UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2008

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)

Delaware
(State or other jurisdiction of incorporation or organization)

31-0595760
(I.R.S. Employer Identification No.)

1221 Broadway
Oakland, California
(Address of principal executive offices)

94612-1888
(Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports 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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act (Check One):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of March 31, 2008, there were 137,839,516 shares outstanding of the registrant’s common stock (par value - $1.00), the registrant’s only outstanding class of stock.
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THE CLOROX COMPANY

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# Part I – Financial Information (Unaudited)

## Item 1. Financial Statements

The Clorox Company

Condensed Consolidated Statements of Earnings

(Dollars in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$1,353</td>
<td>$1,241</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>815</td>
<td>704</td>
</tr>
<tr>
<td>Gross profit</td>
<td>538</td>
<td>537</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>182</td>
<td>162</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>123</td>
<td>121</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>Restructuring and asset impairment costs</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Interest expense</td>
<td>46</td>
<td>28</td>
</tr>
<tr>
<td>Other expense (income), net</td>
<td>2</td>
<td>(2)</td>
</tr>
<tr>
<td>Earnings from continuing operations before income taxes</td>
<td>151</td>
<td>193</td>
</tr>
<tr>
<td>Income taxes on continuing operations</td>
<td>51</td>
<td>64</td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>100</td>
<td>129</td>
</tr>
<tr>
<td>Earnings from discontinued operations</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$100</td>
<td>$129</td>
</tr>
</tbody>
</table>

### Earnings per Common Share

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
<td>$0.72</td>
<td>$0.85</td>
<td>$2.16</td>
<td>$2.20</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.03</td>
</tr>
<tr>
<td>Basic net earnings per common share</td>
<td>$0.72</td>
<td>$0.85</td>
<td>$2.16</td>
<td>$2.23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Diluted</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
<td>$0.71</td>
<td>$0.84</td>
<td>$2.12</td>
<td>$2.16</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.03</td>
</tr>
<tr>
<td>Diluted net earnings per common share</td>
<td>$0.71</td>
<td>$0.84</td>
<td>$2.12</td>
<td>$2.19</td>
</tr>
</tbody>
</table>

### Weighted Average Common Shares Outstanding (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>138,008</td>
<td>151,469</td>
<td>140,179</td>
<td>151,341</td>
</tr>
<tr>
<td></td>
<td>140,300</td>
<td>153,970</td>
<td>142,413</td>
<td>153,822</td>
</tr>
</tbody>
</table>

### Dividends Declared per Common Share

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.40</td>
<td>$0.31</td>
<td>$1.20</td>
<td>$0.91</td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements

Page 3
### Condensed Consolidated Balance Sheets

(Dollars in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$282</td>
<td>$182</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>456</td>
<td>460</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>423</td>
<td>309</td>
</tr>
<tr>
<td>Other current assets</td>
<td>108</td>
<td>81</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$1,269</td>
<td>1,032</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>943</td>
<td>976</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,664</td>
<td>1,025</td>
</tr>
<tr>
<td>Trademarks, net</td>
<td>563</td>
<td>254</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>125</td>
<td>94</td>
</tr>
<tr>
<td>Other assets</td>
<td>186</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$4,750</td>
<td>$3,581</td>
</tr>
<tr>
<td><strong>Liabilities and Stockholders’ (Deficit) Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and loans payable</td>
<td>$959</td>
<td>$74</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>—</td>
<td>500</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>340</td>
<td>329</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>406</td>
<td>507</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>70</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$1,775</td>
<td>1,427</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,721</td>
<td>1,462</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>596</td>
<td>516</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>130</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$5,222</td>
<td>3,410</td>
</tr>
<tr>
<td><strong>Contingencies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stockholders’ (deficit) equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock: $1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued at March 31, 2008 and June 30, 2007; and 137,839,516 and 151,256,460 shares outstanding at March 31, 2008 and June 30, 2007, respectively</td>
<td>159</td>
<td>159</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>518</td>
<td>481</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>295</td>
<td>185</td>
</tr>
<tr>
<td>Treasury shares, at cost: 20,901,945 and 7,485,001 shares at March 31, 2008 and June 30, 2007, respectively</td>
<td>(1,282)</td>
<td>(445)</td>
</tr>
<tr>
<td>Accumulated other comprehensive net losses</td>
<td>(162)</td>
<td>(209)</td>
</tr>
<tr>
<td><strong>Stockholders’ (deficit) equity</strong></td>
<td>(472)</td>
<td>171</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ (deficit) equity</strong></td>
<td>$4,750</td>
<td>$3,581</td>
</tr>
</tbody>
</table>

See Notes to Condensed Consolidated Financial Statements
### Condensed Consolidated Statements of Cash Flows

(Dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td>303</td>
<td>337</td>
</tr>
<tr>
<td>Deduct: Earnings from discontinued operations</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>303</td>
<td>332</td>
</tr>
</tbody>
</table>

| Earnings from continuing operations                        |           |           |
| Adjustments to reconcile earnings from continuing operations:|           |           |
| Depreciation and amortization                              | 154       | 143       |
| Share-based compensation                                    | 32        | 40        |
| Deferred income taxes                                      | 2         | (23)      |
| Net loss on disposition of assets                          | 3         | 5         |
| Restructuring and asset impairment activities               | 29        | 4         |
| Other                                                      | 15        | 13        |
|                                                            |           |           |
| Changes in:                                                |           |           |
| Receivables, net                                           | 43        | 13        |
| Inventories, net                                           | (60)      | (51)      |
| Other current assets                                       | 15        | 14        |
| Accounts payable and accrued liabilities                    | (45)      | (79)      |
| Income taxes payable                                       | (15)      | 16        |
|                                                            |           |           |
| Net cash provided by continuing operations                  | 476       | 427       |

| Investing activities:                                      |           |           |
| Capital expenditures                                       | (103)     | (96)      |
| Businesses acquired, net of cash acquired                  | (913)     | (123)     |
| Low-income housing contributions and other                 | —         | 3         |
|                                                            |           |           |
| Net cash used for investing activities                     | (1,016)   | (216)     |

| Financing activities:                                      |           |           |
| Notes and loans payable                                    | 885       | 48        |
| Long-term borrowings, net of issuance costs                 | 1,256     | —         |
| Long-term debt repayments                                  | (500)     | (150)     |
| Treasury stock purchases                                  | (868)     | (89)      |
| Cash dividends paid                                        | (173)     | (136)     |
| Issuance of common stock for employee stock plans and other | 30        | 93        |
|                                                            |           |           |
| Net cash provided by (used for) financing activities        | 630       | (234)     |

| Effect of exchange rate changes on cash and cash equivalents| 10        | 2         |

| Net increase (decrease) in cash and cash equivalents       | 100       | (21)      |

| Cash and cash equivalents:                                 |           |           |
| Beginning of period                                        | 182       | 192       |
| End of period                                              | $ 282     | $ 171     |

See Notes to Condensed Consolidated Financial Statements
NOTE 1. INTERIM FINANCIAL STATEMENTS

Basis of Presentation

The unaudited interim condensed consolidated financial statements for the three and nine month periods ended March 31, 2008 and 2007, in the opinion of management, reflect all adjustments (consisting of normal recurring 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) for the periods presented. Certain prior period amounts have been reclassified in the condensed consolidated financial statements to conform to current period presentation. The results for the interim period ended March 31, 2008, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2008, or for any future period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been omitted or condensed pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). The information in this report should be read in conjunction with the Company’s Annual Report on Form 10-K filed with the SEC for the fiscal year ended June 30, 2007, which includes a complete set of footnote disclosures, including the Company’s significant accounting policies.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ materially from estimates and assumptions made.

In determining its quarterly provision for income taxes, the Company uses an estimated annual effective tax rate, which is based on expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates. Certain significant or unusual items are separately recognized in the quarter in which they occur and can be a source of variability in the effective tax rates from quarter to quarter.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, delaying the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis. The delayed portions of SFAS No. 157 will be adopted by the Company beginning in its fiscal year ending June 30, 2010, while all other portions of the standard will be adopted by the Company beginning in its fiscal year ending June 30, 2009, as required. The Company is currently evaluating the impact SFAS No. 157 will have on its consolidated financial statements, when it becomes effective.

On July 1, 2007, the Company adopted FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes—an Interpretation of Financial Accounting Standards Board Statement No. 109. This Interpretation prescribes a consistent recognition threshold and measurement standard, as well as criteria for subsequently recognizing, derecognizing, classifying and measuring tax positions for financial statement purposes.

The cumulative effect of adopting FIN 48 was recorded as a $10 reduction to beginning retained earnings. FIN 48 requires uncertain tax positions to be classified as non-current income tax liabilities unless expected to be paid within one year. Upon adoption of FIN 48, income tax liabilities of $53 were reclassified from current to non-current on the Company’s balance sheet. As of July 1, 2007 and March 31, 2008, the Company had not recognized the following tax benefits in its consolidated financial statements:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total unrecognized tax benefits</td>
<td>$ 141</td>
<td>$ 150</td>
</tr>
<tr>
<td>Unrecognized tax benefits that would affect the Company’s effective tax rate, if recognized</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>
NOTE 1. INTERIM FINANCIAL STATEMENTS (Continued)

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of July 1, 2007 and March 31, 2008, the total balance of accrued interest related to uncertain tax positions was $36 and $42, respectively. For the three and nine months ended March 31, 2008, income tax expense includes $1 and $6, respectively, of interest. No amounts were accrued for penalties.

The Company files income tax returns in the U.S. federal and various state, local and foreign jurisdictions. The Internal Revenue Service (IRS) was examining the Company’s 2003 and 2004 income tax returns as of July 1, 2007, and the Company’s 2003 through 2006 income tax returns as of March 31, 2008. Certain issues relating to 2001 and 2002 are also under review by the IRS Appeals Division. Various income tax returns in state and foreign jurisdictions are currently in the process of examination. In the twelve months succeeding July 1, 2007 and March 31, 2008, audit resolutions could potentially reduce total unrecognized tax benefits by up to $82 and $68, respectively, primarily as a result of cash payments. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations (SFAS No. 141-R). SFAS No. 141-R will significantly change the accounting for future business combinations after adoption. SFAS No. 141-R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non controlling interest in the acquired business. SFAS No. 141-R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141-R is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. This Statement will be adopted by the Company beginning in its fiscal year ending June 30, 2010, as required. The Company is currently evaluating the impact SFAS No. 141-R will have on its consolidated financial statements, when it becomes effective.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51. This statement establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary (commonly referred to as minority interest) and for the deconsolidation of a subsidiary. SFAS No. 160 establishes accounting and reporting standards that require the noncontrolling interest to be reported as a component of equity. Changes in a parent’s ownership interest while the parent retains its controlling interest will be accounted for as equity transactions and any retained noncontrolling equity investment upon the deconsolidation of a subsidiary will be initially measured at fair value. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. This Statement will be adopted by the Company beginning in its fiscal year ending June 30, 2010, as required. The Company is currently evaluating the impact SFAS No. 160 will have on its consolidated financial statements, when it becomes effective.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of SFAS No. 133. This Statement requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement will be adopted by the Company no later than the beginning of the third quarter of its fiscal year ending June 30, 2009, as required. The Company is currently evaluating the impact SFAS No. 161 will have on its consolidated financial statements, when it becomes effective.

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NOTE 2. RESTRUCTURING AND ASSET IMPAIRMENT

During the Company’s annual impairment assessment of indefinite-lived intangible assets, the Company recorded $3 of asset impairment costs for both the three and nine months ended March 31, 2008, which are included in the International segment.

In addition, during the three and nine months ended March 31, 2008, the Company recorded $4 and $31 of restructuring and asset impairment charges and $10 and $15 of incremental cost of products sold charges, respectively. These charges related to the simplification of the Company’s supply chain and other restructuring charges the Company decided to take in light of its Centennial Strategy (Supply Chain and Other restructuring charges).

The following table summarizes, by operating segment, the costs associated with the Company’s Supply Chain and Other restructuring initiatives for the three and nine months ended March 31, 2008:

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>International</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$ 9</td>
<td>$ 1</td>
<td>$ —</td>
<td>$ 10</td>
</tr>
<tr>
<td>Restructuring and asset impairment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Asset impairment</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>3</td>
</tr>
<tr>
<td>Total restructuring and asset impairment costs</td>
<td>4</td>
<td>—</td>
<td>—</td>
<td>4</td>
</tr>
<tr>
<td>Total costs</td>
<td>$ 13</td>
<td>$ 1</td>
<td>$ —</td>
<td>$ 14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>International</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$ 13</td>
<td>$ 2</td>
<td>$ —</td>
<td>$ 15</td>
</tr>
<tr>
<td>Restructuring and asset impairment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Asset impairment</td>
<td>25</td>
<td>2</td>
<td>—</td>
<td>27</td>
</tr>
<tr>
<td>Total restructuring and asset impairment costs</td>
<td>27</td>
<td>3</td>
<td>—</td>
<td>31</td>
</tr>
<tr>
<td>Total costs</td>
<td>$ 40</td>
<td>$ 5</td>
<td>$ 1</td>
<td>$ 46</td>
</tr>
</tbody>
</table>

The Supply Chain restructuring involves closing certain domestic and international manufacturing facilities. The Company anticipates redistributing production from the international and domestic facilities between the remaining facilities and third-party producers to optimize available capacity and reduce operating costs. As a result of this initiative, a number of positions are being eliminated. The Company anticipates this Supply Chain restructuring to be completed in fiscal year 2010. The Other restructuring charges relate primarily to the write-down of certain new venture investments, intangible assets and equipment and the cost of exiting the Company’s private label food bags business which the Company has decided not to pursue in light of its Centennial strategy.

The anticipated charges through fiscal year 2010 relating to the announced Supply Chain and Other restructuring initiatives are estimated to be between $70 and $75, of which the Company expects approximately $58 to $60 to be incurred in fiscal year 2008. The Company expects approximately $49 to $51 of the fiscal year 2008 charges to be in the North America segment, of which approximately $19 to $20 are estimated to be recognized as cost of products sold charges (primarily accelerated depreciation for manufacturing equipment and other costs associated with the Supply Chain initiative), approximately $25 to $26 are estimated to be asset impairment charges and the remainder to be severance charges. The remaining estimated charges will be spread across the International segment and the Corporate segment, and are expected to be classified as cost of products sold, severance and asset impairment. Accrued restructuring costs at March 31, 2008, were $3.
NOTE 2. RESTRUCTURING AND ASSET IMPAIRMENT (Continued)

During the three and nine months ended March 31, 2007, restructuring and incremental administrative costs were $10 and $22, respectively; $5 and $13 were included in selling and administrative expenses and $5 and $9 were included in restructuring and asset impairment charges for the three and nine months ended March 31, 2007, respectively. These costs were associated with the restructuring of certain Information Services activities completed in fiscal year 2007 and included severance, transition and other related costs and were reflected in the Company’s Corporate segment. Also included in restructuring and asset impairment costs in the Company’s North America segment for both the three and nine months ended March 31, 2007, was $4 of asset impairment charges.

NOTE 3. BUSINESS ACQUIRED

On October 31, 2007, as part of its Centennial Strategy to pursue new businesses in growing categories, the Company announced that it had entered into an agreement to acquire Burt's Bees Inc. (BBI), a leading manufacturer and marketer of natural personal care products. On November 30, 2007, the Company completed its acquisition of BBI for an aggregate price of $913, excluding $25 for tax benefits associated with the agreement. In order to secure potential indemnity claims by the Company, $25 of the purchase price is held in escrow following the closing, until May 30, 2008. The Company funded the all-cash transaction through a combination of cash and short-term borrowings. The terms of the agreement, the Company acquired 100 percent of BBI from its stockholders in a transaction that was structured as a merger. The Company also incurred $8 of costs in connection with the acquisition of BBI. The Company expects to receive the benefits of the payment of $25 for tax benefits associated with the acquisition during fiscal year 2008 through a combination of income tax refunds and reduced estimated tax payments.

The operating results of BBI are reported in the Company’s financial statements beginning December 1, 2007, in the North America operating segment. Included in the Company’s results for the three and nine months ended March 31, 2008, was $46 and $61, respectively, of BBI’s net sales. BBI’s net sales for the nine months ended March 31, 2008, were $131, which include net sales prior to the Company’s acquisition of BBI. BBI’s net sales for the three and nine months ended March 31, 2007, were $36 and $107, respectively.

The following table provides unaudited pro forma results of operations of the Company for the three and nine months ended March 31, 2008 and 2007, as if BBI had been acquired as of the beginning of each of the fiscal periods presented. The unaudited pro forma results include certain recurring purchase accounting adjustments such as depreciation and amortization expense on acquired tangible and intangible assets and assumed interest costs. However, unaudited pro forma results do not include certain transaction-related costs including the effect of a step-up of the value of acquired inventory, cost savings or other effects of the planned integration of BBI. Accordingly, such results of operations are not necessarily indicative of the results as if the acquisition had occurred on the dates indicated or that may result in the future.

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$1,277</td>
<td>$3,848</td>
</tr>
<tr>
<td></td>
<td>$3,610</td>
<td></td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>130</td>
<td>316</td>
</tr>
<tr>
<td></td>
<td>$331</td>
<td></td>
</tr>
<tr>
<td>Diluted net earnings per common share from continuing operations</td>
<td>$0.84</td>
<td>$2.22</td>
</tr>
<tr>
<td></td>
<td>$2.15</td>
<td></td>
</tr>
</tbody>
</table>

The assets and liabilities of BBI were recorded at their respective fair values as of the date of the acquisition using generally accepted accounting principles for business combinations. The Company developed preliminary valuations of property, plant and equipment, intangible assets and certain other assets and liabilities. Goodwill represents a substantial portion of the acquisition proceeds because the Burt’s Bees® brand provides the Company with entry into the fast growing, higher margin personal care category. Management believes that there is further growth potential by extending BBI’s product lines into new channels in which the Company has well established customer relationships.
NOTE 3. BUSINESS ACQUIRED (Continued)

The following table summarizes the preliminary estimated fair values of BBI’s assets acquired and liabilities assumed and related deferred income taxes as of the acquisition date. Changes to the fair values of the assets acquired, liabilities assumed and estimated useful life assumptions may be adjusted in future periods as the Company finalizes its estimates. The weighted-average estimated useful life of intangible assets subject to amortization is 16 years.

<table>
<thead>
<tr>
<th>Assets acquired</th>
<th>$ 33</th>
<th>45</th>
<th>24</th>
<th>16</th>
<th>618</th>
<th>322</th>
<th>44</th>
<th>8</th>
<th>1</th>
<th>1,111</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets not subject to amortization: trademarks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets subject to amortization:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer list</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product formulae</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets acquired</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,111</td>
</tr>
</tbody>
</table>

| Liabilities assumed                  | 58   | 140 | 198 |     |     |     |    |   |  |        |
| Current liabilities - primarily accounts payable and accrued liabilities |      |    |    |    |     |     |    |   |  |        |
| Current and noncurrent deferred income taxes | 140  |     |    |    |     |     |    |   |  |        |
| Total liabilities assumed            | 198  |     |    |    |     |     |    |   |  |        |

| Net assets acquired                  | $ 913|     |    |    |     |     |    |   |  |        |

A step-up in the value of inventory of $19 was recorded in the allocation of the purchase price based on valuation estimates. During the three and nine months ended March 31, 2008, $14 and $19, respectively, of this step-up amount was charged to cost of products sold as the inventory was sold.

NOTE 4. FINANCIAL INSTRUMENTS

The Company utilizes derivative instruments, principally swaps and forward contracts, to manage the ongoing business risks associated with fluctuations in commodity prices, foreign currencies and interest rates. These contracts are economic hedges for transactions that have notional balances and periods consistent with the related exposures and do not constitute investments independent of these exposures.

At March 31, 2008 and June 30, 2007, the Company’s derivative financial instruments are recorded at fair value in the Condensed Consolidated Balance Sheets as assets (liabilities) as follows:

<table>
<thead>
<tr>
<th>Commodity purchase contracts included in current assets</th>
<th>$ 18</th>
<th>$ 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity purchase contracts included in other assets</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Commodity purchase contracts included in current liabilities</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Foreign exchange contracts included in current liabilities</td>
<td>—</td>
<td>(2)</td>
</tr>
</tbody>
</table>

The estimated notional and fair value amounts of the Company’s derivative contracts are summarized below at:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Notional</td>
<td>$ 120</td>
<td>$ 85</td>
</tr>
<tr>
<td>Fair Value</td>
<td>$ 18</td>
<td>$ 5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Notional</td>
<td>18</td>
<td>38</td>
</tr>
<tr>
<td>Fair Value</td>
<td>—</td>
<td>(2)</td>
</tr>
</tbody>
</table>

Exposure to counterparty credit risk is considered low because these agreements have been entered into with creditworthy counterparties and the contracts contain appropriate margin requirements.
NOTE 5. INVENTORIES, NET

Inventories, net consisted of the following at:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>$355</td>
<td>$251</td>
</tr>
<tr>
<td>Raw materials and packaging</td>
<td>95</td>
<td>81</td>
</tr>
<tr>
<td>Work in process</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>LIFO allowances</td>
<td>(21)</td>
<td>(18)</td>
</tr>
<tr>
<td>Allowance for obsolescence</td>
<td>(11)</td>
<td>(9)</td>
</tr>
<tr>
<td>Total</td>
<td>$423</td>
<td>$309</td>
</tr>
</tbody>
</table>

At March 31, 2008, inventory balances included $26 from BBI.

NOTE 6. GOODWILL, TRADEMARKS AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of Goodwill, Trademarks and Other intangibles for the nine months ended March 31, 2008, are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>$765</td>
<td>$618</td>
<td>$—</td>
<td>$—</td>
<td>$16</td>
<td>$1,399</td>
</tr>
<tr>
<td>International</td>
<td>260</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>265</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$1,025</td>
<td>$618</td>
<td>$—</td>
<td>$—</td>
<td>$21</td>
<td>$1,664</td>
</tr>
<tr>
<td>Trademarks not subject to amortization</td>
<td>$252</td>
<td>$322</td>
<td>$—</td>
<td>$— (12)</td>
<td>$—</td>
<td>$562</td>
</tr>
<tr>
<td>Trademarks subject to amortization</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Trademarks</td>
<td>$254</td>
<td>$322</td>
<td>$(1)</td>
<td>$(12)</td>
<td>$—</td>
<td>$563</td>
</tr>
<tr>
<td>Other intangible assets subject to amortization:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology and Product formulae</td>
<td>$77</td>
<td>$8</td>
<td>$(9)</td>
<td>$(9)</td>
<td>$(2)</td>
<td>$65</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
<td>44</td>
<td>$(1)</td>
<td></td>
<td>$—</td>
<td>60</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>$94</td>
<td>$52</td>
<td>$(10)</td>
<td>$(9)</td>
<td>$(2)</td>
<td>$125</td>
</tr>
</tbody>
</table>

The June 30, 2007, balances reflect a change in classification of certain indefinite-lived intangible assets to goodwill to properly reflect the classification of the assets in accordance with SFAS No. 141, *Business Combinations*. The change in the classification resulted in a decrease in indefinite-lived trademarks of $265, an increase in goodwill of $170, a decrease in non-current deferred tax liabilities of $85 and an increase in non-current deferred tax assets of $10. The change in classification has no impact on the results of operations or working capital and is not material to any of the prior periods.

Trademarks and Other intangible assets subject to amortization are net of accumulated amortization of $201 and $190 at March 31, 2008, and June 30, 2007, respectively. Estimated amortization expense for these intangible assets is $14 for fiscal year 2008, $15 for each of the fiscal years 2009 and 2010, $14 for fiscal year 2011 and $13 for each of the fiscal years 2012 and 2013. The weighted-average amortization period for trademarks and other intangible assets subject to amortization is 5 years and 14 years, respectively.

During the three months ended March 31, 2008, the Company performed its annual impairment assessment of goodwill and indefinite-lived intangible assets, as required by SFAS No. 142, *Goodwill and Other Intangible Assets*, and recorded impairment charges on indefinite-lived intangible assets of $3 in the International Segment.

During the nine months ended March 31, 2008, the Company recorded Trademarks and Other intangible assets impairment charges of $12 and $9, respectively, of which $17 was recorded in the North America segment and $4 was recorded in the International segment.
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NOTE 7. OTHER LIABILITIES

Other liabilities consisted of the following at:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Venture agreement net terminal obligation</td>
<td>$266</td>
<td>$263</td>
</tr>
<tr>
<td>Employee benefit obligations</td>
<td>206</td>
<td>195</td>
</tr>
<tr>
<td>Taxes</td>
<td>69</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>55</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$596</strong></td>
<td><strong>$516</strong></td>
</tr>
</tbody>
</table>

The taxes included in Other liabilities primarily resulted from the adoption of FIN 48 effective July 1, 2007 (Note 1).

NOTE 8. DEBT

Notes and loans payable, which mature in less than one year, consist of commercial paper and foreign borrowings. Commercial paper borrowings were $952 and $58 at March 31, 2008 and June 30, 2007, respectively. The carrying value of notes and loans payable at March 31, 2008 and June 30, 2007, approximated the fair value of such debt. The effective interest rates for notes and loans payable were 3.24% and 5.74% at March 31, 2008, and June 30, 2007, respectively.

In October 2007, the Company issued $750 of debt in notes. The notes consist of $350 and $400 of 5.45% and 5.95% notes, respectively, and are due in October 2012 and October 2017, respectively. Interest is payable semi-annually in April and October. Proceeds from the notes were used to retire commercial paper. The notes rank equally with all of the Company’s existing and future senior indebtedness.

In March 2008, the Company issued $500 of debt in notes. The notes consist of $500 of 5.00% notes, and are due in March 2013. Interest is payable semi-annually in March and September. Proceeds from the notes were used to retire commercial paper. The notes rank equally with all of the Company’s existing and future senior indebtedness.

As of March 31, 2008, the Company had $1,300 in revolving credit agreements, with $165 set to expire in December 2009 and the remainder set to expire in December 2010. There were no borrowings under these credit agreements, which were available for general corporate purposes and to support commercial paper issuances. During the quarter ended March 31, 2008, upon issuance of $500 in Senior Notes, the Company cancelled a $500 revolving credit agreement set to expire in May 2008. In addition, the Company had $86 of foreign working capital credit lines and other facilities at March 31, 2008, of which $63 was available for borrowing. The Company is in compliance with all restrictive covenants and limitations as of March 31, 2008.

On April 16, 2008, the $1,300 in revolving credit agreements were cancelled and replaced by a $1,200 revolving credit agreement, which expires in April 2013, and is available for general corporate purposes and to support commercial paper issuances. The $1,200 revolving credit agreement includes certain restrictive covenants.
NOTE 9. NET EARNINGS PER COMMON SHARE

Net earnings per common share (EPS) is computed by dividing net earnings by the weighted average number of common shares outstanding each period on an unrounded basis. Diluted EPS reflects the earnings dilution that could occur from common shares that may be issued through stock options, restricted stock awards and performance units. The weighted average numbers of common shares outstanding used to calculate basic and diluted EPS were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>138,008</td>
<td>151,469</td>
</tr>
<tr>
<td>Stock options, restricted stock awards and other</td>
<td>2,292</td>
<td>2,501</td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>140,300</td>
<td>153,970</td>
</tr>
</tbody>
</table>

The following table sets forth the securities not included in the calculation of diluted EPS because to do so would be anti-dilutive (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock options, restricted stock awards and other</td>
<td>2,763</td>
<td>31</td>
</tr>
</tbody>
</table>

Shares of common stock issued by the Company were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock options, restricted stock awards and other</td>
<td>123</td>
<td>558</td>
</tr>
</tbody>
</table>

During the nine months ended March 31, 2008 and 2007, the Company repurchased $118 (2.0 million shares) and $89 (1.4 million shares), respectively, under its Evergreen Program to offset the impact of share dilution related to share-based awards. In addition, on August 10, 2007, the Company entered into an accelerated share repurchase (ASR) agreement with two investment banks. Under the ASR agreement, the Company repurchased $750 of its shares of common stock from the investment banks for an initial per share amount of $59.59, subject to adjustment. The banks delivered an initial amount of 10.9 million shares to the Company on August 15, 2007. Under the terms of the ASR agreement, the final number of shares the Company repurchased and the timing of the final settlement depended on prevailing market conditions, the final discounted volume weighted average share price over the term of the ASR agreement and other customary adjustments. The final purchase price adjustment was settled on January 17 and 23, 2008, resulting in the receipt of an additional 1.1 million shares by the Company. The final settlement under the ASR agreement reduced the weighted average number of common shares outstanding by 11.9 million shares and 9.7 million shares for the three and nine months ended March 31, 2008, respectively.

NOTE 10. COMPREHENSIVE INCOME

Comprehensive income is comprised of net earnings, gains and losses from currency translation and derivative instruments designated as cash flow hedges, and unrecognized pension and other retiree benefit costs. Total comprehensive income for the three and nine months ended March 31, 2008 was $115 and $349, respectively. Total comprehensive income for the three and nine months ended March 31, 2007 was $137 and $352, respectively. Accumulated other comprehensive net losses, as reflected in the Condensed Consolidated Balance Sheets, primarily consist of cumulative foreign currency translation adjustments and unrecognized pension and other retiree benefit costs.
NOTE 11. RETIREMENT INCOME AND HEALTH CARE BENEFIT PLANS

The following table summarizes the components of net periodic benefit cost for the Company’s retirement income plans:

| Components of net periodic benefit cost (income): | Retirement Income Plans for the |
| | Three Months Ended | Nine Months Ended |
| Service cost | $3 | $3 | $9 | $8 |
| Interest cost | 7 | 8 | 21 | 21 |
| Expected return on plan assets | (7) | (7) | (21) | (20) |
| Amortization of unrecognized items | 2 | 3 | 5 | 7 |
| Total net periodic benefit cost | $5 | $7 | $14 | $16 |

| Components of net periodic benefit cost (income): | Health Care Plans for the |
| | Three Months Ended | Nine Months Ended |
| Service cost | — | — | $1 | $1 |
| Interest cost | 1 | 1 | 3 | 3 |
| Amortization of unrecognized items | — | — | (1) | (1) |
| Total net periodic benefit cost | $1 | $1 | $3 | $3 |

NOTE 12. GUARANTEES

In conjunction with divestitures and other transactions, the Company may provide indemnifications relating to the enforceability of trademarks; pre-existing legal, tax, environmental and employee liabilities; as well as provisions for product returns and other items. The Company has indemnification agreements in effect that specify a maximum possible indemnification exposure. The Company’s aggregate maximum exposure from these agreements is $291, which consists primarily of an indemnity of up to $250 made to Henkel in connection with the Share Exchange Agreement, subject to a minimum threshold of $12 before any payments would be made. As of March 31, 2008, the Company had not made, nor does it anticipate making, any payments relating to the indemnities contained in the Share Exchange Agreement. The general representations and warranties made by the Company in connection with the Henkel Share Exchange Agreement were made to guarantee statements of fact at the time of the transaction closing and pertain to environmental, legal and other matters.

In addition to the indemnifications related to the general representations and warranties, the Company entered into an agreement with Henkel regarding certain tax matters. The Company and Henkel agreed to be responsible for each other’s taxes on the transaction if their respective actions result in a breach of certain tax representations and warranties in a manner that causes the share-exchange to fail to qualify for tax-free treatment. The Company is unable to estimate the amount of maximum potential liability relating to the tax indemnification but notes that the tax exposure, if any, could be very significant. Any exposure under the agreement would be limited to taxes assessed prior to the expiration of the statute of limitations period for assessing taxes on the share exchange transaction.

During the first quarter of fiscal year 2008, the Company entered into an agreement with the IRS, agreeing to the tax-free treatment of the share exchange transaction. Henkel has advised the Company that the IRS has completed its audit of Henkel’s U.S. group’s federal income tax return for the year in which the share exchange transaction took place and did not propose any adjustments to Henkel’s tax-free treatment of the share exchange transaction. Thus, while the statutes of limitations permitting IRS assessment of tax against the Company and Henkel with respect to the share exchange transaction remain open, it appears likely that the tax-free treatment of the exchange transaction will be sustained.

The Company is a party to letters of credit of $22, primarily related to one of its insurance carriers.

The Company has not recorded any liabilities on any of the aforementioned guarantees at March 31, 2008.
NOTE 13. CONTINGENCIES

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations. The Company has a recorded liability of $20 and $23 at March 31, 2008 and June 30, 2007, respectively, for its share of the related aggregate future remediation cost. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounts for a substantial majority of the recorded liability at both March 31, 2008 and June 30, 2007. The Company is subject to a cost-sharing arrangement with another party for this matter, under which the Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs, other than legal fees, as the Company and the other party are each responsible for their own such fees. The other party in this matter reported substantial net losses for calendar years 2007 and 2006. If the other party with whom the Company shares joint and several liability is unable to pay its share of the response and remediation obligations, the Company would likely be responsible for such obligations. In October 2004, the Company and the other party agreed to a consent judgment with the Michigan Department of Environmental Quality, which sets forth certain remediation goals and monitoring activities. Based on the current status of this matter, and with the assistance of environmental consultants, the Company maintains an undiscounted liability representing its best estimate of its share of costs associated with the capital expenditures, maintenance and other costs to be incurred over an estimated 30-year remediation period. The most significant components of the liability relate to the estimated costs associated with the remediation of groundwater contamination and excess levels of subterranean methane deposits. Currently, the Company cannot accurately predict the timing of the payments that will likely be made under this estimated obligation. In addition, the Company’s estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the timing, varying costs and alternative clean-up technologies that may become available in the future. Although it is possible that the Company’s exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

The Company is subject to various other lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, employee and other matters. Although the results of claims and litigation cannot be predicted with certainty, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material adverse effect, individually or in the aggregate, on the Company’s consolidated financial statements taken as a whole.
NOTE 14. SEGMENT RESULTS

In the first quarter of fiscal year 2008, the Company realigned its operating segments due to changes in its management reporting structure. As a result, the Company operates through two operating segments: North America and International. The North America segment includes all products marketed in the United States and Canada. The International segment includes operations outside the United States and Canada. Each segment is individually managed with separate operating results that are reviewed regularly by the chief operating decision maker. Historical segment financial information presented herein has been revised to reflect these new operating segments.

Corporate includes certain nonallocated administrative costs, amortization of trademarks and other intangible assets, interest income, interest expense, foreign exchange gains and losses, and other nonoperating income and expense.

The table below represents operating segment information:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>$1,143</td>
<td>$1,056</td>
</tr>
<tr>
<td>International</td>
<td>210</td>
<td>185</td>
</tr>
<tr>
<td>Total Company</td>
<td>$1,353</td>
<td>$1,241</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Earnings (Losses) from Continuing Operations</th>
<th>Before Income Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three Months Ended</td>
<td>Nine Months Ended</td>
</tr>
<tr>
<td>North America</td>
<td>$296</td>
<td>$306</td>
</tr>
<tr>
<td>International</td>
<td>32</td>
<td>38</td>
</tr>
<tr>
<td>Corporate</td>
<td>(177)</td>
<td>(151)</td>
</tr>
<tr>
<td>Total Company</td>
<td>$151</td>
<td>$193</td>
</tr>
</tbody>
</table>

During the three and nine months ended March 31, 2008, earnings before income taxes included $13 and $40 in the North America segment, respectively, $4 and $8 in the International segment, respectively, and zero and $1 in the Corporate segment, respectively, of restructuring and asset impairment costs and incremental cost of products sold charges (Note 2).

During the three and nine months ended March 31, 2007, earnings before income taxes included $10 and $22 in the Corporate segment, respectively, of restructuring and incremental administrative costs and $4 of asset impairment charges in the North America segment (Note 2).

Net sales to the Company’s largest customer, Wal-Mart Stores, Inc. and its affiliates were 26% of consolidated net sales for the three and nine months ended March 31, 2008 and 2007.
Overview

The Clorox Company and its subsidiaries (the Company or Clorox) is a leading manufacturer and marketer of consumer products. Clorox markets some of consumers’ most trusted and recognized brand names, including its namesake bleach and cleaning products, Armor All ® and STP ® auto-care products, Fresh Step ® and Scoop Away ® cat litters, Kingsford ® charcoal, Hidden Valley ® and K C Masterpiece ® dressings and sauces, Brita ® water-filtration systems, and Glad ® bags, wraps and containers, and Burt’s Bees ® natural personal care products. In addition, the Company has a number of leading brands in international markets, including those sold under the Poett ®, Mistolin ® and Ayudin ® brand names. With approximately 8,300 employees worldwide, the Company manufactures products in more than two dozen countries and markets them in more than 100 countries.

In the first quarter of fiscal year 2008, the Company realigned its operating segments due to changes in its management and reporting structure. As a result, the Company operates through two operating segments: North America and International. The North America segment includes all products marketed in the United States and Canada. The International segment includes operations outside the United States and Canada. Historical segment financial information presented herein has been revised to reflect these new operating segments.

The Company reported net earnings of $100 and $303 and diluted net earnings per common share of $0.71 and $2.12 for the three and nine months ended March 31, 2008, respectively. This compares to net earnings of $129 and $337 and diluted net earnings per common share of $0.84 and $2.19 for the three and nine months ended March 31, 2007, respectively. Restructuring and asset impairment costs and other restructuring related charges were $0.08 and $0.22 per diluted share on an after-tax basis for the three and nine months ended March 31, 2008, respectively. (See “Restructuring and asset impairment costs” below for more information) as compared with $0.06 and $0.10 per diluted share on an after-tax basis for the three and nine months ended March 31, 2007, respectively. The Company continues to face a challenging cost environment and competitive activities in the marketplace. The Company is addressing these challenges through its on-going cost savings programs, pricing actions, innovative product improvements and new products, and advertising and trade promotional spending to support and grow its brands.

Other key fiscal year-to-date 2008 highlights are summarized as follows:

• On August 10, 2007, the Company entered into an accelerated share repurchase (ASR) agreement under which the Company repurchased $750 of its shares of common stock from two investment banks for an initial per share amount of $59.59, subject to adjustment. Final settlement of the ASR agreement took place on January 17 and 23, 2008 (see “Share Repurchases” below for more information).

• In October 2007, the Company issued $750 of debt in notes which was used to retire commercial paper (see “Financing Activities” below for more information).

• On November 30, 2007, the Company acquired Burt’s Bees Inc. (BBI), a leading manufacturer and marketer of natural personal care products for an aggregate price of $913, excluding $25 for tax benefits associated with the acquisition (see “Investing Activities” below for more information).

• In March 2008, the company issued $500 of debt in notes which was used to retire commercial paper (see “Financing Activities” below for more information).

• During fiscal year 2008, the Company began initiatives to simplify its supply chain and write-down certain non-strategic investments which it decided not to pursue in light of its Centennial Strategy (Supply Chain and Other restructuring). The Company anticipates recognizing between $70 and $75 of charges related to these initiatives through fiscal year 2010 (See “Restructuring and asset impairments costs” below for more information).

The following discussion of the Company’s financial condition and results of operations should be read in conjunction with the Management’s Discussion and Analysis of Financial Condition and Results of Operations and Condensed Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2007, which was filed with the Securities and Exchange Commission (SEC) on August 24, 2007, and the unaudited Condensed Consolidated Financial Statements and related notes contained in this quarterly report on Form 10-Q.
Results of Operations

Management’s Discussion and Analysis of the Results of Operations, unless otherwise noted, compares the three and nine months ended March 31, 2008 (the current periods), to the three and nine months ended March 31, 2007 (the prior periods), using percentages calculated on a rounded basis, except as noted.

### Diluted net earnings per common share from continuing operations

<table>
<thead>
<tr>
<th>Period</th>
<th>3/31/2008</th>
<th>3/31/2007</th>
<th>% Change</th>
<th>% of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted net earnings per common share</td>
<td>$0.71</td>
<td>$0.84</td>
<td>(15)%</td>
<td></td>
</tr>
</tbody>
</table>

### Net sales

<table>
<thead>
<tr>
<th>Period</th>
<th>3/31/2008</th>
<th>3/31/2007</th>
<th>% Change</th>
<th>% of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$1,353</td>
<td>$1,241</td>
<td>9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>538</td>
<td>537</td>
<td>—</td>
<td>39.8</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>182</td>
<td>162</td>
<td>12%</td>
<td>13.5</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>123</td>
<td>121</td>
<td>2%</td>
<td>9.1</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>27</td>
<td>26</td>
<td>4%</td>
<td>2.0</td>
</tr>
</tbody>
</table>

### Nine Months Ended

<table>
<thead>
<tr>
<th>Period</th>
<th>3/31/2008</th>
<th>3/31/2007</th>
<th>% Change</th>
<th>% of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted net earnings per common share</td>
<td>$2.12</td>
<td>$2.16</td>
<td>(2)%</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$3,778</td>
<td>$3,503</td>
<td>8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,545</td>
<td>1,497</td>
<td>3%</td>
<td>40.9</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>505</td>
<td>477</td>
<td>6%</td>
<td>13.4</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>350</td>
<td>347</td>
<td>1%</td>
<td>9.3</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>78</td>
<td>79</td>
<td>(1)%</td>
<td>2.1</td>
</tr>
</tbody>
</table>

**Diluted net earnings per common share from continuing operations** decreased by $0.13 and $0.04 in the current periods, respectively, compared to the prior periods. This decrease was primarily driven by decreased net earnings partially offset by a decrease in common shares outstanding during fiscal year 2008 due to the Company’s repurchase of its common stock (See “Share Repurchases” below). The decrease in net earnings was primarily attributed to increased commodity costs, manufacturing and logistics costs and interest expense, partially offset by cost savings, higher sales and price increases. The nine months ended March 31, 2008, also included increased restructuring and asset impairment charges (See “Restructuring and asset impairment costs” below).

**Net sales** increased 9% and 8% in the current periods, respectively, compared to the prior periods while volume increased 4% and 5%, in the current periods, respectively, compared to the prior periods. The volume increase was driven by higher shipments of bleach and dilutable cleaners in Latin America, the launch of Green Works™, record shipments in Fresh Step® scoopable cat litter, the acquisition of BBI and strong results in Brita® due to increased distribution and market sustainability trends. Partially offsetting these gains were reduced shipments of Glad® products and the impact of poor weather on the auto and Kingsford® charcoal businesses. Net sales growth outpaced volume growth primarily due to pricing, the impact of foreign exchange rates and improved product mix.

**Gross profit** decreased by 350 basis points and 180 basis points as a percentage of sales for the current periods, respectively, compared to the prior periods. The decline as a percentage of sales was largely due to increased commodity costs, primarily resin and agricultural commodities, and higher manufacturing and logistics costs, including the cost of diesel fuel. Also contributing to the decrease during the nine months ended March 31, 2008, was increased trade promotion spending to address competitive activities. In addition, the Company recognized $14 and $19 in the current periods, respectively, resulting from the step-up in inventory values associated with the purchase accounting for BBI and incremental charges of $10 and $15 in the current periods, respectively, included in cost of products sold related to the Company’s Supply Chain and Other restructuring initiatives. These increases were partially offset by cost savings, price increases and the impact of foreign exchange rates.

**Selling and administrative expenses** increased by 12% and 6% in the current periods, respectively, compared to the prior periods. The change was primarily driven by the BBI and bleach business acquisitions, increased selling costs to drive growth in the grocery channel, the impact of foreign exchange rates and increased commissions.
Advertising costs remained relatively unchanged in comparison to the prior periods as the Company continues to support its new products and established brands.

Research and development costs remained relatively unchanged in comparison to the prior periods as the Company continues to support product innovations.

Restructuring and asset impairment costs were $7 and $34, respectively, in the current periods and $9 and $13, respectively, for the prior periods.

In the current periods the Company recognized $4 and $31, respectively, of charges related to the simplification of the Company’s supply chain and other restructuring charges the Company decided to take in light of its Centennial Strategy (Supply Chain and Other restructuring charges). Additionally, incremental charges of $10 and $15, respectively, were included in cost of products sold for the current periods and relate to the Company’s decision to simplify its supply chain. During the Company’s annual impairment assessment of indefinite-lived intangible assets, the Company also recorded $3 of asset impairment costs in the current periods, which are included in the International segment.

The following table summarizes, by operating segment, the costs associated with the Company’s Supply Chain and Other restructuring initiatives for the three and nine months ended March 31, 2008:

<table>
<thead>
<tr>
<th>Three Months Ended 3/31/08</th>
<th>North America</th>
<th>International</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$ 9</td>
<td>$ 1</td>
<td>$ —</td>
<td>$ 10</td>
</tr>
<tr>
<td>Restructuring and asset impairment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Asset impairment</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>3</td>
</tr>
<tr>
<td>Total restructuring and asset impairment costs</td>
<td>4</td>
<td>—</td>
<td>—</td>
<td>4</td>
</tr>
<tr>
<td>Total costs</td>
<td>$ 13</td>
<td>$ 1</td>
<td>$ —</td>
<td>$ 14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nine Months Ended 3/31/08</th>
<th>North America</th>
<th>International</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of products sold</td>
<td>$ 13</td>
<td>$ 2</td>
<td>$ —</td>
<td>$ 15</td>
</tr>
<tr>
<td>Restructuring and asset impairment:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Asset impairment</td>
<td>25</td>
<td>2</td>
<td>—</td>
<td>27</td>
</tr>
<tr>
<td>Total restructuring and asset impairment costs</td>
<td>27</td>
<td>3</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>Total costs</td>
<td>$ 40</td>
<td>$ 5</td>
<td>$ 1</td>
<td>$ 46</td>
</tr>
</tbody>
</table>

The Supply Chain restructuring involves closing certain domestic and international manufacturing facilities. The Company anticipates redistributing production from the international and domestic facilities between the remaining facilities and third-party producers to optimize available capacity and reduce operating costs. As a result of this initiative, a number of positions are being eliminated. The Company anticipates this Supply Chain restructuring to be completed in fiscal year 2010. The projected annual savings at the completion of this restructuring is expected to be approximately $22 to $24. The Other restructuring charges relate primarily to the write-down of certain new venture investments, intangible assets and equipment and the cost of exiting the Company’s private label food bags business which the Company has decided not to pursue in light of its Centennial strategy.
The anticipated charges through fiscal year 2010 relating to the announced Supply Chain and Other restructuring initiatives are estimated to be between $70 and $75, of which the Company expects approximately $58 to $60 to be incurred in fiscal year 2008. The Company expects approximately $49 to $51 of the fiscal year 2008 charges to be in the North America segment, of which approximately $19 to $20 are estimated to be recognized as cost of products sold charges (primarily accelerated depreciation for manufacturing equipment and other costs associated with the Supply Chain initiative), approximately $25 to $26 are estimated to be asset impairment charges and the remainder to be severance charges. The remaining estimated charges will be spread across the International segment and the Corporate segment, and are expected to be classified as cost of products sold, severance and asset impairment. Accrued restructuring costs at March 31, 2008 were $3.

The prior periods’ costs were associated with the restructuring of certain Information Services activities completed in fiscal year 2007 and included severance, transition and other related costs and were reflected in the Company’s Corporate segment; $5 and $13 were included in selling and administrative expenses and $5 and $9 were included in restructuring and asset impairment charges for the three and nine months ended March 31, 2007, respectively. Also included in restructuring and asset impairment costs in the Company’s North America segment for both the three and nine months ended March 31, 2007, was $4 of asset impairment charges.

*Interest expense* increased by $18 and $39, respectively, in the current periods primarily due to an increase in borrowings used to finance the BBI acquisition and ASR (see “Financing Activities” below), partially offset by lower interest rates.

*Other expense (income), net* was $2 and zero for the current periods, compared with $(2) and $(9), respectively, for the prior periods. Foreign exchange losses increased by $6 and $10 in the current periods, respectively, compared to the prior periods primarily in Latin America. In addition, operating losses related to the Company’s investment in low-income housing partnerships increased by $2 and $5 in the current periods, respectively, as compared to the prior periods. The increased costs were partially offset by increased valuation gains on derivative instruments of $2 and $4 in the current periods, respectively, and other smaller items.

*The effective tax rate on continuing operations* was 34.1% and 33.2% for the current periods, respectively, as compared to 33.3% and 34.1% for the prior periods, respectively, on an unrounded basis. The lower rate in the year ago quarter was primarily due to adjustments in prior year tax accruals, offset partially in the current quarter by the statutory phase-in of increased rates for the domestic manufacturing deduction.

The lower current period year-to-date rate in the current period was primarily the result of tax settlements and statutory phase-in of increased rates for the domestic manufacturing deduction.

### Segment Results

The table below represents operating segment information:

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>$ 1,143</td>
<td>$ 1,056</td>
<td>$ 3,169</td>
<td>$ 2,979</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>210</td>
<td>185</td>
<td>609</td>
<td>524</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Company</td>
<td>$ 1,353</td>
<td>$ 1,241</td>
<td>$ 3,778</td>
<td>$ 3,503</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Earnings (Losses) from Continuing Operations Before Income Taxes</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>$ 296</td>
<td>$ 306</td>
<td>$ 839</td>
<td>$ 847</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>32</td>
<td>38</td>
<td>107</td>
<td>106</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(177)</td>
<td>(151)</td>
<td>(493)</td>
<td>(449)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Company</td>
<td>$ 151</td>
<td>$ 193</td>
<td>$ 453</td>
<td>$ 504</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
North America

North America reported 8% net sales growth, 4% volume growth and a 3% decrease in earnings from continuing operations for the current quarter as compared to the year-ago quarter. The segment also reported 6% net sales growth, 5% volume growth and flat earnings from continuing operations for the nine months ended March 31, 2008, as compared to the year-ago period.

Volume growth in the current periods was primarily driven by the acquisition of BBI, the launch of Green Works™, higher shipments of Brita® products and record shipments of Fresh Step® scoopable cat litter. Volume increases were partially offset by decreased shipments of Glad® products due to lower merchandising and increased pricing.

Net sales growth outpaced volume growth primarily due to price increases and the impact of Canadian exchange rates. These increases were partially offset by higher trade promotion spending in response to competitive activity in the nine months ended March 31, 2008.

The decrease in earnings from continuing operations for the current periods primarily reflects higher commodity, manufacturing and logistic costs, and $14 and $19 in the current periods, respectively, of the impact of the recognition of the step-up in inventory values associated with purchase accounting for BBI. In addition to these factors, the current periods include restructuring and asset impairment charges of $4 and $27, respectively.

International

International reported 14% net sales growth, 4% volume growth and a 16% decrease in earnings from continuing operations for the current quarter as compared to the year-ago quarter. The segment also reported 16% net sales growth, 7% volume growth and flat earnings from continuing operations for the nine months ended March 31, 2008, as compared to the year-ago period. Net sales outpaced volume growth in the current periods primarily due to the impact of foreign exchange rates and price increases in Latin America. Volume growth in the current periods was primarily driven by increased shipments of bleach and dilutable cleaners in Latin America as a result of the bleach business acquisition in February 2007. The decrease in earnings from continuing operations for the current quarter primarily reflects increased commodity and manufacturing costs and charges related to restructuring and asset impairment primarily in Latin America. These were partially offset by the impact of foreign exchange rates in the current periods.

Corporate

Losses from continuing operations before income taxes attributable to the corporate segment increased by 17% and 10% for the current periods, respectively, as compared to prior periods. The increases were primarily attributable to increased interest expense as a result of higher average borrowings to finance the Company’s ASR agreement (See “Share Repurchases” below) and the BBI acquisition and increased foreign exchange losses.

Operating Activities

The Company’s financial condition and liquidity remain strong as of March 31, 2008. Net cash provided by operations was $476 for the nine months ended March 31, 2008, compared with $427 net cash provided by operations in the comparable year-ago period. The increase in cash flows was primarily due to decreases in payments of accounts payable and accrued liabilities driven by the timing of payments and increases in receipts of accounts receivable driven by the timing of sales and collections.

Working Capital

The Company’s balance of working capital, defined in this context as total current assets net of total current liabilities, decreased by $111 from June 30, 2007 to March 31, 2008, principally due to an increase of $385 in short term borrowings driven by the issuance of commercial paper in connection with the Company’s acquisition of BBI and the repurchase of its common stock under the ASR agreement (see “Financing Activities” below). This decrease is partially offset by an increase in inventories of $88 primarily due to seasonal inventory builds, the addition of BBI’s working capital of $51 and the reclassification of $53 of income tax liabilities from current to non-current on the Company’s balance sheet as a result of the adoption of Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes—an Interpretation of Financial Accounting Standards Board Statement No. 109, effective July 1, 2007 (see “New Accounting Pronouncements” section below).
Investing Activities

Capital expenditures were $103 during the nine months ended March 31, 2008, compared to $96 in the comparable prior year period. Capital spending as a percentage of net sales was 2.7% during the nine months ended March 31, 2008, compared to 2.8% during the nine months ended March 31, 2007.

During the nine months ended March 31, 2008, the Company acquired BBI, a leading manufacturer and marketer of natural personal care products, for an aggregate price of $913, excluding $25 for tax benefits associated with the agreement. The Company also incurred $8 of costs in connection with the acquisition of BBI. In addition, the Company paid $25 for tax benefits associated with the acquisition. Assets, acquired at fair value, included cash of $33, inventory of $45, other current assets of $24, property, plant and equipment of $16, goodwill of $618, trademarks of $322, other intangibles of $52 and other assets of $1. Liabilities assumed, at fair value, included accounts payables and accrued liabilities of $58, and deferred taxes of $140. The other intangibles will be amortized over a weighted-average estimated useful life of 16 years. Changes to the fair values of the assets acquired, liabilities assumed and estimated useful life assumptions may be adjusted in future periods as the Company finalizes its estimates.

The Company purchased bleach businesses in Canada, effective December 29, 2006, for $56, and in certain countries in Latin America, effective February 28, 2007, for $67. The total aggregate price of the purchases was $123.

Financing Activities

Net cash provided by financing activities was $630 for the nine months ended March 31, 2008, compared with net cash used for financing activities of $234 in the comparable year-ago period. The increase in cash provided by financing activities was primarily due to borrowings to finance the acquisition of BBI.

In October 2007, the Company issued $750 of debt in notes. The Company issued $350 of notes at 5.45% which are due in October 2012 with an effective rate of 5.66% and $400 of notes at 5.95% which are due in October 2017 with an effective rate of 6.09%. Interest is payable semi-annually in April and October. Proceeds from the notes were used to retire commercial paper.

In March 2008, the Company issued $500 of debt in notes at 5.00% and due in March 2013 with an effective rate of 5.18%. Interest is payable semi-annually in March and September. Proceeds from the notes were used to retire commercial paper.

Credit Arrangements

As of March 31, 2008, the Company had $1,300 in revolving credit agreements, with $165 set to expire in December 2009 and the remainder set to expire in December 2010. There were no borrowings under these credit agreements, which were available for general corporate purposes and to support commercial paper issuances. During the quarter ended March 31, 2008, upon issuance of $500 in Senior Notes, the Company cancelled a $500 revolving credit agreement set to expire in May 2008. In addition, the Company had $86 of foreign working capital credit lines and other facilities at March 31, 2008, of which $63 was available for borrowing. The Company is in compliance with all restrictive covenants and limitations as of March 31, 2008.

On April 16, 2008, the $1,300 in revolving credit agreements were cancelled and replaced by a $1,200 revolving credit agreement, which expires in April 2013, and is available for general corporate purposes and to support commercial paper issuances. The $1,200 revolving credit agreement includes certain restrictive covenants.

Share Repurchases

The Company has two share repurchase programs: an open-market program, and a program to offset the impact of share dilution related to share-based awards (Evergreen Program).
During the nine months ended March 31, 2008 and 2007, the Company repurchased $118 (2.0 million shares) and $89 (1.4 million shares), respectively, under its evergreen program to offset the impact of share dilution related to share-based awards. In addition, on August 10, 2007, the Company entered into an accelerated share repurchase (ASR) agreement with two investment banks. Under the ASR agreement, the Company repurchased $750 of its shares of common stock from the investment banks for an initial per share amount of $59.59, subject to adjustment. The banks delivered an initial amount of 10.9 million shares to the Company on August 15, 2007. Under the terms of the ASR agreement, the final number of shares the Company repurchased and the timing of the final settlement depended on prevailing market conditions, the final discounted volume weighted average share price over the term of the ASR agreement and other customary adjustments. The final purchase price adjustment was settled on January 17 and 23, 2008, resulting in the receipt of an additional 1.1 million shares by the Company. The final settlement under the ASR agreement did not require the Company to make any additional cash or share payments. Upon final settlement, the average per share amount paid for all shares purchased under the ASR agreement was $62.08. The total number of shares received under the ASR agreement reduced the weighted number of common shares outstanding by 11.9 million shares and 9.7 million shares for the three and nine months ended March 31, 2008, respectively.

All of the shares repurchased under the ASR agreement were applied against the open-market program, which fully utilized the remaining authorization.

No shares were repurchased under the open-market program during the nine months ended March 31, 2007.

Valuation of Goodwill and Indefinite-Lived Intangible Assets

In the third fiscal quarter of 2008, the Company performed its annual review of goodwill and indefinite-lived intangible assets, and recorded $3 of asset impairment costs related to indefinite-lived intangible assets which were included as part of the International segment. No instances of goodwill impairment were identified.

Guarantees

In conjunction with divestitures and other transactions, the Company may provide indemnifications relating to the enforceability of trademarks; pre-existing legal, tax, environmental and employee liabilities; as well as provisions for product returns and other items. The Company has indemnification agreements in effect that specify a maximum possible indemnification exposure. The Company’s aggregate maximum exposure from these agreements is $291, which consists primarily of an indemnity of up to $250 made to Henkel in connection with the Share Exchange Agreement, subject to a minimum threshold of $12 before any payments would be made. As of March 31, 2008, the Company had not made, nor does it anticipate making, any payments relating to the indemnities contained in the Share Exchange Agreement. The general representations and warranties made by the Company in connection with the Henkel Share Exchange Agreement were made to guarantee statements of fact at the time of the transaction closing and pertain to environmental, legal and other matters.

In addition to the indemnifications related to the general representations and warranties, the Company entered into an agreement with Henkel regarding certain tax matters. The Company and Henkel agreed to be responsible for each other’s taxes on the transaction if their respective actions result in a breach of certain tax representations and warranties in a manner that causes the share-exchange to fail to qualify for tax-free treatment. The Company is unable to estimate the amount of maximum potential liability relating to the tax indemnification but notes that the tax exposure, if any, could be very significant. Any exposure under the agreement would be limited to taxes assessed prior to the expiration of the statute of limitations period for assessing taxes on the share exchange transaction.

During the first quarter of fiscal year 2008, the Company entered into an agreement with the IRS, agreeing to the tax-free treatment of the share exchange transaction. Henkel has advised the Company that the IRS has completed its audit of Henkel’s U.S. group’s federal income tax return for the year in which the share exchange transaction took place and did not propose any adjustments to Henkel’s tax-free treatment of the share exchange transaction. Thus, while the statutes of limitations permitting IRS assessment of tax against the Company and Henkel with respect to the share exchange transaction remain open, it appears likely that the tax-free treatment of the exchange transaction will be sustained.

The Company is a party to letters of credit of $22, primarily related to one of its insurance carriers.

The Company has not recorded any liabilities on any of the aforementioned guarantees at March 31, 2008.
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Contingencies

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations. The Company has a recorded liability of $20 and $23 at March 31, 2008 and June 30, 2007, respectively, for its share of the related aggregate future remediation cost. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounts for a substantial majority of the recorded liability at both March 31, 2008 and June 30, 2007. The Company is subject to a cost-sharing arrangement with another party for this matter, under which the Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs, other than legal fees, as the Company and the other party are each responsible for their own such fees. The other party in this matter reported substantial net losses for calendar years 2007 and 2006. If the other party with whom the Company shares joint and several liability is unable to pay its share of the response and remediation obligations, the Company would likely be responsible for such obligations. In October 2004, the Company and the other party agreed to a consent judgment with the Michigan Department of Environmental Quality, which sets forth certain remediation goals and monitoring activities. Based on the current status of this matter, and with the assistance of environmental consultants, the Company maintains an undiscounted liability representing its best estimate of its share of costs associated with the capital expenditures, maintenance and other costs to be incurred over an estimated 30-year remediation period. The most significant components of the liability relate to the estimated costs associated with the remediation of groundwater contamination and excess levels of subterranean methane deposits. Currently, the Company cannot accurately predict the timing of the payments that will likely be made under this estimated obligation. In addition, the Company’s estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the timing, varying costs and alternative clean-up technologies that may become available in the future. Although it is possible that the Company’s exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

The Company is subject to various other lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, employee and other matters. Although the results of claims and litigation cannot be predicted with certainty, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material adverse effect, individually or in the aggregate, on the Company’s consolidated financial statements taken as a whole.

New Accounting Pronouncements

In September 2006, the FASB issued Statements of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, delaying the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis. The delayed portions of SFAS No. 157 will be adopted by the Company beginning in its fiscal year ending June 30, 2010, while all other portions of the standard will be adopted by the Company beginning in its fiscal year ending June 30, 2009, as required. The Company is currently evaluating the impact SFAS No. 157 will have on its consolidated financial statements, when it becomes effective.

On July 1, 2007, the Company adopted FIN 48. This Interpretation prescribes a consistent recognition threshold and measurement standard, as well as criteria for subsequently recognizing, derecognizing, classifying and measuring tax positions for financial statement purposes.

The cumulative effect of adopting FIN 48 was recorded as a $10 reduction to beginning retained earnings. FIN 48 requires uncertain tax positions to be classified as non-current income tax liabilities unless expected to be paid within one year. Upon adoption of FIN 48, income tax liabilities of $53 were reclassified from current to non-current on the Company’s balance sheet. As of July 1, 2007 and March 31, 2008, the Company had not recognized the following tax benefits in its consolidated financial statements:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total unrecognized tax benefits</td>
<td>$ 141</td>
<td>$ 150</td>
</tr>
<tr>
<td>Unrecognized tax benefits that would affect the Company’s effective tax rate, if recognized</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of July 1, 2007 and March 31, 2008, the total balance of accrued interest related to uncertain tax positions was $36 and $42, respectively. For the three and nine months ended March 31, 2008, income tax expense includes $1 and $6, respectively, of interest. No amounts were accrued for penalties.
The Company files income tax returns in the U.S. federal and various state, local and foreign jurisdictions. The Internal Revenue Service (IRS) was examining the Company’s 2003 and 2004 income tax returns as of July 1, 2007, and the Company’s 2003 through 2006 income tax returns as of March 31, 2008. Certain issues relating to 2001 and 2002 are also under review by the IRS Appeals Division. Various income tax returns in state and foreign jurisdictions are currently in the process of examination. In the twelve months succeeding July 1, 2007 and March 31, 2008, audit resolutions could potentially reduce total unrecognized tax benefits by up to $82 and $68, respectively, primarily as a result of cash payments. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations (SFAS No. 141-R). SFAS No. 141-R will significantly change the accounting for future business combinations after adoption. SFAS No. 141-R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non controlling interest in the acquired business. SFAS No. 141-R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141-R is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. This Statement will be adopted by the Company beginning in its fiscal year ending June 30, 2010, as required. The Company is currently evaluating the impact SFAS No. 141-R will have on its consolidated financial statements, when it becomes effective.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51. This statement establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary (commonly referred to as minority interest) and for the deconsolidation of a subsidiary. SFAS No. 160 establishes accounting and reporting standards that require the noncontrolling interest to be reported as a component of equity. Changes in a parent’s ownership interest while the parent retains its controlling interest will be accounted for as equity transactions and any retained noncontrolling equity investment upon the deconsolidation of a subsidiary will be initially measured at fair value. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. This Statement will be adopted by the Company beginning in its fiscal year ending June 30, 2010, as required. The Company is currently evaluating the impact SFAS No. 160 will have on its consolidated financial statements, when it becomes effective.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of SFAS No. 133. This Statement requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement will be adopted by the Company no later than the beginning of the third quarter of its fiscal year ending June 30, 2009, as required. The Company is currently evaluating the impact SFAS No. 161 will have on its consolidated financial statements, when it becomes effective.
Cautionary Statement

This Quarterly Report 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, 2007, 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; general economic and marketplace conditions and events, including consumer spending levels, the rate of economic growth, and the rate of inflation; the ability of the company to implement and generate expected savings from its programs to reduce costs, including its supply chain restructuring; consumer and customer reaction to price increases; 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; the company’s actual cost performance; changes in the company’s tax rate; any future supply constraints that may affect key commodities; risks inherent in sole-supplier relationships; risks related to customer concentration; risks arising out of natural disasters; risks related to the handling and/or transportation of hazardous substances, including but not limited to chlorine; risks inherent in litigation; risks relating to international operations, including the risk associated with foreign currencies; the impact of the volatility of the debt markets on the company’s access to funds; 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 agreement relating to the provision of information technology and related services by a third party; the success of new products; risks relating to acquisitions, mergers and divestitures; risks relating to changes in the company’s capital structure; and the ability of the company to successfully manage tax, regulatory, product liability, intellectual property, environmental and other legal matters, including the risk resulting from joint and several liability for environmental contingencies. In addition, the company’s future performance is subject to risks related to its November 2004 share exchange transaction with Henkel KGaA, the tax indemnification obligations and the actual level of debt costs. Declines in cash flow, whether resulting from tax payments, debt payments, share repurchases, interest cost increases greater than management expects, 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. 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.
Item 3.  Quantitative and Qualitative Disclosure about Market Risk

Although the Company has taken a number of measures, including price increases, to respond to the economic conditions that have led to increased raw-material and energy costs, there have not been any material changes to the Company’s market risk during the three and nine months ended March 31, 2008. For additional information, refer to the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

Item 4.  Controls and Procedures

The Company’s management, with the participation of the Company’s chief executive officer and chief financial officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the chief executive officer and chief financial officer concluded that the Company’s disclosure controls and procedures, as of the end of the period covered by this report, were designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding disclosure. There was no change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.
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PART II – OTHER INFORMATION (Unaudited)

Item 1.A. Risk Factors
For information regarding Risk Factors, please refer to Item 1.A. in the Company’s Annual Report on Form 10-K for the year ended June 30, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
The following table sets out the purchases of the Company’s securities by the Company and any affiliated purchasers within the meaning of Rule 10b-18(a)(3) (17 CFR 240.10b-18(a)(3)) during the third quarter of fiscal year 2008.

<table>
<thead>
<tr>
<th>Period</th>
<th>[a] Total Number of Shares (or Units)</th>
<th>[b] Average Price Paid per Share (or Unit)</th>
<th>[c] Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</th>
<th>[d] Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1 to 31, 2008</td>
<td>1,137,339</td>
<td>$62.10</td>
<td>1,130,518</td>
<td>$—</td>
</tr>
<tr>
<td>February 1 to 29, 2008</td>
<td>536</td>
<td>$63.09</td>
<td>—</td>
<td>$—</td>
</tr>
<tr>
<td>March 1 to 31, 2008</td>
<td>170</td>
<td>$56.83</td>
<td>—</td>
<td>$—</td>
</tr>
</tbody>
</table>

(1) Of the 1,137,339 shares purchased in January 2008, 5,799 shares relate to the surrender to the Company of shares of common stock to satisfy withholding obligations in connection with the distribution of performance shares granted to a retired executive officer, 100 shares relate to the surrender to the Company of already-owned shares of common stock to pay the exercise price or to satisfy tax withholding obligations in connection with the exercise of employee stock options, and 922 shares relate to the surrender to the Company of shares of common stock to satisfy withholding obligations in connection with the distribution of deferred stock units granted to a former director. The remaining 1,130,518 shares relate to the final settlement of a $750,000,000 accelerated share repurchase agreement entered into by the Company with two investment banks in August 2007, based on a per share amount of $62.08. The 536 shares purchased in February 2008 and 170 shares purchased in March 2008 relate to the surrender to the Company of shares of common stock to satisfy withholding obligations in connection with the vesting of restricted stock granted to employees.

(2) On September 1, 1999, the Company announced a share repurchase program to reduce or eliminate dilution upon the issuance of shares pursuant to the Company’s stock compensation plans. The program initiated in 1999 has no specified cap and therefore is not included in column [d] above. On November 15, 2005, the Board of Directors authorized the extension of the 1999 program to reduce or eliminate dilution in connection with issuances of common stock pursuant to the Company’s 2005 Stock Incentive Plan.
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Item 6. Exhibits

(a) Exhibits

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.54</td>
<td>The Clorox Company Annual Incentive Plan, amended and restated as of February 7, 2008.</td>
</tr>
<tr>
<td>10.56</td>
<td>Change in Control Agreement between The Clorox Company and Donald R. Knauss, amended and restated as of February 7, 2008.</td>
</tr>
<tr>
<td>10.59</td>
<td>Form of Change in Control Agreement, amended and restated as of February 7, 2008.</td>
</tr>
<tr>
<td>10.60</td>
<td>Form of Employment Agreement, amended and restated as of February 7, 2008.</td>
</tr>
<tr>
<td>10.61</td>
<td>Underwriting Agreement dated February 27, 2008 (filed as Exhibit 1.1 to the Current Report on Form 8-K filed on February 29, 2008, incorporated herein by reference).</td>
</tr>
<tr>
<td>31.1</td>
<td>Certification by the Chief Executive Officer of the Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>31.2</td>
<td>Certification by the Chief Financial Officer of the Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>32</td>
<td>Certification by the Chief Executive Officer and Chief Financial Officer of the Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
</tbody>
</table>
SIGNATURE

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 2, 2008

BY /s/ Thomas D. Johnson
Thomas D. Johnson
Vice President – Controller
EXHIBIT INDEX

10.54 The Clorox Company Annual Incentive Plan, amended and restated as of February 7, 2008.
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31.2 Certification by the Chief Financial Officer of the Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32 Certification by the Chief Executive Officer and Chief Financial Officer of the Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
1. Establishment, Objectives and Duration

(a) Establishment of the Plan. The Clorox Company, a Delaware corporation (hereinafter referred to as the “Company”), hereby establishes an incentive compensation plan to be known as “The Clorox Company 2005 Stock Incentive Plan” (hereinafter referred to as the “Plan”). The Plan permits the granting of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards. The Plan is effective as of November 16, 2005 (the “Effective Date”), subject to the approval of the Plan by the stockholders of the Company at the 2005 Annual Meeting. Definitions of capitalized terms used in the Plan are contained in the attached Glossary, which is an integral part of the Plan.

(b) Objectives of the Plan. The objectives of the Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Participants and to optimize the profitability and growth of the Company through incentives that are consistent with the Company’s goals and that link the personal interests of Participants to those of the Company’s stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Participants who make or are expected to make significant contributions to the Company’s success and to allow Participants to share in the success of the Company.

(c) Duration of the Plan. No Award may be granted under the Plan after the day immediately preceding the tenth (10th) anniversary of the Effective Date, or such earlier date as the Board or the Committee shall determine. The Plan will remain in effect with respect to outstanding Awards until no Awards remain outstanding.

2. Administration of the Plan

(a) The Committee. The Plan shall be administered by the Management Development and Compensation Committee of the Board or such other committee (the “Committee”) as the Board shall select consisting of two or more members of the Board each of whom is intended to be a “non-employee director” within the meaning of Rule 16b-3 (or any successor rule) of the Exchange Act, an “outside director” under regulations promulgated under Section 162(m) of the Code, and an “independent director” under New York Stock Exchange Listing standards. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board.
(b) Authority of the Committee. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Committee hereunder), and except as otherwise provided by the Board, the Committee shall have full and final authority in its discretion to take all actions determined by the Committee to be necessary in the administration of the Plan, including, without limitation, discretion to:

(i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder;

(ii) determine whether and to what extent Awards are granted hereunder;

(iii) determine the size and types of Awards granted hereunder;

(iv) approve forms of Award Agreement for use under the Plan;

(v) determine the terms and conditions of any Award granted hereunder;

(vi) establish performance goals for any Performance Period and determine whether such goals were satisfied;

(vii) amend the terms of any outstanding Award granted under the Plan in the event of a Participant’s termination of employment or in the event of a Change in Control, provided that, except as otherwise provided in Section 18, no such amendment shall reduce the Exercise Price of outstanding Options or the grant price of outstanding SARs without the approval of the stockholders of the Company, and provided further, that any amendment that would adversely affect the Participant’s rights under an outstanding Award shall not be made without the Participant’s written consent;

(viii) construe and interpret the terms of the Plan and any Award Agreement entered into under the Plan, and to decide all questions of fact arising in its application; and

(ix) take such other action, not inconsistent with the terms of the Plan, as the Committee deems appropriate.

As permitted by Applicable Laws, the Committee may delegate its authority as identified herein, including the power and authority to make Awards to Participants who are not “insiders” subject to Section 16(b) of the Exchange Act, pursuant to such conditions and limitations as the Committee may establish.

(c) Effect of Committee’s Decision. All decisions, determinations and interpretations of the Committee shall be final, binding and conclusive on all persons, including the Company, its Subsidiaries, its stockholders, Employees, Directors, Consultants and their estates and beneficiaries.

3. Shares Subject to the Plan; Effect of Grants; Individual Limits.

(a) Number of Shares Available for Grants. Subject to adjustment as provided in Section 18 hereof, the maximum number of Shares which may be issued pursuant to Awards under the Plan shall be 2,000,000 Shares, plus any Shares remaining available for issuance under the Prior Plans as of the Effective Date, plus the number of Shares subject to outstanding awards under the Prior Plans at the Effective Date that are deemed not delivered under the Prior Plans pursuant to paragraphs (i), (ii), (iii) or (iv) of this Section 3(a).
(i) Shares that are potentially deliverable under an Award or a Prior Plan award that expires or is canceled, forfeited, settled in cash or otherwise settled without the delivery of Shares shall not be treated as having been issued under the Plan or a Prior Plan.

(ii) Shares that are held back or tendered (either actually or constructively by attestation) to cover the exercise price or tax withholding obligations with respect to an Award or Prior Plan award shall not be treated as having been issued under the Plan or a Prior Plan.

(iii) Shares that are issued pursuant to awards that are assumed, converted or substituted in connection with a merger, acquisition, reorganization or similar transaction shall not be treated as having been issued under the Plan.

(iv) Shares that are repurchased in the open market with Option Proceeds from Awards or Prior Plan awards shall not be treated as having been issued under the Plan or a Prior Plan; provided, however, that the aggregate number of Shares deemed not issued pursuant to the repurchase of Shares with Option Proceeds shall not be greater than the amount of such proceeds divided by the Fair Market Value of a Share on the date of exercise of the Option or Prior Plan option giving rise to such proceeds.

Notwithstanding paragraphs (i) through (iv) above, for purposes of determining the number of Shares available for grant as Incentive Stock Options, only Shares that are subject to an Award or a Prior Plan award that expires or is cancelled, forfeited or settled in cash shall be treated as not having been issued under the Plan or a Prior Plan.

The Shares to be issued pursuant to Awards may be authorized but unissued Shares or treasury Shares.

(b) Individual Limits. Subject to adjustment as provided in Section 18 hereof, the following rules shall apply with respect to Awards:

(i) Options and SARs: The maximum aggregate number of Shares with respect to which Options and SARs may be granted in any 36-month period to any one Participant shall be 2,000,000 Shares.

(ii) Restricted Stock, Restricted Stock Units, Performance Shares and Other Stock-Based Awards: The maximum aggregate number of Shares of Restricted Stock and Shares with respect to which Restricted Stock Units, Performance Shares and Other Stock-Based Awards may be granted in any 36-month period to any one Participant shall be 800,000 Shares.

(iii) Performance Units: The maximum aggregate compensation that can be paid pursuant to Performance Units awarded in any one fiscal year to any one Participant shall be $10,000,000 or a number of Shares having an aggregate Fair Market Value not in excess of such amount.
4. Eligibility and Participation.

(a) Eligibility. Persons eligible to participate in the Plan include all Employees, Directors and Consultants.

(b) Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, Directors and Consultants, those to whom Awards shall be granted and shall determine the nature and amount of each Award. The Committee may establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable foreign jurisdictions and to afford Participants favorable treatment under such laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan.

5. Types of Awards.

(a) Type of Awards. Awards under the Plan may be in the form of Options (both Nonqualified Stock Options and/or Incentive Stock Options), SARs, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards.

(b) Designation of Award. Each Award shall be designated in the Award Agreement.

6. Options.

(a) Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Exercise Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine including, but not limited to, the Option vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, and payment contingencies. The Award Agreement also shall specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option. Options that are intended to be Incentive Stock Options shall be subject to the limitations set forth in Section 422 of the Code.

(c) Exercise Price. Except for Options adjusted pursuant to Section 18 herein, and replacement Options granted in connection with a merger, acquisition, reorganization or similar transaction, the Exercise Price for each grant of an Option shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted. However, in the case of an Incentive Stock Option granted to a Participant who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Subsidiary, the Exercise Price for each grant of an Option shall not be less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date the Option is granted.
(d) **Term of Options**. The term of an Option granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that such term shall not exceed ten (10) years. However, in the case of an Incentive Stock Option granted to a Participant who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(e) **Exercise of Options**. Options granted under this Section 6 shall be exercisable at such times and be subject to such restrictions and conditions as set forth in the Award Agreement and as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant; provided, however, that except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, no Option may be exercisable prior to one (1) year from the date of grant.

(f) **Payments**. Options granted under this Section 6 shall be exercised by the delivery of a written notice to the Company, setting forth the number of Shares with respect to which the Option is to be exercised and specifying the method of the Exercise Price. The Exercise Price of an Option shall be payable to the Company: (i) in cash or its equivalent, (ii) by tendering (either actually or constructively by attestation) Shares having an aggregate Fair Market Value at the time of exercise equal to the Exercise Price, (iii) in any other manner then permitted by the Committee, or (iv) by a combination of any of the permitted methods of payment. The Committee may limit any method of payment, other than that specified under (i), for administrative convenience, to comply with Applicable Laws or otherwise.

(g) **Restrictions on Share Transferability**. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Section 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

(h) **Termination of Employment or Service**. Each Participant’s Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant’s employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options, and may reflect distinctions based on the reasons for termination of employment or service.

7. **Stock Appreciation Rights**.

(a) **Grant of SARs**. Subject to the terms and provisions of the Plan, SARs may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SAR.
(b) Award Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Committee shall determine.

(c) Grant Price. The grant price of a Freestanding SAR shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant of the SAR, and the grant price of a Tandem SAR shall equal the Exercise Price of the related Option; provided, however, that these limitations shall not apply to Awards that are adjusted pursuant to Section 18 herein.

(d) Term of SARs. The term of an SAR granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that such term shall not exceed ten (10) years.

(e) Exercise of Tandem SARs. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. To the extent exercisable, Tandem SARs may be exercised for all or part of the Shares subject to the related Option. The exercise of all or part of a Tandem SAR shall result in the forfeiture of the right to purchase a number of Shares under the related Option equal to the number of Shares with respect to which the SAR is exercised. Conversely, upon exercise of all or part of an Option with respect to which a Tandem SAR has been granted, an equivalent portion of the Tandem SAR shall similarly be forfeited.

Notwithstanding any other provision of the Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Exercise Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Exercise Price of the ISO.

(f) Exercise of Freestanding SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them and sets forth in the Award Agreement; provided, however, that except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, no Freestanding SARs may be exercisable prior to one (1) year from the date of grant.

(g) Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(i) the difference between the Fair Market Value of a Share on the date of exercise over the grant price; by

(ii) the number of Shares with respect to which the SAR is exercised.
At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

(h) Termination of Employment or Service. Each SAR Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant’s employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all SARs, and may reflect distinctions based on the reasons for termination of employment or service.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, Restricted Stock may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each Restricted Stock grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine.

(c) Period of Restriction and Other Restrictions. Except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, an Award of Restricted Stock shall have a minimum Period of Restriction of three (3) years, which period may, at the discretion of the Committee, lapse on a pro-rated, graded, or cliff basis (as specified in an Award Agreement); provided, however, that in the Committee’s sole discretion, up to five percent (5%) of the Shares available for issuance as Full-Value Awards under the Plan may have a shorter Period of Restriction, but in no case less than one (1) year. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock, a requirement that the issuance of Shares of Restricted Stock be delayed, restrictions based upon the achievement of specific performance goals, additional time-based restrictions, and/or restrictions under Applicable Laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Stock. The Company may retain in its custody any certificate evidencing the Shares of Restricted Stock and place thereon a legend and institute stop-transfer orders on such Shares, and the Participant shall be obligated to sign any stock power requested by the Company relating to the Shares to give effect to the forfeiture provisions of the Restricted Stock.

(d) Removal of Restrictions. Subject to Applicable Laws, Restricted Stock shall become freely transferable by the Participant after the last day of the Period of Restriction applicable thereto. Once Restricted Stock is released from the restrictions, the Participant shall be entitled to receive a certificate evidencing the Shares.
(e) **Voting Rights.** Unless otherwise determined by the Committee and set forth in a Participant’s Award Agreement, to the extent permitted or required by Applicable Laws, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares during the Period of Restriction.

(f) **Dividends and Other Distributions.** Except as otherwise provided in a Participant’s Award Agreement, during the Period of Restriction, Participants holding Shares of Restricted Stock shall receive all regular cash Dividends paid with respect to all Shares while they are so held, and, except as otherwise determined by the Committee, all other distributions paid with respect to such Restricted Stock shall be credited to Participants subject to the same restrictions on transferability and forfeitability as the Restricted Stock with respect to which they were paid and paid at such time following full vesting as are paid the Shares of Restricted Stock with respect to which such distributions were made.

(g) **Termination of Employment or Service.** Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain unvested Restricted Stock following termination of the Participant’s employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards of Restricted Stock, and may reflect distinctions based on the reasons for termination of employment or service.

9. **Restricted Stock Units.**

(a) **Grant of Restricted Stock Units.** Subject to the terms and provisions of the Plan, Restricted Stock Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) **Award Agreement.** Each grant of Restricted Stock Units shall be evidenced by an Award Agreement that shall specify the applicable Period of Restriction, the number of Restricted Stock Units granted, and such other provisions as the Committee shall determine.

(c) **Value of Restricted Stock Units.** The initial value of a Restricted Stock Unit shall equal the Fair Market Value of a Share on the date of grant; provided, however, that this restriction shall not apply to Awards that are adjusted pursuant to Section 18 herein.

(d) **Period of Restriction.** Except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, an Award of Restricted Stock Units shall have a minimum Period of Restriction of three (3) years, which period may, at the discretion of the Committee, lapse on a pro-rated, graded, or cliff basis; provided, however, that in the Committee’s sole discretion, up to five percent (5%) of the Shares available for issuance as Full-Value Awards under the Plan may have a shorter Period of Restriction, but in no case less than one (1) year.

(e) **Form and Timing of Payment.** Except as otherwise provided in Section 19 herein or a Participant’s Award Agreement, payment of Restricted Stock Units shall be made at a specified settlement date that shall not be earlier than the last day of the Period of Restriction. The Committee, in its sole discretion, may pay earned Restricted Stock Units by delivery of Shares or by payment in cash of an amount equal to the Fair Market Value of such Shares (or a combination thereof). The Committee may provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant.
(f) **Voting Rights**. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

(g) **Termination of Employment or Service**. Each Award Agreement shall set forth the extent to which the Participant shall have the right to receive a payout respecting an Award of Restricted Stock Units following termination of the Participant’s employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Restricted Stock Units, and may reflect distinctions based on the reasons for termination of employment or service.

10. **Performance Shares**

(a) **Grant of Performance Shares**. Subject to the terms and provisions of the Plan, Performance Shares may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) **Award Agreement**. Each grant of Performance Shares shall be evidenced by an Award Agreement that shall specify the applicable Performance Period(s) and Performance Measure(s), the number of Performance Shares granted, and such other provisions as the Committee shall determine; provided, however, that except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, in no case shall a Performance Period be for a period of less than one (1) year.

(c) **Value of Performance Shares**. The initial value of a Performance Share shall equal the Fair Market Value of a Share on the date of grant; provided, however, that this restriction shall not apply to Awards that are adjusted pursuant to Section 18 herein.

(d) **Form and Timing of Payment**. Except as otherwise provided in Section 19 herein or a Participant’s Award Agreement, payment of Performance Shares shall be made at a specified settlement date that shall not be earlier than the last day of the Performance Period. The Committee, in its sole discretion, may pay earned Performance Shares by delivery of Shares or by payment in cash of an amount equal to the Fair Market Value of such Shares (or a combination thereof). The Committee may provide that settlement of Performance Shares shall be deferred, on a mandatory basis or at the election of the Participant.

(e) **Voting Rights**. A Participant shall have no voting rights with respect to any Performance Shares granted hereunder.

(f) **Termination of Employment or Service**. Each Award Agreement shall set forth the extent to which the Participant shall have the right to receive a payout respecting an Award of Performance Shares following termination of the Participant’s employment or, if the Participant is a Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Participants, and may reflect distinctions based on the reasons for termination of employment or service.
11. Performance Units.

(a) Grant of Performance Units. Subject to the terms and conditions of the Plan, Performance Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each grant of Performance Units shall be evidenced by an Award Agreement that shall specify the number of Performance Units granted, the Performance Period(s) and Performance Measure(s), the performance goals and such other provisions as the Committee shall determine; provided, however, that except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, in no case shall a Performance Period be for a period of less than one (1) year.

(c) Value of Performance Units. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met, will determine the number and/or value of Performance Units that will be paid out to the Participants.

(d) Form and Timing of Payment. Except as otherwise provided in Section 19 herein or a Participant’s Award Agreement, payment of earned Performance Units shall be made following the close of the applicable Performance Period. The Committee, in its sole discretion, may pay earned Performance Units in cash or in Shares that have an aggregate Fair Market Value equal to the value of the earned Performance Units (or a combination thereof). The Committee may provide that settlement of Performance Units shall be deferred, on a mandatory basis or at the election of the Participant.

(e) Voting Rights. A Participant shall have no voting rights with respect to any Performance Units granted hereunder.

(f) Termination of Employment or Service. Each Award Agreement shall set forth the extent to which the Participant shall have the right to receive a payout respecting an Award of Performance Units following termination of the Participant’s employment or, if the Participant is a Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Performance Units and may reflect distinctions based on reasons for termination of employment or service.

12. Other Stock-Based Awards.

(a) Grant. The Committee shall have the right to grant other Awards that may include, without limitation, the grant of Shares based on attainment of performance goals established by the Committee, the payment of Shares as a bonus or in lieu of cash based on attainment of performance goals established by the Committee, and the payment of Shares in lieu of cash under other Company incentive or bonus programs.
(b) Period of Restriction. Except as otherwise provided in a Participant’s Award Agreement upon a termination of employment or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, Awards granted pursuant to this Section 12 shall have a minimum Period of Restriction of three (3) years, which period may, at the discretion of the Committee, lapse on a pro-rated, graded, or cliff basis (as specified in an Award Agreement); provided, however, that in the Committee’s sole discretion, up to five percent (5%) of the Shares available for issuance as Full-Value Awards under the Plan may have a shorter Period of Restriction, but in no case less than one (1) year. Notwithstanding the above, an Award of payment Shares in lieu of cash under other Company incentive or bonus programs shall not be subject to the minimum Period of Restriction limitations described above.

(c) Payment of Other Stock-Based Awards. Subject to Section 12(b) hereof, payment under or settlement of any such Awards shall be made in such manner and at such times as the Committee may determine. The Committee may provide that settlement of Other Stock-Based Awards shall be deferred, on a mandatory basis or at the election of the Participant.

(d) Termination of Employment or Service. The Committee shall determine the extent to which the Participant shall have the right to receive Other Stock-Based Awards following termination of the Participant’s employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, such provisions may be included in an agreement entered into with each Participant, but need not be uniform among all Other Stock-Based Awards, and may reflect distinctions based on the reasons for termination of employment or service.

13. Dividend Equivalents. At the discretion of the Committee, Awards granted pursuant to the Plan may provide Participants with the right to receive Dividend Equivalents, which may be paid currently or credited to an account for the Participants, and may be settled in cash and/or Shares, as determined by the Committee in its sole discretion, subject in each case to such terms and conditions as the Committee shall establish.


(a) The Committee may specify that the attainment of one or more of the Performance Measures set forth in this Section 14 shall determine the degree of granting, vesting and/or payout with respect to Awards that the Committee intends will qualify for the Performance-Based Exception. The performance goals to be used for such Awards shall be chosen from among the following performance measures (the “Performance Measures”): total shareholder return, stock price, net customer sales, volume, gross profit, gross margin, operating profit, operating margin, management profit, earnings from continuing operations before income taxes, earnings from continuing operations, earnings per share from continuing operations, net operating profit after tax, net earnings, net earnings per share, return on assets, return on investment, return on equity, return on invested capital, cost of capital, average capital employed, cash value added, economic value added, cash flow, cash flow from operations, working capital, working capital as a percentage of net customer sales, asset growth, asset turnover, market share, customer satisfaction, and employee satisfaction. The targeted level or levels of performance with respect to such Performance Measures may be established at such levels and on such terms as the Committee may determine, in its discretion, on a corporate-wide basis or with respect to
one or more business units, divisions, subsidiaries, business segments or functions, and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies. Awards that are not intended to qualify for the Performance-Based Exception may be based on these or such other performance measures as the Committee may determine.

(b) Unless otherwise determined by the Committee, measurement of performance goals with respect to the Performance Measures above shall exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, as well as the cumulative effects of tax or accounting changes, each as determined in accordance with generally accepted accounting principles or identified in the Company’s financial statements, notes to the financial statements, management’s discussion and analysis or other filings with the SEC.

(c) Performance goals may differ for Awards granted to any one Participant or to different Participants.

(d) Achievement of performance goals in respect of Awards intended to qualify under the Performance-Based Exception shall be measured over a Performance Period specified in the Award Agreement, and the goals shall be established not later than 90 days after the beginning of the Performance Period or, if less than 90 days, the number of days which is equal to 25% of the relevant Performance Period applicable to the Award.

(e) The Committee shall have the discretion to adjust the determinations of the degree of attainment of the pre-established performance goals; provided, however, that Awards that are designed to qualify for the Performance-Based Exception may not be adjusted upward (the Committee may, in its discretion, adjust such Awards downward).

15. **Transferability of Awards**. Incentive Stock Options may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, and shall be exercisable during a Participant’s lifetime only by such Participant. Other Awards shall be transferable to the extent provided in the Award Agreement, except that no Award may be transferred for consideration.

16. **Taxes**. The Company shall have the power and right, prior to the delivery of Shares pursuant to an Award, to deduct or withhold, or require a participant to remit to the Company (or a Subsidiary), an amount (in cash or Shares) sufficient to satisfy any applicable tax withholding requirements applicable to an Award. Whenever under the Plan payments are to be made in cash, such payments shall be net of an amount sufficient to satisfy any applicable tax withholding requirements. Subject to such restrictions as the Committee may prescribe, a Participant may satisfy all or a portion of any tax withholding requirements by electing to have the Company withhold Shares having a Fair Market Value equal to the amount to be withheld up to the minimum statutory tax withholding rate (or such other rate that will not result in a negative accounting impact).
17. **Conditions Upon Issuance of Shares**

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

18. **Adjustments Upon Changes in Capitalization**

In the event of any merger, reorganization, consolidation, recapitalization, liquidation, stock dividend, split-up, spin-off, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting the Shares, such adjustment shall be made in the number and kind of Shares that may be delivered under the Plan, the individual limits set forth in Section 3(b), and, with respect to outstanding Awards, in the number and kind of Shares subject to outstanding Awards, the Exercise Price, grant price or other price of Shares subject to outstanding Awards, any performance conditions relating to Shares, the market price of Shares, or per-Share results, and other terms and conditions of outstanding Awards, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that, unless otherwise determined by the Committee, the number of Shares subject to any Award shall always be rounded down to a whole number.

Adjustments made by the Committee pursuant to this Section 18 shall be final, binding, and conclusive.

19. **Change in Control, Cash-Out and Termination of Underwater Options/SARs, and Subsidiary Disposition**

(a) **Change in Control.** Except as otherwise provided in a Participant’s Award Agreement or pursuant to Section 19(b) hereof, upon the occurrence of a Change in Control, unless otherwise specifically prohibited under Applicable Laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges:

   (i) any and all outstanding Options and SARs granted hereunder shall become immediately exercisable unless such Awards are assumed, converted or replaced by the continuing entity; provided, however, that in the event of a Participant’s termination of employment without Cause within twenty-four (24) months following consummation of a Change in Control, any replacement awards will become immediately exercisable;

   (ii) any Period of Restriction or other restriction imposed on Restricted Stock, Restricted Stock Units, and Other Stock-Based Awards shall lapse unless such Awards are assumed, converted or replaced by the continuing entity; provided, however, that in the event of a Participant’s termination of employment without Cause within twenty-four (24) months following consummation of a Change in Control, the Period of Restriction on any replacement awards shall lapse; and
(iii) any and all Performance Shares, Performance Units and other Awards (if performance-based) shall vest on a pro rata monthly basis, including full credit for partial months elapsed, and will be paid (A) based on the level of performance achieved as of the date of the Change in Control, if determinable, or (B) at the target level, if not determinable. The amount of the vested Award may be computed under the following formula: total Award number of Shares times (number of full months elapsed in shortest possible vesting period divided by number of full months in shortest possible vesting period) times percent performance level achieved immediately prior to the specified effective date of the Change in Control.

With respect to paragraphs (i) and (ii) of Section 19(a) above, the Award Agreement may provide that any replacement awards will become immediately exercisable or any Period of Restriction shall lapse in the event of a termination of employment by the Participant for “good reason” as such term is defined in any employment agreement or severance agreement or policy applicable to such Participant.

(b) Cash-Out and Termination of Underwater Options/SARs. The Committee may, in its sole discretion, provide that (i) all outstanding Options and SARs shall be terminated upon the occurrence of a Change in Control and that each Participant shall receive, with respect to each Share subject to such Options or SARs, an amount in cash equal to the excess of the Fair Market Value of a Share immediately prior to the occurrence of the Change in Control over the Option Exercise Price or the SAR grant price; and (ii) Options and SARs outstanding as of the date of the Change in Control may be cancelled and terminated without payment therefore if the Fair Market Value of a Share as of the date of the Change in Control is less than the Option Exercise Price or the SAR grant price.

(c) Subsidiary Disposition. The Committee shall have the authority, exercisable either in advance of any actual or anticipated Subsidiary Disposition or at the time of an actual Subsidiary Disposition and either at the time of the grant of an Award or at any time while an Award remains outstanding, to provide for the automatic full vesting and exercisability of one or more outstanding unvested Awards under the Plan and the termination of restrictions on transfer and repurchase or forfeiture rights on such Awards, in connection with a Subsidiary Disposition, but only with respect to those Participants who are at the time engaged primarily in Continuous Service with the Subsidiary involved in such Subsidiary Disposition. The Committee also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the affected Participant’s Continuous Service with that Subsidiary within a specified period following the effective date of the Subsidiary Disposition. The Committee may provide that any Awards so vested or released from such limitations in connection with a Subsidiary Disposition, shall remain fully exercisable until the expiration or sooner termination of the Award.
20. Amendment, Suspension or Termination of the Plan.

(a) Amendment, Modification and Termination. The Board or the Committee may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that no amendment that requires stockholder approval in order for the Plan to continue to comply with the New York Stock Exchange listing standards or any rule promulgated by the SEC or any securities exchange on which Shares are listed or any other Applicable Laws shall be effective unless such amendment shall be approved by the requisite vote of stockholders of the Company entitled to vote thereon within the time period required under such applicable listing standard or rule.

(b) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 18 hereof) affecting the Company or the financial statements of the Company or of changes in Applicable Laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. With respect to any Awards intended to comply with the Performance-Based Exception, unless otherwise determined by the Committee, any such exception shall be specified at such times and in such manner as will not cause such Awards to fail to qualify under the Performance-Based Exception.

(c) Awards Previously Granted. No termination, amendment or modification of the Plan or of any Award shall adversely affect in any material way any Award previously granted under the Plan without the written consent of the participant holding such Award, unless such termination, modification or amendment is required by Applicable Laws and except as otherwise provided herein.

(d) No Repricing. Except for adjustments made pursuant to Section 18, no amendment shall reduce the Exercise Price of outstanding Options or the grant price of outstanding SARs, nor may any outstanding Options or outstanding SARs be surrendered to the Company as consideration for the grant of new Options or SARs with a lower Exercise Price or grant price, without the approval of the stockholders of the Company.

(e) Compliance with the Performance-Based Exception. If it is intended that an Award comply with the requirements of the Performance-Based Exception, the Committee may apply any restrictions it deems appropriate such that the Awards maintain eligibility for the Performance-Based Exception. If changes are made to Code Section 162(m) or regulations promulgated thereunder to permit greater flexibility with respect to any Award or Awards available under the Plan, the Committee may, subject to this Section 20, make any adjustments to the Plan and/or Award Agreements it deems appropriate.
21. Reservation of Shares

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company’s counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

22. Rights of Participants

(a) Continued Service. The Plan shall not confer upon any Participant any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his or her right or the Company’s right to terminate his or her employment or consulting relationship at any time, with or without cause.

(b) Participant. No Employee, Director or Consultant shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive future Awards.

23. Successors. All obligations of the Company under the Plan and with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other event, or a sale or disposition of all or substantially all of the business and/or assets of the Company and references to the “Company” herein and in any Award agreements shall be deemed to refer to such successors.

24. Legal Construction

(a) Gender, Number and References. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural. Any reference in the Plan to a Section of the Plan either in the Plan or any Award agreement or to an act or code or to any section thereof or rule or regulation thereunder shall be deemed to refer to such Section of the Plan, act, code, section, rule or regulation, as may be amended from time to time, or to any successor Section of the Plan, act, code, section, rule or regulation.

(b) Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(c) Requirements of Law. The granting of Awards and the issuance of Shares or cash under the Plan shall be subject to all Applicable Laws and to such approvals by any governmental agencies or national securities exchanges as may be required.
(d) Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of California, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

(e) Non-Exclusive Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

(f) Code Section 409A Compliance. To the extent applicable, it is intended that this Plan and any Awards granted hereunder comply with the requirements of Section 409A of the Code and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision that would cause the Plan or any Award granted hereunder to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.
GLOSSARY OF DEFINED TERMS

1. **Definitions**. As used in the Plan, the following definitions shall apply:

   “**Applicable Laws**” means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, and the rules of any applicable stock exchange or national market system.

   “**Award**” means, individually or collectively, Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards granted under the Plan.

   “**Award Agreement**” means an agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award.

   “**Board**” means the Board of Directors of the Company.

   “**Cause**” means (i) the willful and continued failure of the Participant substantially to perform the Participant’s duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Chief Executive Officer of the Company, a member of the Committee, or another authorized officer of the Company, which specifically identifies the manner in which the sender believes that the Participant has not substantially performed the Participant’s duties; or (ii) the willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

   No act or failure to act on the part of the Participant shall be considered to be “willful” unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant’s action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer of the Company or a member of the Committee or another authorized officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done or omitted to be done by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be for Cause unless and until the Chief Executive Officer, Vice President of Human Resources and General Counsel unanimously agree that, in their good faith opinion, the Participant is guilty of the conduct described in subsections (i) or (ii) above, and so notify the Participant specifying the particulars thereof in detail.

   “**Change in Control**” means

   (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of (i) 50% of either the total fair market value or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”), or (ii)
during a 12 month period ending on the date of the most recent acquisition by such Person, 30% of the Outstanding Voting Securities; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, including any acquisition which, by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason within any period of 12 months to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a “Business Combination”), in each case, unless, following such Business Combination, (i) more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) is represented by Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such Business Combination) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of

“Committee” means the Committee, as specified in Section 2(a), appointed by the Board to administer the Plan.

“Company” means The Clorox Company and any successor thereto as provided in Section 23 herein.

“Consultant” means any consultant or advisor to the Company or a Subsidiary.

“Continuous Service” means that the provision of services to the Company or any Subsidiary in any capacity of Employee or Consultant is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract.

“Director” means any individual who is a member of the Board of Directors of the Company or a Subsidiary who is not an Employee.

“Dividend” means the dividends declared and paid on Shares subject to an Award.

“Dividend Equivalent” means, with respect to Shares subject to an Award, a right to be paid an amount equal to the Dividends declared and paid on an equal number of outstanding Shares.

“Employee” means any employee of the Company or a Subsidiary.


“Exercise Price” means the price at which a Share may be purchased by a Participant pursuant to an Option.

“Fair Market Value” means, as of any date, the value of a Share determined as follows:

(a) Where there exists a public market for the Share, the Fair Market Value shall be (A) the closing sales price for a Share on the date of the determination (or, if no
sales were reported on that date, on the last trading date on which sales were reported) on the New York Stock Exchange, the NASDAQ Global Market or the principal securities exchange on which the Share is listed for trading, whichever is applicable, or (B) if the Share is not traded on any such exchange or national market system, the average of the closing bid and asked prices of a Share on the NASDAQ Capital Market, in each case, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(b) In the absence of an established market of the type described above, for the Share, the Fair Market Value thereof shall be determined by the Committee in good faith, and such determination shall be conclusive and binding on all persons.

“Freestanding SAR” means a SAR that is granted independently of any Options, as described in Section 7 herein.

“Full-Value Award” means Awards other than Options, SARs, or other Awards for which the Participant pays the grant date intrinsic value directly or by forgoing a right to receive a cash payment from the Company.

“Incentive Stock Option” or “ISO” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

“Nonqualified Stock Option” means an Option that is not intended to meet the requirement of Section 422 of the Code.

“Option” means an Incentive Stock Option or a Nonqualified Stock Option granted under the Plan, as described in Section 6 herein.

“Option Proceeds” means the cash received by the Company as payment of the Exercise Price upon exercise of an Option or a Prior Plan option plus the federal tax benefit that could be realized by the Company as a result of the Option of Prior Plan option exercise, which shall be determined by multiplying the amount that is deductible as a result of the Option or Prior Plan option exercise (current equal to the amount upon which the Participant’s withholding tax obligation is calculated) by the maximum federal corporate income tax rate for the year of exercise. To the extent that a Participant pays the Exercise Price and/or withholding taxes with Shares, Option Proceeds shall not be calculated with respect to the amount paid in such manner.

“Other Stock-Based Award” means a Share-based or Share-related Award granted pursuant to Section 12 herein.

“Participant” means a current or former Employee, Director or Consultant who has rights relating to an outstanding Award.

“Performance-Based Exception” means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

“Performance Measures” shall have the meaning set forth in Section 14(a).
“Performance Period” means the period during which a performance measure must be met.

“Performance Share” means an Award granted to a Participant, as described in Section 10 herein.

“Performance Unit” means an Award granted to a Participant, as described in Section 11 herein.

“Period of Restriction” means the period Restricted Stock, Restricted Stock Units or Other Stock-Based Awards are subject to a substantial risk of forfeiture and are not transferable, as provided in Sections 8, 9 and 12 herein.

“Plan” means The Clorox Company 2005 Stock Incentive Plan.


“Restricted Stock” means an Award granted to a Participant, as described in Section 8 herein.

“Restricted Stock Units” means an Award granted to a Participant, as described in Section 9 herein.

“SEC” means the United States Securities and Exchange Commission.

“Share” means a share of common stock of the Company, par value $1.00 per share, subject to adjustment pursuant to Section 18 herein.

“Stock Appreciation Right” or “SAR” means an Award granted to a Participant, either alone or in connection with a related Option, as described in Section 7 herein.

“Subsidiary” means any corporation in which the Company owns, directly or indirectly, at least fifty percent (50%) of the total combined voting power of all classes of stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns, directly or indirectly, at least fifty percent (50%) of the combined equity thereof. Notwithstanding the foregoing, for purposes of determining whether any individual may be a Participant for purposes of any grant of Incentive Stock Options, the term “Subsidiary” shall have the meaning ascribed to such term in Code Section 424(f).

“Subsidiary Disposition” means the disposition by the Company of its equity holdings in any Subsidiary effected by a merger or consolidation involving that Subsidiary, the sale of all or substantially all of the assets of that Subsidiary or the Company’s sale or distribution of substantially all of the outstanding capital stock of such Subsidiary.

“Tandem SAR” means a SAR that is granted in connection with a related Option, as described in Section 7 herein.

“Voting Securities” means voting securities of the Company entitled to vote generally in the election of Directors.
1. **Purpose.**

   The purpose of The Clorox Company Annual Incentive Plan (the “Plan”) is to attract and retain the best available personnel for positions of substantial responsibility and to provide an incentive for employees of The Clorox Company, a Delaware corporation (the “Company”) and its subsidiaries to recognize and reward those employees. The Company’s executives are eligible to earn short-term incentive awards under this Plan and under the Company’s Executive Incentive Compensation Plan.

2. **Definitions.**

   The following terms will have the following meaning for purposes of the Plan:

   (a) “Award” means a bonus paid in cash.

   (b) “Board” means the Board of Directors of the Company.

   (c) “Chief Executive Officer” means the chief executive officer of the Company.


   (e) “Committee” means the Management Development and Compensation Committee of the Board, or such other Committee designated by the Board to administer the Plan.

   (f) “Employee” means any person employed by the Company or any Subsidiary.

   (g) “Executive Committee” means the executives who are members of the Company’s management executive committee.

   (h) “Executive” means a person who is member of the Clorox leadership committee.

   (i) “Level 1 Executive” means any regular salaried Employee who has entered into a Level 1 Employment Agreement with the Company.

   (j) “Level 2 Executive” means a regular salaried Employee scheduled to work more than 20 hours per week who is in salary grade Ex and who is either (1) a Vice President (but not a member of the Clorox Management Executive Committee), or (2) an Associate General Counsel.
(k) “Level 3 Executive” means a regular salaried Employee scheduled to work more than 20 hours per week who is in salary grade 30 or 31 and who is either (1) a Vice President (but not a member of the Clorox Management Executive Committee), or (2) an Associate General Counsel.

(l) “Participant” means an Employee selected by the Committee to participate in the Plan.

(m) “Retirement” means termination of employment with the Company, other than by reason of death or disability, (1) at age 65, (2) at least age 55 with at least ten years of vesting service under The Clorox Company Pension Plan or (3) with at least 20 years of vesting service under The Clorox Company Pension Plan.

(n) “Subsidiary” means any corporation in which the Company, directly or indirectly, controls 50 percent or more of the total combined voting power of all classes of stock.

(o) “Year” means a fiscal year of the Company.

3. Awards.

(a) Within 90 days after the beginning of each Year, the Committee will select Participants for the Year and establish in writing the method by which the Awards will be calculated for that Year. The Committee may provide for payment of all or part of the Award in the case of retirement, death, disability or change of ownership of control of the Company or a Subsidiary during the Year in accordance with Section 409A (as defined in Section 15 below).

(b) For the Chief Executive Officer and the Executive Committee, the Committee shall determine and certify the amount of the Award, if any, to be made. The Committee may increase, decrease or eliminate, any Award calculated under the methodology established in accordance with paragraph (a) in order to reflect additional considerations relating to performance.

(c) For Executives (other than the Chief Executive Officer and the Executive Committee) and all other participants, the Chief Executive Officer shall determine and certify the amount of the Award, if any, to be made. The Chief Executive Officer may increase, decrease or eliminate, any Award calculated under the methodology established in accordance with paragraph (a) in order to reflect additional considerations relating to performance.

(d) Awards will be paid to the Participants following certification and no later than ninety (90) days following the close of the Year with respect to which the Awards are made, unless all or a portion of a Participant’s Award is deferred pursuant to the Participant’s timely and validly made election made in accordance with such terms as the Company, the Board or a committee thereof may determine. A timely election is one that satisfies the requirements of Section 409A (as defined in Section 15 below) and typically for performance based
compensation must be made at least six months before the end of the Performance Period, provided that the Participant performs services continuously from the later of the beginning of the Performance Period or the date the performance criteria are established through the date an election is made and provided further that in no event may a deferral be made after such compensation has become readily ascertifiable as set forth in Section 409A (as defined in Section 15 below).

(e) The Company shall withhold from the payment of any Award hereunder any amount required to be withheld for taxes.

(f) In the event of a restatement of the Company’s financial results to correct a material error resulting from fraud or intentional misconduct, as determined by the Board or the Committee, the Board, or the Committee, will review all compensation that was made pursuant to this Plan on the basis of having met or exceeded specific performance targets for performance periods beginning after June 30, 2008 which occur during the years for which financial statements are restated. If a lower payment of performance-based compensation would have been made to the Participants based upon the restated financial results, the Board or the Committee, as applicable, will, to the extent permitted by governing law and subject to the following sentence, seek to recoup for the benefit of the Company the amount by which the individual Participant’s Award(s) for the restated years exceeded the lower payment that would have been made based on the restated financial results, plus a reasonable rate of interest; provided, however, that neither the Board nor the Committee will seek to recoup Awards paid more than three years prior to the date on which the Company announces the need for the applicable financial statements to be restated. The Board, or the Committee, will only seek to recoup Awards paid to Participants who are the Chief Executive Officer, Level 1 Executives, Level 2 Executives or Level 3 Executives, whose fraud or intentional misconduct was a significant contributing factor to the need for such restatement, as determined by the Board or the Committee, as applicable.

4. Termination of Employment.

Except as may be specifically provided in an Award pursuant to Section 3(a), a Participant shall have no right to an Award under the Plan for any Year in which the Participant is not actively employed by the Company or its Subsidiaries on June 30 of such Year. When establishing Awards each Year, the Committee may also provide that in the event a Participant is not employed by the Company or its Subsidiaries on the date on which the Award is paid, the Participant may forfeit his or her right to the Award paid under the Plan.

5. Administration.

The Plan will be administered by the Committee. The Committee will have the authority to interpret the Plan, to prescribe rules relating to the Plan and to make all determinations necessary or advisable in administering the Plan. Decisions of the Committee with respect to the Plan will be final and conclusive.
6. **Unfunded Plan.**

Awards under the Plan will be paid from the general assets of the Company, and the rights of Participants under the Plan will be only those of general unsecured creditors of the Company.

7. **Amendment or Termination of the Plan.**

The Committee may from time to time suspend, revise, amend or terminate the Plan.

8. **Applicable Law.**

To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of California, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

9. **No Rights to Employment.**

Nothing contained in the Plan shall give any person the right to be retained in the employment of the Company or any of its Subsidiaries. The Company reserves the right to terminate any Participant at any time for any reason notwithstanding the existence of the Plan.

10. **No Assignment.**

Except as otherwise required by applicable law, any interest, benefit, payment, claim or right of any Participant under the Plan shall not be sold, transferred, assigned, pledged, encumbered or hypothecated by any Participant and shall not be subject in any manner to any claims of any creditor of any Participant or beneficiary, and any attempt to take any such action shall be null and void. During the lifetime of any Participant, payment of an Award shall only be made to such Participant. Notwithstanding the foregoing, the Committee may establish such procedures as it deems necessary for a Participant to designate a beneficiary to whom any amounts would be payable in the event of any Participant’s death.

11. **Gender, Number and References.**

Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural. Any reference in the Plan to a Section of the Plan either in the Plan or to an act or code or to any section thereof or rule or regulation thereunder shall be deemed to refer to such Section of the Plan, act, code, section, rule or regulation, as may be amended from time to time, or to any successor Section of the Plan, act, code, section, rule or regulation.

12. **Severability.**

If any one or more of the provisions contained in this Plan, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any
way be affected or impaired thereby. This Plan shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

13. Requirements of Law.

The issuance of cash under the Plan shall be subject to all applicable laws and to such approvals by any governmental agencies or national securities exchanges as may be required.


The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

15. Section 409A Compliance.

To the extent applicable, it is intended that this Plan and any Awards granted hereunder comply with the requirements of Section 409A of the Code and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision that would cause the Plan or any Award granted hereunder to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.
THE CLOROX COMPANY
AMENDED AND RESTATED
INDEPENDENT DIRECTORS’
DEFERRED COMPENSATION PLAN

Effective as of November 16, 2005; Amended as of February 7, 2008

1. Establishment, Objectives, Duration.

The Clorox Company, a Delaware corporation (hereinafter referred to as the “Company”) hereby establishes a nonqualified deferred compensation plan for Independent Directors of the Company to be known as the “The Clorox Company Independent Directors’ Deferred Compensation Plan” (hereinafter referred to as the “Plan”).

The purpose of the Plan is to enhance the Company’s ability to attract and retain Independent Directors whose training, experience and ability will promote the interests of the Company and to directly align the interests of such Independent Directors with the interests of the Company’s stockholders. The Plan is designed to permit Independent Directors to defer the receipt of all or a portion of the compensation otherwise payable to them for services to the Company as members of the Board.

The Plan is effective as of November 16, 2005. The Plan will remain in effect until such time as it shall be terminated by the Board, pursuant to Section 11 herein.

2. Definitions.

The following terms, when capitalized, shall have the meanings set forth below:

(a) “Account” means a bookkeeping account established and maintained for a Participant pursuant to Section 5(a).

(b) “Beneficiary” means the person, persons or entity designated by the Participant pursuant to Section 10 to receive any benefits payable under the Plan.

(c) “Board” means the Board of Directors of the Company.

(d) “Change in Control” means:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of (A) 50% of either the total fair market value or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”), or (B) during a 12 month period ending on the date of the most recent acquisition by such Person, 30% of the Outstanding Company Voting Securities; provided, however,
that for purposes of this subsection (d)(i), the following acquisitions shall not constitute a Change in Control: (W) any acquisition directly from the Company, (X) any acquisition by the Company, including any acquisition which by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, (Y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (Z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this Section 2(d); or

(ii) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason within any period of 12 months to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a “Business Combination”), in each case, unless, following such Business Combination, (A) more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) is represented by Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such Business Combination) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination)
Notwithstanding any other provision in this Section 2(d), any transaction defined in (i) through (iii) above that does not constitute a “change in the ownership or effective control” of the Company, or “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Treasury Regulations 1.409A-3(a)(5) and 1.409A-3(i)(5) shall not be treated as a Change in Control.


(f) “Company” means The Clorox Company and any successor thereto as provided in Section 12(d).

(g) “Deferred Stock Unit” means a hypothetical Share as described in Section 5(b).

(h) “Deferred Stock Unit Award” means any annual award of Deferred Stock Units that may be granted to a Participant for services to the Company as an Independent Director under The Clorox Company 2005 Stock Incentive Plan (or any successor stock incentive plan approved by the stockholders of the Company).

(i) “Director’s Fees” means the annual cash retainer for Board and committee service, special assignment fees, meeting fees, Committee Chair or Presiding Director fees, and other amounts payable to a Participant for services to the Company as an Independent Director. Director’s Fees do not include awards granted to a Participant under The Clorox Company 2005 Stock Incentive Plan (or any successor stock incentive plan approved by the stockholders of the Company).


(k) “Fair Market Value” means, as of any date, the value of a Share determined as follows:

(i) Where there exists a public market for the Share, the Fair Market Value shall be (a) the closing sales price for a Share on the date of the determination (or, if no sales were reported on that date, on the last trading date on which sales were reported) on the New York Stock Exchange, the NASDAQ Global Market or the principal securities exchange on which the Share is listed for trading, whichever is applicable, or (b) if the Share is not traded on any such exchange or national market system, the average of the closing bid and asked prices of a Share on the NASDAQ Capital Market, in each case, as reported in The Wall Street Journal or such other source as the Board deems reliable; or
(ii) In the absence of an established market of the type described above for the Share, the Fair Market Value thereof shall be determined by the Board in good faith, and such determination shall be conclusive and binding on all persons.

(l) “Independent Director” means any individual who is a member of the Board of Directors of the Company who is not an employee of the Company or any of its subsidiaries.

(m) “Participant” means any Independent Director who elects to participate by filing a Participation Agreement as provided in Section 4.

(n) “Participation Agreement” means an agreement in such form as the Board may prescribe filed by a Participant in accordance with Section 4.

(o) “Payment Anniversary Date” means an anniversary of the Payment Commencement Date.

(p) “Payment Commencement Date” means the first business day of the Plan Year immediately following the Plan Year in which the Participant ceases to be a member of the Board and experiences a Separation from Service (as such term is defined in Section 409A) from the Company.

(q) “Plan” means The Clorox Company Independent Directors’ Deferred Compensation Plan, as amended from time to time.

(r) “Plan Year” means the calendar year.

(s) “Section 409A” means Section 409A of the Code, as the same may be amended from time to time, and any successor statute to such section of the Code. References to Section 409A or any requirement under Section 409A, as the same may be interpreted, construed or applied to this Plan at any particular time, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published rulings and similar announcements issued by the Internal Revenue Service under or interpreting Section 409A, regulations issued by the Secretary of the Treasury under or interpreting Section 409A, decisions by any court of competent jurisdiction involving a Participant or a Beneficiary and any closing agreement made under Section 7121 of the Code that is approved by the Internal Revenue Service and involves a Participant, all as determined by the Board in good faith, which determination may (but shall not be required to) be made in reliance on the advice of such tax counsel or other tax professional(s) with whom the Board from time to time may elect to consult with respect to any such matter.

(t) “Share” means a share of common stock of the Company, par value $1.00 per share.
3. Administration of the Plan.

(a) In General. The Plan shall be administered by the Board, the Management Development and Compensation Committee of the Board or such other committee (the “Committee”) as the Board shall select. The Board and the Committee shall act by vote or written consent of a majority of its members.

(b) Authority of the Board. Subject to applicable laws and the provisions of the Plan, the Board and the Committee shall have full and final authority in its discretion to establish rules and take all actions, including, without limitation, interpreting the terms of the Plan and any related rules or regulations or other documents enacted hereunder and deciding all questions of fact arising in their application, determined by the Board or the Committee, as applicable, to be necessary in the administration of the Plan.

(c) Effect of Board’s Decision. All decisions, determinations and interpretations of the Board and the Committee shall be final, binding and conclusive on all persons, including the Company, its stockholders, the Participants and their estates and Beneficiaries.

(d) Delegation. The Board may delegate to any Board committee or officers of the Company any and all authority with which it is vested under the Plan, and the Board may allocate its responsibilities under the Plan among its members. Decisions of the Board’s delegate will be final, binding and conclusive on all persons, including the Company, its stockholders, the Participants and their estates and Beneficiaries.

4. Participation and Crediting of Accounts.

(a) Participation. Participation in the Plan shall be limited to Independent Directors who elect to participate in the Plan by filing a Participation Agreement with the Board. A Participation Agreement must be filed prior to the beginning of the Plan Year for which it is effective; provided, however, that in the first year in which an individual becomes eligible to participate in the Plan, the newly eligible Participant may make an election to defer compensation for services to be performed subsequent to such election within 30 days after date the individual first becomes eligible to participate.

(b) Contents of Participation Agreement.

(i) Each Participant Agreement shall set forth whether the Participant elects to receive Director’s Fees in cash, Shares, deferred cash or Deferred Stock Units. A Participant who does not file a timely Participation Agreement for a Plan Year shall receive his or her Director’s Fees in cash.

(ii) A Participant who elects to receive his or her Director’s Fees in Shares, deferred cash, and/or Deferred Stock Units shall specify the percentage of such Director’s Fees (in multiples of 10%) to be paid in Shares, deferred cash or Deferred Stock Units.
(iii) Each Participation Agreement shall set forth whether amounts deferred pursuant to subparagraphs (i) and (ii) above will be paid as a lump sum payment or in five annual installments, as set forth in Section 6(c) herein.

(iv) Each Participation Agreement shall also set forth whether Deferred Stock Unit Awards will be paid as a lump sum payment or in five annual installments, as set forth in Section 6(c) herein.

(c) Payment of Shares and Crediting of Accounts.

(i) A Participant who elects to receive all or a portion of his or her Director’s Fees as Shares shall be distributed Shares as of the last day of each calendar quarter equal to his or her accrued Director’s Fees for the quarter, multiplied by the percentage of such Director’s Fees previously selected by the Participant to be applied to the purchase of Shares, and divided by the Fair Market Value of a Share as of the last trading day in such calendar quarter. Cash shall be distributed in lieu of fractional Shares.

(ii) A Participant who elects to receive all or a portion of his or her Director’s Fees as deferred cash shall have credited to his or her Account as of the last day of each calendar quarter an amount determined by multiplying his or her accrued Director’s Fees for the quarter by the percentage of such Director’s Fees previously selected by the Participant to be received as deferred cash.

(iii) A Participant who elects to receive all or a portion of his or her Director’s Fees as Deferred Stock Units shall have credited to his or her Account as of the last day of each calendar quarter the number of Deferred Stock Units (including fractional Deferred Stock Units) determined by multiplying his or her accrued Director’s Fees for the quarter by the percentage of such Director’s Fees previously selected by the Participant to be applied to the purchase of Deferred Stock Units, and dividing the product thereof by the Fair Market Value of a Share as of the last trading day in such calendar quarter.

(d) Modification or Revocation of Election by Participant. Elections made pursuant to paragraphs (b)(i) and (ii) of this Section 4 are irrevocable for one calendar year and, therefore, shall remain in effect for the next Plan Year and for subsequent Plan Years unless and until a new Participation Agreement is provided. Any elections made under a new Participation Agreement will apply only to Director’s Fees earned in the next Plan Year beginning after the date of the new Participation Agreement.

5. Maintenance and Investment of Accounts.

(a) Accounts. A separate Account shall be maintained for each Participant. In addition, various subaccounts may be maintained for a Participant as necessary to reflect separate Participation Agreements, cash deferrals, and Deferred Stock Units. A Participant’s Account shall be utilized solely as a device for measurement and determination of the amounts to be paid
to the Participant pursuant to the Plan, and shall not constitute or be treated as a trust fund of any kind. The balance of a Participant’s Account shall be adjusted to reflect changes in the value of the deemed investments thereof, adjustments, credits and debits pursuant to paragraphs (b) and (c) below, any Deferred Stock Unit Awards, and distributions pursuant to Section 6.

(b) Deferred Stock Units.

(i) Deemed Investment in Shares. The Account of a Participant who elects to receive Deferred Stock Units, as well as the Account of a Participant who receives Deferred Stock Unit Awards, shall be treated as if it were invested in Deferred Stock Units equivalent in value to the Fair Market Value of Shares in accordance with the following rules:

a. Deemed Reinvestment of Dividend Equivalents. The number of Deferred Stock Units credited to a Participant’s Account shall be increased on each date on which a dividend is paid on Shares. The number of additional Deferred Stock Units credited to a Participant’s Account as a result of such increase shall be determined by (1) multiplying the total number of Deferred Stock Units (excluding fractional Deferred Stock Units) credited to the Participant’s Account immediately before such increase by the amount of the dividend paid per Share on the dividend payment date, and (2) dividing the product so determined by the Fair Market Value of a Share on the dividend payment date.

b. Adjustments upon Change in Capitalization. In the event of any merger, reorganization consolidation, recapitalization, liquidation, stock dividend, split-up, spin-off, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting the Shares, the number of Deferred Stock Units credited to a Participant’s Account and/or the kind or class of shares deliverable under the Plan shall be adjusted in such manner as may be determined to be appropriate and equitable by the Board, in its sole discretion, to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the Plan. The determination of the Board as to such adjustments, if any, to be made shall be conclusive and binding on all Participants and Beneficiaries.

(ii) Hypothetical Nature of Investments. The Deferred Stock Units established hereunder shall be used solely to determine the amounts to be paid hereunder, shall not be or represent an equity security of the Company, shall not be convertible into or otherwise entitle a Participant to acquire an equity security of the Company and shall not carry any voting rights.

(c) Cash Deferrals. Cash deferrals shall be credited with interest at an annual rate for each Plan Year equal to the Prime Lending Rate of Wells Fargo Bank as in effect on January 1 of such year. Interest shall be accrued to the date of the actual payment and shall be compounded on a calendar quarter basis.
6. Payments.

(a) Time of Payment. Payments to a Participant with respect to the Participant’s Account, including any Deferred Stock Unit Awards credited to a Participant’s Account, shall begin as of the Participant’s Payment Commencement Date; provided, however, that if a Participant dies before the Participant’s Payment Commencement Date, payment of the entire value of the Participant’s Account shall be made to the Participant’s Beneficiary in accordance with the provisions of paragraph (c) below after the Board receives all documents and other information that it requests in connection with the payment.

(b) Medium of Payment. Except to the extent the Board determines otherwise, the portion of the Participant’s Account denominated in Deferred Stock Units shall be paid in Shares. One Share shall be paid for each whole Deferred Stock Unit contained therein, and any fractional Deferred Stock Units shall be paid in cash. The portion of the Participant’s Account denominated in cash shall be paid in cash.

(c) Form of Payment.

(i) Lump Sum. A Participant shall receive his or her Account under the Plan in the form of a lump sum payment unless the Participant has elected to receive any portion thereof in five annual installments in accordance with subparagraph (ii). The lump sum shall be payable to the Participant in cash and/or Shares on the Payment Commencement Date. If the Participant dies before his or her Payment Commencement Date, a lump sum payment shall be made to the Participant’s Beneficiary on the Payment Commencement Date.

(ii) Five Annual Installments. A Participant may elect to receive all or a portion of his or her Account under the Plan in five annual installments. Such election must be made in the Participant’s Participation Agreement pursuant to Section 4. Annual installments shall be payable to the Participant in cash and/or Shares beginning as of the Payment Commencement Date and continuing each Payment Anniversary Date thereafter until all installments have been paid. The first annual installment shall equal one-fifth (1/5th) of the value of the Participant’s Account(s), determined as of the Payment Commencement Date. Each successive annual installment shall equal the value of the Participant’s Account(s), determined as of the Payment Anniversary Date, multiplied by a fraction, the numerator of which is one, and the denominator of which is the excess of five over the number of installment payments previously made (i.e., 1/4th in year 2, 1/3rd in year 3, etc.). If the Participant dies before the Participant’s Payment Commencement Date having elected to receive benefits in five annual installments, or after the Participant’s Payment Commencement Date but before all five installments have been paid, the remaining installments shall be paid to the Participant’s Beneficiary in accordance with the schedule in this subparagraph (ii).
7. **Shares Subject to the Plan.**

Unless otherwise determined by the Board, payments under the Plan that are made in the form of Shares, in whole or in part, shall be made from the aggregate number of Shares authorized to be issued under and otherwise in accordance with the terms of The Clorox Company 2005 Stock Incentive Plan (or any successor stock incentive plan approved by the stockholders of the Company). No Shares are reserved for issuance under the Plan.

8. **Change in Control.**

Except as otherwise provided by the Board, upon the occurrence of a Change in Control or as soon as reasonably practicable thereafter, the value of all amounts deferred by a Participant which have not yet been credited to the Participant’s Account and the value of such Participant’s Account shall be paid to the Participant, in each case as a lump sum cash payment regardless of the Participants’ deferral elections set forth in the Participation Agreements. For purposes of payments under this Section 8, the value of a Deferred Stock Unit shall be computed as the greater of (a) the Fair Market Value of a Share on or nearest the date on which the Change in Control is deemed to occur, or (b) the highest per share price for Shares actually paid in connection with the Change in Control.

9. **Taxes.**

The Company shall have the power and right to deduct or withhold from all credits and payments under the Plan any applicable taxes that the Board reasonably determines to be required by law to be withheld from such credits and payments.

10. **Beneficiary Designation.**

(a) **Beneficiary Designation.** Each Participant shall have the right, at any time, to designate any person, persons or entity as his Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by filing a written designation with the Board, on such form and in accordance with such procedures as the Board shall establish from time to time.

(b) **No Beneficiary Designation.** If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant’s Beneficiary shall be deemed to be the Participant’s estate.

11. **Amendment or Termination of the Plan.**

The Board or the Committee may at any time and from time to time, amend, suspend or terminate the Plan in whole or in part; provided, however, that no such amendment, suspension or termination shall adversely affect the rights of any Participant or Beneficiary under the Plan unless consented to in writing by such Participant or, in the event the Participant is deceased, the Beneficiary.
12. Miscellaneous.

(a) Gender, Number and References. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural. Any reference in the Plan to a Section of the Plan or to an act or code or to any section thereof or rule or regulation thereunder shall be deemed to refer to such Section of the Plan, act, code, section, rule or regulation, as may be amended from time to time, or to any successor Section of the Plan, act, code, section, rule or regulation.

(b) No Assignment. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries and as otherwise required by applicable law, any interest, benefit, payment, claim or right of any Participant under the Plan shall not be sold, transferred, assigned, pledged, encumbered or hypothecated by any Participant and shall not be subject in any manner to any claims of any creditor of any Participant or Beneficiary, and any attempt to take any such action shall be null and void.

(c) Severability. If any one or more of the provisions contained in this Plan, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any way be affected or impaired thereby. This Plan shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

(d) Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successors is the result of a direct or indirect purchase, merger, consolidation, or other event, or a sale or disposition of all or substantially all of the business and/or assets of the Company and references to the “Company” herein any in any Participation Agreements shall be deemed to refer to such successors.

(e) Requirements of Law. The payment of cash or Shares under the Plan shall be subject to all applicable laws and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) Unfunded Plan. The Plan is intended to be an unfunded plan benefiting persons who are not employees of the Company or any of its subsidiaries. All payments pursuant to the Plan will be made from the general assets of the Company, and the rights of Participants and Beneficiaries under the Plan will be only those of general unsecured creditors of the Company.

(g) Governing Law. To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of California, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.
(h) **Non-Exclusive Plan**. The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

(i) **Code Section 409A Compliance**. To the extent applicable, it is intended that this Plan and all deferrals and payments made hereunder comply with the requirements of Section 409A. Any provision that would cause the Plan or any deferral or payment made hereunder to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.
AMENDED AND RESTATE
CHANGE IN CONTROL AGREEMENT

THIS AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT (the “Agreement”), dated as of February 7, 2008 and
originally dated as of August 25, 2006, is between THE CLOROX COMPANY, a Delaware corporation (the “Company”) and Donald Knauss
(the “Executive”).

The Board of Directors of the Company (the “Board”) believes it is imperative to diminish the inevitable distraction of the Executive by
virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive’s full
attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the
Executive with compensation and benefits arrangements upon a Change in Control which ensure that the compensation and benefits
expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish
these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Certain Definitions

(a) The “Effective Date” shall mean the first date during the Change in Control Period (as defined in Section 1(b)) on which a Change in
Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if the
Executive’s employment with the Company is terminated prior to the date on which the Change in Control occurs, and if it is reasonably
demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably
calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes
of this Agreement the “Effective Date” shall mean the date immediately prior to the date of such termination of employment and this
Agreement shall govern in place of the Executive’s Current Agreement (as defined in Section 3(a) below).

(b) The “Change in Control Period” shall mean the period commencing on the date on which the Executive’s employment with the
Company begins and ending on the third anniversary of the date thereof; provided, however, that commencing on the last day before the third
anniversary of the date thereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter
referred to as the “Renewal Date”), unless previously terminated, the Change in Control Period shall be automatically extended one additional
year from such Renewal Date, unless at least one hundred eighty (180) days prior to the Renewal Date the Company shall give notice to the
Executive that the Change in Control Period shall not be so extended; provided, the Company shall not be permitted to give such notice unless
it also has given the Executive a non-renewal notice pursuant to Section 1(b) of the Current Agreement (as defined in Section 3(a) below).
(c) The “Separation Period” shall mean the period from the Date of Termination through the third anniversary of the Date of Termination.

(d) “Annual Bonus” shall mean the annual award the Executive receives in any year under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”) or any successors thereto.

(e) The “Average Annual Bonus” shall mean the average Annual Bonus the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination, or the average Annual Bonus for the actual number of completed fiscal years immediately preceding the Date of Termination if less than three (3), provided that the First Year Bonus Target shall be used in the event that the Date of Termination occurs prior to the date that the Executive receives (or is entitled to receive, together with other senior executives if earlier) his Annual Bonus, if any, for the fiscal year ending June 30, 2007.

(f) “Bonus Target” means the Annual Bonus that the Executive would have received in a fiscal year under the AIP Plan and/or the EIC Plan, if the target goals had been achieved.

(g) “First Year Bonus Target” means the Executive’s Bonus Target as of the Effective Date.

2. Change in Control. For the purpose of this Agreement, a “Change in Control” shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of (i) 50% of either the total fair market value or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”), or (ii) during a 12 month period ending on the date of the most recent acquisition by such Person, 30% of the Outstanding Company Voting Securities; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, including any acquisition which by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason within any period of 12 months to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for
this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to
the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the
Board; or

(c) Consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of
the assets of the Company or the acquisition of assets of another corporation (a “Business Combination”), in each case, unless, following such
Business Combination, (i) more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the
then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from
such Business Combination (including without limitation, a corporation which as a result of such transaction owns the Company or all or
substantially all of the Company’s assets either directly or through one or more subsidiaries) is represented by Outstanding Company Common
Stock and Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such Business Combination (or, if
applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were
converted pursuant to such Business Combination) and such ownership of common stock and voting power among the holders thereof is in
substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common
Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of
the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of,
respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined
voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business
Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination
were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such
Business Combination.

Notwithstanding any other provision in this Section 2, any transaction defined in Section 2(a) through (c) above that does not constitute a
“change in the ownership or effective control” of the Company, or “change in the ownership of a substantial portion of the assets” of the
Company within the meaning of Treasury Regulations 1.409A-3(a)(5) and 1.409A-3(i)(5) shall not be treated as a Change in Control.
Executive understands that the Company has commenced the process of reviewing its various compensatory plans, agreements, programs,
policies and arrangements for compliance with Section 409A (as defined in Section 15) and Executive hereby agrees that the Company may
unilaterally amend the definition of “Change in Control” in this Section 2 in a manner recommended by its counsel with the intent of
complying with the requirements of Section 409A.

3. Employment Period.

(a) This Agreement shall become effective on the Effective Date. Before the Effective Date, the terms and conditions of the Executive’s
employment shall be as set forth in the Amended and Restated Employment Agreement between the Executive and the Company dated of even
date herewith (the “Current Agreement”) during the term thereof. From and after the Effective Date, this Agreement shall supersede the
Current Agreement and any other agreement between the parties with respect to the subject matter hereof.
4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) the Executive’s position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned to the Executive at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive’s services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location not requiring the Executive’s commute to increase by more than 40 miles from his commute immediately prior to the Change in Control.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, provided that with respect to any corporate board, such service has been pre-approved by the Presiding Director of the Company, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions on a part-time basis not to exceed five hours per week in the aggregate and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive’s responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive’s responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary (“Annual Base Salary”), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated
companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term “affiliated companies” shall include any company controlled by, controlling or under common control with the Company.

(ii) **Annual Bonus.** In addition to Annual Base Salary, the Executive shall have the opportunity to earn, for each fiscal year ending during the Employment Period, an Annual Bonus in cash at least equal to the highest Annual Bonus the Executive had the opportunity to earn for any of the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall have elected to defer the receipt of such Annual Bonus within 30 days after the Executive’s employment Effective Date (as defined in Section 1(a) of the Current Agreement), or before the calendar year in which the Annual Bonus is earned or, if later, with respect to an Annual Bonus that qualifies as performance-based compensation under Section 409A (as defined in Section 16 below), no less than six months before the end of the applicable bonus performance period; provided that the Executive performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date an election is made and provided further that in no event may a deferral be made after such compensation has become readily ascertainable as set forth in Code Section 409A (as defined in Section 16 below).

(iii) **Incentive, Savings and Retirement Plans.**

A. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

B. With respect to any unvested restricted stock units and stock options granted to the Executive in Section 3(b) of the Current Agreement prior to the Effective Date, in the event the continuing entity does not assume or replace such awards with equivalent value awards upon a Change in Control, such awards shall immediately vest upon the Effective Date (provided that the Executive shall participate in such Change in Control respecting such fully vested awards).
(iv) **Welfare Benefit Plans.** During the Employment Period, the Executive and/or the Executive’s family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription drugs, dental, disability, salary continuance, severance pay, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) **Expenses.** During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) **Fringe Benefits.** During the Employment Period, the Executive shall be entitled to receive fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) **Office and Support Staff.** During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) **Vacation.** During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, to the extent of the more favorable, if either is more favorable, to the Executive, (x) five (5) weeks per year or (y) as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.
(ix) **Supplemental Executive Retirement Plan**. The Executive shall continue to be eligible to receive supplemental executive retirement plan benefits equal to the greater of the amount attributable to the Company SERP or the Replacement SERP, as described below:

A. **Company SERP**. The Executive will be eligible to continue to participate in the Company’s Supplemental Executive Retirement Plan (the “Company SERP”) in accordance with the terms and conditions of the Company SERP as in effect 120 days preceding the Effective Date, unless provision is made by the Board in connection with the Change in Control for the substitution of a comparable supplemental retirement plan for the benefit of the Executive that is effective on the Effective Date; provided, however, that, to the extent not vested, the Executive shall be fully vested and eligible for an Early Retirement Benefit (at Separation of Employment) (each such term as defined under the SERP) upon completion of seven (7) years of service with the Company, and otherwise as provided in the Company SERP.

B. **Replacement SERP**. The Company shall also continue the supplemental executive retirement plan for the benefit of the Executive (and his surviving spouse in the event of the Executive’s death) that duplicates the rights and benefits the Executive would have been entitled to under The Coca-Cola Company Employee Retirement Plan and The Coca-Cola Company Supplemental Benefit Plan — Pension, as in effect on the date hereof, had his employment with The Coca-Cola Company continued until the Executive’s retirement or other termination of employment with the Company (the “Replacement SERP”) and which shall be subject to the following terms for purposes of attributing the amount attributable to the Replacement SERP:

1. final average compensation for purposes of the Replacement SERP shall include the actual Annual Base Salary and bonuses paid by the Company to the Executive and, to the extent needed to obtain five years of consecutive annual compensation, the Executive’s actual annual base salary and bonuses paid by The Coca-Cola Company prior to the Executive’s retirement;
2. the Executive shall be fully vested at all times in the Replacement SERP benefit;
3. in the event that the Executive’s employment with the Company terminates prior to the third anniversary of the Effective Date, the Executive shall be credited with a minimum of three (3) years of benefit accruals under the Replacement SERP; and
4. the Executive’s service with The Coca-Cola Company under such plans shall be credited as service under the Replacement SERP and any benefits to which the Executive becomes entitled under the Replacement SERP shall be offset by benefits received by the Executive under The Coca-Cola Company Employee Retirement Plan and Supplemental Benefit Plan — Pension.
(x) **Relocation and Housing Expenses.** The Executive shall be entitled to the full benefit of the provisions of Section 3(g) of the Current Agreement, to the extent not paid or provided prior to the Effective Date.

(xi) **Retiree Benefits.** The Executive shall be entitled to the full benefit of the provisions of Section 3(j) of the Current Agreement, in accordance with the terms of such plans identified therein as in effect 120 days prior to the Effective Date.

5. **Termination of Employment.**

(a) **Death or Disability.** The Executive’s employment shall terminate automatically upon the Executive’s death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive’s employment. In such event, the Executive’s employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the “Disability Effective Date”), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive’s duties. For purposes of this Agreement, “Disability” shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plans by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(b) **Cause.** The Company may terminate the Executive’s employment during the Employment Period for Cause. For purposes of this Agreement, “Cause” shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive’s duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to
be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) **Good Reason.** The Executive’s employment may be terminated by the Executive for Good Reason provided the Executive delivers the written notice to the Company set forth in Section 5(d) and the Company fails to cure the issue. For purposes of this Agreement, “Good Reason” shall mean:

(i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the material provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company’s requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof;

(iv) any purported termination by the Company of the Executive’s employment otherwise than as expressly permitted by this Agreement; or

(v) any material failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

Notwithstanding the above, a failure by the Company’s stockholders to elect the Executive to the Board shall not constitute Good Reason, but a failure by the Board to nominate the Executive to the Board at any time shall constitute Good Reason.

(d) **Notice of Termination.**

(i) Any termination by the Company for Cause shall be communicated by Notice of Termination for Cause to the Executive given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a “Notice of Termination for Cause” means a written notice which (X) indicates the specific termination provision in this Agreement relied upon, (Y) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (Z) if the Date of Termination (as defined in Section 5(e) below) is other than the
date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Company to set forth in the Notice of Termination for Cause any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company’s rights hereunder.

(ii) Any termination by the Executive for Good Reason shall be communicated by Notice of Termination for Good Reason to the Company within a period not to exceed 90 days of the initial existence of the condition and given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a “Notice of Termination for Good Reason” means a written notice which (X) indicates the specific termination provision in this Agreement relied upon, (Y) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (Z) the Executive’s intended Date of Termination (as defined in Section 5(e) below) if the Company does not cure the issue (which date shall be not less than thirty days after the giving of such notice). After receipt by the Company of the Notice of Termination for Good Reason, the Company shall have at least 30 days during which it may remedy the condition and thereby cure the event or circumstance constituting “Good Reason”.

(e) Date of Termination. “Date of Termination” means (i) if the Executive’s employment is terminated by the Company for Cause, the date of receipt of the Notice of Termination for Cause or any later date specified therein, as the case may be, (ii) if the Executive’s employment is terminated by the Executive for Good Reason, the 30th day following receipt by the Company of the Notice of Termination for Good Reason if the Company fails to cure the problem during the 30-day cure period, or any later date specified in the Notice of Termination for Good Reason, as the case may be, (iii) if the Executive’s employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination and (iv) if the Executive’s employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) By the Executive for Good Reason; or by the Company Other Than for Cause, Death or Disability. Subject to Section 6(e), if, during the Employment Period, the Company shall terminate the Executive’s employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) any accrued vacation pay, and (3) an amount equal to the following:

Average Annual Bonus \( \times \) \# of days in the current fiscal year through the Date of Termination

\( \frac{365}{365} \)
in each case to the extent not theretofore paid and in full satisfaction of the rights of the Executive thereto (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the “Accrued Obligations”); and

B. the amount equal to the following:

3 X \(\text{Annual Base Salary + Average Annual Bonus}\)

C. an amount equal to the difference between (a) the actuarial equivalent of the aggregate benefits under the Company’s qualified pension and profit-sharing plans (the “Retirement Plans”) and any excess or supplemental pension and profit-sharing plans in which the Executive participates (collectively, the “Nonqualified Plans”), specifically including the Company SERP and Replacement SERP (whichever of the two plans applies in accordance with the provisions of Section 4(b)(ix) hereof) which the Executive would have been entitled to receive if the Executive’s employment had continued for the Separation Period, assuming (to the extent relevant) that the Executive’s compensation during the Separation Period would have been equal to the Executive’s compensation as in effect immediately before the termination or, if higher, on the Effective Date, and that employer contributions to the Executive’s accounts in the Retirement Plans and the Nonqualified Plans during the Separation Period would have been equal to the average of such contributions for the three years immediately preceding the Date of Termination or, if higher, the three years immediately preceding the Effective Date, and (b) the actuarial equivalent of the Executive’s actual aggregate benefits (paid or payable), if any, under the Retirement Plans and the Nonqualified Plans as of the Date of Termination (the actuarial assumptions used for purposes of determining actuarial equivalence shall be no less favorable to the Executive than the most favorable of those in effect under the Retirement Plan and the Nonqualified Plans on the Date of Termination and the date of the Change in Control);

(ii) For the Separation Period, the Company shall

A. if the Executive participated in a Company self-insured medical plan (which does not satisfy the requirements of Section 105(h)(2)) immediately prior to the Date of Termination, pay to the Executive or cause to have paid on the Executive’s behalf the sum of (x) the Company’s portion of the premium payable under the Company’s group health plans for providing health benefits (i.e., medical, dental and vision benefits) to the Executive and to those family members covered through Executive under the Company’s group health plans at the time of the commencement of the Separation Period, such coverage to be provided under the group health plans in which Executive and his covered family members are participating at the time of the commencement of the Separation Period or elected in accordance with the Company’s applicable established procedures (reduced by any amounts which Executive is required to pay for such health benefit coverage as described in further detail below), and (y) an additional amount (the “Medical Gross-Up Amount”) intended to compensate Executive for any additional taxes, if any, for which Executive may become liable as a result of the provision of the benefits described in (x) so that Executive’s after-tax income is not decreased as a result of receiving the
benefits described in (x), with such Medical Gross-Up Amount being calculated in accordance with the Company’s reasonable usual and customary procedures for determining tax gross-up payments, as such procedures may change from time to time. The Company shall pay or cause to have paid all amounts due under this Section 6(a)(ii) in annual installments, with the first installment due or credited within 30 days after the Date of Termination and subsequent installments being made or credited on the anniversary thereof; provided, however, that subsequent installments may be reduced or eliminated to the extent that Executive becomes eligible for other health coverage through a subsequent employer; or

B. if paragraph A above is not applicable (because the Executive participated in a health benefit program to which Section 105 (h) is not applicable, such as the Company’s HMO immediately prior to the Date of Termination), continue benefits under such health plan on the same basis as an employee of the Company.

The purpose of providing the benefits pursuant to this Section 6(a)(ii) shall be to provide the Executive and/or the Executive’s covered family members with continued health benefits at least equal to those which would have been provided to them in accordance with the Company’s health plans, programs, practices and policies if the Executive’s employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families (in each case with such contributions by the Executive as would have been required had the Executive’s employment not been terminated); provided, however, that if the Executive is employed by another employer and is eligible to receive health benefits under another employer’s group health plans, the health benefits described herein shall be secondary to those provided under such other plans during such applicable period of coverage, and for purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies of the Company, the Executive shall be considered to have remained employed during the Separation Period and to have retired on the last day of such period. The Separation Period shall not be subtracted from the period of months for which the Executive is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985;

(iii) if the Executive was entitled to receive financial planning and/or tax return preparation benefits immediately before the Date of Termination, the Company shall continue to provide the Executive with such financial planning and/or tax return preparation benefits with respect to the calendar year in which the Date of Termination occurs (including without limitation the preparation of income tax returns for that year), on the same terms and conditions as were in effect immediately before the Date of Termination (disregarding for all purposes of this clause (iii) any reduction or elimination of such benefits that was the basis of a termination of employment by the Executive for Good Reason);

(iv) the Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the “buyout amount” specified by the vehicle’s lessor; and

(v) all awards granted to the Executive prior to the Change in Control under the Company’s 2005 Stock Incentive Plan or any successor plan thereto (including, without
limitation, the awards granted under Section 3(b)(iii) of the Current Agreement) will become immediately fully vested and any such awards constituting stock options will be immediately fully exercisable (for the lesser of three (3) years or the expiration of the option term in the case of the award granted under Section 3(b)(iii)(B) of the Current Agreement) in the event that the Executive’s termination (other than for Cause or Disability (as defined under the Company’s Long-term Disability Plan or Policy, as in effect on the Date of Termination of the Executive’s employment)) occurs within twenty-four (24) months of the Change in Control. If such termination occurs after twenty-four (24) months of the Change in Control, then the awards granted under Section 3(b)(iii) of the Current Agreement shall be subject to the provisions of Section 6(a)(iv)(C) of the Current Agreement to the extent that such provisions are more favorable to the Executive than may otherwise be provided hereunder or under any other plan, program or agreement applicable to such awards after the date awarded.

To the extent any benefits described in Section 6(a)(ii) and (iii) cannot be provided pursuant to the appropriate plan or program maintained for employees, the Company shall provide such benefits outside such plan or program at no additional cost (including without limitation tax cost) to the Executive.

(b) Death. If the Executive’s employment is terminated by reason of the Executive’s death during the Employment Period, this Agreement shall terminate without further obligations to the Executive’s legal representatives under this Agreement, other than for payment of Accrued Obligations and, in addition, all restricted stock units and stock options granted to the Executive pursuant to Section 3(b) of the Current Agreement shall immediately vest upon the Executive’s date of death, and such stock options will remain exercisable for one (1) year after the Executive’s date of death, subject to the earlier expiration of the term of such stock options. Accrued Obligations shall be paid to the Executive’s estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination.

(c) Disability. If the Executive’s employment is terminated by reason of the Executive’s Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and, in addition, all restricted stock units and stock options granted to the Executive pursuant to Section 3(b) of the Current Agreement shall immediately vest upon the date the Executive’s employment is terminated by reason of Disability, and such stock options will remain exercisable for one (1) year after the date of such termination of the Executive’s employment, subject to the earlier expiration of the term of such stock options. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(d) Cause; Other than for Good Reason. If the Executive’s employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Annual Base Salary through the Date of Termination, and (y) the amount of any compensation previously deferred by the Executive, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the Executive’s vested and outstanding stock options granted pursuant to Section 3(b)(ii)(B) of the Current Agreement shall remain exercisable for one (1) year after the Date of Termination, subject to the earlier expiration of the term of such stock option. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
(e) Specified Employee. Notwithstanding the foregoing, if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination and all payments subject to Section 409A of the Internal Revenue Code (the “Code”) specified in Section 6(a) are not made by March 15 of the year immediately following the Date of Termination, the following shall apply: Such payments may be made to the extent that the amount does not exceed two times the lesser of (i) the sum of the Executive’s annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year preceding the termination, or (ii) the maximum amount that may be taken into account pursuant to Section 401(a)(17) of the Code ($225,000 in 2007) for the year in which the Executive has terminated. Any amounts exceeding such limit, may not be made before the earlier of the date which is six (6) months after the Date of Termination or the date of death of the Executive. Furthermore, any payments pursuant to this Section 6 shall be postponed until six (6) months following the end of the consulting period so long as the Executive continues to work on a consulting basis for the Company following termination and such consulting requires the Executive to work more than 20% of his average hours worked during the 36 months preceding his termination. Any payments that were scheduled to be paid during the six (6) month period following the Executive’s Date of Termination, but which were delayed pursuant to this Section 6(e), shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Executive’s Date of Termination (or, if earlier, the date of Executive’s death). Any payments that were originally scheduled to be paid following the six (6) months after the Executive’s Date of Termination, shall continue to be paid in accordance to their predetermined schedule.

(f) Release. The Executive shall have 21 days following termination in which to execute a General Release (“Release”) in a form substantially equivalent to the attached Exhibit (which may be amended by the Company, from time to time, to conform to applicable law) and seven days in which to revoke the Release after its execution. If the Executive does not execute, or having executed, effectively revokes the Release, the Company will not be obligated to provide any benefits or payments of any kind to the Executive.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 3(a), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company’s obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-
off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as specifically provided in Section 6(a)(ii), such amounts shall not be reduced whether or not the Executive obtains other employment.

9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments, provided, however, that a Gross-Up Payment shall only be made in the event that application of the gross-up feature would result in the Executive receiving total after-tax Payments of at least one hundred five percent (105%) of the benefits the Executive would be entitled to receive without becoming subject to the tax imposed by Section 4999 of the Code (“Maximum Amount”). In the event that a Gross-Up Payment under this Agreement would result in total after-tax Payments of less than one hundred five percent (105%) of the Maximum Amount, the Executive’s Payments shall be capped at the Maximum Amount. If the Payments become subject to the cap described above, the amount due to the Executive under Sections 6(a)(i)A, 6(a)(i)B or 6(a)(i)C (cash Payments) shall be reduced initially; thereafter, the Management Development and Compensation Committee of the Company’s Board shall determine how the Payments subject to the cap shall be paid. Unless otherwise permitted by Section 409A (as defined in Section 16), no Gross-Up Payment shall be made within 12 months of the Date of Termination and all Gross-Up Payments shall be completed within 24 months of the Date of Termination.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other certified public accounting firm as may be designated by the Executive (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the
Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five (5) days of the receipt of the Accounting Firm’s determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or
contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company’s control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company’s complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Post Termination Obligations

(a) Proprietary Information Defined. “Proprietary Information” is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Company or any of its affiliated companies, or to its clients, consultants, or business associates, unless: (i) the information is or becomes publicly known through lawful means; (ii) the information was rightfully in the Executive’s possession or part of his general knowledge prior to his employment by the Company; or (iii) the information is disclosed to the Executive without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

(b) General Restrictions on Use of Proprietary Information. The Executive agrees to hold all Proprietary Information in strict confidence and trust for the sole benefit of the Company and not to, directly or indirectly, disclose, use, copy, publish, summarize, or remove from Company’s premises any Proprietary Information (or remove from the premises any other property of the Company), except (i) during his employment to the extent necessary to carry out the Executive’s responsibilities under this Agreement, (ii) after termination of his employment as specifically authorized in writing by the Board, and (iii) pursuant to a subpoena.
(c) **Non-Solicitation and Non-Raiding.** To forestall the disclosure or use of Proprietary Information in breach of Section 10(b), and in consideration of this Agreement, Executive agrees that for a period of two (2) years after termination of his employment, he shall not, for himself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any of its affiliated companies) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to products which are directly competitive with products sold by the Company at the time of the Executive’s termination, or interference with any of its suppliers or customers, or (ii) solicit for employment any person employed by the Company, or by any of its affiliated companies, during the period of such person’s employment and for a period of three months after the voluntary termination of such person’s employment with the Company.

(d) **Contacts with the Press.** Following termination, the Executive will continue to abide by the Company’s policy that prohibits discussing any aspect of Company business with representatives of the press without first obtaining the permission of the Company’s Public Relations Department.

(e) **Remedies.** Nothing in this Section 10 is intended to limit any remedy of the Company under the California Uniform Trade Secrets Act (California Civil Code Section 3426), or otherwise available under law.

(f) **No Deferral or Withholding by the Company.** In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive pursuant to this Agreement.

11. **Successors.**

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. **Miscellaneous.**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.
This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices or other communications required or permitted hereunder shall be made in writing. Notice shall be effective on the date of delivery if delivered by hand upon receipt, on the first business day following the date of dispatch if delivered utilizing next day service by a recognized next day courier to the applicable address set forth below, or if mailed, three (3) business days after having been mailed, postage prepaid, by certified or registered mail, return receipt requested, and addressed to the applicable address set forth below. Notice given by facsimile shall be effective upon written confirmation of receipt of the facsimile.

If to the Executive:
To the residence address for the Executive last shown on the Company’s payroll records.

If to the Company:
The Clorox Company
1221 Broadway
Oakland, California 94612
Attention: General Counsel
Fax: [______]

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and by a duly authorized representative of the Company other than Executive. By an instrument in writing similarly executed, either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform, provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

(f) Together with the Current Agreement (and the restricted stock unit agreement contemplated under Section 3(b)(iii)(A) of the Current Agreement and the stock option award
agreement contemplated under Section 3(b)(iii)(B) of the Current Agreement), the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement and the Current Agreement (and such restricted stock unit and stock option award agreements thereunder) shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Current Agreement (and such restricted stock unit and stock option award agreements thereunder) and this Agreement supersede any prior agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

(g) In the event of any inconsistency between (a) this Agreement and (b) any other plan, program, practice or agreement in which the Executive participates or is a party, this Agreement shall control.

13. Executive Acknowledgment. The Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

14. Survival. The Executive’s rights under Sections 4(b)(ix), 4(b)(x), 4(b)(xi), 6, 9, 15, 17 and this Section 14 shall survive any termination of the Executive’s employment and the term of this Agreement.

15. Arbitration. Any controversy between the Executive or the Executive’s heirs or estate and the Company or any employee of the Company, including but not limited to, those involving the construction or application of any of the terms, provisions or conditions of this Agreement or otherwise arising out of or related to this Agreement, shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California if the Executive’s current or most recent location of employment with the Company is or was located in Alameda County, California. If it is or was elsewhere, the arbitration shall be held at the city nearest to the Executive’s last location of employment with the Company which has an office of the American Arbitration Association. The arbitrator shall award attorney’s fees to the Executive to the extent that the Executive prevails in the arbitration proceeding.

16. Section 409A. To the extent applicable, it is intended that this Agreement and any payment made hereunder shall comply with the requirements of Section 409A of the Code, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision that would cause the Agreement or any payment hereof to fail to satisfy Section 409A shall have no force or effect until amended to the minimum extent required to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.
17. **Indemnification.** The Company agrees to indemnify the Executive and hold him harmless to the fullest extent permitted by the Company’s certificate of incorporation, bylaws and applicable law against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses, losses, and damages resulting from the Executive’s good faith performance of his duties and obligations with the Company. The Company shall insure the Executive under any contract of directors and officers liability insurance, insuring members of the Board, during his employment and tenure as a Board member and thereafter for so long as he may be subject to liability for such acts or omissions in the performance of his duties and obligations to the Company.

18. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

19. **Severability.** If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any way be affected or impaired thereby. This Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

The parties have duly executed this Agreement as of the effective date that appears at the beginning of this Agreement.

**THE CLOROX COMPANY**

The Company

By: /s/ Laura Stein  
Name: Laura Stein  
Title: Senior Vice President-General Counsel

**EXECUTIVE**

By: /s/ Donald R. Knauss  
(Executive)
GENERAL RELEASE

This document is an important one. You should review it carefully and, if you agree to it, sign at the end on the line indicated.
You have 21 days to sign this Release, during which time you are advised to consult with an attorney regarding its terms.
After signing this Release, you have seven days to revoke it. Revocation should be made in writing and delivered so that it is received by the Corporate Secretary of The Clorox Company, 1221 Broadway, Oakland, CA 94612 no later than 4:30 p.m. on the seventh day after signing this Release. If you do revoke this Release within that time frame, you will have no rights under it. This Release shall not become effective or enforceable until the seven day revocation period has expired.
The agreement for payment of consideration in paragraph 2 below will not become effective until the seven day revocation period has passed.

This GENERAL RELEASE is entered into between The Clorox Company (hereinafter referred to as “Employer”) and __________ (hereinafter referred to as “Executive”). Employer and Executive agree as follows:

1. Executive’s regular employment with Employer will terminate as of __________, 20___. Executive is ineligible for reemployment or reinstatement with Employer.

2. Upon Executive’s acceptance of the terms set forth herein, the Employer agrees to provide the Executive with compensation and benefits set forth in Section 6 of the Amended and Restated Change in Control Agreement between the Executive and the Employer (the “CIC Agreement”), a copy of which is attached as the first Exhibit to this General Release. A complete description of those benefits is attached as the second Exhibit to this General Release.

3. (a) In consideration of the Employer providing Executive this compensation, Executive and Executive’s heirs, assignees and agents agree to release the Employer, all affiliated
companies, agents and employees and each of their successors and assigns (hereinafter referred to as “Releasees”) fully and finally from any claims, liabilities, demands or causes of action which Executive may have or claim to have against the Releasees at present or in the future, except claims for vested benefits, if any. The claims released may include, but are not limited to, any tax obligations as a result of the payment of consideration referred to in paragraph 2, and claims arising under federal, state or local laws prohibiting discrimination in employment, including the Age Discrimination in Employment Act (ADEA) or claims growing out of any legal restrictions on the Employer’s right to terminate its employees. Claims of discrimination, wrongful termination, age discrimination, and any claims other than for vested benefits are hereby released.

(b) By signing this document, Executive agrees not to file a lawsuit to assert such claims. Executive also agrees that if Executive breaches this provision, Executive will be liable for all costs and attorneys’ fees incurred by any Releasee resulting from such action.

4. By signing this document, Executive is also expressly waiving the provisions of California Civil Code section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

By signing this document, Executive agrees and understands that Executive is releasing unknown as well as known claims related to Executive’s employment in exchange for the compensation set forth above.

5. Executive agrees to maintain in complete confidence the terms of this Release, except as it may be necessary to comply with a legally compelled request for information. It is agreed since confidentiality of this Release is of the essence, damages for violation being impossible to assess with precision, that $10,000 is a fair estimate of the damage caused by each disclosure and is agreed to as the measure of damages for each violation.
6. Executive agrees to indemnify and hold Employer harmless from and against any tax obligations for which Executive may become liable as a result of this Release and/or payments made pursuant to the CIC Agreement, other than tax obligations of the Employer resulting from the nondeductibility of any payments made pursuant to this Release or the Employment Agreement.

7. Agreeing to this Release shall not be deemed or construed by either party as an admission of liability or wrongdoing by either party.

8. This Release, the CIC Agreement, the Amended and Restated Employment Agreement between the Executive and the Employer, and the plan documents of the plans of the Clorox Company referred to in the CIC Agreement set forth the entire agreement between Executive and the Employer. This Release and the CIC Agreement are not subject to modification except in writing executed by both of the parties. The Clorox Company plans referred to in the CIC Agreement may be amended in accordance with the provisions of those plans.

Executive acknowledges by signing below that Executive has not relied upon any representations, written or oral, not set forth in this Release.

EXECUTIVE

Dated:

THE CLOROX COMPANY

By: ________________

Dated:
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (the “Agreement”), dated as of February 7, 2008, amends and restates the original agreement, dated August 25, 2006, and is between THE CLOROX COMPANY, a Delaware corporation (the “Company”), and Donald R. Knauss (the “Executive”).

RECITAL

The Company and the Executive want to enter into a written agreement concerning the terms of the Executive’s employment with the Company and the terms of the termination of that employment.

TERMS OF AGREEMENT

1. Term of Employment

   (a) Basic Term. The term of this Agreement initially commenced on October 2, 2006 (the “Effective Date”) and shall end upon the earliest of (such ending date, the “Date of Termination”) (i) the third anniversary thereof, as and to the extent extended under Section 1(b) (the “Term Date”), (ii) the date upon which the Executive’s employment is terminated in accordance with Section 4, and (iii) the first day of the month following the Executive’s 65th birthday.

   (b) Extension of Term. Subject to Section 1(a)(iii) and to Section 4, the Term Date will be automatically extended for one additional year on the last day before such Term Date, and for one additional year on each succeeding anniversary of the Term Date as so extended thereafter, unless and until either party gives notice to the other party at least one hundred eighty (180) days before any such extension of the Term Date would become effective hereunder that the automatic extension shall cease and that this Agreement shall terminate on the Term Date occurring after such notice. The Company’s right not to extend the Agreement shall be with or without Cause (as defined in Section 4(c) below), and the Company’s exercise of its right not to extend the Agreement will not necessarily terminate the Executive’s employment with the Company.

   (c) Certain Definitions.

      (i) The “Average Annual Bonus” shall mean the average annual incentive bonus that the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination, or the average annual incentive bonus that the Executive received for the actual number of completed fiscal years immediately preceding the Date of Termination if less than three (3), under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”).
(ii) “Bonus Target” means the annual bonus that the Executive would have received in a fiscal year under the AIP Plan and/or the EIC Plan, if the target goals had been achieved. The Bonus Target shall be reviewed periodically for increase or decrease in accordance with the Company’s regular practice for setting targets for “Executive Officers” (i.e., the Executive and the other members of the Management Executive Committee). Thereafter, “Bonus Target” shall mean such bonus target as so increased or decreased from time to time.

2. Position; Duties; Responsibilities.

(a) Position. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company subject to the terms and conditions of this Agreement. The Executive shall serve as Chairman of the Board of Directors of the Company (the “Board”) and Chief Executive Officer (“CEO”), reporting to the Board. As of the Effective Date, the Board shall appoint the Executive as a member of the Board. Thereafter, during the term of this Agreement, the Board shall nominate the Executive for reelection as a member of the Board at the expiration of each then-current Board term. The Executive shall devote his best efforts and the equivalent of full time employment to the performance of the services customarily incident to the Executive’s current office and to such other services as may be reasonably requested by the Board, consistent with his offices, titles and positions. The Company shall retain full direction and control of the means and methods by which the Executive performs the above services and of the place(s) at which such services are to be rendered; provided, the Executive’s principal place of employment shall be at the Company’s headquarters in Oakland, California unless he consents to another such place.

(b) Other Activities. Excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal hours to the business and affairs of the Company, and to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable best efforts to perform faithfully and efficiently such responsibilities. It shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, provided that with respect to any corporate board, such service has been pre-approved by the Presiding Director of the Company, (B) deliver lectures or fulfill speaking engagements or teach at educational institutions on a part-time basis not to exceed five hours per week in the aggregate and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive’s responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive’s responsibilities to the Company.

3. Salary; Incentive Compensation; Benefits; Expenses.

(a) Salary. In consideration of the services to be rendered hereunder, including, without limitation, services to any affiliate of the Company (an “Affiliated Company”), the Executive shall be paid an annual base salary (“Annual Base Salary”), payable at the times and pursuant to the procedures regularly established, and as they may be amended, by the Company during the course of this Agreement. The Annual Base Salary shall be reviewed periodically for increase (or decrease to the extent permitted hereunder) in accordance with the Company’s
regular administrative practice for adjusting salaries of the “Executive Officers” (i.e., the Executive and the other members of the Management Executive Committee). Thereafter, “Annual Base Salary” shall mean such annual base salary rate as so increased (or decreased) from time to time. The Company may reduce the Executive’s Annual Base Salary only if the annual base salaries of all other Executive Officers of the Company are at the same time being similarly reduced and if the percentage of reduction of the Executive’s Annual Base Salary does not exceed that of any other Executive Officer.

(b) **Annual Incentive Plan; Executive Incentive Compensation Plan; Long Term Compensation Program.**

(i) As of the Effective Date, the Executive shall be entitled to participate in the AIP Plan, the EIC Plan and Stock-Based Long-Term Compensation Program (the “LTC Program”), or any successors thereto, in accordance with the Company’s practice for administering the AIP Plan, the EIC Plan and the LTC Program with respect to Executive Officers, unless the Company suspends or terminates one or more of the AIP Plan, the EIC Plan or the LTC Program; provided, the Executive shall be first eligible for annual awards under the LTC Program at such time as awards are granted to Executive Officers during calendar 2007. For purposes of this Agreement, “LTC Program” encompasses Stock-Based Awards made to the Executive under the 2005 Stock Incentive Plan or any subsequent stock-based incentive compensation plan.

(ii) The Executive shall be eligible to receive an annual incentive bonus as determined in accordance with the terms and conditions of the EIC Plan and/or AIP Plan and a maximum bonus equal to not less than 200% of his Bonus Target for the applicable year.

(iii) On the Effective Date, the Executive was granted the following equity awards:

(A) 83,500 restricted stock units subject to the terms and conditions of the LTC Program and the form of award agreement provided to the Executive (subject to the terms of this Agreement), with such grant vesting over four (4) years with one-fourth (1/4) vesting on each of the first, second, third and fourth anniversaries of the date of grant, and payment of which shall be delayed until six (6) months following the date of the Executive’s termination of employment; and

(B) a ten-year option to purchase 275,000 shares of the Company’s common stock, subject to the terms and conditions of the LTC Program and the form of award agreement provided to the Executive (subject to the terms of this Agreement). The exercise price per share of the option will be the fair market value (as defined in the LTC Program) of the common stock on the date of grant, and the option will vest over four (4) years, with one-fourth (1/4) of the shares underlying the option vesting on each of the first, second, third and fourth anniversaries of the date of grant. Except as otherwise provided in this Agreement, upon termination of the Executive’s employment, vested options shall remain exercisable for the lesser of one (1) year or the remainder of the term of the option.
(c) **Sign-On Bonus.** The Company paid to the Executive a lump sum cash sign-on bonus of $500,000.

(d) **Benefits.** As he becomes eligible therefor, the Company shall provide the Executive, his spouse and eligible dependents with the right to participate in and to receive benefits from all present and future welfare benefit plans, practices, policies and programs (including without limitation, medical, prescription drugs, dental, disability, salary continuance, severance pay, employee life, group life, accidental death and travel accident insurance plans and programs), all incentive savings and retirement plans, practices and programs and all similar benefits, made available generally to Executive Officers of the Company. The amount and extent of benefits to which the Executive is entitled shall be governed by each specific benefit plan, as it may be amended from time to time. The Company may suspend or terminate any benefit plan described in this Section 3(d). The Executive shall also be entitled to the death and disability benefits described in Section 4 and the benefits described in Sections 3(e), 3(f), 3(i) and 3(j).

(e) **Supplemental Executive Retirement Plan.** The Executive shall be eligible to receive supplemental executive retirement plan benefits equal to the greater of the amount attributable to the Company SERP or the Replacement SERP, as described below:

(i) **Company SERP.** The Executive will be eligible to participate immediately in the Company’s Supplemental Executive Retirement Plan (the “Company SERP”) in accordance with the terms and conditions of the Company SERP as in effect from time to time; provided, however, that the Executive shall be fully vested and eligible for an Early Retirement Benefit (at Separation of Employment) (each such term as defined under the Company SERP), upon completion of seven (7) years of service with the Company, and otherwise as provided in the Company SERP. The Company expects to review the Company SERP as part of an overall review of retirement benefits and the Company SERP may change as a result of such review, in the Company’s discretion.

(ii) **Replacement SERP.** The Company shall also establish a supplemental executive retirement plan for the benefit of the Executive (and his surviving spouse in the event of the Executive’s death) that duplicates the rights and benefits the Executive would have been entitled to under The Coca-Cola Company Employee Retirement Plan and The Coca-Cola Company Supplemental Benefit Plan – Pension, as in effect on the date hereof, had his employment with The Coca-Cola Company continued until the Executive’s retirement or other termination of employment with the Company (the “Replacement SERP”) and which shall be subject to the following terms for purposes of attributing the amount attributable to the Replacement SERP:

(A) final average compensation for purposes of the Replacement SERP shall include the actual Annual Base Salary and bonuses paid by the Company to the Executive and, to the extent needed to obtain five years of consecutive annual compensation, the Executive’s actual annual base salary and bonuses paid by The Coca-Cola Company prior to the Executive’s retirement;
the Executive shall be fully vested at all times in the Replacement SERP benefit;

(C) in the event that the Executive’s employment with the Company terminates prior to the third anniversary of the Effective Date, the Executive shall be credited with a minimum of three (3) years of benefit accruals under the Replacement SERP; and

(D) the Executive’s service with The Coca-Cola Company under such plans shall be credited as service under the Replacement SERP and any benefits to which the Executive becomes entitled under the Replacement SERP shall be offset by benefits received by the Executive under The Coca-Cola Company Employee Retirement Plan and Supplemental Benefit Plan — Pension.

(f) 

(f) **Vacation.** The Executive will be entitled to five (5) paid weeks of vacation per year during each year of the term of this Agreement in accordance with the Company’s vacation policy generally applicable to Executive Officers.

(g) **Relocation and Housing Expenses.**

(i) The Executive shall be entitled to relocation benefits in accordance with the Company’s relocation policy and such additions thereto as mutually agreed to by the Executive and the Company, which shall include up to $50,000 in loss protection on the sale of the Executive’s residence in Atlanta, Georgia. In addition, the Company shall, if necessary, pay to the Executive tax gross-up payments so that the net amount retained by the Executive after payment of all applicable income and employment taxes attributable to amounts paid is equal to the agreed amount to be reimbursed for such relocation expenses under this Section 3(g)(i) and Section 3(g)(ii) (other than for any gain on any sale of the Executive’s Atlanta, Georgia residence), provided, however, that a gross-up payment shall not be made with respect to any reimbursement to the extent the related expense is deductible or is otherwise excludable from the Executive’s taxable income. All amounts payable under this Section 3(g)(i) shall be subject to the Executive’s presentation of receipts and/or invoices as may be reasonably required by the Company.

(ii) The Executive shall be entitled to reimbursement for the cost of temporary housing in an amount up to $10,000 per month and the cost of commuting incurred by the Executive and the cost of house hunting travel incurred by the Executive’s spouse, as part of the Executive’s relocation to the Oakland, California metropolitan area, for a period of up to one (1) year following the Effective Date. All amounts payable under this Section 3(g)(ii) shall be subject to the Executive’s presentation of receipts and/or invoices as may be reasonably required by the Company.

(h) **Business Expenses.** The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by the Executive in the performance of his duties hereunder in accordance with the Company’s general policies, as they may be amended from time to time during the course of this Agreement.

(i) **Automobile.** The Executive shall be provided with an automobile or a monthly automobile allowance of $1,100 per month, plus parking and a cellular phone.
(j) Retiree Benefits. Upon completion of seven (7) years of continuous employment with the Company, the Executive will be deemed retiree eligible under all welfare benefit, equity and other incentive plans and programs (other than tax-qualified pension and 401(k) plans) applicable to senior executives of the Company under the terms and conditions of such plans and programs as in effect from time to time; provided, however, that such treatment shall not apply to the extent the Executive is entitled to retiree benefits from The Coca-Cola Company, on a benefit-by-benefit and coverage-by-coverage basis, that duplicates retiree benefits available to the Executive by the Company.

(k) Change in Control. The Company and the Executive have entered into an Amended and Restated Change in Control Agreement governing the terms and conditions related to a Change in Control of the Company.

4. Termination of Employment.

(a) By Death. The Executive’s employment shall terminate automatically upon his death. The Company shall pay to the Executive’s beneficiaries or estate, as appropriate, the salary to which he is entitled pursuant to Section 3(a), any accrued vacation due the Executive, through the end of the month in which death occurs and any prior completed fiscal year’s earned and unpaid annual incentive bonus. In addition, all restricted stock units and stock options granted pursuant to Section 3(b) shall immediately vest upon the Executive’s date of death, and such stock options will remain exercisable for one (1) year after the Executive’s date of death, subject to the earlier expiration of the term of such stock option. The Company shall also pay the Executive’s beneficiaries or estate, as appropriate, in lieu of any AIP and EIC Plan award under Section 3(b), a pro rata portion (through the date of death) of the Executive’s Bonus Target for the fiscal year of his death. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Payments owed pursuant to this Section 4(a) shall be made in a lump sum payment as soon as administratively practicable but, in any event, within ninety (90) days following the date of such termination. Except as otherwise specifically provided under this Agreement, after the payments called for in this Section 4(a) are made, the Company’s obligations hereunder shall terminate. This Section 4(a) shall not affect entitlement of the Executive’s estate or beneficiaries to death benefits under any benefit plan of the Company.

(b) By Disability. Should the Executive become Disabled, the Executive’s employment may terminate at the Company’s option. As used in this Section 4(b), “Disabled” shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plans by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. If the Company so elects, the Company shall pay the salary to which the Executive is entitled pursuant to Section 3(a) through the Date of Termination, and in lieu of any AIP and EIC Plan award under Section 3(b) for the fiscal year in which termination occurs, the Company shall pay the Executive a pro rata portion (through the Date of Termination) of the Executive’s Bonus Target for the fiscal year of the termination. The
Company shall also pay the Executive any accrued vacation through the Date of Termination and any prior completed fiscal year’s earned and unpaid annual incentive bonus. In addition, all restricted stock units and stock options granted pursuant to Section 3(b) shall immediately vest upon the date of such termination of the Executive’s employment, and such stock options will remain exercisable for one (1) year after the date of such termination of the Executive’s employment, subject to the earlier expiration of the term of such stock option. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Payments owed pursuant to this Section 4(b) (other than payment of a pro rata bonus, if any) shall be made in a lump sum payment as soon as administratively practicable but, in any event, within ninety (90) days following the date of such termination. If the Company elects to pay a pro rata portion (through the Date of Termination) of the Executive’s Bonus Target for the fiscal year of the termination, such award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to then employed executives. Except as otherwise specifically provided under this Agreement, thereafter the Company’s obligations hereunder shall terminate.

(c) By Company For Cause. The Company may terminate the Executive’s employment for Cause (as defined below in this Section 4(c)) at any time. The Company shall pay the Executive the salary to which he is entitled pursuant to Section 3(a) through the Date of Termination, and, except as otherwise specifically provided under this Agreement, thereafter the Company’s obligations hereunder shall terminate. The Executive shall not be entitled to any unpaid AIP Plan and EIC Plan award pursuant to Section 3(b) for the prior fiscal year or the fiscal year in which termination occurs and outstanding options granted pursuant to Section 3(b)(ii)(B) shall be immediately forfeited. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Termination shall be for “Cause” if:

(i) the Executive willfully neglects significant duties he is required to perform or willfully violates a material Company policy, and, after being warned in writing, continues to willfully neglect such duties or continues to willfully violate such specified Company policy;

(ii) the Executive commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude;

(iii) the Executive acts (or omits to act) with gross negligence with regard to material matters in the performance of the Executive’s duties hereunder; or

(iv) the Executive willfully disregards a lawful direction of the Board.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a
resolution duly adopted by the affirmative vote of not less than a majority of the Board (excluding the Executive) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii), (iii) or (iv) above, and specifying the particulars thereof in detail.

(d) By the Executive or the Company At Will.

(i) Termination by the Company. The Company may, at any time, terminate the Executive’s employment without Cause. If the Company terminates the Executive’s employment prior to the Term Date, the severance payment provisions of Section 6 shall apply and the Company shall have no additional liability. The Executive hereby agrees that the Company may terminate his employment under this Section 4(d)(i) without regard (A) to any general or specific policies (whether written or oral) of the Company relating to the employment or termination of its employees, or (B) to any statements made to the Executive, whether made orally or contained in any document, pertaining to the Executive’s relationship with the Company. Nothing in this Section 4(d)(i) shall prevent the Company from exercising its right under Section 4(c) to terminate the Executive’s employment for Cause, and such a termination shall not give rise to damages under Section 6.

(ii) Termination by the Executive Without Good Reason. Except in the case of Good Reason (as defined in Section 4(d)(iii) below) as provided in Section 4(d)(iii) or Retirement as provided in Section 4(d)(iv), the Executive may, upon giving at least ten (10) business days’ written notice to the Company, terminate his employment, without liability, for any reason. If the Executive terminates his employment pursuant to this Section 4(d)(ii), the Company shall pay the Executive the salary and accrued vacation to which the Executive is entitled pursuant to Section 3(a) through the end of the ten (10) business days notice period. In addition, the Executive’s vested and outstanding stock options granted pursuant to Section 3(b)(iii)(B) shall remain exercisable for one (1) year after the date of such termination of the Executive’s employment, subject to the earlier expiration of the term of such stock option. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Except as otherwise specifically provided under this Agreement, thereafter the Company’s obligations hereunder shall terminate. The Executive shall not be entitled to any AIP and EIC Plan award pursuant to Section 3(b) for the fiscal year in which he terminates his employment under this Section 4(d)(ii).

(iii) Termination by the Executive For Good Reason. The Executive may terminate his employment for Good Reason provided he delivers a written notice to the Company of the existence of one or more of the conditions set forth below within a period not to exceed 90 days of the initial existence of the condition. Thereafter, the Company shall have 30 days during which it may remedy the condition and thereby cure the event or circumstance constituting “Good Reason”. If the Executive terminates his employment for Good Reason, the severance payment provisions of Section 6 shall apply and the Company shall have no additional liability. Termination by the Executive shall be for Good Reason if any of the following occurs:

(A) the Executive is assigned any duties inconsistent in any material respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) of this Agreement, or the Company takes any other action which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
(B) the Company fails to comply with any of the material provisions of Section 3 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(C) the Company requires the Executive to be based at any office or location which increases his commute by more than 40 miles;

(D) the Company purports to terminate the Executive’s employment other than as expressly permitted by this Agreement; or

(E) the Company fails to obtain from any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company the express assumption and agreement to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Notwithstanding the above, a failure by the Company’s stockholders to elect the Executive to the Board shall not constitute Good Reason, but a failure by the Board to appoint the Executive to the Board as of the Effective Date or to thereafter nominate the Executive to the Board at any time shall constitute Good Reason.

(iv) Termination Due to Executive’s Retirement. The Executive may terminate his employment upon giving at least three (3) months’ written notice to the Company, provided that he is vested in his accrued benefit pursuant to the Company SERP upon the Date of Termination. Such a termination constitutes “Retirement” for purposes of this Agreement. Upon the Executive’s Retirement, the Company shall pay the Executive the salary and accrued vacation to which he is entitled pursuant to Section 3(a) and 3(f) through the last day of his employment. The Executive also shall receive any prior completed fiscal year’s earned and unpaid annual incentive bonus. In addition, the Executive shall be entitled to receive a pro rata portion calculated upon the portion of the fiscal year during which the Executive was employed of the Executive’s AIP and/or EIC Plan award for the fiscal year of his Retirement. The award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to employed executives; provided, however, that if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination, such payments shall be made in accordance with Section 4(f) below. The award will be a percentage of the Executive’s AIP and/or EIC Plan Bonus Target award for that fiscal year based upon the application of the overall corporate results factor and the division and/or functional results factor, if applicable, of the AIP and/or EIC Plan award calculation matrix. The award will not be based on any personal objectives factor; thus, the individual modifier to be applied to the corporate and business and/or functional results, if any, will be calculated at 100%.
(v) Termination of Employment Following Notice of Non-Renewal. In the event the Executive’s employment is terminated for any reason upon expiration of the Agreement or thereafter following a notice of non-renewal by either party pursuant to Section 1(b), the Company shall pay the Executive the salary and accrued vacation to which he is entitled pursuant to Section 3(a) and Section 3(f) through the date of such termination of the Executive’s employment, and, except as otherwise specifically provided under this Agreement, thereafter the Company’s obligations hereunder shall terminate. In the event that the Executive’s employment is terminated by the Company without Cause or by the Executive for Good Reason (during the term of this Agreement or thereafter) at any time following the issuance by the Company to the Executive of a notice of non-renewal pursuant to Section 1(b) that is effective on the third anniversary of the Effective Date, 5,875 restricted stock units of the unvested portion of the restricted stock units granted pursuant to 3(b)(iii)(A) and 15,250 unvested stock options of the unvested portion of the stock options granted pursuant to Section 3(b)(iii)(B) shall immediately vest. In the event that the Executive’s employment is terminated by the Company without Cause or by the Executive for Good Reason (during the term of this Agreement or thereafter) at any time following the issuance by the Company to the Executive of a notice of non-renewal pursuant to Section 1(b) that is effective at any time provided thereunder, 61,000 vested stock options awarded pursuant to Section 3(b)(iii)(B) will remain exercisable for three (3) years after the Date of Termination, subject to the earlier expiration of the term of such stock options. The remaining vested portion of such stock option grant will remain exercisable for one (1) year after the Date of Termination, subject to earlier expiration of the term of such stock options. For the purposes of the preceding three sentences, for the avoidance of doubt, a termination of the Executive’s employment by the Company on the Term Date pursuant to a Company notice of non-renewal under Section 1(b) shall be a termination by the Company without Cause. The Executive shall not be entitled to any AIP and EIC Plan award pursuant to Section 3(b) for the fiscal year in which his employment terminates pursuant to this Section 4(d)(v).

(e) Termination Obligations.

(i) The Executive hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Executive in the course of or incident to his employment, belong to the Company and shall, if physically returnable, be promptly returned to the Company upon termination of his employment. “Personal property” includes, without limitation, all books, manuals, records, reports, notes, contracts, lists, blueprints, and other documents, computer media or materials, or copies thereof, and Proprietary Information (as defined in Section 5(a) below), but does not include the Executive’s rolodex or address book. Following termination, the Executive will not retain any written or other tangible material containing any Proprietary Information.

(ii) Upon termination of his employment, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any Affiliated Company, and will execute a letter of resignation if requested.
(iii) The Executive’s obligations under Sections 4(e), 5, 7 and 14, and the Company’s obligations under Sections 3(c), 3(d) (in accordance with the terms of the applicable plan), 3(e), 3(g), 3(j), 4, 6, 14, 16 and this Section 4(e)(iii), and the Executive’s entitlement to payment or reimbursement of his business expenses incurred in accordance with Section 3(h) through the Date of Termination, shall survive termination of the Executive’s employment and the expiration of this Agreement.

(f) Specified Employee. Notwithstanding the foregoing, if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination and:

(i) all payments specified in Section 4(c), Section 4(d)(i), Section 4(d)(iii) or Section 6 which are subject to Code Section 409A (as defined in Section 18) but are not made by March 15 of the year immediately following the Date of Termination, may be made to the extent that the amount does not exceed two times the lesser of (i) the sum of the Executive’s annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year preceding the termination, or (ii) the maximum amount ($225,000 in 2007) that may be taken into account pursuant to Section 401(a)(17) of the Internal Revenue Code (the “Code”) for the year in which the Executive has terminated. Any amounts exceeding such limit, may not be made before the earlier of the date which is six (6) months after the Date of Termination or the date of death of the Executive; or

(ii) all payments specified in Section 4(d(ii), Section 4(d)(iv) or Section 4(d)(v) which are subject to Code Section 409A (as defined in Section 18) but are not made by March 15 of the year immediately following the Date of Termination, may not be made before the earlier of the date which is six (6) months after the Date of Termination or the date of death of the Executive.

Furthermore, any payments pursuant to this Section 4 or Section 6 shall be postponed until six (6) months following the end of the consulting period so long as the Executive continues to work on a consulting basis for the Company following termination and such consulting requires the Executive to work more than 20% of his average hours worked during the 36 months preceding his termination. Any payments that were scheduled to be paid during the six (6) month period following the Executive’s Date of Termination, but which were delayed pursuant to this Section 4(f), shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Executive’s Date of Termination (or, if earlier, the date of Executive’s death). Any payments that were originally scheduled to be paid following the six (6) months after the Executive’s Date of Termination, shall continue to be paid in accordance to their predetermined schedule.

5. Post Termination Obligations.  

(a) Proprietary Information Defined. “Proprietary Information” is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Company or any Affiliated Company, or to its clients, consultants, or business associates, unless: (i) the information is or becomes publicly known through lawful means; (ii) the information was rightfully in the Executive’s possession or part of his general knowledge prior to his employment.
(b) General Restrictions on Use of Proprietary Information. The Executive agrees to hold all Proprietary Information in strict confidence and trust for the sole benefit of the Company and not to, directly or indirectly, disclose, use, copy, publish, summarize, or remove from Company’s premises any Proprietary Information (or remove from the premises any other property of the Company), except (i) during his employment to the extent necessary to carry out the Executive’s responsibilities under this Agreement, (ii) after termination of his employment as specifically authorized in writing by the Board, and (iii) pursuant to a subpoena; provided, however, that prior to responding to any subpoena, the Executive shall give notice to the Company and an opportunity for the Company to object to such subpoena.

(c) Non-Solicitation and Non-Raiding. To forestall the disclosure or use of Proprietary Information in breach of Section 5(b), and in consideration of this Agreement, the Executive agrees that for a period of two (2) years after termination of his employment, he shall not, for himself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to products which are directly competitive with products sold by the Company at the time of the Executive’s termination, or interference with any of its suppliers or customers, or (ii) solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of such person’s employment and for a period of one year after the termination of such person’s employment with the Company.

(d) Contacts with the Press. Following termination, the Executive will continue to abide by the Company’s policy that prohibits discussing any aspect of Company business with representatives of the press without first obtaining the permission of the Company’s Public Relations Department.

(e) Remedies. Nothing in this Section 5 is intended to limit any remedy of the Company under the California Uniform Trade Secrets Act (California Civil Code Section 3426), or otherwise available under law.

6. Severance Payments; Requirement of Mitigation; Release.

(a) Severance Payments. The Company and the Executive acknowledge that it would be impractical or extremely difficult to fix the Executive’s actual damages in the case of termination at will by the Company pursuant to Section 4(d)(i) or in the case of a termination by the Executive for Good Reason pursuant to Section 4(d)(iii). Therefore, in the event of such a termination and notwithstanding any other provision of this Agreement, in exchange for and in consideration of the Executive’s execution and non-revocation of a General Release (“Release”) in a form substantially equivalent to the attached Exhibit, which may be amended by the Company, from time to time, to conform to applicable law, and subject to the mitigation provisions of Section 6(b), the Executive shall be entitled to severance payments made up of the following components:

(i) Salary Component.

Payment, promptly after termination and in any event within 30 days after the Date of Termination, of a lump sum amount equal to the product of (A) three (3) and (B) the Executive’s Annual Base Salary on the Date of Termination.
(ii) **AIP and EIC Plan Components**

(A) Payment, promptly after termination and in any event within 30 days after the Date of Termination, of a lump sum amount equal to the product of (A) three (3) and (B) 75% of his Average Annual Bonus.

(B) A pro rata portion calculated upon the portion of the fiscal year during which the Executive was employed of the Executive’s AIP and/or EIC Plan award for the fiscal year in which the Executive’s employment terminated. The prorated award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to then employed executives; provided, however, that if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination, such payments shall be made in accordance with Section 4(f) above. The award will be a percentage of the Executive’s AIP and/or EIC Plan target award for such fiscal year based upon the application of the overall corporate results factor and the division and/or functional results factor, if applicable, of the AIP and/or EIC Plan award calculation matrix. The award will not be based on any personal objectives factor; thus, the individual modifier to be applied to the corporate and business and/or functional results, if any, will be calculated at 100%.

(iii) **Medical/Dental Plans Component**

(A) For a period of three (3) years, the Company shall:

(1) if the Executive participated in a company self-insured medical plan (which does not satisfy the requirements of Section 105(h)(2)) immediately prior to the Date of Termination, pay to the Executive or cause to have paid on the Executive’s behalf the sum of (x) the Company’s portion of the premium payable under the Company’s group health plans for providing health benefits (i.e., medical, dental and vision benefits) to the Executive and to those family members covered through Executive under the Company’s group health plans at the time of the commencement of the Separation Period, such coverage to be provided under the group health plans in which Executive and his covered family members are participating at the time of the commencement of the Separation Period or elect in accordance with the Company’s applicable established procedures (reduced by any amounts which Executive is required to pay for such health benefit coverage as described in further detail below), and (y) an additional amount (the “Gross-Up Amount”) intended to compensate Executive for any additional taxes, if any, for which Executive may become liable as a result of the provision of the benefits described in (x) so that Executive’s after-tax income is not decreased as a result of receiving the benefits described in (x), with such Gross-Up Amount being calculated in accordance with the Company’s reasonable usual and customary procedures for determining tax gross-up payments.
as such procedures may change from time to time. The Company shall pay or cause to have paid all amounts due under this Section 6(a)(iii)(A) in annual installments, with the first installment due or credited within 30 days after the Date of Termination and subsequent installments being made or credited on the anniversary thereof; provided, however, that subsequent installments may be reduced or eliminated to the extent that Executive becomes eligible for other health coverage through a subsequent employer; or

(2) if paragraph (1) above is not applicable (because the Executive participated in a health benefit program to which Section 105(h) is not applicable, such as the Company’s HMO immediately prior to the Date of Termination), continue benefits under such health plan on the same basis as an employee of the Company.

The purpose of providing the benefits pursuant to this Section 6(a)(iii)(A) shall be to provide the Executive and/or the Executive’s covered family members with continued health benefits at least equal to those which would have been provided to them in accordance with the Company’s health plans, programs, practices and policies if the Executive’s employment had not been terminated (with such contributions by the Executive as would have been required had the Executive’s employment not been terminated). The Executive shall not participate in any other Company sponsored welfare benefit plans after the termination of employment.

(B) In addition, if upon termination of employment the Executive has completed at least seven (7) years of service with the Company, continuation of the right to participate in Medical and/or Dental Plans as and if offered to former employees whose employment terminated at or after age 55 with ten (10) or more years of service on the same terms and conditions as for such former employees including premium contributions from the Executive as in effect from time to time. Such right to participate shall apply from the time such coverage would otherwise terminate pursuant to Section 6(a)(iii)(A) and shall continue until the Executive attains age 65; thereafter the Executive may participate in the Company’s Retiree Health Plan as and if it may exist from time to time (provided, not more than seven (7) years of service shall be required for eligibility thereunder), if he would be eligible to participate pursuant to the terms of that Plan; provided, however, that such coverage shall not be provided to the extent the Executive is entitled to retiree benefits from The Coca-Cola Company, on a benefit-by-benefit and coverage-by-coverage basis, that duplicates the retiree benefits available to the Executive by the Company.

(iv) LTC Program Component.

(A) If the Executive is vested in his accrued benefit pursuant to Section 3(e)(i) herein, then for purposes of the LTC Program his termination of employment will be deemed to be a Termination of Employment Due to Retirement if the Executive irrevocably elects prior to his termination date to begin retirement benefits under the Company SERP. If the Executive does not so elect or is not eligible to so elect, all LTC Program awards which remain at the Date of Termination will be treated pursuant to subsection (B) below.

(B) If the Executive does not elect or is not eligible to elect to commence benefits under the Company SERP pursuant to (iv) (A) above, then for purposes of all LTC Program awards, he will be deemed to have terminated employment on the day prior to his Date of Termination. Whether any LTC Program award is forfeited in such a case will be determined by the terms of the award and the plan pursuant to which it was awarded.
(C) Notwithstanding the foregoing, the Executive shall become immediately vested in unvested restricted stock units granted pursuant to 3(b)(iii)(A) and unvested stock options granted pursuant to Section 3(b)(iii)(B) as follows:

(1) for the purpose of this Section 6(a)(iv)(C), (x) such restricted stock unit grant shall be deemed to be two grants comprised of 60,000 restricted stock units and 23,500 restricted stock units; (y) each such deemed grant shall have become vested in one-fourth of each such grant on each anniversary of the Effective Date through the Date of Termination; and (z) the remaining unvested portion of the deemed grant of 23,500 restricted stock units shall become immediately vested on the Date of Termination; and

(2) for the purpose of this Section 6(a)(iv)(C), (x) such stock option grant shall be deemed to be two grants comprised of 214,000 stock options and 61,000 stock options; (y) each such deemed grant shall have become vested in one-fourth of each such grant on each anniversary of the Effective Date through the Date of Termination; and (z) the remaining unvested portion of the deemed grant of 61,000 stock options shall become immediately vested on the Date of Termination and the 61,000 such vested stock options shall remain exercisable for three (3) years after the Date of Termination, subject to the earlier expiration of the term of such stock option. The vested portion of the deemed grant of 214,000 stock options will be exercisable for one (1) year after the date of such termination of the Executive’s employment, subject to the earlier expiration of the term of such stock option.

(v) Automobile Component.

The Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the “buyout amount” specified by the vehicle’s lessor.

The parties acknowledge that the amounts and benefits provided in (i) through (v) above constitute a reasonable estimate of and compensation for any damages the Executive may suffer as the result of his termination of employment under this Agreement.

If the Executive does not execute, or having executed, effectively revokes the Release, the Company will not be obligated to provide any benefits or payments of any kind to the Executive.

(b) Coordination of Benefits. The Executive’s medical and dental benefit coverage under Section 6(a)(iii)(A) and/or (B) shall be secondary to medical and/or dental coverage provided to the Executive by a subsequent employer to the extent such benefits are available, and or are duplicated by such benefits by a prior employer to the extent available on a benefit-by-benefit and coverage-by-coverage basis, and the Executive will make every good faith effort to participate in any such coverage. For any period during which the Executive does not make such a good faith effort the Executive’s medical and dental plan coverage under Section 6(a)(iii)(A) and/or (B) shall be completely suspended. If medical and dental benefit coverage ceases to be provided by the subsequent or prior employer, as the case may be, the Executive may have his
Section 6(a)(iii)(A) and/or (B) coverage from the Company become his primary coverage again. The Executive’s right to medical and dental continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 shall commence after the conclusion of coverage under Section 6(a)(iii)(A) and/or (B), as the case may be.

(c) **Lack of Participation in Qualified Plans.** Upon termination of employment the Executive shall cease to actively participate in any qualified benefit plan maintained by the Company, such as the Pension Plan and the 401(k) Plan, and the Executive shall also cease to actively participate in any welfare benefit plan maintained by the Company, except as otherwise provided in Section 6(a)(iii) above or under the terms of such plan. No employee or employer contributions will be made to any qualified benefit plan based on any bonus paid after the termination of the Executive’s employment.

7. **Successors.**

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. **Notices.** All notices or other communications required or permitted hereunder shall be made in writing. Notice shall be effective on the date of delivery if delivered by hand upon receipt, on the first business day following the date of dispatch if delivered utilizing next day service by a recognized next day courier to the applicable address set forth below, or if mailed, three (3) business days after having been mailed, postage prepaid, by certified or registered mail, return receipt requested, and addressed to the applicable address set forth below. Notice given by facsimile shall be effective upon written confirmation of receipt of the facsimile.

If to the Executive:

To the residence address for the Executive last shown on the Company’s payroll records.
If to the Company:
The Clorox Company
1221 Broadway
Oakland, California 94612
Attention: General Counsel
Fax: [______________]
or to such other address as either party shall have furnished to the other in writing in accordance herewith.

9. **Entire Agreement.** Together with the Amended and Restated Change in Control Agreement, between the Executive and the Company, the
terms of this Agreement (and the restricted stock award agreement contemplated under Section 3(a)(ii)(A) and the stock option award
agreement contemplated under Section 3(a)(ii)(B)) are intended by the parties to be the final expression of their agreement with respect to the
employment of the Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The
parties further intend that this Agreement (and such restricted stock award agreement and such stock option award agreement) and said Change
in Control Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be
introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Change in Control Agreement and this
Agreement (and such restricted stock award agreement and such stock option award agreement) supersede any prior agreements, written or
oral, between the Company and the Executive concerning the terms of his employment.

10. **Amendments; Waivers.** This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the
Executive and by a duly authorized representative of the Company other than the Executive. By an instrument in writing similarly executed,
either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply
with or perform, provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent
failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any
single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other
right, remedy, or power provided herein or by law or in equity.

11. **Severability.** If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or
unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications
thereof shall not in any way be affected or impaired thereby. This Agreement shall be construed and enforced as if such invalid, illegal or
unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall
not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable
provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or
unenforceable provision as may be possible and be valid, legal and enforceable.
12. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

13. **Executive Acknowledgment.** The Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

14. **Arbitration.** Any controversy between the Executive, his heirs or estate and the Company or any employee of the Company, including but not limited to, those involving the construction or application of any of the terms, provisions or conditions of this Agreement or otherwise arising out of or related to this Agreement, shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California if the Executive’s current or most recent location of employment with the Company is or was located in Alameda or Contra Costa County, California. If it is or was elsewhere, the arbitration shall be held at the city nearest to the Executive’s last location of employment with the Company that has an office of the American Arbitration Association. The arbitrator shall, to the extent that the Executive prevails in the arbitration, award attorney’s fees to the Executive.

15. **Representation.** The Executive represents and warrants to the Company that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him from entering into this Agreement or performing all of his obligations hereunder.

16. **Indemnification.** The Company agrees to indemnify the Executive and hold him harmless to the fullest extent permitted by the Company’s certificate of incorporation, bylaws and applicable law against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses, losses, and damages resulting from the Executive’s good faith performance of his duties and obligations with the Company. The Company shall insure the Executive under any contract of directors and officers liability insurance, insuring members of the Board, during his employment and tenure as a Board member and thereafter for so long as he may be subject to liability for such acts or omissions in the performance of his duties and obligations to the Company.

17. **Withholdings.** The Company may withhold from any amounts payable pursuant to this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.
18. **Code Section 409A**. To the extent applicable, it is intended that this Agreement and any payment made hereunder shall comply with the requirements of Section 409A of the Internal Revenue Code, and any related regulations or other effective guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Code Section 409A”). Any provision that would cause the Agreement or any payment hereof to fail to satisfy Code Section 409A shall have no force or effect until amended to the minimum extent required to comply with Code Section 409A, which amendment may be retroactive to the extent permitted by Code Section 409A.

19. **No Mitigation**. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section 6(b), such amounts shall not be reduced if the Executive obtains other employment.

20. **Inconsistency**. In the event of any inconsistency between (a) this Agreement and (b) any other plan, program, practice or agreement in which the Executive participates or is a party, this Agreement shall control unless such other agreement provides explicitly to the contrary.

21. **Counterparts**. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

The parties have duly executed this Agreement as of the date that first appears at the beginning of this Agreement.

The Company:
THE CLOROX COMPANY

By: /s/ Laura Stein
Its: Senior Vice President-General Counsel

The Executive:
/s/ Donald R. Knauss
GENERAL RELEASE

This document is an important one. You should review it carefully and, if you agree to it, sign at the end on the line indicated. You have 21 days to sign this Release, during which time you are advised to consult with an attorney regarding its terms.

After signing this Release, you have seven days to revoke it. Revocation should be made in writing and delivered so that it is received by the Corporate Secretary of The Clorox Company, 1221 Broadway, Oakland, CA 94612 no later than 4:30 p.m. on the seventh day after signing this Release. If you do revoke this Release within that time frame, you will have no rights under it. This Release shall not become effective or enforceable until the seven day revocation period has expired.

The agreement for payment of consideration in paragraph 2 will not become effective until the seven day revocation period has passed.

This GENERAL RELEASE is entered into between The Clorox Company (hereinafter referred to as “Employer”) and ___________________________ (hereinafter referred to as “Executive”). Employer and Executive agree as follows:

1. Executive’s regular employment with Employer will terminate as of ____________, 20__, Executive is ineligible for reemployment or reinstatement with Employer.

2. Upon Executive’s acceptance of the terms set forth herein, the Employer agrees to provide the Executive with compensation and benefits set forth in Section 6 of the Amended and Restated Employment Agreement between the Executive and the Employer (the “Employment Agreement”), a copy of which is attached as the first Exhibit to this General Release. A complete description of those benefits is attached as the second Exhibit to this General Release.

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3. (a) In consideration of the Employer providing Executive this compensation, Executive and Executive’s heirs, assignees and agents agree to release the Employer, all affiliated companies, agents (solely in their capacity as agents and not as advisors) and employees and each of their successors and assigns (hereinafter referred to as “Releasees”) fully and finally from any claims, liabilities, demands or causes of action which Executive may have or claim to have against the Releasees at present or in the future, except claims for vested benefits, if any; provided, this release does not apply to (x) Executive’s rights under paragraph 2 hereof, (y) Executive’s rights to indemnification under Section 16 of the Employment Agreement or otherwise, or (z) Executive’s rights to accrued and vested benefits under all employee benefit plans of the Employer (in accordance with the terms thereof) in which he actively participated immediately prior to termination of his employment. The claims released may include, but are not limited to, any tax obligations as a result of the payment of consideration referred to in paragraph 2, and claims arising under federal, state or local laws prohibiting discrimination in employment, including the Age Discrimination in Employment Act (ADEA) or claims growing out of any legal restrictions on the Employer’s right to terminate its employees. Claims of discrimination, wrongful termination, age discrimination, and any other claims other than as expressly excepted above are hereby released.

(b) By signing this document, Executive agrees not to file a lawsuit to assert such claims. Executive also agrees that if Executive breaches this provision, Executive will be liable for all costs and attorneys’ fees incurred by any Releasee resulting from such action.

4. By signing this document, Executive is also expressly waiving the provisions of California Civil Code section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

By signing this document, Executive agrees and understands that Executive is releasing unknown as well as known claims related to Executive’s employment in exchange for the compensation set forth above.
5. Executive agrees to maintain in complete confidence the terms of this Release, except as it may be necessary to comply with a legally compelled request for information. It is agreed since confidentiality of this Release is of the essence, damages for violation being impossible to assess with precision, that $10,000 is a fair estimate of the damage caused by each disclosure and is agreed to as the measure of damages for each violation.

6. Executive agrees to indemnify and hold Employer harmless from and against any tax obligations for which Executive may become liable as a result of this Release and/or payments made pursuant to the Employment Agreement, other than tax obligations of the Employer resulting from the nondeductibility of any payments made pursuant to this Release or the Employment Agreement.

7. Agreeing to this Release shall not be deemed or construed by either party as an admission of liability or wrongdoing by either party.

8. This Release, the Employment Agreement and the plan documents of the plans of The Clorox Company referred to in the Employment Agreement set forth the entire agreement between Executive and the Employer. This Release and the Employment Agreement are not subject to modification except in writing executed by both of the parties. The Clorox Company plans referred to in the Employment Agreement may be amended in accordance with the provisions of those plans.

Executive acknowledges by signing below that Executive has not relied upon any representations, written or oral, not set forth in this Release.

Executive
Dated:

THE CLOROX COMPANY

By: __________________
Dated:
1. **Establishment, Objectives, Duration.**

   The Clorox Company, a Delaware corporation (hereinafter referred to as the “Company”) hereby establishes a short-term incentive compensation plan to be known as the “The Clorox Company Executive Incentive Compensation Plan” (hereinafter referred to as the “Plan”).

   The purpose of the Plan is to enhance the Company’s ability to attract and retain highly qualified executives and to provide such executives with additional financial incentives to promote the success of the Company and its Subsidiaries. Awards payable under the Plan are intended to constitute “performance-based compensation” under Section 162(m) of the Code and the regulations promulgated thereunder, and the Plan shall be construed consistently with such intention.

   The Plan is effective as of July 1, 2005, subject to the approval of the Plan by the stockholders of the Company at the 2005 Annual Meeting. The Plan will remain in effect until such time as it shall be terminated by the Board or the Committee, pursuant to Section 11 herein.

2. **Definitions.**

   The following terms, when capitalized, shall have the meanings set forth below:

   (a) “**Award**” means a bonus paid in cash, Shares or any combination thereof.

   (b) “**Board**” means the Board of Directors of the Company.

   (c) “**Code**” means the Internal Revenue Code of 1986, as amended.

   (d) “**Committee**” means the Committee, as specified in Section 3(a), appointed by the Board to administer the Plan.

   (e) “**Company**” means The Clorox Company.

   (f) “**Earnings Before Income Taxes**” means the earnings before income taxes of the Company as reported in the Company’s income statement for the applicable Performance Period. For purposes of the foregoing definition, Earnings Before Income Taxes shall be adjusted to exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, as well as the cumulative effect of tax or accounting changes, each as determined in accordance with generally accepted accounting principles or identified in the Company’s financial statements, notes to the financial statements, management’s discussion and analysis or other filings with the U.S. Securities and Exchange Commission.

(h) “Fair Market Value” means, as of any date, the value of a Share determined as follows:

(i) Where there exists a public market for the Share, the Fair Market Value shall be (A) the closing sales price for a Share on the date of the determination (or, if no sales were reported on that date, on the last trading date on which sales were reported) on the New York Stock Exchange, the NASDAQ Global Market or the principal securities exchange on which the Share is listed for trading, whichever is applicable, or (B) if the Share is not traded on any such exchange or national market system, the average of the closing bid and asked prices of a Share on the NASDAQ Capital Market, in each case, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(ii) In the absence of an established market of the type described above for the Share, the Fair Market Value thereof shall be determined by the Committee in good faith, and such determination shall be conclusive and binding on all persons.

(i) “Participant” means the Company’s Chief Executive Officer and each other executive officer of the Company that the Committee determines, in its discretion, is or may be a “covered employee” of the Company within the meaning of Section 162(m) of the Code and regulations promulgated thereunder who is selected by the Committee to participate in the Plan.

(j) “Performance Period” means the fiscal year of the Company, or such shorter or longer period as determined by the Committee; provided, however, that a Performance Period shall in no event be less than six (6) months nor more than five (5) years.

(k) “Plan” means The Clorox Company Executive Incentive Compensation Plan.

(l) “Share” means a share of common stock of the Company, par value $1.00 per share.

(m) “Subsidiary” means any corporation in which the Company owns, directly or indirectly, at least fifty percent (50%) of the total combined voting power of all classes of stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns, directly or indirectly, at least fifty percent (50%) of the combined equity thereof.

3. Administration of the Plan.

(a) The Committee. The Plan shall be administered by the Management Development and Compensation Committee of the Board or such other committee (the “Committee”) as the Board shall select consisting of two or more members of the Board each of whom is intended to be a “non-employee director” within the meaning of Rule 16b-3 (or any successor rule) of the Exchange Act, an “outside director” under regulations promulgated under Section 162(m) of the Code, and an “independent director” under New York Stock Exchange Listing standards. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board.
(b) **Authority of the Committee.** Subject to applicable laws and the provisions of the Plan (including any other powers given to the Committee hereunder), and except as otherwise provided by the Board, the Committee shall have full and final authority in its discretion to establish rules and take all actions, including, without limitation, interpreting the terms of the Plan and any related rules or regulations or other documents enacted hereunder and deciding all questions of fact arising in their application, determined by the Committee to be necessary in the administration of the Plan.

(c) **Effect of Committee’s Decision.** All decisions, determinations and interpretations of the Committee shall be final, binding and conclusive on all persons, including the Company, its Subsidiaries, its stockholders, the Participants and their estates and beneficiaries.

4. **Eligibility.**

   Eligibility under this Plan is limited to Participants designated by the Committee, in its sole and absolute discretion.

5. **Form of Payment of Awards.**

   Payment of Awards under the Plan shall be made in cash, Shares or a combination thereof, as the Committee shall determine, subject to the limitations set forth in Sections 6 and 7 herein.

6. **Shares Subject to the Plan.**

   Award payments that are made in the form of Shares, in whole or in part, shall be made from the aggregate number of Shares authorized to be issued under and otherwise in accordance with the terms of The Clorox Company 2005 Stock Incentive Plan (or any successor stock incentive plan approved by the stockholders of the Company).

7. **Awards.**

   (a) **Selection of Participants and Designation of Performance Period and Terms of Award.** Within 90 days after the beginning of each Performance Period or, if less than 90 days, the number of days which is equal to twenty-five percent (25%) of the relevant Performance Period applicable to an Award, the Committee shall, in writing, (i) select the Participants to whom Awards shall be granted, (ii) designate the applicable Performance Period, and (iii) specify terms and conditions for the determination and payment of the Award for each Participant for such Performance Period, including, without limitation, the extent to which the Participant shall have the right to receive an Award following termination of the Participant’s employment. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards, and may reflect distinctions based on the reasons for termination of employment.

   (b) **Maximum Award.** The maximum Award that may be paid to any Participant other than the Company’s chief executive officer under the Plan for any Performance Period shall not exceed 0.6% of Earnings Before Income Taxes. The maximum Award that may be paid to the Company’s chief executive officer under the Plan for any Performance Period shall not exceed 1.0% of Earnings Before Income Taxes.
(c) **Actual Award.** Subject to the limitation set forth in paragraph (b) hereof, each Participant under the Plan shall be eligible to receive an Award equal to 0.6% of Earnings Before Income Taxes for the designated Performance Period, except for the Company’s chief executive officer who shall be eligible to receive an Award equal to 1.0% of Earnings Before Income Taxes for the designated Performance Period; provided, however, that the Committee may condition payment of an Award upon the satisfaction of such objective or subjective standards as the Committee shall determine to be appropriate, in its sole and absolute discretion, and shall retain the discretion to reduce the amount of any Award that would otherwise be payable to a Participant, including a reduction in such amount to zero.

(d) **Clawback.** In the event of a restatement of the Company’s financial results to correct a material error resulting from fraud or intentional misconduct, as determined by the Board or the Committee, the Board, or the Committee, will review all compensation that was made pursuant to this Plan on the basis of having met or exceeded specific performance targets for performance periods beginning after June 30, 2008 which occur during the years for which financial statements are restated. If a lower payment of performance-based compensation would have been made to the Participants based upon the restated financial results, the Board or the Committee, as applicable, will, to the extent permitted by governing law and subject to the following sentence, seek to recoup for the benefit of the Company the amount by which the individual Participant’s Award(s) for the restated years exceeded the lower payment that would have been made based on the restated financial results, plus a reasonable rate of interest; provided, however, that neither the Board nor the Committee will seek to recoup Awards paid more than three years prior to the date on which the Company announces the need for the applicable financial statements to be restated. The Board, or the Committee, will only seek to recoup Awards paid to Participants whose fraud or intentional misconduct was a significant contributing factor to the need for such restatement, as determined by the Board or the Committee, as applicable.

8. **Committee Certification and Payment of Awards.**

As soon as reasonably practicable following the end of each Performance Period, the Committee shall determine the amount of the Award to be paid to each Participant for such Performance Period and shall certify such determination in writing. Awards shall be paid to the Participants following such certification by the Committee no later than ninety (90) days following the close of the Performance Period with respect to which the Awards are made, unless all or a portion of a Participant’s Award is deferred pursuant to the Participant’s timely and validly made election made in accordance with such terms as the Company, the Board or a committee thereof may determine. A timely election is one that satisfies the requirements of Section 409A (as defined in Section 14(g) below) and typically for performance based compensation must be made at least six months before the end of the Performance Period, provided the Participant performs services continuously from the later of the beginning of the Performance Period or the date the performance criteria are established through the date an election is made and provided further that in no event may a deferral be made after such compensation has become readily ascertainable as set forth in Code Section 409A (as defined in Section 14(g) below).
9. **Termination of Employment.**

   Except as may be specifically provided in an Award pursuant to Section 7(a) or in any written agreement executed between the Participant and the Company, including employment or change in control agreements, a Participant shall have no right to an Award under the Plan for any Performance Period in which the Participant is not actively employed by the Company or a Subsidiary on the last day of the Performance Period to which such Award relates. In establishing Awards under Section 7(a), the Committee may also provide that in the event a Participant is not employed by the Company or a Subsidiary on the date on which the Award is paid, the Participant may forfeit his or her right to the Award paid under the Plan.

10. **Taxes.**

   The Company shall have the power and right to deduct or withhold, or require a Participant to remit to the Company (or a Subsidiary), an amount (in cash or Shares) sufficient to satisfy any applicable tax withholding requirements applicable to an Award. Whenever under the Plan payments are to be made in cash, such payments shall be net of an amount sufficient to satisfy any applicable tax withholding requirements. Subject to such restrictions as the Committee may prescribe, a Participant may satisfy all or a portion of any tax withholding requirements relating to Awards payable in Shares by electing to have the Company withhold Shares having a Fair Market Value equal to the amount to be withheld.

11. **Amendment or Termination of the Plan.**

   The Board or the Committee may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that no amendment that requires stockholder approval in order to maintain the qualification of Awards as performance-based compensation pursuant to Code Section 162(m) and regulations promulgated thereunder shall be made without such stockholder approval. If changes are made to Code Section 162(m) or regulations promulgated thereunder to permit greater flexibility with respect to any Award or Awards available under the Plan, the Committee may, subject to this Section 11, make any adjustments to the Plan and/or Awards it deems appropriate.

12. **No Rights to Employment.**

   The Plan shall not confer upon any Participant any right with respect to continuation of employment with the Company, nor shall it interfere in any way with his or her right or the Company’s right to terminate his or her employment at any time, with or without cause.

13. **No Assignment.**

   Except as otherwise required by applicable law, any interest, benefit, payment, claim or right of any Participant under the Plan shall not be sold, transferred, assigned, pledged, encumbered or hypothecated by any Participant and shall not be subject in any manner to any
claims of any creditor of any Participant or beneficiary, and any attempt to take any such action shall be null and void. During the lifetime of any Participant, payment of an Award shall only be made to such Participant. Notwithstanding the foregoing, the Committee may establish such procedures as it deems necessary for a Participant to designate a beneficiary to whom any amounts would be payable in the event of any Participant’s death.

14. Legal Construction.

(a) Gender, Number and References. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural. Any reference in the Plan to a Section of the Plan either in the Plan or to an act or code or to any section thereof or rule or regulation thereunder shall be deemed to refer to such Section of the Plan, act, code, section, rule or regulation, as may be amended from time to time, or to any successor Section of the Plan, act, code, section, rule or regulation.

(b) Severability. If any one or more of the provisions contained in this Plan, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any way be affected or impaired thereby. This Plan shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

(c) Requirements of Law. The granting of Awards and the issuance of cash or Shares under the Plan shall be subject to all applicable laws and to such approvals by any governmental agencies or national securities exchanges as may be required.

(d) Unfunded Plan. Awards under the Plan will be paid from the general assets of the Company, and the rights of Participants under the Plan will be only those of general unsecured creditors of the Company.

(e) Governing Law. To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of California, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

(f) Non-Exclusive Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.
(g) **Code Section 409A Compliance.** To the extent applicable, it is intended that this Plan and any Awards granted hereunder comply with the requirements of Section 409A of the Code and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision that would cause the Plan or any Award granted hereunder to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.
AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT
Amended and Restated Effective as of February 7, 2008

Level I Executives

THIS AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT (the “Agreement”) effective ____________, is between THE CLOROX COMPANY, a Delaware corporation (the “Company”) and _____________ (the “Executive”).

The Board of Directors of the Company (the “Board”), has determined that it is in the best interests of the Company and its stockholders to amend and restate the Change in Control Agreement with the Executive, effective ____________, to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined in Section 2 below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive’s full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:


   (a) The “Effective Date” shall mean the first date during the Change in Control Period (as defined in Section 1(b)) on which a Change in Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if the Executive’s employment with the Company is terminated prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes of this Agreement the “Effective Date” shall mean the date immediately prior to the date of such termination of employment and this Agreement shall govern in place of the Executive’s Current Agreement (as defined in Section 3(a) below).

   (b) The “Change in Control Period” shall mean the period commencing on the date on which the Executive’s employment with the Company begins and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date thereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the “Renewal Date”), unless previously terminated, the Change in Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change in Control Period shall not be so extended.
(c) The “Separation Period” shall mean the period from the Date of Termination through the earlier of the first day of the month following the Executive’s 65th birthday or the date three years after the Date of Termination.

(d) “Annual Bonus” shall mean the annual award the Executive receives in any year under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”) or any successors thereto.

(e) The “Average Annual Bonus” shall mean the average Annual Bonus the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination, or the average Annual Bonus for the actual number of completed fiscal years immediately preceding the Date of Termination if less than three (3), provided that the First Year Bonus Target, shall be used in the average computation for any year in which the Executive was not eligible to participate in the AIP Plan and/or the EIC Plan for the full fiscal year.

(f) “Bonus Target” means the Annual Bonus that the Executive would have received in a fiscal year under the AIP Plan and/or the EIC Plan, if the target goals had been achieved.

(g) “First Year Bonus Target” means the Executive’s Bonus Target as of June 30 for the first fiscal year in which he was eligible to participate in the AIP Plan and/or the EIC Plan.

2. **Change in Control**. For the purpose of this Agreement, a “Change in Control” shall mean:

   (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of (i) 50% of either the total fair market value or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”), or (ii) during a 12 month period ending on the date of the most recent acquisition by such Person, 30% of the Outstanding Company Voting Securities; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, including any acquisition which by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

   (b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason within any period of 12 months to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
(c) Consummation by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a “Business Combination”), in each case, unless, following such Business Combination, (i) more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) is represented by Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such Business Combination) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

Notwithstanding any other provision in this Section 2, any transaction defined in Section 2(a) through (c) above that does not constitute a “change in the ownership or effective control” of the Company, or “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Treasury Regulations 1.409A-3(a)(5) and 1.409A-3(i)(5) shall not be treated as a Change in Control. Executive understands that the Company has commenced the process of reviewing its various compensatory plans, agreements, programs, policies and arrangements for compliance with Section 409A (as defined in Section 15) and Executive hereby agrees that the Company may unilaterally amend the definition of “Change in Control” in this Section 2 in a manner recommended by its counsel with the intent of complying with the requirements of Section 409A.

3. **Employment Period**

   (a) This Agreement shall become effective on the Effective Date. Before the Effective Date, the terms and conditions of the Executive’s employment shall be as set forth in the Amended and Restated Employment Agreement between the Executive and the Company dated of even date herewith (the “Current Agreement”) during the term thereof. From and after the Effective Date, this Agreement shall supersede the Current Agreement and any other agreement between the parties with respect to the subject matter hereof.
(b) The Company agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the earlier of the second anniversary of such date or the first day of the month following the Executive’s 65th birthday (the “Employment Period”).

4. Terms of Employment

(a) Position and Duties

(i) During the Employment Period, (A) the Executive’s position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned to the Executive at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive’s services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location not requiring the Executive’s commute to increase by more than 50 miles from his commute immediately prior to the Change in Control.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, provided that with respect to any corporate board, such service has been pre-approved by the Chief Executive Officer of the Company, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions on a part-time basis not to exceed five hours per week in the aggregate and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive’s responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive’s responsibilities to the Company.

(b) Compensation

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary (“Annual Base Salary”), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term “affiliated companies” shall include any company controlled by, controlling or under common control with the Company.
(ii) **Annual Bonus**. In addition to Annual Base Salary, the Executive shall have the opportunity to earn, for each fiscal year ending during the Employment Period, an Annual Bonus in cash at least equal to the highest Annual Bonus the Executive had the opportunity to earn for any of the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall have elected to defer the receipt of such Annual Bonus within 30 days after the Executive’s employment Effective Date (as defined in Section 1(a) of the Current Agreement), or before the calendar year in which the Annual Bonus is earned or, if later, with respect to an Annual Bonus that qualifies as performance-based compensation under Section 409A (as defined in Section 16 below), no less than six months before the end of the applicable bonus performance period; provided that the Executive performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date an election is made and provided further that in no event may a deferral be made after such compensation has become readily ascertainable as set forth in Code Section 409A (as defined in Section 16 below).

(iii) **Incentive, Savings and Retirement Plans**. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) **Welfare Benefit Plans**. During the Employment Period, the Executive and/or the Executive’s family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription drugs, dental, disability, salary continuance, severance pay, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.
(v) **Expenses**: During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) **Fringe Benefits**: During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) **Office and Support Staff**: During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) **Vacation**: During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. **Termination of Employment**

(a) **Death or Disability**: The Executive’s employment shall terminate automatically upon the Executive’s death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive’s employment. In such event, the Executive’s employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the “Disability Effective Date”), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive’s duties. For purposes of this Agreement, “Disability” shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plans by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
(b) **Cause.** The Company may terminate the Executive’s employment during the Employment Period for Cause. For purposes of this Agreement, “Cause” shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive’s duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board, the Chief Executive Officer or a senior officer of the Company which specifically identifies the manner in which the Board, Chief Executive Officer or senior officer believes that the Executive has not substantially performed the Executive’s duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) **Good Reason.** The Executive’s employment may be terminated by the Executive for Good Reason provided the Executive delivers the written notice to the Company set forth in Section 5(d) and the Company fails to cure the issue. For purposes of this Agreement, “Good Reason” shall mean:

(i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the material provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
(iii) the Company’s requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof;

(iv) any purported termination by the Company of the Executive’s employment otherwise than as expressly permitted by this Agreement; or

(v) any material failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

(d) Notice of Termination.

(i) Any termination by the Company for Cause shall be communicated by Notice of Termination for Cause to the Executive given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a “Notice of Termination for Cause” means a written notice which (X) indicates the specific termination provision in this Agreement relied upon, (Y) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (Z) if the Date of Termination (as defined in Section 5(e) below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Company to set forth in the Notice of Termination for Cause any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company’s rights hereunder.

(ii) Any termination by the Executive for Good Reason shall be communicated by Notice of Termination for Good Reason to the Company within a period not to exceed 90 days of the initial existence of the condition and given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a “Notice of Termination for Good Reason” means a written notice which (X) indicates the specific termination provision in this Agreement relied upon, (Y) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (Z) the Executive’s intended Date of Termination (as defined in Section 5(e) below) if the Company does not cure the issue (which date shall be not less than thirty days after the giving of such notice). After receipt by the Company of the Notice of Termination for Good Reason, the Company shall have at least 30 days during which it may remedy the condition and thereby cure the event or circumstance constituting “Good Reason”.

(e) Date of Termination. “Date of Termination” means (i) if the Executive’s employment is terminated by the Company for Cause, the date of receipt of the Notice of Termination for Cause or any later date specified therein, as the case may be, (ii) if the Executive’s employment is terminated by the Executive for Good Reason, the 30th day following receipt by the Company of the Notice of Termination for Good Reason if the Company fails to cure the problem during the 30-day cure period, or any later date specified in the Notice of Termination for Good Reason, as the case may be, (iii) if the Executive’s employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination and (iv) if the Executive’s employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.
6. Obligations of the Company upon Termination.

(a) By the Executive for Good Reason; or by the Company Other Than for Cause, Death or Disability. Subject to Section 6(e), if, during the Employment Period, the Company shall terminate the Executive’s employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) any accrued vacation pay, and (3) an amount equal to the following:

\[
\text{Average Annual Bonus} \times \frac{\# \text{ of days in the current fiscal year through the Date of Termination}}{365}
\]

in each case to the extent not theretofore paid and in full satisfaction of the rights of the Executive thereto (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the “Accrued Obligations”); and

B. the amount equal to the following:

\[
3 \times (\text{Annual Base Salary} + \text{Average Annual Bonus})
\]

provided, however, that if the Executive meets retirement eligibility on the Date of Termination and thus is eligible to receive a retirement bonus in accordance with the terms of the Company’s AIP Plan, EIC Plan or any other plan adopted by the Company, the Company may determine, in its sole discretion, to either pay such retirement bonus or pay the amount calculated in accordance with Section 6(a)(i)(A)(3), but it shall not be obligated to pay both.

C. an amount equal to the difference between (a) the actuarial equivalent of the aggregate benefits under the Company’s qualified pension and profit-sharing plans (the “Retirement Plans”) and any excess or supplemental pension and profit-sharing plans in which the Executive participates (collectively, the “Nonqualified Plans”) which the Executive would have been entitled to receive if the Executive’s employment had continued for the Separation Period, assuming (to the extent relevant) that the Executive’s compensation during the Separation Period would have been equal to the Executive’s compensation as in effect immediately before the termination or, if higher, on the Effective Date, and that employer contributions to the Executive’s accounts in the Retirement Plans and the Nonqualified Plans during the Separation Period would have been equal to the average of such contributions for the three years immediately preceding the Date of Termination or, if higher, the three years immediately preceding the Effective Date, and (b) the actuarial equivalent of the Executive’s actual aggregate benefits (paid or payable), if any, under the Retirement Plans and the Nonqualified Plans as of the Date of Termination (the actuarial assumptions used for purposes of determining actuarial equivalence shall be no less favorable to the Executive than the most favorable of those in effect under the Retirement Plan and the Nonqualified Plans on the Date of Termination and the date of the Change in Control);
(ii) for the Separation Period, the Company shall:

A. if the Executive participated in a Company self-insured medical plan (which does not satisfy the requirements of Section 105(h)(2)) immediately prior to the Date of Termination, pay to the Executive or cause to have paid on the Executive’s behalf the sum of (x) the Company’s portion of the premium payable under the Company’s group health plans for providing health benefits (i.e., medical, dental and vision benefits) to the Executive and to those family members covered through Executive under the Company’s group health plans at the time of the commencement of the Separation Period, such coverage to be provided under the group health plans in which Executive and his covered family members are participating at the time of the commencement of the Separation Period or elect in accordance with the Company’s applicable established procedures (reduced by any amounts which Executive is required to pay for such health benefit coverage as described in further detail below), and (y) an additional amount (the “Medical Gross-Up Amount”) intended to compensate Executive for any additional taxes, if any, for which Executive may become liable as a result of the provision of the benefits described in (x) so that Executive’s after-tax income is not decreased as a result of receiving the benefits described in (x), with such Medical Gross-Up Amount being calculated in accordance with the Company’s reasonable usual and customary procedures for determining tax gross-up payments, as such procedures may change from time to time. The Company shall pay or cause to have paid all amounts due under this Section 6(a)(ii) in annual installments, with the first installment due or credited within 30 days after the Date of Termination and subsequent installments being made or credited on the anniversary thereof; provided, however, that subsequent installments may be reduced or eliminated to the extent that Executive becomes eligible for other health coverage through a subsequent employer; or

B. if paragraph A above is not applicable (because the Executive participated in a health benefit program to which Section 105(h) is not applicable, such as the Company’s HMO immediately prior to the Date of Termination), continue benefits under such health plan on the same basis as an employee of the Company.

The purpose of providing the benefits pursuant to this Section 6(a)(ii) shall be to provide the Executive and/or the Executive’s covered family members with continued health benefits at least equal to those which would have been provided to them in accordance with the Company’s health plans, programs, practices and policies if the Executive’s employment had not been terminated or, if more favorable to the Executive, in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families (in each case with such contributions by the Executive as would have been required had the Executive’s employment not been terminated); provided, however, that if the Executive is employed by another employer and is eligible to receive health benefits under another employer’s group health plans, the health benefits described herein shall be secondary to those provided under such other plans during such applicable period of coverage, and for purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies of the Company, the Executive shall be considered to have remained employed during the Separation Period and to have retired on the last day of such period. The Separation Period shall not be subtracted from the period of months for which the Executive is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985;
(iii) if the Executive was entitled to receive financial planning and/or tax return preparation benefits immediately before the Date of Termination, the Company shall continue to provide the Executive with such financial planning and/or tax return preparation benefits with respect to the calendar year in which the Date of Termination occurs (including without limitation the preparation of income tax returns for that year), on the same terms and conditions as were in effect immediately before the Date of Termination (disregarding for all purposes of this clause (iii) any reduction or elimination of such benefits that was the basis of a termination of employment by the Executive for Good Reason);

(iv) the Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the “buyout amount” specified by the vehicle’s lessor; and

(v) any awards granted to the Executive prior to the Change in Control under the Company’s 2005 Stock Incentive Plan or any successor plan thereto will become immediately exercisable in the event that the Executive’s termination (other than for Cause or Disability (as defined under the Company’s Long-term Disability Plan or Policy, as in effect on the Date of Termination of the Executive’s employment)) occurs within twenty-four (24) months of the Change in Control.

To the extent any benefits described in Section 6(a)(ii) and (iii) cannot be provided pursuant to the appropriate plan or program maintained for employees, the Company shall provide such benefits outside such plan or program at no additional cost (including without limitation tax cost) to the Executive.

(b) Death. If the Executive’s employment is terminated by reason of the Executive’s death during the Employment Period, this Agreement shall terminate without further obligations to the Executive’s legal representatives under this Agreement, other than for payment of Accrued Obligations. Accrued Obligations shall be paid to the Executive’s estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination.

(c) Disability. If the Executive’s employment is terminated by reason of the Executive’s Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(d) Cause; Other than for Good Reason. If the Executive’s employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Annual Base Salary through the Date of Termination, and (y) the amount of any compensation previously deferred by the Executive, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
(e) Specified Employee. Notwithstanding the foregoing, if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination and all payments subject to Section 409A of the Internal Revenue Code (the “Code”) specified in Section 6(a) are not made by March 15 of the year immediately following the Date of Termination, the following shall apply: Such payments may be made to the extent that the amount does not exceed two times the lesser of (i) the sum of the Executive’s annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year preceding the termination, or (ii) the maximum amount that may be taken into account pursuant to Section 401(a)(17) of the Code ($225,000 in 2007) for the year in which the Executive has terminated. Any amounts exceeding such limit, may not be made before the earlier of the date which is six (6) months after the Date of Termination or the date of death of the Executive. Furthermore, any payments pursuant to this Section 6 shall be postponed until six (6) months following the end of the consulting period so long as the Executive continues to work on a consulting basis for the Company following termination and such consulting requires the Executive to work more than 20% of his average hours worked during the 36 months preceding his termination. Any payments that were scheduled to be paid during the six (6) month period following the Executive’s Date of Termination, but which were delayed pursuant to this Section 6(e), shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Executive’s Date of Termination (or, if earlier, the date of Executive’s death). Any payments that were originally scheduled to be paid following the six (6) months after the Executive’s Date of Termination, shall continue to be paid in accordance to their predetermined schedule.

(f) Release. The Executive shall have 21 days following termination in which to execute a General Release (“Release”) in a form substantially equivalent to the attached Exhibit (which may be amended by the Company, from time to time, to conform to applicable law) and seven days in which to revoke the Release after its execution. If the Executive does not execute, or having executed, effectively revokes the Release, the Company will not be obligated to provide any benefits or payments of any kind to the Executive.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 3(a), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company’s obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as specifically provided in Section 6(a)(ii), such amounts shall not be reduced whether or not the Executive obtains other employment.
9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments, provided, however, that a Gross-Up Payment shall only be made in the event that application of the gross-up feature would result in the Executive receiving total after-tax Payments of at least one hundred five percent (105%) of the benefits the Executive would be entitled to receive without becoming subject to the tax imposed by Section 4999 of the Code (“Maximum Amount”). In the event that a Gross-Up Payment under this Agreement would result in total after-tax Payments of less than one hundred five percent (105%) of the Maximum Amount, the Executive’s Payments shall be capped at the Maximum Amount. If the Payments become subject to the cap described above, the amount due to the Executive under Sections 6(a)(i)A, 6(a)(i)B or 6(a)(i)C (cash Payments) shall be reduced initially; thereafter, the Management Development and Compensation Committee of the Company’s Board shall determine how the Payments subject to the cap shall be paid. Unless otherwise permitted by Section 409A (as defined in Section 15), no Gross-Up Payment shall be made within 12 months of the Date of Termination and all Gross-Up Payments shall be completed within 24 months of the Date of Termination.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other certified public accounting firm as may be designated by the Executive (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five (5) days of the receipt of the Accounting Firm’s determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.
(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company’s control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.
(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company’s complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Post Termination Obligations

(a) Proprietary Information Defined. “Proprietary Information” is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Company or any of its affiliated companies, or to its clients, consultants, or business associates, unless: (i) the information is or becomes publicly known through lawful means; (ii) the information was rightfully in the Executive’s possession or part of his general knowledge prior to his employment by the Company; or (iii) the information is disclosed to the Executive without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

(b) General Restrictions on Use of Proprietary Information. The Executive agrees to hold all Proprietary Information in strict confidence and trust for the sole benefit of the Company and not to, directly or indirectly, disclose, use, copy, publish, summarize, or remove from Company’s premises any Proprietary Information (or remove from the premises any other property of the Company), except (i) during his employment to the extent necessary to carry out the Executive’s responsibilities under this Agreement, (ii) after termination of his employment as specifically authorized in writing by the Board, and (iii) pursuant to a subpoena.

(c) Non-Solicitation and Non-Raiding. To forestall the disclosure or use of Proprietary Information in breach of Section 10(b), and in consideration of this Agreement, Executive agrees that for a period of two (2) years after termination of his employment, he shall not, for himself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any of its affiliated companies) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to products which are directly competitive with products sold by the Company at the time of the Executive’s termination, or interference with any of its suppliers or customers, or (ii) solicit for employment any person employed by the Company, or by any of its affiliated companies, during the period of such person’s employment and for a period of one year after the termination of such person’s employment with the Company.
(d) **Contacts with the Press.** Following termination, the Executive will continue to abide by the Company’s policy that prohibits discussing any aspect of Company business with representatives of the press without first obtaining the permission of the Company’s Public Relations Department.

(e) **Remedies.** Nothing in this Section 10 is intended to limit any remedy of the Company under the California Uniform Trade Secrets Act (California Civil Code Section 3426), or otherwise available under law.

(f) **No Deferral or Withholding by the Company.** In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive pursuant to this Agreement.

11. **Successors.**

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. **Miscellaneous.**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices or other communications required or permitted hereunder shall be made in writing. Notice shall be effective on the date of delivery if delivered by hand upon receipt, on the first business day following the date of dispatch if delivered utilizing next day service by a recognized next day courier to the applicable address set forth below, or if mailed, three (3) business days after having been mailed, postage prepaid, by certified or registered mail, return receipt requested, and addressed to the applicable address set forth below. Notice given by facsimile shall be effective upon written confirmation of receipt of the facsimile.
If to the Executive:
To the residence address for the Executive last shown on the Company’s payroll records.

If to the Company:
The Clorox Company
1221 Broadway
Oakland, California 94612
Attention: General Counsel
Fax: [_______]

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and by a duly authorized representative of the Company other than Executive. By an instrument in writing similarly executed, either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform, provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

(f) Together with the Current Agreement, the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement and the Current Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Current Agreement (and such restricted stock unit and stock option award agreements thereunder) and this Agreement supersede any prior agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

(g) In the event of any inconsistency between (i) this Agreement and (ii) any other plan, program, practice or agreement in which the Executive participates or is a party, this Agreement shall control.
13. **Executive Acknowledgment.** The Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

14. **Arbitration.** Any controversy between the Executive or the Executive’s heirs or estate and the Company or any employee of the Company, including but not limited to, those involving the construction or application of any of the terms, provisions or conditions of this Agreement or otherwise arising out of or related to this Agreement, shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California if the Executive’s current or most recent location of employment with the Company is or was located in Alameda County, California. If it is or was elsewhere, the arbitration shall be held at the city nearest to the Executive’s last location of employment with the Company which has an office of the American Arbitration Association. The arbitrator shall award attorney’s fees to the Executive to the extent that the Executive prevails in the arbitration proceeding.

15. **Section 409A.** To the extent applicable, it is intended that this Agreement and any payment made hereunder shall comply with the requirements of Section 409A of the Code, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision that would cause the Agreement or any payment hereof to fail to satisfy Code Section 409A shall have no force or effect until amended to the minimum extent required to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

16. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

17. **Severability.** If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any way be affected or impaired thereby. This Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.
The parties have duly executed this Agreement as of the effective date that appears at the beginning of this Agreement.

THE CLOROX COMPANY
The Company

By: ________________________________
    [______________________________]
    Its [__________________________]

(Executive)
GENERAL RELEASE

This document is an important one. You should review it carefully and, if you agree to it, sign at the end on the line indicated. You have 21 days to sign this Release, during which time you are advised to consult with an attorney regarding its terms. After signing this Release, you have seven days to revoke it. Revocation should be made in writing and delivered so that it is received by the Corporate Secretary of The Clorox Company, 1221 Broadway, Oakland, CA 94612 no later than 4:30 p.m. on the seventh day after signing this Release. If you do revoke this Release within that time frame, you will have no rights under it. This Release shall not become effective or enforceable until the seven day revocation period has expired. The agreement for payment of consideration in paragraph 2 below will not become effective until the seven day revocation period has passed.

This GENERAL RELEASE is entered into between The Clorox Company (hereinafter referred to as “Employer”) and (hereinafter referred to as “Executive”). Employer and Executive agree as follows:

1. Executive’s regular employment with Employer will terminate as of ____, 20__. Executive is ineligible for reemployment or reinstatement with Employer.

2. Upon Executive’s acceptance of the terms set forth herein, the Employer agrees to provide the Executive with compensation and benefits set forth in Section 6 of the Amended and Restated Change in Control Agreement between the Executive and the Employer (the “CIC Agreement”), a copy of which is attached as the first Exhibit to this General Release. A complete description of those benefits is attached as the second Exhibit to this General Release.
3. (a) In consideration of the Employer providing Executive this compensation, Executive and Executive’s heirs, assignees and agents agree to release the Employer, all affiliated companies, agents and employees and each of their successors and assigns (hereinafter referred to as “Releasees”) fully and finally from any claims, liabilities, demands or causes of action which Executive may have or claim to have against the Releasees at present or in the future, except claims for vested benefits, if any. The claims released may include, but are not limited to, any tax obligations as a result of the payment of consideration referred to in paragraph 2, and claims arising under federal, state or local laws prohibiting discrimination in employment, including the Age Discrimination in Employment Act (ADEA) or claims growing out of any legal restrictions on the Employer’s right to terminate its employees. Claims of discrimination, wrongful termination, age discrimination, and any claims other than for vested benefits are hereby released.

(b) By signing this document, Executive agrees not to file a lawsuit to assert such claims. Executive also agrees that if Executive breaches this provision, Executive will be liable for all costs and attorneys’ fees incurred by any Releasee resulting from such action.

4. By signing this document, Executive is also expressly waiving the provisions of California Civil Code section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

By signing this document, Executive agrees and understands that Executive is releasing unknown as well as known claims related to Executive’s employment in exchange for the compensation set forth above.

5. Executive agrees to maintain in complete confidence the terms of this Release, except as it may be necessary to comply with a legally compelled request for information. It is agreed since confidentiality of this Release is of the essence, damages for violation being impossible to assess with precision, that $10,000 is a fair estimate of the damage caused by each disclosure and is agreed to as the measure of damages for each violation.
6. Executive agrees to indemnify and hold Employer harmless from and against any tax obligations for which Executive may become liable as a result of this Release and/or payments made pursuant to the CIC Agreement, other than tax obligations of the Employer resulting from the nondeductibility of any payments made pursuant to this Release or the Employment Agreement.

7. Agreeing to this Release shall not be deemed or construed by either party as an admission of liability or wrongdoing by either party.

8. This Release, the CIC Agreement, the Amended and Restated Employment Agreement between the Executive and the Employer, and the plan documents of plans of The Clorox Company referred to in the CIC Agreement set forth the entire agreement between Executive and the Employer. This Release and the CIC Agreement are not subject to modification except in writing executed by both of the parties. The Clorox Company plans referred to in the CIC Agreement may be amended in accordance with the provisions of those plans.

Executive acknowledges by signing below that Executive has not relied upon any representations, written or oral, not set forth in this Release.

EXECUTIVE

Dated:

THE CLOROX COMPANY

By: ________________

Dated:
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Level 1 Executives

THIS AMENDED AND RESTATED AGREEMENT (the “Agreement”), effective ____________, is between THE CLOROX COMPANY, a Delaware corporation (the “Company”), and ______________(the “Executive”).

RECITAL

The Company and the Executive want to enter into a written agreement concerning the terms of the Executive’s employment with the Company and the terms of the termination of that employment.

TERMS OF AGREEMENT

1. Term of Employment.

   (a) Basic Term. The term of this Agreement shall commence on the Executive’s first day of employment with the Company as a Level 1 Executive (the “Effective Date”) and end upon the earliest of (such ending date, the “Date of Termination”) (i) the second anniversary thereof (the “Term Date”), as, and to the extent, extended under Section 1(b), (ii) the date upon which the Executive’s employment is terminated in accordance with Section 4, and (iii) the first day of the month following the Executive’s 65th birthday.

   (b) Extension of Term. Subject to Section 1(a)(iii) and to Section 4, the Term Date will be automatically extended from the inception of this Agreement until the Company gives the Executive written notice that automatic extension has ceased and that this Agreement is to be terminated on the Term Date as extended to that point. The Company’s right not to extend the Agreement shall be with or without Cause (as defined in Section 4(c) below), and the Company’s exercise of its right not to extend the Agreement will not necessarily terminate the Executive’s employment with the Company.

   (c) Certain Definitions.

      (i) The “Average Annual Bonus” shall mean the average annual incentive bonus that the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”), provided that the First Year Bonus Target, shall be used in the average computation for any year in which the Executive was not eligible to participate in the AIP Plan and/or the EIC Plan for the full fiscal year.

      (ii) “Bonus Target” means the annual bonus that the Executive would have received in a fiscal year under the AIP Plan and/or the EIC Plan, if the target goals had been achieved. The Bonus Target shall be reviewed periodically for increase or decrease in accordance with the Company’s regular practice for setting targets for “Executive Officers” (i.e., the Executive and the other members of the Management Executive Committee). Thereafter, “Bonus Target” shall mean such bonus target as so increased or decreased from time to time.
(iii) “First Year Bonus Target” means the Executive’s Bonus Target as of June 30 for the first fiscal year in which he was eligible to participate in the AIP Plan and/or the EIC Plan.

2. **Position, Duties, Responsibilities**

(a) **Position**. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company subject to the terms and conditions of this Agreement. The Executive shall devote his best efforts and the equivalent of full time employment to the performance of the services customarily incident to the Executive’s current office and to such other services as may be reasonably requested by the Board. The Company shall retain full direction and control of the means and methods by which the Executive performs the above services and of the place(s) at which such services are to be rendered.

(b) **Other Activities**. Excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal hours to the business and affairs of the Company, and to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive’s reasonable best efforts to perform faithfully and efficiently such responsibilities. It shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, provided that with respect to any corporate board, such service has been pre-approved by the CEO, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions on a part-time basis not to exceed five hours per week in the aggregate and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive’s responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive’s responsibilities to the Company.

3. **Salary; Incentive Compensation; Benefits; Expenses**

(a) **Salary**. In consideration of the services to be rendered hereunder, including, without limitation, services to any affiliate of the Company (an “Affiliated Company”), the Executive shall be paid an annual base salary (“Annual Base Salary”), payable at the times and pursuant to the procedures regularly established, and as they may be amended, by the Company during the course of this Agreement. The Annual Base Salary shall be reviewed periodically for increase (or decrease to the extent permitted hereunder) in accordance with the Company’s regular administrative practice for adjusting salaries of Executive Officers (the Chairman of the Board, the CEO, the President and other members of the Management Executive Committee). Thereafter, “Annual Base Salary” shall mean such annual base salary rate as so increased (or decreased) from time to time. The Company may reduce the Executive’s Annual Base Salary only if the annual base salaries of all other Executive Officers of the Company are at the same time being similarly reduced and if the percentage of reduction of the Executive’s Annual Base Salary does not exceed that of any other Executive Officer.
(b) **Annual Incentive Plan; Executive Incentive Compensation Plan; Long Term Compensation Program.** As of the Effective Date, the Executive shall be entitled to participate in the Company’s AIP Plan, the EIC Plan and Stock-Based Long-Term Compensation Program (the “LTC Program”), or any successors thereto, in accordance with the Company’s practice for administering the AIP Plan, the EIC Plan and the LTC Program with respect to Executive Officers, unless the Company suspends or terminates one or more of the AIP Plan, the EIC Plan or the LTC Program. For purposes of this Agreement, “LTC Program” encompasses Stock-Based Awards made to the Executive under the 2005 Stock Incentive Plan or any subsequent stock-based incentive compensation plan.

(c) **Benefits.** As he becomes eligible therefor, the Company shall provide the Executive, his spouse and eligible dependents with the right to participate in and to receive benefits from all present and future welfare benefit plans, practices, policies and programs (including without limitation, medical, prescription drugs, dental, disability, salary continuance, severance pay, employee life, group life, accidental death and travel accident insurance plans and programs), all incentive savings and retirement plans, practices and programs, including without limitation the Supplemental Executive Retirement Plan (the “SERP”), and all similar benefits, made available generally to Executive Officers of the Company. The Executive shall be entitled to annual vacation as determined in accordance with Company policy, which shall be taken with the prior approval of the Company. The amount and extent of benefits to which the Executive is entitled shall be governed by each specific benefit plan, as it may be amended from time to time. The Executive shall also be entitled to the death and disability benefits described in Section 4. The Company may suspend or terminate any benefit plan described in this Section 3(c).

(d) **Expenses.** The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by the Executive in the performance of his duties hereunder in accordance with the Company’s general policies, as they may be amended from time to time during the course of this Agreement.

(e) **Change in Control.** The Company and the Executive have entered into an Amended and Restated Change in Control Agreement governing the terms and conditions related to a Change in Control of the Company.

4. **Termination of Employment.**

(a) **By Death.** The Executive’s employment shall terminate automatically upon his death. The Company shall pay to the Executive’s beneficiaries or estate, as appropriate, the salary to which he is entitled pursuant to Section 3(a), any accrued vacation due the Executive, through the end of the month in which death occurs and any prior completed fiscal year’s earned and unpaid annual incentive bonus. The Company shall also pay the Executive’s beneficiaries or estate, as appropriate, in lieu of any AIP and EIC Plan award under Section 3(b), a pro rata portion (through the date of death) of the Executive’s Bonus Target for the fiscal year of his death. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Payments owed pursuant to this Section 4(a)
shall be made in a lump sum payment as soon as administratively practicable but, in any event, within ninety (90) days following the date of such termination. Except as otherwise specifically provided under this Agreement, after the payments called for in this Section 4(a) are made, the Company’s obligations hereunder shall terminate. This Section shall not affect entitlement of the Executive’s estate or beneficiaries to death benefits under any benefit plan of the Company.

(b) By Disability. Should the Executive become Disabled, the Executive’s employment may terminate at the Company’s option. As used in this Section 4(b), “Disabled” shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is receiving income replacement benefits for a period of not less than three months under the Company’s accident and health plans by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. If the Company so elects, the Company shall pay the salary to which the Executive is entitled pursuant to Section 3(a) through the Date of Termination, and in lieu of any AIP and EIC Plan award under Section 3(b) for the fiscal year in which termination occurs, the Company shall pay the Executive a pro rata portion (through the Date of Termination) of the Executive’s Bonus Target for the fiscal year of the termination. The Company shall also pay the Executive any accrued vacation through the Date of Termination and any prior completed fiscal year’s earned and unpaid annual incentive bonus. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Payments owed pursuant to this Section 4(b) (other than payment of a pro rata bonus, if any) shall be made in a lump sum payment as soon as administratively practicable but, in any event, within ninety (90) days following the date of such termination. If the Company elects to pay a pro rata portion (through the Date of Termination) of the Executive’s Bonus Target for the fiscal year of the termination, such award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to then employed executives. Thereafter the Company’s obligations hereunder shall terminate.

(c) By Company For Cause. The Company may terminate the Executive’s employment for Cause (as defined below in this Section 4(c)) at any time. The Company shall pay the Executive the salary to which he is entitled pursuant to Section 3(a) through the Date of Termination, and thereafter the Company’s obligations hereunder shall terminate. The Executive shall not be entitled to any unpaid AIP Plan and EIC Plan award pursuant to Section 3(b) for the fiscal year in which termination occurs. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Termination shall be for Cause if:

(i) the Executive willfully neglects significant duties he is required to perform or willfully violates a material Company policy, and, after being warned in writing, continues to neglect such duties or continues to violate such specified Company policy;

(ii) the Executive commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude;
(iii) the Executive acts (or omits to act) with gross negligence in the course of employment;
(iv) the Executive fails to obey a lawful direction of the Board of Directors; or
(v) the Executive acts in any other manner inconsistent with the Company’s best interests and values.

(d) By the Executive or the Company At Will.

(i) Termination by the Company. The Company may, at any time, terminate the Executive’s employment without Cause. If the Company terminates the Executive’s employment prior to the Term Date, the severance payment provisions of Section 6 shall apply and the Company shall have no additional liability. The Executive hereby agrees that the Company may terminate his employment under this Section 4(d)(i) without regard (A) to any general or specific policies (whether written or oral) of the Company relating to the employment or termination of its employees, or (B) to any statements made to the Executive, whether made orally or contained in any document, pertaining to the Executive’s relationship with the Company. Nothing in this Section 4(d)(i) shall prevent the Company from exercising its right under Section 4(c) to terminate the Executive’s employment for Cause, and such a termination (regardless of when made) shall not give rise to damages under Section 6.

(ii) Termination by the Executive. Except in the case of Retirement as provided in Section 4(d)(iii), the Executive may, upon giving at least 10 business days’ written notice to the Company, terminate his employment, without liability, for any reason. If the Executive terminates his employment pursuant to this Section 4(d)(ii), the Company shall pay the Executive the salary and accrued vacation to which he is entitled pursuant to Section 3(a) through the end of the 10 business days notice period. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Thereafter the Company’s obligations hereunder shall terminate. The Executive shall not be entitled to any AIP and EIC Plan award pursuant to Section 3(b) for the fiscal year in which he terminates his employment under this Section 4(d)(ii).

(iii) Termination Due to Executive’s Retirement. If the Executive is eligible to begin receiving benefits pursuant to the SERP, then upon giving at least three month’s written notice to the Company of his election to do so, the Executive may terminate his employment and begin receiving SERP benefits. Such a termination constitutes “Retirement” for purposes of this Agreement. Upon the Executive’s Retirement, the Company shall pay the Executive the salary and accrued vacation to which he is entitled pursuant to Section 3(a) and 3(e) through the last day of his employment. The Executive also shall receive any prior completed fiscal year’s earned and unpaid annual incentive bonus. In addition, the Executive shall be entitled to receive a pro rata portion calculated upon the portion of the fiscal year during which the Executive was employed of the Executive’s AIP and/or EIC Plan award for the fiscal year of his Retirement. The award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to employed Executives; provided, however, that if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination, such payments shall be made in accordance with Section 4(f) below.
The award will be a percentage of the Executive’s Bonus Target award for that fiscal year based upon the application of the overall corporate results factor and the division and/or functional results factor, if applicable, of the AIP and/or EIC Plan award calculation matrix. The award will not be based on any personal objectives factor; thus, the individual modifier to be applied to the corporate and business and/or functional results, if any, will be calculated at 100%.

(e) Termination Obligations.

(i) The Executive hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Executive in the course of or incident to his employment, belong to the Company and shall, if physically returnable, be promptly returned to the Company upon termination of his employment. “Personal property” includes, without limitation, all books, manuals, records, reports, notes, contracts, lists, blueprints, and other documents, computer media or materials, or copies thereof, and Proprietary Information (as defined in Section 5(a) below). Following termination, the Executive will not retain any written or other tangible material containing any Proprietary Information.

(ii) Upon termination of his employment, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any Affiliated Company, and will execute a letter of resignation if requested.

(iii) The Executive’s obligations under Sections 4(e), 5, 7 and 14 shall survive termination of the Executive’s employment and the expiration of this Agreement.

(f) Specified Employee. Notwithstanding the foregoing, if the Executive is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Date of Termination and:

(i) all payments specified in Section 4(c), Section 4(d)(i) or Section 6 which are subject to Code Section 409A (as defined in Section 17) but are not made by March 15 of the year immediately following the Date of Termination, may be made to the extent that the amount does not exceed two times the lesser of (i) the sum of the Executive’s annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year preceding the termination, or (ii) the maximum amount ($225,000 in 2007) that may be taken into account pursuant to Section 401(a)(17) of the Internal Revenue Code (the “Code”) for the year in which the Executive has terminated. Any amounts exceeding such limit, may not be made before the earlier of the date which is six (6) months after the Date of Termination or the date of death of the Executive; or

(ii) all payments specified in Section 4(d)(ii) or Section 4(d)(iii) which are subject to Code Section 409A (as defined in Section 17) but are not made by March 15 of the year immediately following the Date of Termination, may not be made before the earlier of the date which is six (6) months after the Date of Termination or the date of death of the Executive.

Furthermore, any payments pursuant to this Section 4 or Section 6 shall be postponed until six (6) months following the end of the consulting period so long as the Executive continues to work on a consulting basis for the Company following termination and such consulting requires the Executive to work more than 20% of his average hours worked during the 36 months preceding
his termination. Any payments that were scheduled to be paid during the six (6) month period following the Executive’s Date of Termination, but which were delayed pursuant to this Section 4(f), shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Executive’s Date of Termination (or, if earlier, the date of Executive’s death). Any payments that were originally scheduled to be paid following the six (6) months after the Executive’s Date of Termination, shall continue to be paid in accordance to their predetermined schedule.

5. Post Termination Obligations.

(a) Proprietary Information Defined. “Proprietary Information” is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Company or any Affiliated Company, or to its clients, consultants, or business associates, unless: (i) the information is or becomes publicly known through lawful means; (ii) the information was rightfully in the Executive’s possession or part of his general knowledge prior to his employment by the Company; or (iii) the information is disclosed to the Executive without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

(b) General Restrictions on Use of Proprietary Information. The Executive agrees to hold all Proprietary Information in strict confidence and trust for the sole benefit of the Company and not to, directly or indirectly, disclose, use, copy, publish, summarize, or remove from Company’s premises any Proprietary Information (or remove from the premises any other property of the Company), except (i) during his employment to the extent necessary to carry out the Executive’s responsibilities under this Agreement, (ii) after termination of his employment as specifically authorized in writing by the Board and (iii) pursuant to a subpoena; provided, however, that prior to responding to any subpoena, the Executive shall give notice to the Company and an opportunity for the Company to object to such subpoena.

(c) Non-Solicitation and Non-Raiding. To forestall the disclosure or use of Proprietary Information in breach of Section 5(b), and in consideration of this Agreement, Executive agrees that for a period of two years after termination of his employment, he shall not, for himself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to products which are directly competitive with products sold by the Company at the time of the Executive’s termination, or interference with any of its suppliers or customers, or (ii) solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of such person’s employment and for a period of one year after the termination of such person’s employment with the Company.

(d) Contacts with the Press. Following termination, the Executive will continue to abide by the Company’s policy that prohibits discussing any aspect of Company business with representatives of the press without first obtaining the permission of the Company’s Public Relations Department.
(e) Remedies. Nothing in this Section 5 is intended to limit any remedy of the Company under the California Uniform Trade Secrets Act (California Civil Code Section 3426), or otherwise available under law.

6. Severance Payments; Requirement of Mitigation; Release.

(a) Severance Payments. The Company and the Executive acknowledge that it would be impractical or extremely difficult to fix the Executive’s actual damages in the case of termination at will by the Company pursuant to Section 4(d)(i). Therefore, in the event of such a termination and notwithstanding any other provision of this Agreement, in exchange for and in consideration of Executive’s execution and non-revocation of a General Release (“Release”) in a form substantially equivalent to the attached Exhibit, which may be amended by the Company, from time to time, to conform to applicable law, and subject to the mitigation provisions of Section 6(b), the Executive shall be entitled to severance payments made up of the following components:

(i) Salary Component.

Payment, promptly after termination and in any event within 30 days after the Date of Termination, of a lump sum amount equal to salary, at a monthly rate equal to the highest monthly base salary rate in effect during the twelve month period preceding the termination of employment times twenty-four (24) months; provided that if the Company had previously notified the Executive in accordance with Section 1(b) that the automatic extension had ceased, the highest monthly base salary set forth above shall be multiplied by the number of months remaining until the Term Date as if the termination had occurred or, if shorter, the number of months remaining until the first month immediately following the Executive’s 65th birthday (the “Severance Payment Period”).

(ii) AIP and EIC Plan Components.

(A) Payment, promptly after termination and in any event within 30 days after the Date of Termination, of a lump sum amount equal to 75% of his Average Annual Bonus, prorated to the Date of Termination.

(B) In addition, payment, promptly after termination, of a lump sum amount equal to 75% of the Executive’s Average Annual Bonus times the number of months remaining in the Severance Payment Period divided by twelve (12).

provided, however, that if the Executive meets retirement eligibility on the Date of Termination and thus is eligible to receive a retirement bonus in accordance with the terms of the Company’s AIP Plan, EIC Plan or any other plan adopted by the Company, the Company may determine, in its sole discretion, to either pay such retirement bonus or pay the amount calculated in accordance with Section 6(a)(ii)(A), but it shall not be obligated to pay both.
(iii) Medical/Dental Plans Component.

(A) During the Severance Payment Period, the Company shall:

(1) if the Executive participated in a company self-insured medical plan (which does not satisfy the requirements of Section 105(h)(2)) immediately prior to the Date of Termination, pay to the Executive or cause to have paid on the Executive’s behalf the sum of (x) the Company’s portion of the premium payable under the Company’s group health plans for providing health benefits (i.e., medical, dental and vision benefits) to the Executive and to those family members covered through Executive under the Company’s group health plans at the time of the commencement of the Separation Period, such coverage to be provided under the group health plans in which Executive and his covered family members are participating at the time of the commencement of the Separation Period or elect in accordance with the Company’s applicable established procedures (reduced by any amounts which Executive is required to pay for such health benefit coverage as described in further detail below), and (y) an additional amount (the “Gross-Up Amount”) intended to compensate Executive for any additional taxes, if any, for which Executive may become liable as a result of the provision of the benefits described in (x) so that Executive’s after-tax income is not decreased as a result of receiving the benefits described in (x), with such Gross-Up Amount being calculated in accordance with the Company’s reasonable usual and customary procedures for determining tax gross-up payments, as such procedures may change from time to time. If the Severance Payment Period exceeds twelve (12) months, the Company shall pay or cause to have paid all amounts due under this Section 6(a)(iii)(A) in annual installments, with the first installment due or credited within 30 days after the Date of Termination and subsequent installments being made or credited on the anniversary thereof; provided, however, that subsequent installments may be reduced or eliminated to the extent that Executive becomes eligible for other health coverage through a subsequent employer. If the Severance Payment Period is equal to or less than twelve (12) months, the Company shall pay or cause to have paid all amounts due or credited under this Section 6(a)(iii)(A) in one lump sum cash payment within 30 days after the Date of Termination; or

(2) if paragraph (1) above is not applicable (because the Executive participated in a health benefit program to which Section 105(h) is not applicable, such as the Company’s HMO immediately prior to the Date of Termination), continue benefits under such health plan on the same basis as an employee of the Company.

The purpose of providing the benefits pursuant to this Section 6(a)(iii)(A) shall be to provide the Executive and/or the Executive’s covered family members with continued health benefits at least equal to those which would have been provided to them in accordance with the Company’s health plans, programs, practices and policies if the Executive’s employment had not been terminated (with such contributions by the Executive as would have been required had the Executive’s employment not been terminated). The Executive shall not participate in any other Company sponsored welfare benefit plans after the termination of employment.

(B) In addition, if at the end of the Severance Payment Period the Executive will be age 55 or older and at least 10 years will have passed since the beginning of the Executive’s last period of employment with the Company, continuation of the right to participate in Medical and/or Dental Plans as and if offered to former employees whose employment terminated at or after age 55 with ten or more years of service on the same terms and conditions as for such former employees including premium contributions from the Executive as in effect from time to time. Such right to participate shall apply from the time such
coverage would otherwise terminate pursuant to Section 6(a)(iii)(A) and shall continue until the Executive attains age 65; thereafter the Executive may participate in the Company’s Retiree Health Plan as and if it may exist from time to time in the future, if he would be eligible to participate pursuant to the terms of that Plan.

(iv) SERP Component. Continuation of benefit credits and service accruals under the SERP during the Severance Payment Period, if, at the end of that period and taking into account such service accruals the Executive will be age 55 or older and will be credited with ten or more years of service under the SERP. During this period, benefit credits shall be based on the compensation required to be paid under (i) and (ii)(A) and (B), above, without regard to any adjustment made pursuant to paragraph 6(b) below.

(v) LTC Program Component. The terms of the award and the plan pursuant to which any LTC Program award was granted will govern the vesting and/or forfeiture of awards upon a termination at will by the Company or the Executive.

(vi) Automobile Component. The Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the “buyout amount” specified by the vehicle’s lessor.

The parties acknowledge that the amounts and benefits provided in (i) through (vi) above constitute a reasonable estimate of and compensation for any damages the Executive may suffer as the result of his termination of employment under this Agreement.

If the Executive does not execute, or having executed, effectively revokes the Release, the Company will not be obligated to provide any benefits or payments of any kind to the Executive.

(b) Coordination of Benefits. The Executive’s medical and dental benefit coverage under Section 6(a)(iii)(A) and/or (B) shall be secondary to medical and/or dental coverage provided to the Executive by a subsequent employer and the Executive will make every good faith effort to participate in any such coverage. For any period during which the Executive does not make such a good faith effort the Executive’s medical and dental plan coverage under Section 6(a)(iii)(A) and/or (B) shall be completely suspended. If medical and dental benefit coverage ceases to be provided by the subsequent employer, Executive may have his Section 6(a)(iii)(A) and/or (B) coverage from the Company become his primary coverage again. The Severance Payment Period shall not be subtracted from the period of months for which the Executive is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985.

(c) Lack of Participation in Qualified Plans. Upon termination of employment the Executive shall cease to participate in any qualified benefit plan maintained by the Company, such as the Pension Plan and the 401(k) Plan, and the Executive shall also cease to participate in any welfare benefit plan maintained by the Company, except as otherwise provided in Section 6(a)(iii) above or under the terms of such plan. No employee or employer contributions will be made to any qualified benefit plan based on any bonus paid after the termination of the Executive’s employment.
7. **Successors.**

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. **Notices.** All notices or other communications required or permitted hereunder shall be made in writing. Notice shall be effective on the date of delivery if delivered by hand upon receipt, on the first business day following the date of dispatch if delivered utilizing next day service by a recognized next day courier to the applicable address set forth below, or if mailed, three (3) business days after having been mailed, postage prepaid, by certified or registered mail, return receipt requested, and addressed to the applicable address set forth below. Notice given by facsimile shall be effective upon written confirmation of receipt of the facsimile.

- **If to the Executive:**
  
  To the residence address for the Executive last shown on the Company’s payroll records.

- **If to the Company:**
  
  The Clorox Company
  1221 Broadway
  Oakland, California 94612
  Attention: General Counsel
  Fax: [______________]

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

9. **Entire Agreement.** Together with the Amended and Restated Change in Control Agreement, between the Executive and the Company, the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of the Executive by the Company and may not be contradicted by evidence of any prior or
contemporaneous agreement. The parties further intend that this Agreement and said Change in Control Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Change in Control Agreement and this Agreement supersede any prior agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

10. **Amendments; Waivers.** This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and by a duly authorized representative of the Company other than the Executive. By an instrument in writing similarly executed, either party may waive compliance by the other party with any provision of this Agreement that such other party was or is obligated to comply with or perform, provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

11. **Severability.** If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications thereof shall not in any way be affected or impaired thereby. This Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision has never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the invalid, illegal or unenforceable provision or by its severance herefrom. In lieu of such invalid, illegal or unenforceable provisions there shall be added automatically as a part hereof a provision as similar in terms and economic effect to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

12. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

13. **Executive Acknowledgment.** The Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

14. **Arbitration.** Any controversy between the Executive, his heirs or estate and the Company or any employee of the Company, including but not limited to, those involving the construction or application of any of the terms, provisions or conditions of this Agreement or otherwise arising out of or related to this Agreement, shall be settled by arbitration before a single arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The location of the arbitration shall be San Francisco, California if the Executive’s current or most recent location of employment with the Company was in California.
Company is or was located in Alameda or Contra Costa County, California. If it is or was elsewhere, the arbitration shall be held at the city nearest to the Executive’s last location of employment with the Company that has an office of the American Arbitration Association. The arbitrator shall, to the extent that the Executive prevails in the arbitration, award attorney’s fees to the Executive.

15. **Representation.** The Executive represents and warrants to the Company that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him from entering into this Agreement or performing all of his obligations hereunder.

16. **Withholdings.** The Company may withhold from any amounts payable pursuant to this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

17. **Code Section 409A.** To the extent applicable, it is intended that this Agreement and any payment made hereunder shall comply with the requirements of Section 409A of the Internal Revenue Code, and any related regulations or other effective guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Code Section 409A”). Any provision that would cause the Agreement or any payment hereof to fail to satisfy Code Section 409A shall have no force or effect until amended to the minimum extent required to comply with Code Section 409A, which amendment may be retroactive to the extent permitted by Code Section 409A.

18. **Inconsistency.** In the event of any inconsistency between (a) this Agreement and (b) any other plan, program, practice or agreement in which the Executive participates or is a party, this Agreement shall control unless such other agreement provides explicitly to the contrary.

19. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.
The parties have duly executed this Agreement as of the date that first appears at the beginning of this Agreement.

THE CLOROX COMPANY
The Company

By: [_________________________]

[_________________________]

It’s [__________]

(Executive)
GENERAL RELEASE

This document is an important one. You should review it carefully and, if you agree to it, sign at the end on the line indicated. You have 21 days to sign this Release, during which time you are advised to consult with an attorney regarding its terms. After signing this Release, you have seven days to revoke it. Revocation should be made in writing and delivered so that it is received by the Corporate Secretary of The Clorox Company, 1221 Broadway, Oakland, CA 94612 no later than 4:30 p.m. on the seventh day after signing this Release. If you do revoke this Release within that time frame, you will have no rights under it. This Release shall not become effective or enforceable until the seven day revocation period has expired. The agreement for payment of consideration in paragraph 2 will not become effective until the seven day revocation period has passed.

This GENERAL RELEASE is entered into between The Clorox Company (hereinafter referred to as “Employer”) and ___________________________(hereinafter referred to as “Executive”). Employer and Executive agree as follows:

1. Executive’s regular employment with Employer will terminate as of __________, 20_. Executive is ineligible for reemployment or reinstatement with Employer.

2. Upon Executive’s acceptance of the terms set forth herein, the Employer agrees to provide the Executive with compensation and benefits set forth in Section 6 of the Amended and Restated Employment Agreement between the Executive and the Employer (the “Employment Agreement”), a copy of which is attached as the first Exhibit to this General Release. A complete description of those benefits is attached as the second Exhibit to this General Release.
3. (a) In consideration of the Employer providing Executive this compensation, Executive and Executive’s heirs, assignees and agents agree to release the Employer, all affiliated companies, agents and employees and each of their successors and assigns (hereinafter referred to as “Releasees”) fully and finally from any claims, liabilities, demands or causes of action which Executive may have or claim to have against the Releasees at present or in the future, except claims for vested benefits, if any. The claims released may include, but are not limited to, any tax obligations as a result of the payment of consideration referred to in paragraph 2, and claims arising under federal, state or local laws prohibiting discrimination in employment, including the Age Discrimination in Employment Act (ADEA) or claims growing out of any legal restrictions on the Employer’s right to terminate its employees. Claims of discrimination, wrongful termination, age discrimination, and any claims other than for vested benefits are hereby released.

(b) By signing this document, Executive agrees not to file a lawsuit to assert such claims. Executive also agrees that if Executive breaches this provision, Executive will be liable for all costs and attorneys’ fees incurred by any Releasee resulting from such action.

4. By signing this document, Executive is also expressly waiving the provisions of California Civil Code section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

By signing this document, Executive agrees and understands that Executive is releasing unknown as well as known claims related to Executive’s employment in exchange for the compensation set forth above.

5. Executive agrees to maintain in complete confidence the terms of this Release, except as it may be necessary to comply with a legally compelled request for information. It is agreed since confidentiality of this Release is of the essence, damages for violation being impossible to assess with precision, that $10,000 is a fair estimate of the damage caused by each disclosure and is agreed to as the measure of damages for each violation.
6. Executive agrees to indemnify and hold Employer harmless from and against any tax obligations for which Executive may become liable as a result of this Release and/or payments made pursuant to the Employment Agreement, other than tax obligations of the Employer resulting from the nondeductibility of any payments made pursuant to this Release or the Employment Agreement.

7. Agreeing to this Release shall not be deemed or construed by either party as an admission of liability or wrongdoing by either party.

8. This Release, the Employment Agreement and the plans of The Clorox Company referred to in the Employment Agreement set forth the entire agreement between Executive and the Employer. This Release and the Employment Agreement are not subject to modification except in writing executed by both of the parties. The Clorox Company plan documents of plans referred to in the Employment Agreement may be amended in accordance with the provisions of those plans.

Executive acknowledges by signing below that Executive has not relied upon any representations, written or oral, not set forth in this Release.

Executive
Dated:

THE CLOROX COMPANY
By: ______________
Dated:
CERTIFICATION

I, Donald R. Knauss, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Clorox Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 2, 2008

/s/ Donald R. Knauss
Donald R. Knauss
Chairman and Chief Executive Officer
CERTIFICATION

I, Daniel J. Heinrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Clorox Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 2, 2008

/s/ Daniel J. Heinrich
Daniel J. Heinrich
Senior Vice President - Chief Financial Officer
CERTIFICATION

In connection with the periodic report of The Clorox Company (the “Company”) on Form 10-Q for the period ended March 31, 2008 as filed with the Securities and Exchange Commission (the “Report”), we, Donald R. Knauss, Chief Executive Officer of the Company, and Daniel J. Heinrich, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: May 2, 2008

/s/ Donald R. Knauss

Donald R. Knauss
Chairman and Chief Executive Officer

/s/ Daniel J. Heinrich

Daniel J. Heinrich
Senior Vice President – Chief Financial Officer