CLOROX CO /DE/

FORM 10-Q
(Quarterly Report)

Filed 5/14/1999 For Period Ending 3/31/1999

Address	THE CLOROX COMPANY 1221 BROADWAY
	OAKLAND, California 94612-1888
Telephone	510-271-7000
CIK	0000021076
Industry	Personal & Household Prods.
Sector	Consumer/Non-Cyclical
Fiscal Year	06/30

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1999

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-07151

THE CLOROX COMPANY

(Exact name of registrant as specified in its charter)

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     Delaware                                         31-0595760
---------------------------------------------------------------------
(State or other jurisdiction                        (I.R.S. Employer
of  incorporation or organization)                 Identification number)

   1221 Broadway - Oakland, California                94612 - 1888
---------------------------------------------------------------------
(Address of principal executive offices)
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Registrant's telephone number, (including area code) (510) 271-7000

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all report required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of March 31, 1999 there were 118,003,174 shares outstanding of the registrant's common stock (par value - $1.00), the registrant's only outstanding class of stock.

Total pages 20 1

THE CLOROX COMPANY

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
The Clorox Company and Subsidiaries
Condensed Statements of Consolidated Earnings

(In thousands, except per-share amounts)

	Three Months Ended		Nine Months Ended	
	3/31/99	3/31/98	3/31/99	3/31/98
Net Sales	$ 991,971	$ 967,446	$ 2,903,602	$ 2,769,019
Costs and Expenses				
Cost of products sold (including write-down of obsolete inventory of $8,145 relating to First Brands, see Note 3)	473,369	460,801	1,390,085	1,340,946
Selling, delivery and administration	194,962	189,030	587,530	552,784
Advertising	123,854	124,161	360,629	352,695
Research and development	14,491	14,917	44,137	42,327
Interest expense	22,411	26,989	75,077	76,261
Other expense, net	10,105	1,175	17,667	6,089
Merger, integration, restructuring and asset impairment	100,394	-	100,394	2,700
Total costs and expenses	939,586	817,073	2,575,519	2,373,802
Earnings before income taxes, and cumulative effect of change in accounting principle	52,385	150,373	328,083	395,217
Income taxes	30,334	58,386	132,212	153,904
Earnings before cumulative effect of change in accounting principle	22,051	91,987	195,871	241,313
Cumulative effect of change in accounting principle, net of taxes	-	-	-	(6,922)
Net Earnings	$ 22,051	$ 91,987	$ 195,871	$ 234,391

See Notes to Condensed Consolidated Financial Statements.

-Continued-

PART I - FINANCIAL INFORMATION (Continued)
Item 1. Financial Statements
The Clorox Company and Subsidiaries
Condensed Statements of Consolidated Earnings

(In thousands, except per-share amounts)

	Three Months Ended		Nine Months Ended	
	3/31/99	3/31/98	3/31/99	3/31/98
Basic earnings per common share				
Earnings before cumulative effect of change in accounting principle	$ 0.19	$ 0.78	$ 1.67	$ 2.06
Cumulative effect of change in accounting principle	-	-	-	(0.06)
Earnings per share	$ 0.19	$ 0.78	$ 1.67	$ 2.00
Diluted earnings per common share				
Earnings before cumulative effect of change in accounting principle	$ 0.18	$ 0.77	$ 1.64	$ 2.01
Cumulative effect of change in accounting principle	-	-	-	(0.06)
Earnings per share	$ 0.18	$ 0.77	$ 1.64	$ 1.95
Weighted average shares outstanding				
Basic	117,897	117,509	117,473	117,305
Diluted	120,220	119,909	119,795	119,921
Dividends per share	$ 0.36	$ 0.32	$ 1.06	$ 0.94

See Notes to Condensed Consolidated Financial Statements.
-Concluded-

PART I - FINANCIAL INFORMATION

The Clorox Company and Subsidiaries Consolidated Financial Highlights

The following presents earnings per common share before restructuring. This presentation does not replace the generally accepted accounting principle (GAAP) measurement presented in the Company's Condensed Statement of Consolidated Earnings.

Because this is a non-GAAP performance measurement it is not necessarily calculated in the same manner by other companies. Management believes that this information read in conjunction with the financial statement presented herein assists the reader in understanding the Company's performance for the applicable periods.

	Three Months Ended March 31		Nine Months Ended March 31	
	1999	1998	1999	1998
Earnings per common share Before restructuring				
Basic	$ 0.86	$ 0.78	$ 2.34	$ 2.00
Diluted	0.84	0.77	2.29	1.95
Earnings per common share After restructuring				
Basic	$ 0.19	$ 0.78	$ 1.67	$ 2.00
Diluted	0.18	0.77	1.64	1.95

The Clorox Company and Subsidiaries
Condensed Consolidated Balance Sheets

(In thousands)

	3/31/99	6/30/98
ASSETS		
Current Assets		
Cash and short-term investments	$ 110,307	$ 101,710
Accounts and notes receivable, net	527,772	521,876
Inventories	395,656	367,393
Prepaid expenses and other	24,757	55,524
Deferred income taxes	31,615	35,069
Total current assets	1,090,107	1,081,572
Property, Plant and Equipment - Net	1,026,944	1,016,048
Brands, Trademarks, Patents and Other Intangibles	1,567,935	1,525,381
Investments in Affiliates	102,648	90,117
Other Assets	343,221	352,115
Total	$ 4,130,855	$ 4,065,233
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 170,867	$ 226,040
Accrued liabilities	254,329	353,184
Accrued merger, integration, and restructuring	23,950	-
Short-term debt and notes payable	841,406	773,178
Income taxes payable	79,979	23,623
Current maturities of long-term debt	5,461	4,901
Total current liabilities	1,375,992	1,380,926
Long-term Debt	705,065	704,314
Other Obligations	247,073	229,401
Deferred Income Taxes	247,539	279,209
Stockholders' Equity		
Common stock	124,916	124,506
Additional paid-in capital	123,795	82,024
Retained earnings	1,867,930	1,785,085
Treasury shares, at cost	(405,099)	(391,864)
Accumulated other comprehensive loss	(148,883)	(117,417)
Other	(7,473)	(10,951)
Stockholders' Equity	1,555,186	1,471,383
Total	$4,130,855	$ 4,065,233

See Notes to Condensed Consolidated Financial Statements.

PART I - FINANCIAL INFORMATION (Continued)
Item 1. Financial Statements
The Clorox Company and Subsidiaries
Condensed Statements of Consolidated Cash Flows
(In thousands)

	Nine Months Ended 3/31/99	Nine Months Ended 3/31/98
Operations:		
Net earnings	$ 195,871	$ 234,391
Adjustments to reconcile to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	-	6,922
Write-off of obsolete inventory	8,145	-
Write off of software development costs and other	34,274	-
Depreciation and amortization	146,448	129,714
Deferred income taxes	5,405	32,193
Other	(2,224)	(8,721)
Effects of changes in (excluding effects of businesses purchased):		
Accounts receivable	26,418	(55,737)
Inventories	(36,118)	(79,212)
Prepaid expenses	5,378	7,169
Accounts payable	(52,813)	(35,516)
Accrued liabilities	(96,583)	(130,214)
Accrued merger, integration, and restructuring	23,950	2,700
Income taxes payable	49,908	17,009
Net cash provided by operations	308,059	120,698
Investing Activities:		
Property, plant and equipment	(110,128)	(84,157)
Acquisition of leased assets	-	(44,208)
Proceeds from disposal of property, plant and equipment	5,003	10,268
Businesses purchased	(115,999)	(107,777)
Other	(26,872)	(47,156)
Net cash used for investment	(247,996)	(273,030)
Financing Activities:		
Credit facilities borrowings (repayments), net	(197,284)	64,842
Short-term borrowings	69,987	97,940
Long-term debt and other borrowings	201,535	193,736
Long-term debt and other repayments	(15,310)	(61,549)
Trade accounts receivable financing program, net	(20,000)	(15,000)
Cash dividends	(119,806)	(110,278)
Treasury stock purchased	(32,455)	(66,863)
Issuance of common stock under employee stock plans and other	61,867	26,169
Net cash provided by (used for) financing	(51,466)	128,997
Net Increase (Decrease) in Cash and Short-Term Investments	8,597	(23,335)
Cash and Short-Term Investments:		
Beginning of period	101,710	108,511
End of period	$ 110,307	$ 85,176

See Notes to Condensed Financial Statements.

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements
The Clorox Company and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(1) The condensed consolidated financial information for the three and nine months ended March 31, 1999 and 1998 has not been audited but, in the opinion of management, includes all adjustments (consisting of normal recurring and merger related accruals) necessary for a fair presentation of the consolidated results of operations, financial position, and cash flows of The Clorox Company and its subsidiaries (the "Company"). The results for the three and nine months ended March 31, 1999 and 1998 should not be considered as necessarily indicative of the annual results for the respective years.

As discussed further in Note 7, on January 29, 1999, the Company completed the First Brands Corporation ("First Brands") merger. The merger has been accounted for as a pooling of interests.

All historical information has been restated as if the merger had been in effect for all periods presented.

(2) The Company's subsidiary, First Brands, is engaged in a program to sell up to $100,000,000 in fractional ownership interest in a defined pool of eligible trade accounts receivable. As of March 31, 1999, $80,000,000 had been sold. The amounts sold are reflected as a reduction in accounts receivable on the accompanying Condensed Consolidated Balance Sheets and costs associated with this program are charged to earnings as interest expense when the receivables are sold. The effective interest rate is approximately 5.6%.

(3) Inventories at March 31, 1999 and at June 30, 1998 consisted of (in thousands):

	3/31/99	6/30/98
Finished goods and work in process	$ 286,588	$ 251,505
Raw materials and supplies	109,068	115,888
Total	$ 395,656	$ 367,393

Obsolete First Brands' inventory totalling $8,145,000 at March 31, 1999 has been written off.

Notes to Condensed Consolidated Financial Statements

(4) In July 1998, the Company refinanced $150,000,000 of commercial paper by entering into a Deutsche Mark denominated financing arrangement with private investors. In October 1998, the private investors exercised an option to finance an additional $50,000,000 under the same terms of this financing arrangement. The Company entered into a series of swaps with notional amounts totalling $200,000,000 to eliminate foreign currency exposure risk generated by this Deutsche Mark denominated obligation. The swaps effectively convert the Company's 2.876% fixed Deutsche Mark obligation to a floating U.S. dollar rate of 90 day LIBOR less 278 basis points or an effective rate of approximately 3%.

In December 1998, the Company redeemed preference shares totalling $387,540,000, which was classified as short-term debt. This financing was replaced with commercial paper borrowings.

In February 1999, the Company terminated First Brands' revolving credit facility agreement. Related interest rate swaps with notional amounts totalling $150,000,000 were terminated in March 1999. Costs associated with terminating the swap agreements were approximately $2,502,000 and are included in merger and integration costs.

(5) Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding each period. Diluted earnings per share (EPS) are computed by dividing net earnings by the diluted weighted average number of common shares outstanding during each period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, restricted stock, warrants and other convertible securities. The weighted average number of shares outstanding (denominator) used to calculate basic earnings per share is reconciled to those used in calculating diluted earnings per share as follows (in thousands):

	Weighted Average Number of Shares Outstanding			
	Three Months Ended		Nine Months Ended	
	3/31/99	3/31/98	3/31/99	3/31/98
Basic	117,897	117,509	117,473	117,305
Stock options	2,305	2,352	2,302	2,568
Other	18	48	20	48
Diluted	120,220	119,909	119,795	119,921

Notes to Condensed Consolidated Financial Statements

(6) Comprehensive income for the Company includes net income and foreign currency translation adjustments that are excluded from net income but included as a component of total stockholders' equity. Comprehensive income for the three and nine months ended March 31, 1999 and 1998 is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	3/31/99	3/31/98	3/31/99	3/31/98
Net Earnings	$ 22,051	$ 91,987	$ 195,871	$ 234,391
Other comprehensive loss:				
Foreign currency translation adjustments	(18,407)	(9,437)	(31,466)	(46,648)
Comprehensive Income	$ 3,644	$ 82,550	$ 164,405	$ 187,743

(7) Certain reclassifications of prior periods' amounts have been made to accounts receivable, accrued liabilities, interest expense and other expense to conform with the current period presentation.

(8) On January 29, 1999, the First Brands merger was completed. As a result of the merger, First Brands became a wholly owned subsidiary o f the Company and continues to operate its business as a subsidiary. First Brands develops, manufactures, markets and sells consumer products under the Glad, Scoop Away, Handi Wipes, and STP brands, among others.

Pursuant to the merger, First Brands' stockholders received in the merger the right to receive .349 of a share of the Company's common stock in exchange for each share of First Brands' common stock, with cash paid in lieu of fractional shares. Pursuant to the merger, 40,319,500 shares of First Brands' common stock were converted into 14,071,505 shares of the Company's common stock. In addition, options to acquire 1,755,010 shares of First Brands' common stock were converted to 612,484 options to acquire shares of the Company's common stock. In connection with the merger, Clorox also assumed approximately $435,000,000 of First Brands' debt. There were no transactions between the Company and First Brands prior to the merger.

The merger has been accounted for as a pooling of interests. Accordingly, all historical financial information has been restated as if the merger had been in effect for all periods presented.

In connection with the merger, merger and integration (transaction and other related costs), restructuring and asset impairment costs were recognized during the quarter ended March 31, 1999. Details of these costs are as follows (in thousands):

	Merger and Integration	Restructuring	Sub-Total	Asset Impairment	Total
Transaction fees and expenses	$ 16,604	$ -	$ 16,604	$ -	$ 16,604
Employee severance and other related costs	626	33,715	34,341	-	34,341
Contract cancellations	-	8,346	8,346	-	8,346
Write-off of software development and other costs	-	410	410	32,064	32,474
Other	4,269	2,560	6,829	1,800	8,629
Total provision for merger, integration, restructuring and asset impairment	21,499	45,031	66,530	$ 33,864	$100,394
Total paid through March 31, 1999	(21,342)	(21,238)	(42,580)		
Accrued liability as of March 31, 1999	$ 157	$ 23,793	$ 23,950		

Restructuring activities primarily relate to the elimination of redundancies and the consolidation of administration and distribution functions, the reduction in employee headcount of approximately 270 positions, primarily at the First Brands' headquarters location in Danbury, Connecticut and at sales offices, and the termination of lease and other contracts.

It is expected that additional merger and related costs will be incurred over the calendar year. These costs, which are currently estimated to be approximately $32,000,000, will be recognized as incurred and will be reported as merger costs at that time.

Notes to Condensed Consolidated Financial Statements

The following presents certain historical financial data pertaining to the Company and First Brands prior to the merger in January 1999. Certain reclassifications were made to the historical results of First Brands to conform to the Company's classifications.

Six Months Ending December 31, 1998 (In thousands)

	Clorox	First Brands	Reclassifications	Combined
Net Sales	$ 1,334,055	$ 605,895	$ (28,319)	$ 1,911,631
Net Earnings	$ 143,368	$ 30,452	$ -	$ 173,820

Six Months Ending December 31, 1997 (In thousands)

	Clorox	First Brands	Reclassifications	Combined
Net Sales	$ 1,241,079	$ 578,762	$ (18,268)	$ 1,801,573
Net Earnings	$ 123,846	$ 18,558	$ -	$ 142,404

For additional information regarding the merger, refer to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1998, and the Company's S-4 Registration Statement.

(9) Businesses purchased for the nine months ended March 31, 1999 and March 31, 1998 totalling $115,999,000 and $ 107,777,000, respectively, were funded using a combination of cash and debt and were accounted for as purchases. These acquisitions in fiscal year 1999 included domestically, the purchase of the Handi Wipes and Wash 'n Dry business, and internationally, a bleach and cleaners business in Venezuela, an insecticide business in Korea, a cleaning brand business in Australia and an increase in ownership in Tecnoclor S.A. in Colombia.

Item 2. Management's Discussion and Analysis of
Results of Operations and Financial Condition

Results of Operations

Comparison of the Three Months Ended March 31, 1999 with the Three Months Ended March 31, 1998

On January 29, 1999, the First Brands merger was completed. As a result of the merger, First Brands became a wholly owned subsidiary of the Company and continues to operate its business as a subsidiary. First Brands develops, manufactures, markets and sells consumer products under the Glad, Scoop Away, Handi Wipes, and STP brands, among others. The merger was accounted for as a pooling of interests. Accordingly, all historical financial information has been restated as if the combination had been in effect for all periods presented. Diluted earnings per share and net earnings before merger and related costs are not generally accepted accounting performance measures.

Diluted earnings per share decreased 77% to $0.18 from $0.77 a year ago and net earnings decreased 76% to $22,051,000 from $91,987,000 a year ago primarily due to merger and related costs incurred in the third quarter. Before merger and related costs, diluted earnings per share increased 9% to $0.84 and net earnings increased 10% to $100,900,000.

Third quarter sales rose 3% to $991,971,000 from $967,446,000 a year ago. Domestic brands contributing to the quarterly sales growth include the Pine Sol and Tilex franchises, Clorox liquid bleach, Kingsford and Match Light charcoal briquets, Kingsford lighter fluid, Hidden Valley dressings, Fresh Step Scoop cat litter, Gladware line and the recently acquired Handi Wipes product line. This growth in sales is partially offset by unfavorable foreign exchange rates and also by a decrease in sales from the Glad Lock product lines and Jonny Cat and Everfresh brands due to higher sales in the prior year caused by greater promotional activities.

Gross margin, before the $8,145,000 merger related write off of First Brands' obsolete inventory, improved in comparison with the prior year. This improvement reflects lower raw material costs and efficiencies resulting from the Company's on-going cost savings programs. The Company expects to see continued improvements as cost savings programs are implemented as part of the First Brands' integration.

Selling, delivery, and administrative expenses have increased primarily due to continued growth. However, in the future, the Company expects to see reductions in administrative expenses resulting from the restructuring activities relating to the First Brands' integration. Advertising spending decreased slightly due to higher prior year spending for national launches on Lemon Fresh Pine-Sol cleaner and antibacterial spray and Rain Clean Pine-Sol dilutable cleaner.

The increase in other expense reflects a lower level of sales of non-operating property, costs associated with the redemption of redeemable subsidiary preference shares, higher amortization of intangibles, and lower equity income.

Item 2. Management's Discussion and Analysis of
Results of Operations and Financial Condition

Merger and integration (transaction and other related costs) of $21,499,000 were recognized in the quarter ended March 31, 1999. In addition, other restructuring costs and provisions for asset impairment of $45,031,000 and $33,864,000, respectively, were recognized during the quarter. Restructuring activities primarily relate to the elimination of redundancies and the consolidation of administration and distribution functions, the reduction in employee headcount of approximately 270 positions, primarily at the First Brands' headquarters location in Danbury, Connecticut and at sales offices, and the termination of lease and other contracts. It is expected that additional merger costs will be incurred over the calendar year. These costs which are currently estimated to be approximately $32,000,000 will be recognized as incurred and will be reported as merger costs.

Income tax expense as a percent of pretax earnings increased to 57.9% from 38.8% principally due to non-deductible merger related costs recorded in the third quarter. Excluding the impact of non-deductible merger related costs, the Company's tax rate would have decreased to 37.3% from 38.8%.

Item 2. Management's Discussion and Analysis of
Results of Operations and Financial Condition

Results of Operations

Comparison of the Nine Months Ended March 31, 1999 with the Nine Months Ended March 31, 1998

Diluted earnings per share decreased 16% to $1.64 from $1.95 a year ago and net earnings decreased 16% to $195,871,000 from $234,391,000 a year ago primarily due to merger and related costs incurred in the third quarter. Before merger and related costs, diluted earnings per share increased 17% to $2.29 and net earnings increased 17% to $274,600,000. Diluted earnings per share and net earnings before merger and related costs are not generally accepted accounting performance measures.

Net sales increased 5% to $2,903,602,000 from $2,769,019,000 a year ago. The year to date increase in sales is attributable primarily to strong performance from most domestic products, new product launches, and domestic and international acquisition activity. These increases are partially offset by unfavorable exchange rates, and weakened performance from the Company's international businesses reflecting economic problems in those geographic areas.

Gross margin, before the $8,145,000 merger related write off of First Brands' obsolete inventory, improved in comparison with the prior year. This improvement reflects lower raw material costs and efficiencies resulting from the Company's on-going cost savings programs. The Company expects to see continued improvements as cost savings programs are implemented as part of the First Brands' integration.

Selling, delivery, and administrative expenses have increased primarily due to continued growth. However, in the future, the Company expects to see reductions in administrative expenses resulting from the restructuring activities relating to the First Brands' integration. Increased advertising spending is driven by increased domestic volume, and the introduction of new products offset by lower international spending by some of the Company's Asian businesses.

Research and development costs have increased slightly from the prior year. The Company expects this trend to continue as it supports the First Brands' businesses.

The increase in other expense principally results from higher amortization of intangibles, costs associated with the redemption of redeemable subsidiary preference shares, the effect of translation on certain international operations, and a lower level of sales of non-operating property offset partially by higher interest income.

Merger and integration (transaction and other related costs) of $21,499,000 were recognized in the quarter ended March 31, 1999. In addition, other restructuring costs and provisions for asset impairment of $45,031,000 and $33,864,000, respectively, were recognized during the quarter. Restructuring activities primarily relate to the elimination of redundancies and the consolidation of administration and distribution functions, the reduction in employee headcount of approximately 270 positions, primarily at the First Brands' headquarters location in Danbury, Connecticut and at sales offices, and the termination of lease and other contracts. It is expected that additional merger costs will be incurred over the calendar year. These costs which are currently estimated to be approximately $32,000,000 will be recognized as incurred and will be reported as merger costs at that time.

The prior year restructuring of $2,700,000 reflects an increase to the $19,000,000 restructuring recorded in fiscal year 1997 by the Company's subsidiary, First Brands. The restructuring was for initiatives aimed at streamlining certain operating and administrative functions, reducing costs and improving operating efficiencies. Substantially all of these restructuring liabilities had been paid or settled during fiscal year 1998.

Item 2. Management's Discussion and Analysis of
Results of Operations and Financial Condition

Income tax expense as a percent of pretax earnings increased to 40.3% from 38.9% principally due to non-deductible merger related costs recorded in the third quarter. Excluding the impact of non-deductible merger related costs, the Company's tax rate would have decreased to 37.1% from 38.9%.

The prior year cumulative effect of change in accounting principle of $6,922,000 was recorded by the Company's subsidiary, First Brands, to expense previously capitalized costs related to certain business process re-engineering activities (in accordance with the Financial Accounting Standards Board Emerging Issues Task Force Issue No. 97-13).

Item 2. Management's Discussion and Analysis of
Results of Operations and Financial Condition

Liquidity and Capital Resources

The Company's financial position and liquidity remain strong due to cash provided by operations during the quarter. The increase in inventories reflects seasonality partly offset by the merger related write down of First Brands' obsolete inventory. The reduction in accounts payable and accrued liabilities since June 30, 1998, is due in part to seasonality and to higher levels of promotional activities in the domestic household and First Brands' businesses recorded at June 30, 1998.

Businesses purchased since June 30, 1998 totalled $115,999,000 and were funded using a combination of cash and debt. These acquisitions were accounted for as purchases and included domestically, the Handi Wipes and Wash 'N Dry business and internationally, a bleach and cleaners business in Venezuela, an insecticide business in Korea, a cleaning brand business in Australia, and an increase in ownership in Tecnoclor S.A. in Colombia.

In September 1996, the Board of Directors authorized a share repurchase program to offset the dilutive effect of employee stock option exercises. During the nine month period ended March 31, 1999, 400,000 shares were acquired at a cost of $32,455,000. The Company has discontinued this share repurchase program in connection with the First Brands merger. As a result, the issuance of shares pursuant to the Company's stock incentive plans may have a dilutive effect.

The Company has approved the use of interest rate derivative instruments such as interest rate swaps in order to manage the impact of interest rate movements on interest expense. These instruments have the effect of converting fixed rate interest to floating, or floating to fixed. The conditions under which derivatives can be used are set forth in a Company Policy Statement that includes a specific prohibition on the use of any leveraged derivatives. In July 1998, the Company refinanced $150,000,000 of commercial paper by entering into a Deutsche Mark denominated financing arrangement with private investors. The private investors exercised an option to finance an additional $50,000,000 under the same terms of this financing arrangement in October 1998. The Company entered into a series of swaps with notional amounts totalling $200,000,000 to eliminate foreign currency exposure risk generated by this Deutsche Mark denominated obligation. The swaps effectively convert the Company's 2.876% fixed Deutsche Mark obligation to a floating U.S. dollar rate of 90 day LIBOR less 278 basis points or an effective rate of approximately 3%.

In December 1998, the Company redeemed preference shares totalling $387,540,000, which were classified as short-term debt. This financing was replaced with commercial paper borrowings.

In February 1999, the Company terminated First Brands' revolving credit facility agreement. Related interest rate swaps with notional amounts totalling $150,000,000 were terminated in March 1999. Costs associated with terminating the swap agreements were approximately $2,502,000 and were included in merger and integration costs.

The Company's subsidiary, First Brands, is engaged in a program to sell up to $100,000,000 in fractional ownership interest in a defined pool of eligible trade accounts receivable. As of March 31, 1999, $80,000,000 was outstanding. The Company currently plans to terminate this program in the fourth quarter of fiscal year 1999 and to refinance the debt with commercial paper borrowings.

As of March 31, 1999, the Company has increased its available lines of credit from $550 million to $1.05 billion. Management believes the Company has adequate access to additional capital from other public and private sources should the need arise.

Item 2. Management's Discussion and Analysis of
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Year 2000 Compliance

Many financial information and operations systems used today may be unable to interpret dates after December 31, 1999 because these systems allow only two digits to indicate the year in a date. Consequently, these systems are unable to distinguish January 1, 2000 from January 1, 1900, which could have adverse consequences on the operations of an entity and the integrity of information processing. This potential problem is referred to as the "Year 2000" or "Y2K" issue.

In 1997, the Company established a corporate-wide program to address Y2K issues. This effort is comprehensive and encompasses software, hardware, electronic data interchange, networks, PCs, manufacturing and other facilities, embedded chips, century certification, supplier and customer readiness, contingency planning, and domestic and international operations.

On January 29, 1999, the First Brands merger was completed. The Company has completed the inventory and assessment of First Brands' major United States and Canadian systems and has incorporated First Brands and its subsidiaries into the Company's comprehensive Y2K compliance program. The Company expects to complete all major Y2K compliance efforts, including First Brands and its subsidiaries and all international and domestic operations, by September 30, 1999.

As of March 31, 1999, without including the First Brands' businesses, the Company has upgraded or replaced 85% of its critical United States and Canadian business systems, and has century certified 95% of these systems through testing. The Company is currently upgrading or migrating the First Brands' businesses into the Company's already Y2K compliant business systems to capture merger-related synergies and leverage the Company's completed work. The Company expects to complete the work for First Brands' critical systems by July 1, 1999.

The upgrade or replacement of the Company's international systems, excluding First Brands' businesses, is 85% complete as of March 31, 1999. The Company has begun to inventory First Brands' major systems at international locations other than Canada. The target date to complete all international Y2K work is September 30, 1999.

The Company has finalized its remediation plans and work is underway for its United States and Canadian plant facilities (other than the First Brands' facilities). Plant floor assessments are 30% complete as of March 31, 1999 for the Company's international locations owned prior to the merger. For both international and domestic First Brands' locations, the Company is currently assessing the plant floor systems and equipment. The Company expects to complete all plant floor remediation by September 30, 1999.

The Company has prioritized its third-party relationships as critical, severe or sustainable, and has completed its assessment of third parties for all operations, other than for First Brands. The Company is implementing the same approach for third party vendors and customers of the First Brands' operations and expects to complete this process by July 31, 1999. The Company has requested a Y2K contract warranty in many new key contracts and is developing contingency plans for critical third parties, including key customers, suppliers and other service providers.

Item 2. Management's Discussion and Analysis of
Results of Operations and Financial Condition

If necessary modifications and conversions by the Company are not made on a timely basis, or if key third parties are not Y2K compliant, Y2K problems could have a material adverse effect on the Company's operations. The Company's most reasonably likely worst case scenario is a regional utility failure that would interrupt manufacturing operations and distribution centers in the affected region. To mitigate this risk, and to address the possible uncertainty of whether the Company will be able to solve potential Y2K issues, the Company has begun contingency planning for its critical operations, which includes key third-party relationships and written contingency plans. The Company has completed approximately 60% percent of its contingency planning efforts for the United States and Canada, excluding the First Brands' operations. The assessment is complete for international locations and planning has started. Many of the completed contingency plans will be used for First Brands' operations due to common third-party relationships and critical operations, and work is underway to identify additional requirements unique to the First Brands' businesses. The Company expects to complete all of its contingency planning by September 30, 1999.

Y2K costs are expensed as incurred and funded through operating cash flows. Through March 31, 1999, excluding First Brands' operations, the Company has expensed incremental remediation costs of $21,800,000 with remaining incremental remediation costs estimated at $7,000,000. In addition, through March 31, 1999, excluding First Brands' operations, the Company has expensed accelerated strategic upgrade costs of $12,100,000 with anticipated remaining accelerated strategic upgrade costs of $4,900,000. Estimated Y2K costs for First Brands' operations are $2,900,000 in remediation costs and $1,400,000 for accelerated strategic upgrade costs. The Company expects to spend approximately 16% of its 1999 fiscal year information technology budget, and approximately 6.4% of its fiscal year 2000 budget, on Y2K remediation issues. As of March 31, 1999, the Company has spent approximately 10% of its 1999 fiscal year budget on remediation efforts. The Company has not deferred any critical information technology projects because of its Year 2000 program efforts, which are primarily being addressed through a joint team of the Company business and information technology resources. Time and cost estimates are based on currently available information and could be affected by the ability to correct all relevant computer codes and equipment, and the Y2K readiness of the Company's business partners, among other factors.

Cautionary Statement

Except for historical information, matters discussed in this Form 10-Q, including statements about future growth 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 ending June 30, 1998, as updated from time to time in the Company's SEC filings. Those factors include, but are not limited to, marketplace conditions and events, the Company's costs, risks inherent in international operations, the success of new products, integration of acquisitions, and environmental, regulatory and intellectual property matters. The First Brands merger can be expected to continue to present challenges to management, including the integration of the operations, technologies and personnel of the companies, and special risks, including unanticipated liabilities and contingencies, and diversion of management attention.

S I G N A T U R E

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 thereunto duly authorized.

THE CLOROX COMPANY
(Registrant)

DATE May 13, 1999 *BY /s/ HENRY J. SALVO. JR.*

Henry J. Salvo, Jr.
Vice-President - Controller

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF THE CLOROX COMPANY FOR THE FISCAL QUARTER ENDED MARCH 31, 1998, AS PRESENTED IN THE CLOROX COMPANY'S FORM 10-Q FILED FOR SUCH PERIOD, AND IS INCORPORATED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	JUN 30 1999
PERIOD END	MAR 31 1999
CASH	68905
SECURITIES	41402
RECEIVABLES	529293
ALLOWANCES	1521
INVENTORY	395656
CURRENT ASSETS	1090107
PP&E	1786007
DEPRECIATION	759063
TOTAL ASSETS	4130855
CURRENT LIABILITIES	1375992
BONDS	705065
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	124916
OTHER SE	1430270
TOTAL LIABILITY AND EQUITY	4130855
SALES	2903602
TOTAL REVENUES	2903602
CGS	1390085
TOTAL COSTS	2382381
OTHER EXPENSES	118061
LOSS PROVISION	0
INTEREST EXPENSE	75077
INCOME PRETAX	328083
INCOME TAX	132212
INCOME CONTINUING	195871
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	195871
EPS PRIMARY	1.67
EPS DILUTED	1.64

ARTICLE 5

THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF THE CLOROX COMPANY FOR THE FISCAL QUARTER ENDED MARCH 31, 1998, AS PRESENTED IN THE CLOROX COMPANY'S FORM 10-Q FILED FOR SUCH PERIOD, AND AS RESTATED HEREIN, AND IS INCORPORATED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

RESTATED:

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	JUN 30 1998
PERIOD END	MAR 31 1998
CASH	60876
SECURITIES	24300
RECEIVABLES	551420
ALLOWANCES	3062
INVENTORY	403426
CURRENT ASSETS	1123584
PP&E	1656546
DEPRECIATION	674772
TOTAL ASSETS	4020036
CURRENT LIABILITIES	989049
BONDS	1149651
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	124574
OTHER SE	1310798
TOTAL LIABILITY AND EQUITY	4020036
SALES	2769019
TOTAL REVENUES	2769019
CGS	1340946
TOTAL COSTS	2288752
OTHER EXPENSES	8789
LOSS PROVISION	0
INTEREST EXPENSE	76261
INCOME PRETAX	395217
INCOME TAX	153904
INCOME CONTINUING	241,313
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	(6922)
NET INCOME	234391
EPS PRIMARY	2
EPS DILUTED	1.95

End of Filing