potential for asset impairment charges related to, among others, intangible assets and goodwill; worldwide, regional and local economic and financial market conditions; risks related to international operations and international trade, including political instability; government-imposed price controls or other regulations; foreign currency exchange rate controls, including periodic changes in such controls, fluctuations and devaluations; changes in trade, tax or U.S. immigration policies, labor claims, labor unrest and inflationary pressures, particularly in Argentina; potential negative impact and liabilities from the use, storage and transportation of chlorine in certain international markets where chlorine is used in the production of bleach; and the possibility of nationalization, expropriation of assets or other government action; the ability of the Company to innovate and to develop and introduce commercially successful products; the ability of the Company to implement and generate cost savings and efficiencies; the success of the Company’s business strategies; the Company’s ability to maintain its business reputation and the reputation of its brands; risks related to the effects of the Tax Cuts and Jobs Act (Tax Act) on the Company as the Company continues to assess and analyze such effects as well as its current interpretation, assumptions and expectations relating to the Tax Act, and the possibility that the final impact of the Tax Act on the Company may be materially different from the Company’s current estimates based on the Company’s actual results for future periods, the Company’s further assessment and analysis of the Tax Act, any additional Congressional, administrative and FASB actions or other guidance related to the Tax Act and any actions that the Company make take as a result of the Tax Act; risks related to additional increases in the estimated fair value of P&G's interest in the Glad ® business, such as the significant increase over the first half of fiscal year 2018 primarily due to the recent Tax Act and the recent extension of the venture agreement with, and the related R&D support provided by, P&G; supply disruptions and other risks inherent in reliance on a limited base of suppliers; the impact of product liability claims, labor claims and other legal or tax proceedings, including in foreign jurisdictions; the Company’s ability to attract and retain key personnel; environmental matters, including costs associated with the remediation and monitoring of past contamination, and possible increases in costs resulting from actions by relevant regulators, and the handling and/or transportation of hazardous substances; the impact of natural disasters, terrorism and other events beyond the Company’s control; the Company’s ability to maximize, assert and defend its intellectual property rights; any infringement or claimed infringement by the Company of third-party intellectual property rights; the effect of the Company’s indebtedness and credit rating on its business operations and financial results; the Company’s ability to pay and declare dividends or repurchase its stock in the future; the Company’s ability to maintain an effective system of internal controls; uncertainties relating to tax positions, tax disputes and changes in the Company’s tax rate; the accuracy of the Company’s estimates and assumptions on which its financial projections are based; risks related to the Company’s discontinuation of operations in Venezuela; and the impacts of potential stockholder activism.

The Company’s forward-looking statements in this press release are based on management’s current views, beliefs and assumptions regarding future events and speak only as of the date when made. 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.

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For recent presentations made by company management and other investor materials, visit Investor Events on the company’s website.

Condensed Consolidated Statements of Earnings (Unaudited)
Dollars in millions, except share and per share data

	Three Months Ended		Six Months Ended	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Net sales	$ 1,416	$ 1,406	$ 2,916	$ 2,849
Cost of products sold	807	777	1,634	1,580
Gross profit	609	629	1,282	1,269
Selling and administrative expenses	197	197	401	397
Advertising costs	140	128	274	256
Research and development costs	31	32	63	63
Interest expense	20	22	41	44
Other (income) expense, net	(6)	23	(3)	18
Earnings from continuing operations before income taxes	227	227	506	491
Income taxes on continuing operations	(6)	77	81	162
Earnings from continuing operations	233	150	425	329
Earnings (losses) from discontinued operations, net of tax	-	(1)	-	(1)
Net earnings	$ 233	$ 149	$ 425	$ 328
Net earnings (losses) per share				
Basic				
Continuing operations	$ 1.81	$ 1.16	$ 3.29	$ 2.55
Discontinued operations	-	-	-	(0.01)
Basic net earnings per share	$ 1.81	$ 1.16	$ 3.29	$ 2.54
Diluted				
Continuing operations	$ 1.77	$ 1.14	$ 3.23	$ 2.51
Discontinued operations	-	-	-	(0.01)
Diluted net earnings per share	$ 1.77	$ 1.14	$ 3.23	$ 2.50
Weighted average shares outstanding (in thousands)				
Basic	129,359	128,497	129,189	128,973
Diluted	131,655	130,775	131,559	131,406

Condensed Consolidated Balance Sheets
Dollars in millions

	12/31/2017	6/30/2017	12/31/2016
	(Unaudited)		(Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	$ 489	$ 418	$ 414
Receivables, net	536	565	514
Inventories, net	494	459	501
Prepaid expenses and other current assets	161	72	120
Total current assets	1,680	1,514	1,549
Property, plant and equipment, net	935	931	904
Goodwill	1,202	1,196	1,190
Trademarks, net	655	654	655
Other intangible assets, net	65	68	72
Other assets	221	210	198
Total assets	$ 4,758	$ 4,573	$ 4,568
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Notes and loans payable	$ 495	$ 404	$ 759
Current maturities of long-term debt	-	400	400
Accounts payable and accrued liabilities	885	1,005	878
Income taxes payable	-	-	-
Total current liabilities	1,380	1,809	2,037
Long-term debt	1,788	1,391	1,390
Other liabilities	791	770	794
Deferred income taxes	39	61	77
Total liabilities	3,998	4,031	4,298
Stockholders' equity			
Common stock	159	159	159
Additional paid-in capital	941	928	895
Retained earnings	2,649	2,440	2,284
Treasury shares	(2,465)	(2,442)	(2,489)
Accumulated other comprehensive net (losses) income	(524)	(543)	(579)
Stockholders' equity	760	542	270
Total liabilities and stockholders' equity	$ 4,758	$ 4,573	$ 4,568

Reportable Segment Information
(Unaudited)
Dollars in millions

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Three Months Ended			Three Months Ended		
	12/31/2017	12/31/2016	% Change (1)	12/31/2017	12/31/2016	% Change (1)
Cleaning	$ 472	$ 469	1%	$ 121	$ 104	16%
Household	410	421	-3%	54	71	-24%
Lifestyle	268	260	3%	69	77	-10%
International	266	256	4%	23	28	-18%
Corporate	-	-		(40)	(53)	-25%
Total	$ 1,416	$ 1,406	1%	$ 227	$ 227	0%

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Six Months Ended			Six Months Ended		
	12/31/2017	12/31/2016	% Change (1)	12/31/2017	12/31/2016	% Change (1)
Cleaning	$ 1,031	$ 1,003	3%	$ 293	$ 268	9%
Household	851	843	1%	127	140	-9%
Lifestyle	514	496	4%	133	139	-4%
International	520	507	3%	46	55	-16%
Corporate	-	-		(93)	(111)	-16%
Total	$ 2,916	$ 2,849	2%	$ 506	$ 491	3%

(1) Percentages based on rounded numbers.

Supplemental Unaudited Condensed Information – Volume Growth

Reportable Segments	% Change vs. Prior Year								Major Drivers of Change
	FY17					FY18			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	FYTD	
Cleaning	13%	10%	13%	4%	10%	5%	2%	4%	Q2 increase driven primarily by higher shipments in Home Care, mainly from Clorox ® disinfecting wipes behind continued strength in the club channel and the launch of new Scentiva ® branded products, partially offset by lower shipments in Professional Products business, primarily from the sale of the Aplicare business in August 2017.
Household	6%	11%	9%	5%	8%	7%	0%	3%	Q2 flat in volume reflected higher shipments in the Digestive Health business from strong growth in the e- commerce channel offset by lower shipments in Bags and Wraps, Cat Litter and Charcoal businesses.
Lifestyle	1%	5%	-1%	-1%	1%	2%	3%	3%	Q2 increase driven primarily by higher shipments in Water Filtration behind increased merchandising support for pour- through filter products in the club channel and the launch of new Brita ® Long Last TM filters and Brita ® Stream TM pitchers; as well as higher shipments in the Natural Personal Care business behind continued strength of lip care products.
International	4%	2%	-2%	1%	1%	-2%	0%	-1%	Q2 flat in volume reflected higher shipments in Canada offset by lower shipments in certain Asian and Latin American countries.
Total Company	**8%**	**8%**	**7%**	**3%**	**6%**	**4%**	**1%**	**3%**	

Supplemental Unaudited Condensed Information – Sales Growth

Reportable Segments	% Change vs. Prior Year								Major Drivers of Change
	FY17					FY18			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	FYTD	
Cleaning	7%	3%	7%	2%	5%	5%	1%	3%	Q2 variance between volume and sales driven primarily by unfavorable mix.
Household	3%	12%	4%	4%	5%	5%	-3%	1%	Q2 variance between volume and sales driven primarily by price decrease in a portion of the Glad ® trash portfolio and unfavorable mix.
Lifestyle	2%	4%	-3%	2%	1%	4%	3%	4%	Q2 volume and sales were about the same.
International	0%	-2%	3%	5%	1%	1%	4%	3%	Q2 variance between volume and sales driven primarily by the benefit of price increases.
Total Company	**4%**	**5%**	**4%**	**3%**	**4%**	**4%**	**1%**	**2%**	

The Clorox Company

Supplemental Unaudited Condensed Information – Gross Margin Drivers

The table below provides details on the drivers of gross margin change versus the prior year.

Driver	Gross Margin Change vs. Prior Year (basis points)						
	FY17					FY18	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Cost Savings	+140	+140	+150	+150	+150	+160	+170
Price Changes	+70	+70	+60	+50	+60	+40	+30
Market Movement (commodities)	+90	+10	-70	-90	-20	-90	-110
Manufacturing & Logistics	-220	-210	-130	-130	-170	-80	-240
All other (1)	-140	0	-140	+50	-60	+20	-20
Change vs prior year	**-60**	**+10**	**-130**	**+30**	**-40**	**+50**	**-170**
Gross Margin (%)	*44.4%*	*44.7%*	*44.0%*	*45.7%*	*44.7%*	*44.9%*	*43.0%*

(1) In Q1 of fiscal year 2017, "All other" includes about -60bps of unfavorable mix and -50bps of unfavorable foreign exchange impact.
In Q3 of fiscal year 2017, "All other" includes about -100bps of unfavorable mix (negative mix in charcoal business and strong sales in club channel across multiple businesses) and -60bps of higher trade promotion spending.

Supplemental Unaudited Condensed Information – Balance Sheet

As of December 31, 2017

Working Capital Update

Dollars in Millions and percentages based on rounded numbers

	Q2		Change	Q2		Change
	FY 2018	*FY 2017*		*Days (4) FY 2018*	*Days (4) FY 2017*	
Receivables, net	$536	$514	$22	34	32	2
Inventories, net	$494	$501	($7)	53	56	-3
Accounts payable and Accrued Liabilities	$885	$878	$7			
Total WC (1)	$306	$257	$49			
Total WC % net sales (2)	5.4%	4.6%				
Average WC (1)	$198	$181	$17			
Average WC % net sales (3)	3.5%	3.2%				

(1) Working capital (WC) is defined in this context as current assets minus current liabilities excluding cash and short-term debt, based on end of period balances. Average working capital represents a two-point average of working capital .
(2) Represents working capital at the end of the period divided by (net sales for current quarter x 4).
(3) Represents a two-point average of working capital divided by (net sales for current quarter x 4).
(4) Days calculations based on a two-point average.

Supplemental Unaudited Condensed Information – Cash Flow

For the quarter ended December 31, 2017

Capital expenditures for the second quarter were $40 million versus $58 million in the year-ago quarter.

Depreciation and amortization expense for the second quarter was $41 million same as in the year-ago quarter.

Net cash provided by continuing operations in the second quarter was $65 million, or 4.6% of net sales.

Supplemental Unaudited Condensed Information – Free Cash Flow

Fiscal Year-To-Date Free Cash Flow Reconciliation

Dollars in Millions and percentages based on rounded numbers

	Q2 Fiscal YTD 2018	Q2 Fiscal YTD 2017
Net cash provided by continuing operations – GAAP	**$322**	**$271**
Less: Capital expenditures	$89	$117
Free cash flow – non-GAAP (1)	**$233**	**$154**
Free cash flow as a percentage of net sales – non-GAAP (1)	*8.0%*	*5.4%*
Net sales	$2,916	$2,849

(1) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management uses free cash flow and free cash flow as a percentage of net sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.

The Clorox Company

Supplemental Unaudited Reconciliation of Earnings From Continuing Operations Before Income Taxes to EBIT (1)(3) and EBITDA (2)(3)

Dollars in millions and percentages based on rounded numbers

	FY 2017					FY 2018	
	Q1 9/30/16	Q2 12/31/16	Q3 3/31/17	Q4 6/30/17	FY 6/30/17	Q1 9/30/17	Q2 12/31/17
Earnings from continuing operations before income taxes	$264	$227	$247	$295	$1,033	$279	$227
Interest income	-$1	-$1	-$1	-$1	-$4	-$1	-$2
Interest expense	$22	$22	$22	$22	$88	$21	$20
EBIT (1)(3)	**$285**	**$248**	**$268**	**$316**	**$1,117**	**$299**	**$245**
EBIT margin (1)(3)	*19.8%*	*17.6%*	*18.1%*	*19.2%*	*18.7%*	*19.9%*	*17.3%*
Depreciation and amortization	$41	$41	$39	$42	$163	$40	$41
EBITDA (2)(3)	**$326**	**$289**	**$307**	**$358**	**$1,280**	**$339**	**$286**
EBITDA margin (2)(3)	*22.6%*	*20.6%*	*20.8%*	*21.7%*	*21.4%*	*22.6%*	*20.2%*
Net sales	$1,443	$1,406	$1,477	$1,647	$5,973	$1,500	$1,416
Total debt (4)	$2,407	$2,549	$2,440	$2,195	$2,195	$2,200	$2,283
Debt to EBITDA (3)(5)	**2.0**	**2.1**	**2.0**	**1.7**	**1.7**	**1.7**	**1.8**

(1) EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income and interest expense, as reported above. EBIT margin is the ratio of EBIT to net sales.

(2) EBITDA (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortization, as reported above. EBITDA margin is the ratio of EBITDA to net sales.

(3) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, EBITDA, EBITDA margin and debt to EBITDA provides useful additional information to investors about trends in the company's operations and are useful for period-over-period comparisons.

(4) Total debt represents the sum of notes and loans payable, current maturities of long-term debt and long-term debt. Current maturities of long-term debt and long-term debt are carried at face value net of unamortized discounts, premiums and debt issuance costs.

(5) Debt to EBITDA (a non-GAAP measure) represents total debt divided by EBITDA for the trailing four quarters.