

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 September 30, 2009.

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)

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

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" 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 September 30, 2009, there were 139,808,056 shares outstanding of the registrant's common stock (par value - \$1.00), the registrant's only outstanding class of stock.

	<b>No.</b>
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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)

	Three Months Ended	
	9/30/2009	9/30/2008
Net sales	\$ 1,372	\$ 1,384
Cost of products sold	753	822
Gross profit	619	562
Selling and administrative expenses	175	184
Advertising costs	127	119
Research and development costs	27	27
Restructuring costs	2	1
Interest expense	36	42
Other expense, net	8	3
Earnings before income taxes	244	186
Income taxes	87	58
Net earnings	\$ 157	\$ 128
Earnings per share		
Basic	\$ 1.12	\$ 0.91
Diluted	\$ 1.11	\$ 0.90
Weighted average shares outstanding (in thousands)		
Basic	139,743	138,457
Diluted	140,861	139,860
Dividend declared per share	\$ 0.50	\$ 0.46

See Notes to Condensed Consolidated Financial Statements

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Condensed Consolidated Balance Sheets  
(Dollars in millions, except per share amounts)

	<u>9/30/2009</u>	<u>6/30/2009</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 237	\$ 206
Receivables, net	458	486
Inventories, net	392	366
Other current assets	114	122
Total current assets	<u>1,201</u>	<u>1,180</u>
Property, plant and equipment, net	947	955
Goodwill	1,640	1,630
Trademarks, net	558	557
Other intangible assets, net	101	105
Other assets	151	149
Total assets	<u>\$ 4,598</u>	<u>\$ 4,576</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Notes and loans payable	\$ 457	\$ 421
Current maturities of long-term debt	575	577
Accounts payable	330	381
Accrued liabilities	405	472
Income taxes payable	99	86
Total current liabilities	<u>1,866</u>	<u>1,937</u>
Long-term debt	2,137	2,151
Other liabilities	617	640
Deferred income taxes	25	23
Total liabilities	<u>4,645</u>	<u>4,751</u>
Contingencies		
Stockholders' deficit		
Common stock: \$1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued at September 30, 2009 and June 30, 2009; and 139,808,056 and 139,157,976 shares outstanding at September 30, 2009 and June 30, 2009, respectively	159	159
Additional paid-in capital	564	579
Retained earnings	720	640
Treasury shares, at cost: 18,933,405 and 19,583,485 shares at September 30, 2009 and June 30, 2009, respectively	(1,169)	(1,206)
Accumulated other comprehensive net losses	(321)	(347)
Stockholders' deficit	<u>(47)</u>	<u>(175)</u>
Total liabilities and stockholders' deficit	<u>\$ 4,598</u>	<u>\$ 4,576</u>

See Notes to Condensed Consolidated Financial Statements

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Condensed Consolidated Statements of Cash Flows  
(Dollars in millions)

	<u>Three Months Ended</u>	
	<u>9/30/2009</u>	<u>9/30/2008</u>
Operating activities:		

Net earnings	\$ 157	\$ 128
Adjustments to reconcile earnings from operations:		
Depreciation and amortization	48	47
Share-based compensation	13	12
Deferred income taxes	2	(3)
Other	(27)	10
Changes in:		
Receivables, net	35	41
Inventories, net	(21)	(45)
Accounts payable and accrued liabilities	(131)	(99)
Income taxes payable	18	2
Net cash provided by operations	<u>94</u>	<u>93</u>
Investing activities:		
Capital expenditures	(34)	(39)
Other	1	(1)
Net cash used for investing activities	<u>(33)</u>	<u>(40)</u>
Financing activities:		
Notes and loans payable	35	(27)
Long-term debt repayments	(15)	-
Cash dividends paid	(70)	(64)
Issuance of common stock for employee stock plans and other	15	16
Net cash used for financing activities	<u>(35)</u>	<u>(75)</u>
Effect of exchange rate changes on cash and cash equivalents	5	(8)
Net increase (decrease) in cash and cash equivalents	31	(30)
Cash and cash equivalents:		
Beginning of year	206	214
End of year	<u>\$ 237</u>	<u>\$ 184</u>

See Notes to Condensed Consolidated Financial Statements

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Notes to Condensed Consolidated Financial Statements  
(In millions, except share and per share amounts)

### NOTE 1. INTERIM FINANCIAL STATEMENTS

#### Basis of Presentation

The unaudited interim condensed consolidated financial statements for the three months ended September 30, 2009 and 2008, 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 the current period presentation. The results for the interim period ended September 30, 2009, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2010, or for any future period. The Company's condensed consolidated financial statements were evaluated for subsequent events after the balance sheet date through November 3, 2009, the date the consolidated financial statements were issued.

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, 2009, 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.

## New Accounting Pronouncements

### *Recently adopted pronouncements*

On July 1, 2009, the Company adopted a new accounting standard which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities that must be included in the computation of earnings per share pursuant to the two-class method. These payment awards were previously not considered participating securities. Accordingly, the Company's unvested performance units, restricted stock awards and restricted stock units that provide such nonforfeitable rights are now considered participating securities in the calculation of net earnings per share (EPS). The Company's share-based payment awards granted in fiscal year 2010 are not participating securities. The new standard requires the retrospective adjustment of the Company's earnings per share data. The retrospective adoption of the new accounting standard resulted in a \$0.01 decrease in the previously reported basic and diluted EPS for the three months ended September 30, 2008, and a \$0.04 and \$0.02 decrease in the previously reported basic and diluted EPS, respectively, for the fiscal year 2009. The calculation of EPS under the new standard is disclosed in Note 6.

On July 1, 2009, the Company adopted a new accounting standard which 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, including contingent liabilities, and any noncontrolling interest in an acquired business. The new standard also provides for recognizing and measuring the goodwill acquired in a business combination and requires disclosure of information to enable users of the financial statements to evaluate the nature and financial effects of the business combination. There was no impact to the condensed consolidated financial statements.

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### NOTE 1. INTERIM FINANCIAL STATEMENTS (Continued)

On July 1, 2009, the Company adopted a new accounting standard which establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interest) and for the deconsolidation of a subsidiary. The new standard 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. There was no material impact to the condensed consolidated financial statements.

On July 1, 2009, the Company adopted a new accounting standard requiring disclosures about fair value of financial instruments in interim financial information (See Note 3). The new standard requires those disclosures for interim reporting periods. The Company already complies with the provisions of this accounting standard for its annual reporting.

On July 1, 2009, the Company adopted the provisions of the accounting standard on fair value measurements that apply to nonfinancial assets and liabilities that are recognized or disclosed at fair value on a non-recurring basis. The adoption of these provisions did not have an impact on the condensed consolidated financial statements.

On September 30, 2009, the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). The Codification is the single official source of authoritative US GAAP (other than the SEC's views), superseding all other accounting literature except that issued by the SEC. The adoption of the Codification had no impact to the condensed consolidated balance sheets, statements of operations or cash flows.

### *Pronouncements to be adopted*

On December 30, 2008, the FASB issued an accounting standard that will require additional disclosures about the major categories of plan assets and concentrations of risk for an employer's plan assets of a defined benefit pension or other postretirement plan, as well as disclosure of fair value levels, similar to the disclosure requirements of the fair value measurements accounting standard. These enhanced disclosures about plan assets must be provided in the Company's 2010 Annual Report on Form 10-K.

### NOTE 2. RESTRUCTURING

In fiscal year 2008, the Company began a restructuring plan that involves simplifying its supply chain and other restructuring activities (Supply Chain and Other restructuring plan), which was subsequently expanded to include additional costs, primarily severance, associated with the Company's plan to reduce certain staffing levels.

The Supply Chain restructuring involves closing certain domestic and international manufacturing facilities. The Company is redistributing production from these facilities between the Company's remaining facilities and third-party producers to optimize available capacity and reduce operating costs. The Company anticipates the Supply Chain restructuring will be completed in fiscal year 2012.

During the three months ended September 30, 2009, the Company recognized \$2 of restructuring costs in Corporate. Additionally, the Company recognized restructuring-related costs associated with the Supply Chain and Other restructuring plan of \$1 and \$3, included in selling and administrative expenses and cost of products sold, respectively. Of these amounts, \$2, \$1 and \$1 were related to the Cleaning and Household segments and Corporate, respectively.

During the three months ended September 30, 2008, the Company recognized \$1 of restructuring costs in the Cleaning segment. In addition, the Company recognized in cost of products sold restructuring-related costs associated with the Supply Chain and Other restructuring plan of \$5. Of these amounts, \$1, \$3 and \$1 were related to the Cleaning, Household and International segments, respectively.

Total costs associated with the Supply Chain and Other restructuring plan since inception through September 30, 2009, were \$104, of which \$31, \$41, \$12 and \$20 related to the Cleaning, Household, International segments and Corporate, respectively.

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### NOTE 2. RESTRUCTURING (Continued)

The Company anticipates incurring approximately \$18 to \$25 of Supply Chain and Other restructuring-related charges in fiscal year 2010, of which approximately \$2 are expected to be noncash related. The Company anticipates approximately \$5 to \$8 of the fiscal year 2010 charges to be in Corporate and \$9 to \$11 to be in the Cleaning segment, of which approximately \$7 to \$9 are expected to be recognized as cost of products sold charges. The remaining estimated charges of \$4 to \$6 are expected to be recognized as cost of products sold in the Household segment. The total anticipated charges related to the Supply Chain and Other restructuring plan for the fiscal years 2011 and 2012 are estimated to be approximately \$10 to \$12.

Total restructuring cash payments for the three months ended September 30, 2009 were \$3 and the total accrued restructuring liability as of September 30, 2009, was \$14. The total accrued restructuring liability as of June 30, 2009, was \$15.

The Company may, from time to time, decide to pursue additional restructuring-related initiatives that involve charges in future periods.

### NOTE 3. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Company is exposed to certain commodity and foreign currency risks relating to its ongoing business operations. The Company uses commodity futures and fixed price swap contracts to fix the price of a portion of its forecasted raw material requirements. Contract maturities, which are generally no longer than 18 months, are matched to the length of the raw material purchase contracts. The Company also enters into certain foreign currency related derivative contracts to manage a portion of the Company's foreign exchange risk associated with the purchase of inventory. These foreign currency contracts generally have durations no longer than 12 months.

The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as a hedge, and on the type of the hedging relationship. For those derivative instruments designated and qualifying as hedging instruments, the Company must designate the hedging instrument as a fair value hedge or a cash flow hedge. The Company designates as cash flow hedges, commodity forward and future contracts of forecasted purchases for raw materials and foreign currency forward contracts of forecasted purchases of inventory.

For derivative instruments designated and qualifying as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The estimated amount of the existing net losses at the reporting date expected to be reclassified into earnings within the next 12 months is \$8. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. During the three months ended September 30, 2009, the hedge ineffectiveness was not material.

The Company's derivative financial instruments designated as hedging instruments are recorded at fair value in the condensed consolidated balance sheet as follows:

	Balance Sheet location	Fair value	
		9/30/2009	6/30/2009
<b>Assets</b>			

Commodity purchase contracts	Other current assets	\$	4	\$	6
<b>Liabilities</b>					
Foreign exchange contracts	Accrued liabilities	\$	2	\$	-
Commodity purchase contracts	Accrued liabilities		12		21
		\$	14	\$	21

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### NOTE 3. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The effects of derivative instruments on OCI and on the statement of earnings for the three months ended September 30, 2009, were as follows:

Cash flow hedges	Gain (Loss) recognized in OCI	Loss reclassified from OCI and recognized in earnings
Commodity purchase contracts	\$ 7	\$ (10)
Foreign exchange contracts	(2)	(1)
Total	\$ 5	\$ (11)

The loss reclassified from OCI and recognized in earnings during the three months ended September 30, 2009, are included in cost of products sold.

As of September 30, 2009, the net notional value of commodity derivatives was \$94, of which \$60 related to diesel fuel, \$17 related to unleaded gas, \$12 related to soybean oil and \$5 related to jet fuel.

As of September 30, 2009, the Company had outstanding foreign currency forward contracts used to hedge forecasted purchases of inventory of \$43 related to one of its subsidiaries in Canada.

Certain terms of the agreements governing the Company's over-the-counter derivative instruments require the Company or the counterparty to post collateral when the fair value of the derivative instruments exceeds contractually defined counterparty liability position limits. There was no collateral posted at September 30, 2009.

Certain terms of the agreements governing the over-the-counter derivative instruments contain provisions that require the credit ratings, as assigned by Standard and Poor's and Moody's to the Company and its counterparties, to remain at a level equal to or better than the minimum of an investment grade credit rating. As of September 30, 2009, the Company and each of its counterparties maintained investment grade ratings with both Standard and Poor's and Moody's.

U.S. GAAP prioritizes the inputs used in measuring fair value into the following hierarchy:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

At September 30, 2009, the Company's financial assets and liabilities that were measured at fair value on a recurring basis during the year were level 2 commodity purchase contracts with a fair value of \$4 and commodity purchase and foreign exchange contracts with a fair value of \$12 and \$2, respectively.

Commodity purchase contracts are fair valued using market quotations obtained off of the New York Mercantile Exchange.

The foreign exchange contracts are fair valued using foreign exchange rates and forward points quoted by foreign exchange dealers.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and notes and loans payable approximate their fair values at September 30, 2009 and June 30, 2009, due to the short maturity and nature of those balances. The estimated fair value of long-term debt, including current maturities, was \$2,842 and \$2,816 at September 30, 2009 and June 30, 2009, respectively. The fair value of long-term debt was determined using secondary market prices quoted by corporate bond dealers.

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**NOTE 4. INVENTORIES, NET**

Inventories, net, consisted of the following at:

	<u>9/30/2009</u>	<u>6/30/2009</u>
Finished goods	\$ 326	\$ 304
Raw materials and packaging	104	99
Work in process	4	4
LIFO allowances	(31)	(31)
Allowances for obsolescence	(11)	(10)
Total	<u>\$ 392</u>	<u>\$ 366</u>

**NOTE 5. OTHER LIABILITIES**

Other liabilities consisted of the following at:

	<u>9/30/2009</u>	<u>6/30/2009</u>
Venture agreement net terminal obligation	\$ 270	\$ 269
Employee benefit obligations	242	266
Taxes	67	65
Other	38	40
Total	<u>\$ 617</u>	<u>\$ 640</u>

**NOTE 6. NET EARNINGS PER SHARE**

The Company computes EPS using the two-class method (See Note 1), which is an earnings allocation formula that determines EPS for common stock and participating securities.

EPS for common stock is computed by dividing net earnings applicable to common stock by the weighted average number of common shares outstanding each period on an unrounded basis. Net earnings applicable to common stock includes dividends paid to common shareholders during the period plus a proportionate share of undistributed net earnings which is based on the weighted average number of shares of common stock and participating securities outstanding during the period.

Diluted EPS for common stock reflects the earnings dilution that could occur from common shares that may be issued through stock options, restricted stock awards, performance units and restricted stock units, that are not participating securities. Excluded from this calculation are amounts allocated to participating securities.

The following are reconciliations of net earnings to net earnings allocable to common stock, and the number of common shares outstanding (in thousands) used to calculate basic EPS to those used to calculate diluted EPS:

	<u>Three Months Ended</u>	
	<u>9/30/2009</u>	<u>9/30/2008</u>
Net earnings	\$ 157	\$ 128
Less: Earnings allocated to participating securities	(1)	(2)
Net earnings applicable to common stock	<u>\$ 156</u>	<u>\$ 126</u>

**NOTE 6. NET EARNINGS PER SHARE (Continued)**

	Weighted Average Number of Shares Outstanding for the Three Months Ended	
	9/30/2009	9/30/2008
	Basic	139,743
Dilutive effect of stock options and other (excludes participating securities)	1,118	1,403
Diluted	<u>140,861</u>	<u>139,860</u>

At September 30, 2009 and 2008, the Company did not include stock options to purchase 4,254 thousand and 4,559 thousand shares, respectively, of the Company's common stock, in the calculations of diluted EPS because their inclusion would be anti-dilutive.

During the three months ended September 30, 2009 and 2008, the Company issued 862 thousand and 855 thousand shares, respectively, of the Company's common stock.

The Company did not repurchase any shares during the three months ended September 30, 2009 and 2008.

**NOTE 7. COMPREHENSIVE INCOME**

Comprehensive income includes net earnings and certain adjustments that are excluded from net earnings, but included as a separate component of stockholders' deficit, net of tax. Comprehensive income was as follows:

	Three Months Ended	
	9/30/2009	9/30/2008
Net earnings	\$ 157	\$ 128
Other comprehensive gains (losses), net of tax:		
Foreign currency translation	22	(47)
Net derivative adjustments	3	(32)
Pension and postretirement benefit adjustment	1	-
Total comprehensive income	<u>\$ 183</u>	<u>\$ 49</u>

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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.

As of September 30, 2009 and June 30, 2009, the total amount of unrecognized tax benefits was \$85 and \$98, respectively, of which \$85 and \$91, respectively, would reduce income tax expense and the effective tax rate if recognized.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of September 30, 2009 and June 30, 2009, the total balance of accrued interest and penalties related to uncertain tax positions was \$18 and \$17, respectively. Interest and penalties included in income tax expense were \$3 and \$2 for the three months ended September 30, 2009 and 2008, respectively.

The Company files income tax returns in the U.S. federal and various state, local and foreign jurisdictions. Certain issues relating to 2003, 2004 and 2006 are under review by the IRS Appeals Division. The Company made payments of tax and interest to the IRS related to fiscal years 2004 and 2006 in the first quarter of fiscal year 2010 of \$8. No tax benefits had previously been recognized for these payments. Various income tax returns in state and foreign jurisdictions are currently in the process of examination.

In the twelve months succeeding September 30, 2009, audit resolutions could potentially reduce total unrecognized tax benefits by up to \$26, primarily as a result of cash settlement payments. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

**NOTE 9. 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:

	<b>Three Months Ended</b>	
	<b>9/30/2009</b>	<b>9/30/2008</b>
<b>Components of net periodic benefit cost (income):</b>		
Service cost	\$ 3	\$ 3
Interest cost	8	7
Expected return on plan assets	(8)	(7)
Amortization of unrecognized items	2	1
<b>Total net periodic benefit cost</b>	<b>\$ 5</b>	<b>\$ 4</b>

The net periodic benefit cost for the Company's retirement health care plans was \$1 for the three month periods ended September 30, 2009 and 2008.

During the three months ended September 30, 2009, the Company made a \$33 discretionary contribution to the U.S. pension plan. Based on current pension funding rules, the Company is not required to make any contributions in fiscal year 2010.

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### **NOTE 10. CONTINGENCIES**

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations. The Company recorded a liability of \$19 at both September 30, 2009 and June 30, 2009, 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 September 30, 2009 and June 30, 2009. The Company is subject to a cost-sharing arrangement with Ford Motor Co. (Ford) 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 Ford are each responsible for their own such fees. If Ford 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 Ford 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. The Company made payments of less than \$1 during each of the three months ended September 30, 2009 and 2008, towards remediation efforts. 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 11. SEGMENT RESULTS**

The Company operates through strategic business units which are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International. The four reportable segments consist of the following:

- Cleaning consists of laundry, home-care, professional products and auto-care products marketed and sold in the United States. Products within this segment include laundry additives, including bleaches, under the Clorox<sup>®</sup> and Clorox 2<sup>®</sup> brands; home-care products, primarily under the Clorox<sup>®</sup>, Formula 409<sup>®</sup>, Liquid-Plumr<sup>®</sup>, Pine-Sol<sup>®</sup>, S.O.S<sup>®</sup> and Tilex<sup>®</sup> brands; natural cleaning and laundry products under the Green Works<sup>™</sup> brand; and auto-care products primarily under the Armor All<sup>®</sup> and STP<sup>®</sup> brands.
- Household consists of charcoal, cat litter and plastic bags, wraps and container products marketed and sold in the United States. Products within this segment include plastic bags, wraps and containers, under the Glad<sup>®</sup> brand; cat litter products, under the Fresh

Step<sup>®</sup>, Scoop Away<sup>®</sup> and Ever Clean<sup>®</sup> brands; and charcoal products under the Kingsford<sup>®</sup> and Match Light<sup>®</sup> brands.

- Lifestyle consists of food products and water-filtration systems and filters marketed and sold in the United States and all natural personal care products. Products within this segment include dressings and sauces, primarily under the Hidden Valley<sup>®</sup> and K C Masterpiece<sup>®</sup> brands; water-filtration systems and filters under the Brita<sup>®</sup> brand; and all natural personal care products under the Burt's Bees<sup>®</sup> brand.
- International consists of products sold outside the United States.

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### NOTE 11. SEGMENT RESULTS (Continued)

Corporate includes certain nonallocated administrative costs, interest income, interest expense and certain other nonoperating income and expenses. Corporate assets include cash and cash equivalents, the Company's headquarters and research and development facilities, information systems hardware and software, pension balances, and other investments.

The table below presents reportable segment information and a reconciliation of the segment information to the Company's net sales and earnings before income taxes, with amounts that are not allocated to the operating segments shown as Corporate.

	Net Sales		Earnings (Losses) Before Income Taxes	
	Three Months Ended		Three Months Ended	
	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Cleaning	\$ 503	\$ 487	\$ 137	\$ 115
Household	381	426	55	62
Lifestyle	200	194	66	56
International	288	277	47	34
Corporate	-	-	(61)	(81)
Total Company	<u>\$ 1,372</u>	<u>\$ 1,384</u>	<u>\$ 244</u>	<u>\$ 186</u>

All intersegment sales are eliminated and are not included in the Company's reportable segments' net sales.

During the three months ended September 30, 2009 and 2008, earnings before income taxes included restructuring and asset impairment costs together with restructuring-related charges included in selling and administrative expenses and cost of products sold (Note 2) of \$2 and \$2 in the Cleaning segment, \$1 and \$3 in the Household segment, \$0 and \$1 in the International segment, respectively, and \$3 and \$0 in Corporate, respectively.

Net sales to the Company's largest customer, Wal-Mart Stores, Inc. and its affiliates, were 28% and 27% of consolidated net sales for the three months ended September 30, 2009 and 2008, respectively.

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### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions, except share and per share amounts)

#### Overview

The Clorox Company (the Company or Clorox) is a leading manufacturer and marketer of consumer products. The Company sells its products primarily through mass merchandisers, grocery stores and other retail outlets. Clorox markets some of consumers' most trusted and recognized

brand names, including its namesake bleach and cleaning products, Green Works™ natural cleaners and laundry products, Poett® and Mistolín® cleaning products, Armor All® and STP® auto-care products, Fresh Step® and Scoop Away® cat litter, Kingsford® charcoal, Hidden Valley® and K C Masterpiece® dressings and sauces, Brita® water-filtration systems, Glad® bags, wraps and containers, and Burt's Bees® natural personal care products. With approximately 8,300 employees worldwide, the Company manufactures products in more than two dozen countries and markets them in more than 100 countries.

The Company operates through strategic business units which are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International. The four reportable segments consist of the following:

- Cleaning consists of laundry, home-care, professional products and auto-care products marketed and sold in the United States.
- Household consists of charcoal, cat litter and plastic bags, wraps and container products marketed and sold in the United States.
- Lifestyle consists of food products and water-filtration systems and filters marketed and sold in the United States and all natural personal care products.
- International consists of products sold outside the United States.

Corporate includes certain nonallocated administrative costs, interest income, interest expense and certain other nonoperating income and expenses.

The Company primarily markets its leading brands in midsized categories considered to have attractive economic profit potential. Most of the Company's products compete with other nationally-advertised brands within each category and with "private-label" brands.

The Company reported net earnings of \$157 and diluted net earnings per share of \$1.11 based on weighted average diluted shares outstanding of approximately 141 million for the three months ended September 30, 2009. This compares to net earnings for the three months ended September 30, 2008, of \$128 and diluted net earnings per share of \$0.90 based on weighted average diluted shares outstanding of approximately 140 million. Restructuring-related charges were \$0.03 per diluted share for the three months ended September 30, 2009 and 2008 (See "Restructuring and asset impairment costs" below). Foreign currency transaction losses were \$0.04 and \$0.02 per diluted share for the three months ended September 30, 2009 and 2008, respectively. Also included in the Company's results for the three months ended September 30, 2008, were costs of \$0.01 per diluted share related to the Company's acquisition of Burt's Bees, Inc. which was acquired on November 30, 2007.

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 Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009, which was filed with the Securities and Exchange Commission (SEC) on August 25, 2009, and the unaudited Condensed Consolidated Financial Statements and related notes contained in this quarterly report on Form 10-Q.

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### Results of Operations

Management's Discussion and Analysis of the Results of Operations, unless otherwise noted, compares the three months ended September 30, 2009 (the current period), to the three months ended September 30, 2008 (the prior period), using percentages calculated on a rounded basis, except as noted.

	Three Months Ended			% of Net Sales	
	9/30/2009	9/30/2008	% Change	9/30/2009	9/30/2008
Diluted net earnings per share	\$ 1.11	\$ 0.90	23%		
Net sales	\$ 1,372	\$ 1,384	(1)%	100.0%	100.0%
Gross profit	619	562	10	45.1	40.6
Selling and administrative expenses	175	184	(5)	12.8	13.3
Advertising costs	127	119	7	9.3	8.6
Research and development costs	27	27	-	2.0	2.0

***Diluted net earnings per share*** increased \$0.21 primarily due to favorable commodity costs, price increases, cost savings and lower interest

expense in the current period. These increases were partially offset by increased advertising costs, unfavorable product mix, and increased manufacturing, logistics and trade spending costs.

*Net sales* decreased 1% while volume increased 1%. The volume increase was primarily driven by increased shipments of Clorox<sup>®</sup> disinfecting wipes due to the H1N1 flu pandemic and increased distribution of food products primarily due to effective marketing of Hidden Valley<sup>®</sup> bottled salad dressing. Also contributing to the increase in volume was the launch of the Green Works<sup>™</sup> natural laundry products and increased shipments of Pine-Sol<sup>®</sup>. Partially offsetting these volume increases were lower shipments of Glad<sup>®</sup> products primarily due to competitive activity in the trash category and the exit from a private-label food bags business. Volume growth outpaced net sales growth primarily due to unfavorable foreign exchange rates (approximately 150 basis points), unfavorable product mix (approximately 150 basis points) and increased trade spending (approximately 120 basis points), partially offset by the benefit of pricing actions (approximately 270 basis points).

*Gross profit* increased 10% and increased as a percentage of net sales to 45% from 41% in the prior period. Gross margin expansion in the current period reflects approximately 240 basis points due to favorable commodity costs and 170 basis points each from pricing and cost savings. These factors were partially offset by 40 basis points from increased manufacturing and logistics costs and 90 basis points from other items, including unfavorable product mix, trade merchandising and other cost inputs.

*Selling and administrative expenses* decreased 5% primarily due to lower consulting spending and lower incentive compensation accruals.

*Advertising costs* increased 7% as a result of higher spending to support the new product launch for Green Works<sup>™</sup> natural laundry detergent, higher spending for Glad<sup>®</sup> premium trash bags and higher marketing investments for established brands.

*Research and development costs* remained relatively unchanged in comparison to the prior periods as the Company continues to support its new products and established brands.

*Restructuring costs* in the current and prior periods relate to the Company's Supply Chain and Other restructuring initiative. In fiscal year 2008, the Company began a restructuring plan that involves simplifying its supply chain and other restructuring activities (Supply Chain and Other restructuring plan), which was subsequently expanded to include additional costs, primarily severance, associated with the Company's plan to reduce certain staffing levels.

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The Supply Chain restructuring involves closing certain domestic and international manufacturing facilities. The Company is redistributing production from these facilities between the Company's remaining facilities and third-party producers to optimize available capacity and reduce operating costs. The Company anticipates the Supply Chain restructuring will be completed in fiscal year 2012.

During the three months ended September 30, 2009, the Company recognized \$2 of restructuring costs in Corporate. Additionally, the Company recognized restructuring-related costs associated with the Supply Chain and Other restructuring plan of \$1 and \$3, included in selling and administrative expenses and cost of products sold, respectively. Of these amounts, \$2, \$1 and \$1 were related to the Cleaning and Household segments and Corporate, respectively.

During the three months ended September 30, 2008, the Company recognized \$1 of restructuring costs in the Cleaning segment. In addition, the Company recognized in cost of products sold restructuring-related costs associated with the Supply Chain and Other restructuring plan of \$5. Of these amounts, \$1, \$3 and \$1 were related to the Cleaning, Household and International segments, respectively.

Total costs associated with the Supply Chain and Other restructuring plan since inception through September 30, 2009, were \$104, of which \$31, \$41, \$12 and \$20 related to the Cleaning, Household, International segments and Corporate, respectively.

The Company anticipates incurring approximately \$18 to \$25 of Supply Chain and Other restructuring-related charges in fiscal year 2010, of which approximately \$2 are expected to be noncash related. The Company anticipates approximately \$5 to \$8 of the fiscal year 2010 charges to be in Corporate and \$9 to \$11 to be in the Cleaning segment, of which approximately \$7 to \$9 are expected to be recognized as cost of products sold charges. The remaining estimated charges of \$4 to \$6 are expected to be recognized as cost of products sold in the Household segment. The total anticipated charges related to the Supply Chain and Other restructuring plan for the fiscal years 2011 and 2012 are estimated to be approximately \$10 to \$12.

Total restructuring cash payments for the three months ended September 30, 2009, were \$3 and the total accrued restructuring liability as of September 30, 2009, was \$14. The total accrued restructuring liability as of June 30, 2009, was \$15.

The Company may, from time to time, decide to pursue additional restructuring-related initiatives that involve charges in future periods.

**Interest expense** decreased from \$42 to \$36, primarily due to a decline in average debt balances and a lower weighted average interest rate for total debt.

**Other expense, net** increased from \$3 to \$8 in the current period. The increase was primarily driven by an increase in foreign exchange transaction losses of \$6.

**The effective tax rate** was 35.5% for the current period as compared to 31.4% for the prior period, on an unrounded basis. The lower rate in the prior period was principally due to favorable audit settlements.

## SEGMENT RESULTS

The following presents the results of operations from the Company's reportable segments excluding certain unallocated costs included in Corporate:

### CLEANING

	Three Months Ended		% Change
	9/30/2009	9/30/2008	
Net sales	\$ 503	\$ 487	3%
Earnings before income taxes	137	115	19%

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Volume, net sales and earnings before income taxes increased for the current quarter as compared to the year-ago quarter. Volume growth of 4% was primarily due to increased shipments of Clorox<sup>®</sup> disinfecting wipes to meet demand associated with the H1N1 flu pandemic. Also contributing to the volume growth was the increased distribution of Pine-Sol<sup>®</sup> cleaner and Clorox<sup>®</sup> toilet bowl cleaners. These were partially offset by lower shipments of auto-care products due to distribution losses. The increase in earnings before income taxes was primarily driven by the benefit of lower commodity costs of \$9, primarily resin, cost savings of \$8, including more efficient sourcing of raw materials and transportation costs, the implementation of cost-effective packaging, including a concentrated formulation for Clorox 2<sup>®</sup> stain fighter and color booster and packaging simplification. Also contributing to the increase was the impact of price increases of \$6.

### HOUSEHOLD

	Three Months Ended		% Change
	9/30/2009	9/30/2008	
Net sales	\$ 381	\$ 426	(11)%
Earnings before income taxes	55	62	(11)%

Net sales, volume and earnings before income taxes declined in the current quarter as compared to the year-ago quarter. Volume decline of 7% was primarily driven by lower shipments of Glad<sup>®</sup> products primarily due to category softness, competitive activity and the company's exit from its private label food bags business, partially offset by increased shipments of Fresh Step<sup>®</sup> cat litter. The variance between changes in volume and sales was primarily due to unfavorable product mix (approximately 150 basis points) and higher trade spending in response to competitive activity (approximately 150 basis points). The decrease in earnings before income taxes was primarily driven by lower sales of Glad<sup>®</sup> products and higher advertising of \$4 in response to the competitive activity partially offset by lower commodity costs of \$18, primarily resin, and cost savings of \$7 primarily associated with the Company's diversification of its supplier base and various manufacturing efficiencies.

### LIFESTYLE

	Three Months Ended		% Change
	9/30/2009	9/30/2008	
Net sales	\$ 200	\$ 194	3%
Earnings before income taxes	66	56	18%

Net sales, volume and earnings before income taxes increased for the current quarter as compared to the year-ago quarter. Volume growth of 4% was due to increased shipments of Hidden Valley<sup>®</sup> bottled salad dressing, propelled by highly effective marketing. Partially offsetting the

growth were lower shipments of Brita<sup>®</sup> and Burt's Bees<sup>®</sup> products due to the comparison with strong volume increases in the year-ago quarter. The increase in earnings before income taxes was primarily driven by favorable commodity costs, including the decrease in the cost of diesel fuel of \$5 and favorable foreign exchange rates of \$4. Also contributing to the increase was the impact of cost savings of \$3 due to more efficient sourcing of raw materials.

## INTERNATIONAL

	Three Months Ended		% Change
	9/30/2009	9/30/2008	
Net sales	\$ 288	\$ 277	4%
Earnings before income taxes	47	34	38%

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Net sales, volume and earnings before income taxes increased in the current quarter as compared to the year-ago quarter. Volume growth of 3% was primarily driven by increased shipments of bleach and other disinfecting products in Latin America due to increased demand as a result of the H1N1 flu pandemic. The increase in earnings before income taxes was primarily due to an increase in volume and the impact of price increases of \$29. The increases were partially offset by \$11 from the negative impact of foreign exchange rates and \$ 9 of foreign currency transaction losses.

## CORPORATE

	Three Months Ended		% Change
	9/30/2009	9/30/2008	
Loss before income taxes	\$ (61)	\$ (81)	(25)%

The decrease in losses before income taxes attributable to Corporate during the current quarter, was primarily due to lower interest expense primarily due to a decline in average debt balances, a decrease in average interest rates paid on commercial paper borrowings, and lower consulting costs .

## Financial Condition, Liquidity and Capital Resources

### Operating Activities

The Company's financial condition and liquidity remain strong as of September 30, 2009. Net cash provided by operations was \$94 for the three months ended September 30, 2009 as compared to \$93 for the year-ago period. Higher net earnings in the current period were largely offset by a \$33 voluntary pension plan contribution. Based on current pension funding rules, the Company is not required to make any contributions in fiscal year 2010.

The Company is exposed to foreign currency risk associated with foreign governments imposing currency remittance restrictions. During the three months ended September 30, 2009, the Company incurred foreign currency transaction losses in Venezuela of approximately \$8.

### Working Capital

The Company's working capital, defined in this context as total current assets net of total current liabilities, increased by \$92 from June 30, 2009 to September 30, 2009, principally due to a decrease in accounts payable and accrued liabilities. The decrease in accounts payable and accrued liabilities was primarily due to \$43 related to the payment of the fiscal year 2009 annual incentive program and value sharing awards, net of fiscal year 2010 first quarter annual incentive and value sharing accruals, \$13 due to the timing of interest payments, \$9 due to an increase in the fair value of commodity contracts, and the remainder relating to timing of vendor payments and a decrease in the volume of information technology related purchases.

### Investing Activities

Capital expenditures were \$34 during the three months ended September 30, 2009, compared to \$39 in the comparable prior year period. Capital spending as a percentage of net sales was 2.5% during the three months ended September 30, 2009, compared to 2.8% during the three months ended September 30, 2008.

## Financing Activities

Net cash used for financing activities was \$35 for the three months ended September 30, 2009, compared to net cash used for financing activities of \$75 in the comparable prior year period. The decrease was primarily due to increased borrowings in the current period used to finance the \$33 voluntary pension plan contribution.

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At September 30, 2009, the Company had \$455 of commercial paper outstanding at a weighted average interest rate of 0.3%. The Company continues to successfully issue commercial paper. Volatility in the capital markets may increase costs associated with issuing commercial paper or other debt instruments or affect our ability to access those markets. Notwithstanding these adverse market conditions, the Company believes that current cash balances and cash generated by operations, together with access to external sources of funds as described below, will be sufficient to meet the Company's operating and capital needs in the foreseeable future.

In January 2010, \$575 of debt will become due and payable. The Company anticipates that the debt repayment will be made through a partial refinancing through the use of a combination of long-term and short-term debt, and operating cash flows.

### Credit Arrangements

At September 30, 2009, the Company had a \$1,100 revolving credit agreement with an expiration date of April 2013. There were no borrowings under this revolving credit arrangement, which the Company believes is now available and will continue to be available for general corporate purposes and to support commercial paper issuances. The revolving credit agreement includes certain restrictive covenants. The primary restrictive covenant is a maximum ratio of total debt to EBITDA for the trailing 4 quarters (EBITDA ratio), as defined in the Company's lending agreements, of 3.25. EBITDA, as defined by the revolving credit agreement, may not be comparable to similarly titled measures used by other entities. The Company's EBITDA ratio at September 30, 2009, was 2.61.

The following table sets forth the calculation of the EBITDA ratio, as defined in the Company's lending agreement, at September 30, 2009:

	12/31/2008	3/31/2009	6/30/2009	9/30/2009	Total
Net earnings	\$ 86	\$ 153	\$ 170	\$ 157	\$ 566
Add back:					
Interest expense	44	39	36	36	155
Income tax expense	45	80	91	87	303
Depreciation and amortization	46	49	48	48	191
Asset impairment charges	-	-	3	-	3
Deduct:					-
Interest income	(1)	(1)	(1)	(1)	(4)
EBITDA	<u>\$ 220</u>	<u>\$ 320</u>	<u>\$ 347</u>	<u>\$ 327</u>	<u>\$ 1,214</u>
			Debt at September 30, 2009		<u>\$ 3,169</u>
			EBITDA ratio		<u>2.61</u>

The Company is in compliance with all restrictive covenants and limitations as of September 30, 2009. The Company anticipates being in compliance with all restrictive covenants for the foreseeable future.

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The Company is continuing to monitor changes in the financial markets and assessing the impact of these events on its ability to fully draw under its revolving credit facility, but expects that any drawing under the facility will be fully funded.

In addition, the Company had \$44 of foreign working capital credit lines and other facilities at September 30, 2009, of which \$31 was available for borrowing. The Company was also a party to letters of credit of \$21, primarily related to one of its insurance carriers.

## *Share Repurchases*

The Company has two share repurchase programs: an open-market purchase program, which had, as of September 30, 2009, a total authorization of \$750, and a program to offset the impact of share dilution related to share-based awards (the Evergreen Program), which has no authorization limit as to amount or timing of repurchases.

The Company did not repurchase any shares during the three months ended September 30, 2009 and 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 recorded a liability of \$19 at both September 30, 2009 and June 30, 2009, 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 September 30, 2009 and June 30, 2009. The Company is subject to a cost-sharing arrangement with Ford Motor Co. (Ford) 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 Ford are each responsible for their own such fees. If Ford 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 Ford 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. The Company made payments of less than \$1 during each of the three months ended September 30, 2009 and 2008, towards remediation efforts. 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.

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### *Recently adopted pronouncements*

On July 1, 2009, the Company adopted a new accounting standard which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities that must be included in the computation of earnings per share pursuant to the two-class method. These payment awards were previously not considered participating securities. Accordingly, the Company's unvested performance units, restricted stock awards and restricted stock units that provide such nonforfeitable rights are now considered participating securities in the calculation of net earnings per share (EPS). The Company's share-based payment awards granted in fiscal year 2010 are not participating securities. The new standard requires the retrospective adjustment of the Company's earnings per share data. The retrospective adoption of the new accounting standard resulted in a \$0.01 decrease in the previously reported basic and diluted EPS for the three months ended September 30, 2008, and a \$0.04 and \$0.02 decrease in the previously reported basic and diluted EPS, respectively, for the fiscal year 2009. The calculation of EPS under the new standard is disclosed in Note 6 to Condensed Consolidated Financial Statements.

On July 1, 2009, the Company adopted a new accounting standard which 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, including contingent liabilities, and any noncontrolling interest in an acquired business. The new standard also provides for recognizing and measuring the goodwill acquired in a business combination and requires disclosure of information to enable users of the financial statements to evaluate the nature and financial effects of the business combination. There was no impact to the condensed consolidated financial statements.

On July 1, 2009, the Company adopted a new accounting standard which establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary ( previously referred to as minority interest) and for the deconsolidation of a subsidiary. The new standard 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. There was no material impact to the condensed consolidated financial statements.

On July 1, 2009, the Company adopted a new accounting standard requiring disclosures about fair value of financial instruments in interim financial information (See Note 3). The new standard requires those disclosures for interim reporting periods. The Company already complies with the provisions of this accounting standard for its annual reporting.

On July 1, 2009, the Company adopted the provisions of the accounting standard on fair value measurements that apply to nonfinancial assets and liabilities that are recognized or disclosed at fair value on a non-recurring basis. The adoption of these provisions did not have an impact on the condensed consolidated financial statements.

On September 30, 2009, the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). The Codification is the single official source of authoritative US GAAP (other than the Securities and Exchange Commission’s views ), superseding all other accounting literature except that issued by the Securities and Exchange Commission. The adoption of the Codification had no impact to the condensed consolidated balance sheets, statements of operations or cash flows.

### *Pronouncements to be adopted*

On December 30, 2008, the FASB issued an accounting standard that will require additional disclosures about the major categories of plan assets and concentrations of risk for an employer’s plan assets of a defined benefit pension or other postretirement plan, as well as disclosure of fair value levels, similar to the disclosure requirements of the fair value measurements accounting standard. These enhanced disclosures about plan assets must be provided in the Company’s 2010 Annual Report on Form 10-K.

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### Cautionary Statement

This Quarterly Report on Form 10-Q (this Report), including the exhibits hereto and the information incorporated by reference herein, 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 below, including statements about future volume, sales, costs, cost savings, earnings, cash flows, 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 below. Important factors that could affect performance and cause results to differ materially from management’s expectations are described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the year ended June 30, 2009, as updated from time to time in the Company’s SEC filings. These factors include, but are not limited to: unfavorable general economic and marketplace conditions and events, including consumer confidence and consumer spending levels, the rate of economic growth, the rate of inflation, and the financial condition of our customers, suppliers and service providers; foreign currency exchange rate and interest rate fluctuations; unfavorable political conditions in international markets and risks relating to international operations; 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; the impact of the volatility of the debt markets on the Company’s cost of borrowing and access to funds, including commercial paper and its credit facility; risks relating to changes in the Company’s capital structure; risks arising from declines in cash flow, whether resulting from tax payments, debt payments, share repurchases, interest cost increases greater than management’s expectations, or increases in debt or changes in credit ratings, or otherwise; changes in the Company’s tax rate; the success of the Company’s strategies, including its previously announced Centennial Strategy; risks relating to acquisitions, mergers and divestitures, including the Company’s ability to achieve the projected strategic and financial benefits from the Burt’s Bees acquisition; the ability of the Company to implement and generate expected savings from its programs to reduce costs, including its supply chain restructuring and operating model changes; the need for any unanticipated restructuring or asset-impairment charges; the success of new products and the ability of the Company to develop products that delight the consumer; consumer and customer reaction to price increases; risks related to customer concentration; customer-specific ordering patterns and trends; competitive actions; supply disruptions or any future supply constraints that may affect key commodities or product inputs; risks inherent in supplier relationships, including sole-supplier relationships; risks related to the handling and/or transportation of hazardous substances, including but not limited to chlorine; risks related to the conversion of the Company’s information systems, including potential disruptions and costs; risks arising out of natural disasters; the impact of disease outbreaks, epidemics or pandemics on the Company’s operations; risks inherent in litigation; risks inherent in maintaining an effective system of internal controls, including the potential impact of acquisitions or the use of third-party service providers; the ability to

manage and realize the benefit of joint ventures and other cooperative relationships, including the Company's joint venture regarding the Company's Glad® plastic bags, wraps and containers business, and the agreements relating to the provision of information technology and related services by third parties; the 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 and risks inherent in litigation including class action litigation; and the Company's ability to maintain its business reputation and the reputation of its brands.

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.

In this Report, unless the context requires otherwise, the terms "the Company" and "Clorox" refer to The Clorox Company and its subsidiaries.

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### Item 3. Quantitative and Qualitative Disclosure about Market Risk.

There have not been any material changes to the Company's market risk during the quarter ended September 30, 2009, except as described in the Management's Discussion and Analysis of Financial Condition and Results of Operations in this Report. For additional information, refer to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

### 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 effective such 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, 2009.

#### 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 first quarter of fiscal year 2010.

Period	[a]	[b]	[c]	[d]
	Total Number of Shares (or Units) Purchased(1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs(2)
July 1 to 31, 2009	29,134	\$ 57.41	-	\$ 750,000,000

August 1 to 31, 2009	165,054	\$ 57.20	-	\$ 750,000,000
September 1 to 30, 2009	16,456	\$ 57.69	-	\$ 750,000,000

- (1) The shares purchased in July, August and September 2009 relate entirely to the surrender to the Company of shares of common stock to pay the exercise price of stock options or to satisfy tax withholding obligations in connection with the exercise of stock options and vesting of restricted stock, restricted stock units and performance units.
- (2) On May 13, 2008, the board of directors approved a new \$750,000,000 share repurchase program, all of which remains available for repurchase as of June 30, 2009. 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. None of these programs has a specified termination date.

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### Item 6. Exhibits

#### (a) Exhibits

- 10.11 The Clorox Company Annual Incentive Plan (formerly named The Clorox Company Management Incentive Compensation Plan), amended and restated as of August 13, 2009.
- 10.12 The Clorox Company 2005 Stock Incentive Plan, amended and restated as of September 15, 2009.
- 10.13 Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan.
- 10.14 Form of Restricted Stock Unit Award Agreement under the Company's 2005 Stock Incentive Plan.
- 10.15 Form of Nonqualified Stock Option Award Agreement under the Company's 2005 Stock Incentive Plan.
- 10.16 Form of Severance Plan for Clorox Executive Committee Members as of August 13, 2009.
- 10.17 Supplemental Executive Retirement Plan Restated Effective January 5, 2005, as revised August 13, 2009.
- 31.1 Certification by the Chief Executive Officer of the Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 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.
- 101 The following materials from The Clorox Company's Quarterly Report on Form 10-Q for the period ended September 30, 2009, formatted in eXtensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

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### 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**  
**ANNUAL INCENTIVE PLAN**  
As Amended and Restated Effective  
as of August 13, 2009

**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.
- (d) "Code" means the Internal Revenue Code of 1986, as amended.
- (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) "Vice President" means a regular salaried Employee scheduled to work more than 20 hours per week who is in salary grade 30 or above and who is not a member of the Executive Committee, but is either (1) a Vice President, or (2) an Associate or Assistant General Counsel.
- (i) "Participant" means an Employee selected by the Committee to participate in the Plan.
- (j) "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.
- (k) "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.
- (l) "Year" means a fiscal year of the Company.

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**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 Vice Presidents 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 ascertainable 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.

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- (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, members of the Executive Committee or Vice Presidents, 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.

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#### **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.

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#### **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.

#### **14. 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.

#### **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.

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**THE CLOROX COMPANY**  
**2005 STOCK INCENTIVE PLAN**

Effective as of November 16, 2005  
Amended and Restated as of September 15, 2009

**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 (10<sup>th</sup>) 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:

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(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).

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(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.

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### 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.

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(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.

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(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.

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(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.

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(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.

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(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.

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(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.

## 14. Performance-Based Exception .

(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.

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(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) the portion of any and all Performance Shares, Performance Units and other Awards (if performance-based) that shall remain outstanding following the occurrence of a Change in Control shall be determined by applying actual performance from the beginning of the Performance Period through the date of the Change in Control using the formula set forth in the Award Agreement ("Performance Measure Formula") to determine the amount of the payout or distribution rounded to the nearest whole Share. Notwithstanding the foregoing, if the Change in Control occurs prior to the end of a Performance Period for an Award, the Performance Measure Formula shall generally be adjusted to take into account the shorter period of time available to achieve the Performance Measures. If a quantitative Performance Measure Formula for the entire Performance Period has been determined by the Company by adding together one or more goals for Performance Measures ("Performance Measure Goals") for multiple time periods within the Performance Period (each a "subperiod"), then the adjusted Performance Measure Formula for a given level of performance shall be equal to the sum of (1) the Performance Measure Goals for each completed subperiod for such level of performance and (2) a prorated Performance Measure Goal (determined by the number of days in such subperiod falling on or before the occurrence of the Change in Control divided by the total number of days in such subperiod) for such level of performance for each subperiod not completed on or before the occurrence of the Change in Control. If there are no subperiods, then the quantitative Performance Measure Formula shall be prorated by taking the Performance Measure Goal for each specified level of performance for the entire Performance Period and multiplying it by a fraction, the numerator of which is the number of days in the Performance Period falling on or before the occurrence of the Change in Control and the denominator of which is the total number of days in the Performance Period. Qualitative Performance Measures shall not be adjusted. In the unlikely event that the Company is unable to substantially adjust the target Performance Measure(s) for an Award as set forth above, then the portion of such Award that shall remain outstanding shall be based on the assumption that the target level of performance for each Performance Measure for the entire Performance Period has been achieved.

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The portion of the Award that remains outstanding following the occurrence of a Change in Control as determined in the preceding paragraph shall vest in full at the end of the Performance Period set forth in such Award so long as the Participant's employment (or if the Participant is a Director or Consultant, service) with the Company or a Subsidiary does not terminate until the end of the Performance Period. Notwithstanding the foregoing, such portion shall vest in full upon the earliest to occur of the following events: (1) the termination of the Participant by the Company without Cause, (2) the refusal of the continuing entity to assume, convert or replace the Award, or (3) if applicable, the resignation of the Participant for a "good reason", as described further in the following paragraph.

With respect to paragraphs (i), (ii) and (iii) 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" if and 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.

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## **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.

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## 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.

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(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 Delaware, 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.

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## 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

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- (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.

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" Code " means the Internal Revenue Code of 1986, as amended.

" 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.

" Exchange Act " means the Securities Exchange Act of 1934, as amended.

" 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.

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" Freestanding SAR " means an 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 or 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 (currently 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.

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" 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.

" Prior Plans " means The Clorox Company 1996 Stock Incentive Plan, The Clorox Company 1987 Long Term Compensation Program, The Clorox Company Independent Directors' Stock-Based Compensation Plan, and the 1993 Directors' Stock Option 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.

**THE CLOROX COMPANY  
2005 STOCK INCENTIVE PLAN  
PERFORMANCE SHARE AWARD AGREEMENT**

**NOTICE OF PERFORMANCE SHARE GRANT**

The Clorox Company, a Delaware company (the "Company"), grants to the Grantee named below, in accordance with the terms of The Clorox Company 2005 Stock Incentive Plan (the "Plan") and this performance share award agreement (the "Agreement"), the following number of Performance Shares on the terms set forth below:

<b>GRANTEE:</b>	(refer to Computershare account for details)
<b>TARGET AWARD:</b>	(refer to Computershare account for details)
<b>PERFORMANCE PERIOD:</b>	July 1, 2009 through June 30, 2012
<b>DATE OF GRANT:</b>	September 15, 2009
<b>SETTLEMENT DATE</b>	Within 75 days following the last day of the Performance Period, provided the Grantee has remained in the employment or service of the Company or its Subsidiaries through such date (except for a termination of employment or service due to death, Disability or Retirement, as provided below)

**AGREEMENT**

1. Grant of Performance Shares . The Company hereby grants to the Grantee the Target Award set forth above, payment of which is dependent upon the achievement of certain performance goals more fully described in Section 3 of this Agreement. This Award is subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Performance Shares set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.
2. Nature and Settlement of Award . The Performance Shares awarded pursuant to this Agreement represent the opportunity to receive Shares of the Company and Dividend Equivalents on such Shares (as described in Section 4 below). The Company shall deliver to the Participant one Share for each Performance Share earned (plus any accrued Dividend Equivalents), rounded down to the nearest whole share, less any Shares withheld in accordance with the provisions of Section 7 of this Agreement. Settlement shall occur on a date chosen by the Committee, which date shall be within seventy-five (75) days following the last day of the Performance Period, or any deferred settlement date established pursuant to Section 6 of this Agreement, whichever is later (the "Settlement Date"), and except as specifically provided in Section 5 of this Agreement, provided the Grantee has remained in the employment or service of the Company or its Subsidiaries through the Settlement Date.
3. Determination of Number of Performance Shares Earned .
  - a. Notwithstanding anything herein to the contrary, no Performance Shares will be eligible to be earned pursuant to Section 3 of this Agreement unless the Company's cumulative operating profit ("Operating Profit"), calculated as described in paragraph c. below and certified in writing by the Committee, over the period commencing July 1, 2009 and ending June 30, 2012 (the "Performance Period") exceeds \$3,115,000. If the Company's cumulative Operating Profit over the Performance Period does not exceed \$3,115,000, all Performance Shares shall be forfeited as of the last day of the Performance Period.
  - b. Subject to achievement of the Operating Profit goal set forth in paragraph a. above, the number of Performance Shares earned, if any, for the Performance Period shall be determined in accordance with the following formula:

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**# of Performance Shares = Payout Percentage x Target Award**

The "Payout Percentage" is based on cumulative economic profit ("EP") calculated as described in paragraph c. below at the end of the Performance Period, determined in accordance with the following table:

\_\_\_\_\_

<b>FY10 – FY12</b>	<b>Payout</b>
Less than \$1,212MM	0%
=\$1,212MM	50%
=\$1,247MM	75%
=\$1,282MM	100%
=\$1,317MM	125%
>=\$1,352MM	150%

Measurement period is FY10-FY12  
Interim percentages to be interpolated.

Notwithstanding the above, the Committee shall have the discretion to adjust the EP levels set forth in the above table to reflect the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes or other extraordinary events not foreseen at the time the targets were established, in each case, as determined by the Committee in its sole and absolute discretion, and, if applicable, shall condition the determination of the number of Performance Shares earned under this paragraph 3.b upon the satisfaction of the adjusted EP levels. All Performance Shares that are not earned for the Performance Period shall be forfeited as of the last day of the Performance Period.

- c. Operating Profit is net sales minus costs of sales, research and development, advertising and promotion and administrative expenses. Operating Profit for each year during the Performance Period shall be adjusted on a dollar-for-dollar basis for the impact of the following events (each an “Event”): (1) the acquisition or divestiture of a business; (2) the adoption of new or revised accounting pronouncements or changes to application of accounting pronouncements; and (3) the incurrence of a non-cash restructuring and/or asset impairment charge. Notwithstanding the foregoing, no adjustment shall be made unless the aggregate financial impact of all Events exceeds \$20 million in Operating Profit during the Performance Period. Cumulative EP will be the sum of annual EP results over the measurement period, as determined by the Committee. Annual EP is defined as Earnings Before Interest & Taxes (“EBIT”), adjusted for non-cash restructuring charges, times one minus the tax rate, less capital charge.
4. Dividend Equivalent Rights. No Dividend Equivalents shall be paid to the Grantee prior to the settlement of the award. Rather, such Dividend Equivalent payments will accrue and be notionally credited to the Grantee’s Performance Share account and paid out at the Payout Percentage in the form of additional Shares (the “Dividend Equivalent Shares”) upon settlement of the award, as described in Section 2 above.
5. Termination of Continuous Service. Except as otherwise provided below, if the Grantee’s employment or service with the Company and its Subsidiaries is terminated for any reason prior to the Settlement Date, all Performance Shares and Dividend Equivalents subject to this Agreement shall be immediately forfeited.
- a. Termination due to Death or Disability. If the Grantee’s termination of employment or service is due to death or Disability, all Performance Shares and Dividend Equivalents shall immediately vest and will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period.
- b. Termination due to Retirement. If the Grantee’s termination of employment or service is due to Retirement and is more than twelve (12) months from the Date of Grant set forth in this Agreement, the Performance Shares shall vest on a pro rata monthly basis, including full credit for partial months elapsed, and will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period; provided, however, that this provision shall not apply in the event the Grantee’s employment or service is terminated for Cause. The amount of the vested Award may be computed under the following formula: Target Award times (number of full months elapsed in Performance Period divided by number of full months in Performance Period) times percent performance level achieved as of the end of the Performance Period. Dividend Equivalents accrued through Grantee’s date of termination due to Retirement shall be paid at the same time as the settlement of the vested Performance Shares.
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- c. Definition of “Retirement.” For purposes of this Agreement, the term “Retirement” shall mean termination of employment or service as an Employee after (i) twenty (20) or more years of “vesting service” as defined in The Clorox Company Pension Plan (“Vesting Service”), or (ii) attaining age fifty-five with ten (10) or more years of Vesting Service.
- d. Definition of “Disability.” For purposes of this Agreement, the Grantee’s employment shall be deemed to have terminated due to the Grantee’s Disability if the Grantee is entitled to long-term disability benefits under the Company’s long-term disability plan or policy, as in effect on the date of termination of the Grantee’s employment.
6. Election to Defer Settlement. Prior to the commencement of the last year of the Performance Period, Grantee may elect to defer the settlement of the Performance Shares from the last day of the Performance Period until a date at least two years following such date, or until Grantee’s later termination of employment or service. If Grantee makes such an election, it will become irrevocable on the date of

such election. If Grantee makes such an election, any Dividend Equivalents awarded with respect to such deferred Performance Shares shall also be deferred under the same terms. If Grantee makes such an election, but a transaction occurs that subjects Grantee's Performance Shares to Section 19 of the Plan prior to the settlement date, Grantee's deferral election will terminate and Grantee's Performance Shares and Dividend Equivalents will be settled as of the date of that transaction. The Company may terminate any deferral hereunder if a change in law requires such termination.

7. Taxes. Pursuant to Section 16 of the Plan, the Committee shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy any applicable tax withholding requirements applicable to this Award. The Committee may condition the delivery of Shares upon the Grantee's satisfaction of such withholding obligations. The Grantee may elect to satisfy all or part of such withholding requirement by tendering previously owned Shares or by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory withholding rate that could be imposed on the transaction (or such other rate that will not result in a negative accounting impact) or in such other manner as is acceptable to the Company. Such election shall be irrevocable, made in writing, signed by the Grantee, and shall be subject to any restriction or limitations that the Committee, in its sole discretion, deems appropriate.
8. Transferability of Performance Shares. Performance Shares shall not be transferable by the Grantee other than by will or by the laws of descent or distribution. For avoidance of doubt, Shares issued to the Grantee in settlement of Performance Shares pursuant to Section 2 of this Agreement shall not be subject to any of the foregoing transferability restrictions.
9. Protection of Trade Secrets and Limitations on Retention.

a. Definitions.

- i. "Affiliated Company" means any organization controlling, controlled by or under common control with the Company.
- ii. "Confidential Information" means technical or business information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Grantee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

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iii. "Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development that (1) resembles or competes with a product, process, machine, or service upon or with which the Grantee shall have worked during the two years prior to the Grantee's termination of employment with the Company or any Affiliated Company or (2) with respect to which during that period of time the Grantee, as a result of his/her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Grantee has knowledge of information to which s/he has been directly exposed through actual receipt or review of memorandum or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

iv. "Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing or selling of a Conflicting Product.

- b. Right to Retain Shares Contingent on Protection of Confidential Information. In partial consideration for the award of these Performance Shares, the Grantee agrees that at all times, both during and after the term of Grantee's employment with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company's direction) or disclose (except for the benefit of the Company at the Company's direction), regardless of when disclosed to the Grantee, any and all Confidential Information of the Company or any Affiliated Company. Grantee understands that for purposes of this Section 9.b, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of Grantee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, prior to the expiration of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares.
- c. Right to Retain Shares Contingent on Continuing Non-Conflicting Employment. In partial consideration for the award of these Performance Shares, the Grantee agrees that the Grantee's right to the Shares upon settlement of the Performance Shares is contingent upon the Grantee refraining, during the term of the Performance Period and for a period of one (1) year after the Settlement Date, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization

except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE FORFEITURE OF THE PERFORMANCE SHARES AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE TERM OF THE PERFORMANCE PERIOD OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT DATE.

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- d. No Interference with Customers or Suppliers . In partial consideration for the award of these Performance Shares and to forestall the disclosure or use of Confidential Information as well as to avoid Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company or Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, the Grantee agrees that for a period of one (1) year after the date of settlement of the Performance Shares, s/he shall not, for himself/herself or any third party, directly or indirectly, use Confidential Information to divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or to intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the term of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee breaches his/her obligation not to Interfere, the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets.
- e. No Solicitation of Employees . In partial consideration for the award of these Performance Shares and to forestall the disclosure or use of Confidential Information, the Grantee agrees that for a period of one (1) year after the date of settlement of the Performance Shares, Grantee shall not, for himself/herself or any third party, directly or indirectly, solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of one (1) year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively "Solicit"). If, during the term of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee breaches his/her obligation not to Solicit, the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares.
- f. Injunctive and Other Available Relief . By acceptance of these Performance Shares, the Grantee acknowledges that, if the Grantee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit or not to disclose or use any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity. Any forfeiture or cancellation of the Performance Shares pursuant to any of Sections 9.b through 9.e above shall not restrict, abridge or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company under this Section 9.f.
10. Repayment Obligation . In the event that (i) the Company issues a restatement of financial results to correct a material error and (ii) the Committee determines, in good faith, that Grantee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (iii) some or all of the Performance Shares that were granted and/or earned prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial results, the Grantee shall immediately return to the Company the Performance Shares or any Shares or the pre-tax income derived from any disposition of the Shares previously received in settlement of the Performance Shares that would not have been granted and/or earned based upon the restated financial results (the "Repayment Obligation"). The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to Grantee.
11. Miscellaneous Provisions .
- a. Rights as a Stockholder . Neither the Grantee nor the Grantee's transferee or representative shall have any rights as a stockholder with respect to any Shares subject to this Award until the Performance Shares have been settled and Share certificates have been issued to the Grantee, transferee or representative, as the case may be.

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- b. Choice of Law, Exclusive Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware. Accordingly, Grantee agrees that any claim of any type relating to this Agreement brought by Grantee against the Company or any Affiliated Company, or any of their respective employees, directors or agents must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. Grantee hereby consents to the jurisdiction over Grantee of any such courts and waives all objections based on venue or inconvenient forum.
- c. Modification or Amendment. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 18 of the Plan may be made without such written agreement.
- d. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.
- e. References to Plan. All references to the Plan shall be deemed references to the Plan as may be amended.
- f. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.
- g. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and Grantee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between Grantee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Performance Shares set forth in this Agreement.
- h. Section 409A Compliance. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (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 of the Plan or this Agreement that would cause this Award 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.

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Notwithstanding any provision of the Plan to the contrary, if the Grantee is a "specified employee" (as defined in Section 1.409A-1 (i) of the Treasury Department Regulations) at the time of Grantee's "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Department Regulations), and a payment to Grantee under this Agreement is subject to Section 409A and is being made to Grantee on account of Grantee's separation from service, then to the extent not paid on or before March 15 of the calendar year following the calendar year in which the separation from service occurred, such payment shall be delayed until the earlier of the date which is six (6) months after the date of Grantee's separation from service or the date of death of Grantee. Any payments that were scheduled to be paid during the six (6) month period following the Grantee's separation from service, but which were delayed pursuant to this Section 11.h, shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of Grantee's separation from service (or, if earlier, the date of Grantee's death). Any payments that were originally scheduled to be paid following the six (6) months after Grantee's separation from service shall continue to be paid in accordance with their predetermined schedule.

By: Don Knauss  
Its: Chairman of the Board and CEO

GRANTEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE PERFORMANCE SHARES PURSUANT TO THIS AGREEMENT IS EARNED ONLY BY CONTINUING EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER) AND BY ACHIEVEMENT OF THE PERFORMANCE CRITERIA AND BY COMPLIANCE WITH GRANTEE'S VARIOUS OBLIGATIONS UNDER THIS AGREEMENT. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE PLAN SHALL CONFER UPON GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE GRANTEE'S EMPLOYMENT AT ANY TIME, FOR ANY REASON OR NO REASON, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT ADVANCE NOTICE EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.

The Grantee acknowledges that a copy of the Plan, Plan Information and the Company's Annual Report and Proxy Statement (the "Prospectus Information") are available for viewing on the Company's Cloroxweb site at <http://CLOROXWEB/hr/stock/>. The Grantee hereby consents to receive the Prospectus Information electronically, or, in the alternative, to contact the HR Service Center at 1-800-709-7095 to request a paper copy of the Prospectus Information. The Grantee represents that s/he is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Grantee has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Agreement. Grantee acknowledges and hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement. Grantee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: \_\_\_\_\_ Signed: \_\_\_\_\_

Grantee

Residence Address:

\_\_\_\_\_  
\_\_\_\_\_

# CEC RSU Agreement

## THE CLOROX COMPANY 2005 STOCK INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENT (US Employees)

### SUMMARY OF RESTRICTED STOCK UNIT AWARD

The Clorox Company, a Delaware company (the "Company"), grants to the Grantee named below, in accordance with the terms of The Clorox Company 2005 Stock Incentive Plan (the "Plan") and this restricted stock unit award agreement (the "Agreement"), the following number of Restricted Stock Units (the "Units"), on the terms set forth below:

GRANTEE	-- (refer to Computershare account for details)
TOTAL RESTRICTED UNITS AWARDED	-- (refer to Computershare account for details)
DATE OF AWARD	-- (refer to Computershare account for details)
PERIOD OF RESTRICTION	-- (refer to Computershare account for details)

### TERMS OF AGREEMENT

- Grant of Units. The Company hereby grants to the Grantee the Units set forth above, subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Units set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.
- Nature and Settlement of Award. The Units represent an unfunded, unsecured promise by the Company to deliver Shares. Units will be settled in Shares on a one Share for one Unit basis, rounded down to the nearest whole Share, less any Shares withheld in accordance with the provisions of Section 4 of this Agreement. Settlement shall occur as soon as practicable after the Period of Restriction lapses as provided in the Summary of Restricted Stock Unit Award above, but in any event, within the period ending on the later to occur of the date that is 2 ½ months from the end of (i) the Grantee's tax year that includes the date of the lapse of the Period of Restriction, or (ii) the Company's tax year that includes the date of the lapse of the Period of Restriction (which payment schedule is intended to comply with the "short-term deferral" exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")).
- Dividend Equivalents. No Dividend Equivalents shall be paid to the Grantee prior to the lapse of the Period of Restriction. Rather, such Dividend Equivalent payments will accrue and be notionally credited to the Grantee's RSU account and paid out in the form of additional Shares after the lapse of the Period of Restriction, within the time period described in Section 2 above.
- Taxes. Pursuant to Section 16 of the Plan, the Committee shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy any applicable tax withholding requirements applicable to this Award. The Committee may condition the delivery of Shares in settlement of Units upon the Grantee's satisfaction of such withholding obligations. The Grantee may elect to satisfy all or part of such withholding requirement by tendering previously-owned Shares or by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory tax withholding rate that could be imposed on the transaction (or such other rate that will not result in a negative accounting impact) or in such other manner as is acceptable to the Company. Such election shall be irrevocable, made in writing, signed by the Grantee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

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### 5. Termination of Employment or Service.

- If the Grantee's employment or service with the Company and its Subsidiaries is terminated for any reason, any Units (the "Unvested Units") for which the Period of Restriction has not lapsed before such termination of employment or service and/or any Dividend Equivalents related thereto shall be forfeited. Notwithstanding the above, if the Grantee's termination of employment or service is due to death or Disability, the Units shall become 100% vested and the Period of Restriction on the Units shall lapse and all Dividend Equivalents related thereto shall become immediately vested and payable as of such termination date.
- Definition of "Disability." For purposes of this Agreement, the Grantee's employment shall be deemed to have terminated due to the Grantee's Disability if the Grantee is entitled to long-term disability benefits under the Company's long-term disability plan or policy, as in effect on the date of termination of the Grantee's employment.

6. Authorization to Return Forfeited Units . The Grantee authorizes the Company or its designee to return to the Company all Units and related Dividend Equivalents and Shares subject thereto which are forfeited along with any cash or other property held with respect to or in substitution of such Units, related Dividend Equivalents and/or Shares. Any such action shall comply with all applicable provisions of this Agreement or the Plan.
7. Transferability of Units . Unless otherwise determined by the Committee, Units shall not be transferable by the Grantee other than by will or by the laws of descent or distribution. For avoidance of doubt, Shares issued to the Grantee in settlement of Units pursuant to Section 2 of this Agreement shall not be subject to any of the foregoing transferability restrictions.
8. Change in Control . 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, any Unvested Units and related Dividend Equivalents shall become 100% vested and the Period of Restriction for the Units and related Dividend Equivalents shall lapse, unless the Units are assumed, converted or replaced by the continuing entity; provided, however, that in the event the Grantee's employment is terminated without Cause or by the Grantee for Good Reason upon or within twenty-four (24) months following consummation of a Change in Control, the Period of Restriction on any replacement awards shall lapse and all Dividend Equivalents related thereto shall become immediately payable. For purposes of this Agreement, the term "Good Reason" shall have the meaning set forth in any employment agreement or severance agreement or policy applicable to the Grantee. If Grantee is not a party to any agreement or covered by a policy in which a definition of "Good Reason" is provided, then the following definition shall apply:

"Good Reason" means resignation of the Grantee in connection with the occurrence of any of the following events without the Grantee's written consent (provided that notice of such event is provided within 90 days following the first occurrence thereof):

- a. The assignment to the Grantee of any duties inconsistent in any material respect with the Grantee's position (including offices, titles and reporting requirements), authority, duties or responsibilities as they existed at any time during the 120-day period immediately preceding the Change in Control, 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 Grantee; or
- b. Any material reduction by the Company of the Grantee's Base Salary or bonus target, 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 Grantee; or
- c. The Company requires the Grantee to be based at any office or location which increases his commute by more than 50 miles from his commute immediately prior to the Change in Control.

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Any notice provided by the Grantee under this "Good Reason" provision shall mean a written notice which (1) indicates the specific termination provision in the Good Reason definition relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Grantee's employment under the provision so indicated and (3) the Grantee's intended separation date if the Company does not cure the issue (which date shall be not less than thirty (30) days after the giving of such notice).

9. Protection of Trade Secrets and Limitations on Exercise .

a. Definitions .

- i. "Affiliated Company" means any organization controlling, controlled by or under common control with the Company.
- ii. "Confidential Information" means technical or business information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the Company or any Affiliated Company, whether or not they originated with the Grantee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.
- iii. "Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development that (1) resembles or competes with a product, process, machine, or service upon or with which the Grantee shall have worked during the two years prior to the Grantee's termination of employment with the Company or any Affiliated Company or (2) with respect to which during that period of time the Grantee, as a result of his/her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Grantee has knowledge of information to which s/he has been

directly exposed through actual receipt or review of memorandum or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

- iv. “ Conflicting Organization ” means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing or selling of a Conflicting Product.
- b. Right to Retain Units/Shares Contingent on Protection of Confidential Information . In partial consideration for the award of these Units, the Grantee agrees that at all times, both during and after the term of Grantee’s employment with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company’s direction) or disclose (except for the benefit of the Company at the Company’s direction), regardless of when disclosed to the Grantee, any and all Confidential Information of the Company or any Affiliated Company. Grantee understands that for purposes of this Section 9.b, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of Grantee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, prior to the expiration of the Period of Restriction or at any time within one (1) year after the settlement of any of the Units, the Grantee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the Units, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares.
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- c. Right to Retain Units/Shares Contingent on Continuing Non-Conflicting Employment . In partial consideration for the award of these Units, the Grantee agrees that the Grantee’s right to receive the Shares upon settlement of the Units is contingent upon the Grantee refraining, during the Period of Restriction and for a period of one (1) year after the settlement of any of the Units, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Period of Restriction or at any time within one (1) year after the settlement of any of the Units, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Units, whether vested or not, will be immediately forfeited, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE FORFEITURE OF THE UNITS AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE PERIOD OF RESTRICTION OR WITHIN ONE YEAR AFTER THE SETTLEMENT OF ANY OF THE UNITS.
- d. No Interference with Customers or Suppliers . In partial consideration for the award of these Units and to forestall the disclosure or use of Confidential Information as well as to avoid Grantee’s intentional interference with the contractual relations of the Company or any Affiliated Company or Grantee’s intentional interference with prospective economic advantage of the Company or any Affiliated Company, the Grantee agrees that for a period of one (1) year after the settlement of any of the Units, s/he shall not, for himself/herself or any third party, directly or indirectly, use Confidential Information to divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or to intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or interfere with the contractual relationship with any of its suppliers or customers (collectively, “Interfere”). If, during the Period of Restricted or at any time within one (1) year after the settlement of any of the Units, the Grantee breaches his/her obligation not to Interfere, the Units, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares. For avoidance of doubt, the term “Interfere” shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets.
- e. No Solicitation of Employees . In partial consideration for the award of these Units and to forestall the disclosure or use of Confidential Information, the Grantee agrees that during the Period of Restriction and for a period of one (1) year after the settlement of any of the Units, Grantee shall not, for himself/herself or any third party, directly or indirectly, solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person’s employment and for a period of one (1) year after the termination of the solicited person’s employment with the Company or any Affiliated Company (collectively “Solicit”). If, during the term of the Period of Restriction or at any time within one (1) year after the settlement of any of the Units, the Grantee breaches his/her obligation not to Solicit, the Units, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares.

- f. Injunctive and Other Available Relief. By acceptance of these Units and any Shares issued in settlement thereof, the Grantee acknowledges that, if the Grantee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit or not to disclose or use any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity. Any forfeiture or cancellation of the Units pursuant to any of Sections 9.b through 9.e above shall not restrict, abridge or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company under this Section 9.f.

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10. Repayment Obligation. In the event that (i) the Company issues a restatement of financial results to correct a material error and (ii) the Committee determines, in good faith, that Grantee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (iii) some or all of the Units that were granted and/or earned prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial results, the Grantee shall immediately return to the Company any Units or any Shares or the pre-tax income derived from any disposition of any Shares previously received in settlement of the Units that would not have been granted and/or earned based upon the restated financial results (the "Repayment Obligation"). The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to Grantee.
11. Miscellaneous Provisions.
- a. Choice of Law, Exclusive Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware. Accordingly, Grantee agrees that any claim of any type relating to this Agreement brought by Grantee against the Company or any Affiliated Company, or any of their respective employees, directors or agents must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. Grantee hereby consents to the jurisdiction over Grantee of any such courts and waives all objections based on venue or inconvenient forum.
- b. Modification or Amendment. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 18 of the Plan may be made without such written agreement.
- c. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.
- d. References to Plan. All references to the Plan shall be deemed references to the Plan as may be amended.
- e. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.
- f. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and Grantee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between Grantee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Units set forth in this Agreement.

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- g. Section 409A Compliance . To the extent applicable, it is intended that the Plan and this Agreement 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 of the Plan or this Agreement that would cause this Award 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.

Notwithstanding any provision of the Plan to the contrary, if the Grantee is a “specified employee” (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) at the time of Grantee’s “separation from service” (as defined in Section 1.409A-1(h) of the Treasury Department Regulations), and a payment to Grantee under this Agreement is subject to Section 409A and is being made to Grantee on account of Grantee’s separation from service, then to the extent not paid on or before March 15 of the calendar year following the calendar year in which the separation from service occurred, such payment shall be delayed until the earlier of the date which is six (6) months after the date of Grantee’s separation from service or the date of death of Grantee. Any payments that were scheduled to be paid during the six (6) month period following the Grantee’s separation from service, but which were delayed pursuant to this Section 11.g, shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of Grantee’s separation from service (or, if earlier, the date of Grantee’s death). Any payments that were originally scheduled to be paid following the six (6) months after Grantee’s separation from service shall continue to be paid in accordance with their predetermined schedule.

**THE CLOROX COMPANY**

By: Don Knauss  
Its: Chairman of the Board and CEO

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE RELEASE OF RESTRICTIONS ON THE SHARES PURSUANT TO THIS AGREEMENT IS EARNED ONLY BY CONTINUING EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER) AND BY COMPLIANCE WITH GRANTEE’S VARIOUS OBLIGATIONS UNDER THIS AGREEMENT. THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE’S RIGHT OR THE COMPANY’S RIGHT TO TERMINATE THE GRANTEE’S EMPLOYMENT AT ANY TIME, FOR ANY REASON OR NO REASON, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT ADVANCE NOTICE EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.

The Grantee acknowledges that a copy of the Plan, Plan Information and the Company’s Annual Report and Proxy Statement (the “Prospectus Information”) are available for viewing on the Company’s Cloroxweb site at <http://CLOROXWEB/hr/stock/>. The Grantee hereby consents to receive the Prospectus Information electronically, or, in the alternative, to contact the HR Service Center at 1-800-709-7095 to request a paper copy of the Prospectus Information. The Grantee represents that s/he is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Grantee has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. The Grantee acknowledges and hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: \_\_\_\_\_ Signed: \_\_\_\_\_  
Grantee

Residence Address:  
\_\_\_\_\_  
\_\_\_\_\_

## CEC Option Agmt.

# THE CLOROX COMPANY 2005 STOCK INCENTIVE PLAN NONQUALIFIED STOCK OPTION AWARD AGREEMENT

### NOTICE OF STOCK OPTION GRANT

The Clorox Company, a Delaware company (the "Company"), grants to the Optionee named below an option (the "Option") to purchase, in accordance with the terms of The Clorox Company 2005 Stock Incentive Plan (the "Plan") and this nonqualified stock option agreement (the "Agreement"), the number of shares of Common Stock of the Company (the "Shares") at the exercise price per share (the "Exercise Price") set forth as follows:

OPTIONEE	-- (refer to Computershare account for details)
OPTIONS GRANTED	-- (refer to Computershare account for details)
GRANT CODE	-- (refer to Computershare account for details)
EXERCISE PER SHARE	-- (refer to Computershare account for details)
DATE OF GRANT	-- (refer to Computershare account for details)
EXPIRATION DATE	Ten years from Date of Grant
VESTING SCHEDULE	25% on each of the first four anniversaries of the Date of Grant

### AGREEMENT

1. Grant of Option. The Company hereby grants to the Optionee the Option to purchase the Shares at the Exercise Price, subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Option set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.
2. Exercise of Option.
  - a. Right to Exercise. This Option shall be exercisable prior to the expiration date set forth above (the "Expiration Date"), in accordance with the vesting schedule set forth above (the "Vesting Schedule") and with the applicable provisions of the Plan and this Agreement. Except as otherwise specifically provided in this Agreement, in no event may this Option be exercised after the Expiration Date.
  - b. Method of Exercise. This Option shall be exercisable only by delivery of an exercise notice (printable from the Clorox Web at <http://CLOROXWEB/hr/stock/> or available from the Company's designee) (the "Exercise Notice") which shall state the election to exercise the Option, the whole number of vested Shares in respect of which the Option is being exercised and such other provisions as may be required by the Committee. Such Exercise Notice shall be signed by the Optionee and shall be delivered by mail or fax, to the Company's designee accompanied by payment of the Exercise Price. The Company may require the Optionee to furnish or execute such other documents as the Company shall reasonably deem necessary (i) to evidence such exercise and (ii) to comply with or satisfy the requirements of the Securities Act of 1933, as amended, the Exchange Act, or any Applicable Laws. The Option shall be deemed to be exercised upon receipt by the Company's designee of such written notice accompanied by the Exercise Price.

No Shares will be issued pursuant to the exercise of the Option unless such issuance and such exercise shall comply with all Applicable Laws. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

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- c. Taxes. Pursuant to Section 16 of the Plan, the Committee shall have the power and the right to deduct or withhold, or require the Optionee to remit to the Company, an amount sufficient to satisfy any applicable tax withholding requirements applicable to this Option. The Committee may condition the delivery of Shares upon the Optionee's satisfaction of such withholding obligations. The Optionee may elect to satisfy all or part of such withholding requirement by tendering previously-owned Shares or by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory tax withholding rate that could be imposed on the transaction (or such other rate that will not result in a negative accounting impact) or in such other manner as is acceptable to the Company. Such election shall be irrevocable, made in writing, signed by the Optionee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

3. Method of Payment. Pursuant to Section 6(f) of the Plan and subject to such limitations as the Committee may impose (including prohibition of one or more of the following payment methods), payment of the Exercise Price may be made in cash or by check, Shares or a combination thereof.

4. Termination of Employment or Service and Expiration of Exercise Period.

a. Termination of Employment or Service. If the Optionee's employment or service with the Company and its Subsidiaries is terminated, the Optionee may exercise all or part of this Option prior to the expiration dates set forth in paragraph b. herein, but only to the extent that the Option had become vested before the Optionee's employment or service terminated. Notwithstanding the above, if the Optionee's termination of employment or service (i) is due to Retirement and is more than 12 months from the Date of Grant set forth in this Agreement, or (ii) is due to death or Disability, the Option shall become 100% vested and shall remain exercisable until the expiration dates determined pursuant to paragraph b. of this Section.

When the Optionee's employment or service with the Company and its Subsidiaries terminates (except when due to Retirement, death or Disability), this Option shall expire immediately with respect to the number of Shares for which the Option is not yet vested. If the Optionee dies after termination of employment or service, but before the expiration of the Option, all or part of this Option may be exercised (prior to expiration) by the personal representative of the Optionee or by any person who has acquired this Option directly from the Optionee by will, bequest or inheritance, but only to the extent that the Option was vested and exercisable upon termination of the Optionee's employment or service.

b. Expiration of Exercise Period. Upon termination of the Optionee's employment or service with the Company and its Subsidiaries, the Option shall expire on the earliest of the following occasions:

i. The Expiration Date;

ii. The date ninety (90) days following the termination of the Optionee's employment or service for any reason other than Cause, death, Disability, or Retirement;

iii. The date one year following the termination of the Optionee's employment or service due to death or Disability;

iv. The date five (5) years following the termination of the Optionee's employment or service due to Retirement, provided the Optionee's Retirement is more than 12 months from the Date of Grant set forth in this Agreement; or

v. The date of termination of the Optionee's employment or service for Cause.

c. Definition of "Retirement". For purposes of this Agreement, the Optionee's employment or service shall be deemed to have terminated due to "Retirement" if the Optionee terminates employment or service as an Employee for any reason, including Disability (but other than for Cause) after (i) twenty (20) or more years of "vesting service" as defined in The Clorox Company Pension Plan ("Vesting Service"), or (ii) attaining age fifty-five (55) with ten (10) or more years of Vesting Service.

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d. Definition of "Disability". For purposes of this Agreement, the Optionee's employment shall be deemed to have terminated due to the Optionee's Disability if the Optionee is entitled to long-term disability benefits under the Company's long-term disability plan or policy, as in effect on the date of termination of the Optionee's employment.

5. Change in Control. 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, the Option shall become 100% vested and immediately exercisable, unless such Option is assumed, converted or replaced by the continuing entity; provided, however, that in the event the Participant's employment is terminated without Cause or by the Participant for Good Reason upon or within twenty-four (24) months following consummation of a Change in Control, any replacement awards will become immediately exercisable. For purposes of this Agreement, the term "Good Reason" shall have the meaning set forth in any employment agreement or severance agreement or policy applicable to the Optionee. If Optionee is not a party to any agreement or covered by a policy in which a definition of "Good Reason" is provided, then the following definition shall apply:

"Good Reason" means resignation of the Optionee in connection with the occurrence of any of the following events without the Optionee's written consent (provided that notice of such event is provided within 90 days following the first occurrence thereof):

a. The assignment to the Optionee of any duties inconsistent in any material respect with the Optionee's position (including offices, titles and reporting requirements), authority, duties or responsibilities as they existed at any time during the 120-day period immediately preceding the Change in Control, 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 Optionee; or

- b. Any material reduction by the Company of the Optionee's Base Salary or bonus target, 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 Optionee; or
- c. The Company requires the Optionee to be based at any office or location which increases his commute by more than 50 miles from his commute immediately prior to the Change in Control.

Any notice provided by the Optionee under this "Good Reason" provision shall mean a written notice which (1) indicates the specific termination provision in the Good Reason definition relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Optionee's employment under the provision so indicated and (3) the Optionee's intended separation date if the Company does not cure the issue (which date shall be not less than thirty (30) days after the giving of such notice).

- 6. Transferability of Option. This Option shall not be transferable by the Optionee other than by will or the laws of descent and distribution, and the Option shall be exercisable during the Optionee's lifetime only by the Optionee or on his or her behalf by the Optionee's guardian or legal representative.
- 7. Protection of Trade Secrets and Limitations on Exercise.

- a. Definitions.

- i. "Affiliated Company" means any organization controlling, controlled by or under common control with the Company.
- ii. "Confidential Information" means technical or business information not readily available to the public or generally known in the trade, including inventions, developments, trade secrets and other confidential information, knowledge, data and know-how of the company or any Affiliated Company, whether or not they originated with the Optionee, or information which the Company or any Affiliated Company received from third parties under an obligation of confidentiality.

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- iii. "Conflicting Product" means any product, process, machine, or service of any person or organization, other than the Company or any Affiliated Company, in existence or under development that (1) resembles or competes with a product, process, machine, or service upon or with which the Optionee shall have worked during the two years prior to the Optionee's termination of employment with the Company or any Affiliated Company or (2) with respect to which during that period of time the Optionee, as a result of his/her job performance and duties, shall have acquired knowledge of Confidential Information, and whose use or marketability could be enhanced by application to it of Confidential Information. For purposes of this section, it shall be conclusively presumed that the Optionee has knowledge of information to which s/he has been directly exposed through actual receipt or review of memorandum or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed.

- iv. "Conflicting Organization" means any person or organization that is engaged in or about to become engaged in research on or development, production, marketing or selling of a Conflicting Product.

- b. Right to Retain Shares Contingent on Protection of Confidential Information. In partial consideration for the award of this Option, the Optionee agrees that at all times, both during and after the term of Optionee's employment with the Company or any Affiliated Company, to hold in the strictest confidence, and not to use (except for the benefit of the Company at the Company's direction) or disclose (except for the benefit of the Company at the Company's direction), regardless of when disclosed to the Optionee, any and all Confidential Information of the Company or any Affiliated Company. Optionee understands that for purposes of this Section 7.b, Confidential Information further includes, but is not limited to, information pertaining to any aspect of the business of the Company or any Affiliated Company which is either information not known (or known as a result of a wrongful act of Optionee or of others who were under confidentiality obligations as to the item or items involved) by actual or potential competitors of the Company or other third parties not under confidentiality obligations to the Company. If, prior to the expiration of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee discloses or uses, or threatens to disclose or use, any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the unexercised portion of the Option, whether vested or not, will be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares.
- c. Right to Retain Shares Contingent on Continuing Non-Conflicting Employment. In partial consideration for the award of this Option, the Optionee agrees that the Optionee's right to exercise this Option is contingent upon the Optionee refraining, prior to the expiration of the Option and for a period of one (1) year after the date of exercise, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business

is diversified and that, as to that part of its business to which the Optionee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Optionee and the Conflicting Organization that the Optionee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee shall render services to any Conflicting Organization other than as expressly permitted herein, the unexercised portion of the Option, whether vested or not, will be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. THE OPTIONEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE OPTIONEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE FORFEITURE OF THE UNEXERCISED PORTION OF THE OPTION AND A RETURN TO THE COMPANY OF THE GROSS TAXABLE PROCEEDS OF AN EXERCISE OF THE OPTION IF THE OPTIONEE SHOULD CHOOSE TO RENDER SUCH SERVICES PRIOR TO THE EXPIRATION OF THE OPTION OR WITHIN ONE (1) YEAR AFTER EXERCISE.

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- d. No Interference with Customers or Suppliers. In partial consideration for the award of this Option and to forestall the disclosure or use of Confidential Information as well as to avoid Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company or Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, the Optionee agrees that prior to the expiration of the Option and for a period of one (1) year after the date of exercise, s/he shall not, for himself/herself or any third party, directly or indirectly, use Confidential Information to divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or to intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the term of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee breaches his/her obligation not to Interfere, the unexercised portion of the Option, whether vested or not, will be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets.
- e. No Solicitation of Employees. In partial consideration for the award of this Option and to forestall the disclosure or use of Confidential Information, the Optionee agrees that prior to the expiration of the Option and for a period of one (1) year after the date of exercise, Optionee shall not, for himself/herself or any third party, directly or indirectly, solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of one (1) year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively "Solicit"). If, during the term of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee breaches his/her obligation not to Solicit, the unexercised portion of the Option, whether vested or not, will be immediately forfeited and cancelled, and the Optionee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares.
- f. Injunctive and Other Available Relief. By acceptance of this Option, the Optionee acknowledges that, if the Optionee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit or not to disclose or use any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity. Any forfeiture or cancellation of the Option pursuant to any of Sections 7.b through 7.e above shall not restrict, abridge or limit in any fashion the types and scope of injunctive and other available relief to the Company under this Section 7.f.
8. Repayment Obligation. In the event that (i) the Company issues a significant restatement of financial results and (ii) the Committee determines, in good faith, that Optionee's fraud or misconduct was a significant contributing factor to such restatement and (iii) some or all of the Option that was granted and/or earned prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial results, the Optionee shall immediately return to the Company the unexercised portion of the Option and any Shares or the pre-tax income derived from any disposition of the Shares previously received in upon exercise of the Option that would not have been granted and/or earned based upon the restated financial results. Notwithstanding anything herein to the contrary, in no event shall the Repayment Obligation apply to any portion of the Option that vested more than four years prior to the date the applicable restatement is announced. The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to Optionee.
9. Miscellaneous Provisions.
- a. Rights as a Stockholder. Neither the Optionee nor the Optionee's transferee or representative shall have any rights as a stockholder with respect to any Shares subject to this Option until the Option has been exercised and Share certificates have been issued to the Optionee, transferee or representative, as the case may be.

- b. Choice of Law, Exclusive Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware. Accordingly, Optionee agrees that any claim of any type relating to this Agreement brought by Optionee against the Company or any Affiliated Company, or any of their respective employees, directors or agents must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. Optionee hereby consents to the jurisdiction over Optionee of any such courts and waives all objections based on venue or inconvenient forum.
- c. Modification or Amendment. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 18 of the Plan may be made without such written agreement.
- d. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.
- e. References to Plan. All references to the Plan shall be deemed references to the Plan as may be amended.
- f. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Option for construction or interpretation.
- g. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Optionee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and Optionee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between Optionee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Options set forth in this Agreement.
- h. Section 409A Compliance. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (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 of the Plan or this Agreement that would cause this Award 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**

By: Don Knauss  
Its: Chairman of the Board and CEO

THE OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER) AND BY COMPLIANCE WITH OPTIONEE'S VARIOUS OBLIGATIONS UNDER THIS AGREEMENT. THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE OPTIONEE'S EMPLOYMENT AT ANY TIME, FOR ANY REASON OR NO REASON, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT ADVANCE NOTICE EXCEPT AS MAY BE REQUIRED BY

APPLICABLE LAW.

The Optionee acknowledges that a copy of the Plan, Plan Information and the Company's Annual Report and Proxy Statement (the "Prospectus Information") are available for viewing on the Company's Cloroxweb site at <http://CLOROXWEB/hr/stock/>. The Optionee hereby consents to receive the Prospectus Information electronically, or, in the alternative, to contact the HR Service Center at 1-800-709-7095 to request a paper copy of the Prospectus Information. The Optionee represents that s/he is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Optionee has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. The Optionee acknowledges and hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated: \_\_\_\_\_ Signed: \_\_\_\_\_  
Optionee

Residence Address:

\_\_\_\_\_  
\_\_\_\_\_

## Severance Plan for Clorox Executive Committee Members

Effective as of August 13, 2009

The Severance Plan for Clorox Executive Committee Members (the “Plan”) provides benefits in certain instances to Participants who are employed by The Clorox Company, a Delaware corporation (“Clorox”) or an Affiliate of Clorox (collectively, the “Company”) and whose employment is involuntarily terminated.

### Article I Definitions

1.1 “Affiliate” means any corporation or other entity that, now or hereafter, directly or indirectly owns, is owned by, or is under common ownership of Clorox. A corporation or other entity shall be deemed to be “owned” by Clorox where Clorox owns more than fifty percent (50%) of the equity or other ownership interest in, or has the power to vote on or direct the affairs of such corporation or other entity.

1.2 “Base Salary” means the annual base salary of the Participant immediately prior to termination of employment by the Company.

1.3 “Board” means the Board of Directors of Clorox.

1.4 “Bonus Target” means the annual bonus that the Participant would have received in a fiscal year under the Company’s Annual Incentive Plan (“AIP Plan”) and/or the Company’s Executive Incentive Compensation Plan (“EIC Plan”), if the target goals had been achieved.

1.5 “Code” means the Internal Revenue Code of 1986, as amended.

1.6 “General Release” means a general release of all claims in the form attached as Exhibit 1, which may be amended by the Management Development and Compensation Committee of Clorox’s Board (the “Committee”) at its sole discretion from time to time.

1.7 “Medical Insurance Coverage” means any medical, dental, vision and prescription drug insurance coverage offered by the Company to its salaried employees.

1.8 “Misconduct” means any act or omission of the Participant through which he: (i) 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 the specified Company policy; (ii) commits a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude; (iii) acts (or omits to act) with gross negligence in the course of employment; (iv) fails to obey a lawful direction of the Board or a corporate officer to whom he reports, directly or indirectly; or (v) acts in any other manner inconsistent with the Company’s best interests and values.

No act or failure to act on the part of the Participant shall be considered “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, upon the instructions of the Chief Executive Officer, or 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 Participant shall not be deemed to have committed an act or omission of Misconduct unless and until the Committee determines that, in its good faith opinion, the Participant is guilty of conduct described in subparagraphs (i) through (v) above, and so notifies the Participant specifying the particulars thereof in detail.

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1.9 “Participant” means a regular salaried employee of the Company scheduled to work more than twenty (20) hours per week who is a member of the Clorox Executive Committee (“CEC Member”). A Clorox employee who became or becomes a CEC Member on or after June 2, 2009 shall be considered a Participant under this Plan effective immediately. A Clorox employee who was a CEC Member prior to June 2, 2009, shall be considered a Participant under this Plan upon termination or expiration of such CEC Member’s employment agreement with the Company, to the extent that such CEC Member remains a CEC Member after such termination or expiration.

1.10 “Section 409A” means Section 409A of the Code, and any related regulations or other guidance promulgated thereunder by the U.S. Department of the Treasury or the Internal Revenue Service.

1.11 “Separation Date” means the last day a Participant is employed by the Company.

1.12 “SERP” means The Clorox Company Supplemental Executive Retirement Plan, as it may be amended from time to time.

1.13 “Specified Employee” means a Participant who, for purposes of Section 409A of the Code on the Separation Date, is classified as:

A. an officer of the Company having annual compensation greater than the compensation limit in Section 416(i)(1)(A)(i) of the Code, provided that no more than fifty (50) officers of the Company shall be determined to be Specified Employees as of any Separation Date;

B. a five percent owner of the Company, regardless of compensation; or

C. a one percent owner of the Company having annual compensation from the Company of more than \$150,000.

1.14 “Year of Service” means a consecutive or non-consecutive twelve-month period, including approved leaves of absence, beginning on the first date that a Participant performs an hour of service for the Company. If a Participant separates service from the Company and is rehired within a twelve-month period, any period of less than twelve consecutive months during which the Participant does not perform an hour of service will be counted when computing Years of Service. A twelve-month or longer period of separation will not be counted when computing Years of Service.

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1.15 Other Definitions.

AIP Plan	Section 1.4
Bonus	Section 3.1(B)
CIC Agreement	Section 3.5
Claimant	Section 4.2
Clorox	Recital
COBRA	Section 3.1(D)
Committee	Section 1.6
Company	Recital
EIC Plan	Section 1.4
ERISA	Section 5.6
Other Benefits	Section 3.5
Plan	Recital
Plan Administrator	Section 4.1

**Article II Termination of Employment**

2.1 By Company for Misconduct. The Company may terminate the Participant's employment for Misconduct (as defined in Section 1.8 above) at any time in accordance with such definition. The Company shall pay the Participant the salary and other amounts (e.g., accrued but unused vacation) to which he is entitled by law through the Separation Date or under the terms of another compensation or benefit plan, program or arrangement sponsored by the Company, and thereafter the Company's obligations shall terminate. The Participant shall not be entitled to any benefits under the Plan.

2.2 By Participant. The Participant may, after satisfying any obligation to provide advance written notice to the Company and continuing his employment until the end of such period, terminate his employment, for any reason or no reason. The Company shall pay the Participant the salary and other amounts (e.g., accrued but unused vacation) to which he is entitled by law through the end of the Participant's employment or under the terms of another compensation or benefit plan, program or arrangement sponsored by the Company, and thereafter the Company's obligations shall terminate. The Participant shall not be entitled to any benefits under the Plan.

2.3 By Company at Will. The Company may, at any time, with or without notice, and for any reason or no reason, terminate the Participant's employment. If the Company terminates the Participant's employment other than for Misconduct or on account of disability, the severance payment provisions of Article III shall apply and the Company shall have no additional liability. The Company's progressive discipline policy and practice do not apply to such terminations.

**Article III Severance Benefits**

3.1 A Participant whose employment with the Company is involuntarily terminated by the Company other than for Misconduct or on account of disability is entitled to receive the benefits described below:

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A. An amount equal to two times the Participant's Base Salary. Such amount shall be paid as soon as reasonably practicable and, subject to Section 3.4, no later than thirty (30) days after the Separation Date.

B. An amount equal to:

$$\text{Bonus} \quad \times \quad \frac{\text{\# of days in the current fiscal year through the Separation Date}}{365} \quad \times \quad 75\%$$

This amount 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 Participant is a Specified Employee (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) on the Separation Date, such payments shall be made in accordance with Section 3.4 below. For purposes of this section, "Bonus" means a percentage of the Participant's Bonus Target 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 Bonus 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%.

Provided, however, that if the Participant meets retirement eligibility on the Separation Date 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 this Section 3.1(B), but it shall not be obligated to pay both.

C. If the Participant as of the Separation Date is at least age 53 and has at least 8 Years of Service, and became eligible for participation in the SERP prior to its closure to new participants in April 2007, but has not reached age 55 and/or has less than 10 Years of Service, then for the purpose of determining early retirement eligibility and calculating the Early Retirement Benefit (including, but not limited to, determining the Normal Retirement Benefit, Early Retirement Date and any reduction factors used in calculating the Early Retirement Benefit) under the SERP the Participant's age, if less than 55, will be deemed to be 55 years and 0 months on the Early Retirement Date and the Participant's Years of Service, if less than 10, will be deemed to be 10. Under these circumstances, the Participant's Early Retirement Benefit shall be calculated based upon the Participant's Compensation (as defined in the SERP) earned on or prior to the Participant's Separation Date.

D. The Company shall provide the Participant with the benefits described in either paragraph (i) or (ii) below, as follows:

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- (i) if the Participant participated in a Company self-insured medical plan (which does not satisfy the requirements of Section 105(h)(2)) of the Code immediately prior to the Separation Date, then (a) the Participant shall have the right to continue in such plan for a period of up to two (2) years (as determined below) following the date on which his coverage would otherwise terminate under such plan on account of termination of employment (without for this purpose taking into account any health care continuation rights under COBRA (as defined below)) and (b) the Company shall pay to the Participant, or cause to have paid on the Participant's behalf, an amount equal to the Company's portion of the premiums payable for a period of up to two (2) years (as determined below) starting from the Separation Date, under the Company's group health plans for providing Medical Insurance Coverage to the Participant and to those family members covered through Participant under the Medical Insurance Coverage in effect at the time of the Separation Date. Such coverage described in (a) above shall be provided under the group health plans in which Participant and his covered family members are participating at the time of the Separation Date or subsequently elect in accordance with the Company's applicable established procedures. Subject to Section 3.4, the Company shall pay or cause to have paid all amounts due under section 3.1(D)(i)(b) in up to two annual installments, with the first installment due or credited within thirty (30) days after the Separation Date and a subsequent installment being made or credited on the anniversary thereof; provided, however, that either installment shall be prorated or eliminated to the extent that the Participant becomes eligible for other health coverage through a subsequent employer or reaches the age of 65 years during the year covered by the installment; or
  - (ii) if paragraph (i) above is not applicable (because the Participant participated in a health benefit program to which Section 105(h) of the Code is not applicable, such as the Company's HMO immediately prior to the Separation Date), the Company shall continue to provide benefits under such health plan on the same basis as for an employee of the Company, for a period of up to two (2) years (as determined below) starting from the Separation Date.

Each continued health benefit described herein shall cease upon the earliest of: (i) two years from the Separation Date; (ii) the Participant's 65<sup>th</sup> birthday; or (iii) the Participant's eligibility for such particular health benefit under a subsequent employer's group health plans. Any period of participation hereunder shall not be subtracted from the period of months for which the Participant is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). As such, upon the cessation of coverage under this Section 3.1(D), the Participant shall be entitled to elect continued coverage under COBRA (at the Participant's sole expense) for the full period the Participant would have otherwise been entitled to had the Participant's qualifying event (within the meaning of COBRA) occurred on the date of such cessation of coverage.

E. In addition, solely for purposes of determining eligibility for retiree Medical Insurance Coverage, the Participant shall be credited with two additional years of age and service as of the Separation Date. If, taking into account these additional credits, the Participant would

meet the age and service requirements for non-subsidized or subsidized participation under the Company's retiree Medical Insurance Coverage as and if offered to similarly situated former employees, the Participant shall have the right to continued participation under such retiree Medical Insurance Coverage on the same terms and conditions as for such former employees, including applicable retiree premium contributions from the Participant as in effect from time to time. Such right to participate shall apply from the time such coverage would otherwise terminate pursuant to Section 3.1(D) above and shall continue until the Participant attains age 65; thereafter the Participant may participate in the Company's post-65 retiree Medical Insurance Coverage 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. The Company reserves the right to amend or eliminate retiree Medical Insurance Coverage and nothing in this paragraph guarantees such coverage.

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3.2 A Participant shall not be entitled to the severance benefits set forth in this Article III if the Participant is terminated by the Company but continues to be employed by, or is offered employment with: (i) a third party or its related entity, in connection with an outsourcing of such Participant to such third party or related entity; or (ii) any entity or individual that acquires all or any portion of the assets or operations of the Company, or that assumes responsibility for the performance of the obligations of all or any portion of the Company.

3.3 As a condition to receipt of the severance benefits set forth in this Article III, a Participant must execute a General Release within the time specified therein. If the Participant does not execute the General Release within the time provided, or having executed such General Release, effectively revokes the General Release, or fails to comply with his obligations and requirements under the General Release, then the Company will not be obligated to provide any benefits or payments of any kind to the Participant pursuant to this Plan and the Participant shall be obligated to return to the Company any payments or benefits previously provided to the Participant pursuant to the Plan.

3.4 Notwithstanding the foregoing, if the Participant is a Specified Employee on the Separation Date, all payments specified in this Article III that are subject to Section 409A but are not made by March 15 of the year immediately following the Separation Date, may be made to the extent that the amount does not exceed two times the lesser of (i) the sum of the Participant'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 (\$245,000 in 2009) that may be taken into account pursuant to Section 401(a)(17) of the Code for the year in which the Participant has terminated. Any amounts exceeding such limit, may not be made before the earlier of the date which is six (6) months after the Separation Date or the date of death of the Participant. Furthermore, any payments pursuant to this Article III shall be postponed until six (6) months following the end of the consulting period so long as the Participant continues to work on a consulting basis for the Company following termination and such consulting requires the Participant 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 Participant's Separation Date, but which were delayed pursuant to this Section 3.4, shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Participant's Separation Date (or, if earlier, the date of Participant's death). Any payments that were originally scheduled to be paid following the six (6) months after the Participant's Separation Date shall continue to be paid in accordance to their predetermined schedule.

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3.5 Notwithstanding any other provision of the Plan to the contrary, any benefits payable to a Participant under this Plan shall be in lieu of any severance benefits payable by the Company to such individual under any other arrangement covering the individual, unless expressly otherwise agreed to by the Company in writing. Further, in the event that the Participant is entitled to receive severance benefits under any agreement or contract with the Company, excluding that certain Amended and Restated Change in Control Agreement for Level 1 Executives entered into between certain Participants and Clorox ("CIC Agreement"); any plan, policy, program or other arrangement adopted or established by the Company; under the Worker Adjustment and Retraining Notification (WARN) Act, 29 U.S.C. § 2101 et seq., or other applicable law providing for payments from Clorox or its subsidiaries or affiliates on account of termination of employment, including pay in lieu of advance notice of termination ("Other Benefits"), any severance benefits payable hereunder shall be reduced by the Other Benefits. In the event that the Participant becomes entitled to receive benefits under a CIC Agreement entered into between such Participant and Clorox, any benefits payable thereunder shall be in lieu of any severance benefits payable under the Plan.

#### **Article IV Plan Administration and Claims**

4.1 Plan Administration. The Committee shall serve as the person responsible for administration of the Plan ("Plan Administrator"). As the Plan Administrator, the Committee has full discretionary authority to administer and interpret the Plan, including discretionary authority to determine eligibility for participation and for benefits under the Plan and to correct errors. The Plan Administrator may delegate administrative duties to other Company personnel or to any other committee. Any such delegation will carry with it the full discretionary authority of the Plan Administrator to carry out these duties. Any determination by the Plan Administrator or its delegate will be final and conclusive upon all persons and shall be given the maximum deference allowed by law.

4.2 Claims Procedure. If an individual ("Claimant") believes that he or she is entitled to a benefit under the Plan that is greater than the

benefit about which the Claimant has received notice under the Plan, the Claimant may submit a written application to the Plan Administrator or its delegate within 90 days of having been denied such a benefit. The Claimant will generally be notified of the approval or denial of this application within 90 days (180 days if the Plan Administrator (or its delegate) determines that an extension of time for processing is required and provides written notice to the Claimant) of the date that the Plan Administrator (or its delegate) receives the application. If the claim is denied in whole or in part, the notification will state specific reasons for the denial, reference the Plan provisions on which the denial is based, include a description of any additional materials or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary, and describe the Plan's claims review procedures. The Claimant will have 60 days to file an appeal of the denial with the Plan Administrator (or its delegate). This appeal will include the reasons for requesting an appeal, facts supporting the appeal and any other relevant comments. The Plan Administrator (or its delegate), operating pursuant to its discretionary authority to administer and interpret the Plan and to determine eligibility for benefits under the terms of the Plan, will generally make a final, written determination of the Claimant's appeal within 60 days (120 days if the Plan Administrator (or its delegate) determines that an extension of time for processing is required and provides written notice to the Claimant) of receipt of the request for review. If the appeal is denied in whole or in part, the notification will state specific reasons for the denial, reference the Plan provisions on which the denial is based, and notify the Claimant of the right to initiate an arbitration proceeding in accordance with Section 4.3. The Claimant must exhaust the procedures set forth in this Section 4.2 before initiating an arbitration proceeding relating to a claim for benefits under the Plan in accordance with Section 4.3. Each Participant agrees as a condition of participating in this Plan that arbitration is the exclusive dispute resolution mechanism with respect to the Plan following a Claimant's exhaustion of the procedures described in this Section 4.2.

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4.3 Arbitration. Within one (1) year following a Claimant's exhaustion of the procedures in Section 4.2, any remaining controversy relating to the Plan shall be settled by the Claimant and the Company solely pursuant to final and binding 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. Failure by the Claimant to initiate arbitration within the one (1) year time period set forth above shall prevent the Claimant from any pursuit of such claim by any means, whether through arbitration or otherwise, and the resolution of such claim upon the completion of the claims procedure set forth in Section 7.2 shall be final and binding on Claimant and any and all successors in interest. The arbitrator shall determine whether to affirm or reverse the Plan Administrator's (or its delegate's) denial of the appeal, and shall reverse such denial if the Plan Administrator's (or its delegate's) decision was arbitrary or capricious. The arbitrator shall have no power to alter, add to, or subtract from any provision of this Plan. The arbitrator's decision shall be final and binding on all parties, if warranted on the record and reasonably based on applicable law and the provisions of this Plan. The arbitrator shall have no power to award any damages that are not permitted by ERISA, and under no circumstances shall an award contain any amount that in any way reflects any of such types of damages. Each party shall bear its own attorney's fees, but the Company shall bear the costs and expenses of arbitration (provided that if the Company prevails in the arbitration, the arbitrator may, in his or her discretion, require the Claimant to pay or reimburse the Company for all or a portion of such costs and expenses). The location of the arbitration shall be within fifty (50) miles of the last place of employment with the Company of the Participant with respect to whose potential Plan benefit the claim is brought. Service of legal process should be directed to the Legal Services Department of Clorox. Process may also be served on the Corporate Secretary of Clorox. Clorox's employer identification number is 31-0595760. Clorox's address and telephone number are: 1221 Broadway, Oakland, CA 94612, (510) 271-7000.

## **Article V Miscellaneous Provisions**

5.1 Assignment. To the fullest extent permitted by law, Plan benefits are not assignable.

5.2 Death of Participant. If a Participant dies after an involuntary termination, the benefit that otherwise would have been payable to the Participant will be paid, in a single sum payment, as soon as administratively practicable to the Participant's surviving spouse, or if there is no such spouse, to the Participant's estate.

5.3 Compliance. Plan benefits are conditioned on a Participant's compliance with any confidentiality agreement or release that the Participant has entered into with Clorox and/or with an Affiliate in addition to any other requirement or obligation set forth in this Plan or the General Release.

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5.4 Amendment and Termination. The Board or the Committee, by a signed writing, may amend or terminate this Plan at any time, with or without notice; provided, however, that this Plan may not be amended or terminated to reduce or eliminate benefits that would otherwise be payable under the Plan to Participants who are entitled to benefits under Article III as of the date such amendment or termination is approved by the Board or the Committee, as applicable.

5.5 Continued Services. This Plan does not provide a Participant with any right to continue employment with the Company or affect the right of the Company to terminate the services of any individual at any time with or without cause.

5.6 Governing Law. This Plan is intended to be an unfunded welfare benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). To the extent applicable and not preempted by ERISA, the laws of the State of California will govern this Plan.

5.7 Plan Year. The Plan’s fiscal records are maintained on a fiscal year basis with a June 30 year end.

5.8 Source of Payments. Benefits payable under the Plan are not funded and are payable only from the general assets of Clorox or the appropriate Affiliate.

5.9 Section 409A. To the extent applicable, it is intended that this Plan and any payment made hereunder shall comply with the requirements of Section 409A. Any provision that would cause the Plan or any payment hereunder 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.

5.10 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.

5.11 Severability. The provisions of this Plan are severable and in the event that a court of competent jurisdiction determines that any provision of this Plan is in violation of any law or public policy, in whole or in part, only the portions of this Plan that violate such law or public policy shall be stricken. All portions of this Plan that do not violate any statute or public policy shall not be affected thereby and shall continue in full force and effect. Further, any court order striking any portion of this Plan shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intent of the Company under this Plan.

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5.12 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, 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 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 Participant :

To the residence address for the Participant last shown on the Company’s payroll records.

If to the Company :

The Clorox Company  
1221 Broadway  
Oakland, California 94612  
Attention: General Counsel  
Fax: 510-271-1696

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

5.13 Waiver. No waiver of any breach of any term or provision of this Plan by the Company shall be construed to be, nor shall be, a waiver of any other breach of this Plan. No waiver shall be binding unless in writing and signed by the Company.

5.14 Tax Withholding. All amounts or benefits payable pursuant to the Plan shall be subject to such withholding taxes as may be required by law.

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**EXHIBIT 1**  
**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"). Defined terms used in this General Release not defined herein shall have the meaning set forth in the Severance Plan (as defined below). Employer and Executive agree as set forth herein, including 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 Article III of the Severance Plan for Clorox Executive Committee Members (the "Severance Plan"), which compensation and benefits shall be provided subject to the terms and conditions of the Severance Plan, a copy of which is attached 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 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 for the following: (i) claims for vested benefits under the terms of an employee compensation or benefit plan, program or arrangement sponsored by the Company, (ii) claims for workers' compensation benefits under any of the Company's workers' compensation insurance policies or funds, (iii) claims related to Executive's COBRA rights, and (iv) claims for indemnification to which Executive is or may become entitled, including but not limited to claims submitted to an insurance company providing the Company with directors and officers liability insurance. 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 and shall pay all expenses incurred by a Releasee in defending any proceeding pursuant to this Section 3(b) as they are incurred by the Releasee in advance of the final disposition of such proceedings, together with any tax liability incurred by the Releasee in connection with the receipt of such amounts; provided, however, that the payment of such expenses incurred in advance of the final disposition of such proceeding shall be made only upon delivery to the Executive of an undertaking, by or on behalf of the Releasee, to repay all amounts so advanced to the extent the arbitrator in such proceeding affirmatively determines that the Executive is the prevailing party, taking into account all claims made by any party to such proceeding.

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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 that for a period of two years after termination of his employment, he shall not, for himself or any third party, directly or indirectly solicit for employment any person employed by the Employer, or any of its affiliates, 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 Employer.

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7. Executive's execution of this General Release and the absence of an effective revocation of such General Release by Executive shall constitute Executive's resignation from all offices, directorships and other positions then held with the Employer or any of its affiliates, and any other position held for the benefit of or at the request of the Employer or any of its affiliates, and Executive hereby agrees that this General Release constitutes such resignation. Executive also agrees to execute a confirmatory letter of resignation if requested.

8. 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 Employer and shall, if physically returnable, be promptly returned to the Employer 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. Following termination, the Executive will not retain any written or other tangible material containing any Proprietary Information. "Proprietary Information" is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of the Employer or any its affiliates, 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 Employer; 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 Employer.

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9. Following termination, Executive will continue to abide by the Employer's policy that prohibits discussing any aspect of the Employer's business with representatives of the press without first obtaining the permission of the Employer's Public Relations Department.

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

11. The provisions of this General Release are severable and in the event that a court of competent jurisdiction determines that any provision of this General Release is in violation of any law or public policy, in whole or in part, only the portions of this General Release that violate such law or public policy shall be stricken. All portions of this General Release that do not violate any statute or public policy shall not be affected thereby and shall continue in full force and effect. Further, any court order striking any portion of this General Release shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intent of the Employer and Executive under this General Release.

12. 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 Severance Plan, other than tax obligations of the Employer resulting from the nondeductibility of any payments made pursuant to this Release or the Severance Plan.

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

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

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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:

**THE CLOROX COMPANY  
SUPPLEMENTAL  
EXECUTIVE  
RETIREMENT PLAN  
RESTATED  
EFFECTIVE  
JANUARY 1, 2005**  
Last Revised: August 13, 2009

August 13, 2009

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**PURPOSE OF THE PLAN**

The purpose of The Clorox Company Supplemental Executive Retirement Plan (the “Plan”) is to provide retirement benefits for certain executives of The Clorox Company, a Delaware corporation (the “Company”) in addition to the retirement benefits provided generally to all Company salaried employees. These supplemental benefits are intended to provide greater retirement security for those executives and to aid in attracting and retaining future executives.

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**ARTICLE I  
DEFINITIONS**

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context.

- 1.1 “Accrued Benefit” means the benefit of a Participant calculated under Article II at the time of the Participant’s Separation from Service, or for Participants who have not Separated from Service, at the time of their assumed Separation from Service. In the latter case, the benefit will be based upon the following as of their assumed Separation from Service: (a) Compensation, (b) total years and completed months of service, (c) any vested accrued benefit from a Company sponsored Defined Benefits Plan, (d) the monthly benefit which could be provided based on the actuarially determined annuity value of the Participant’s vested Company contributions account under any

Company sponsored Defined Contribution Plan, and (e) any monthly primary insurance benefit to which the Participant may be entitled under the Social Security Act

1.2 “Board of Directors” means the board of directors of the Company as from time to time constituted.

1.3 “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 Company Voting Securities; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) 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, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) 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 of Directors (the “Incumbent Board”) cease for any reason within any period of 12 months to constitute at least a majority of the Board of Directors; 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 of Directors; or

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- (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 of Directors, providing for such Business Combination.

Notwithstanding any other provision in this Section 1.3, any transaction defined in Section 1.3(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.

1.4 “Code” means the Internal Revenue Service of 1986, as amended.

1.5 “Committee” means the Management Development and Compensation Committee of the Board of Directors.

1.6 “Company” means The Clorox Company.

1.7 “Compensation” means the total of annual base salary plus the Annual Incentive Plan Compensation and/or Executive Incentive Compensation awarded to a Participant and in each case includes amounts the receipt of which the Participant has elected to defer or to take in the form of restricted stock or a stock option. For purposes of the calculation of benefits in Sections 2.3 and 2.5, the total of the Participant’s three highest Annual Incentive Plan Compensation and/or Executive Incentive Compensation (referred to collectively as

“Incentive Compensation”) awards will be apportioned evenly over the 36 consecutive months of highest base salary. If a Participant receives a pro-rated Incentive Compensation award because of Separation from Service other than at the end of the Company’s fiscal year, (a) that pro-rated amount shall be divided by the number of months the Participant was employed during the fiscal year and (b) the Participant’s third highest Incentive Compensation award shall be divided by 12. If the result of (a) above is greater than the result of (b) above, one of the Participant’s three highest Incentive Compensation awards for purposes of this paragraph shall be deemed to be the Participant’s final year pro-rated Incentive Compensation award plus the amount determined in (b) above multiplied by the result of subtracting from 12 the number of months Participant was employed by the Company during his or her final year of employment.

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- 1.8 “Defined Benefit Plan” means a plan, fund or program under which an employer undertakes systematically for the payment of definitely determinable benefits to its employees over a period of years after retirement. The benefit an employee will receive upon retirement can be determined from a formula defined in the plan instrument.
- 1.9 “Defined Contribution Plan” means a plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant’s account, and any income, expenses, gains and losses and any forfeitures of accounts of other participants which may be allocated to such participant’s account. Beginning July 1, 1994 “Defined Contribution Plan” shall include NonQualified Deferred Compensation Plans which a) restore amounts for a Participant’s benefit which cannot be contributed to a defined benefit or contribution plan deemed qualified under the Internal Revenue Code, or b) account for annual distributions, whether deferred or received in cash, made from a Defined Contribution Plan rather than credited to the Participant’s account in such plan.
- 1.10 “Disability” shall mean the Participant 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 is, 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, receiving income replacement benefits for a period of not less than three months under the Company’s insurance plans.
- 1.11 “Effective Date” means July 1, 1981.
- 1.12 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.
- 1.13 “Executive” means a member of the Clorox Leadership Committee as of May 2007, for so long as such person continues to be a Grade Level 32 or above at the Company.
- 1.14 “Identification Date” means each December 31.
- 1.15 “Married Participant” means a Participant who is lawfully married on the date Retirement Benefits become payable pursuant to Article II (Retirement Benefits).

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- 1.16 “Participant” means any Executive who becomes a Participant pursuant to Section 2.1 (Participation), or a former employee who has become entitled to a Normal or Early Retirement Benefit pursuant to the Plan.
- 1.17 “Retirement Benefit” means the retirement income provided to Participants and their joint annuitants in accordance with the applicable provisions of Article II (Retirement Benefits).
- 1.18 “Separation from Service” means termination of employment with the Company, other than by reason of death. A Participant shall not be deemed to have Separated from Service if the Participant continues to provide services to the Company in a capacity other than as an employee and if the former employee is providing services at an annual rate that is fifty percent or more of the services rendered, on average, during the immediately preceding thirty-six months of employment with the Company (or if employed by the Company less than three years, such lesser period); provided, however, that a Separation from Service will be deemed to have occurred if a Participant’s service with the Company is reduced to an annual rate that is less than twenty percent of the services rendered, on average, during the immediately preceding thirty-six months of employment with the Company (or if employed by the Company less than three years, such lesser period).
- 1.19 “Specified Employee” means a Participant who, on an Identification Date, is:
- (a) An officer of the Company having annual compensation greater than the compensation limit in Section 416(i)(1)(A)(i) of the Code, provided that no more than fifty officers of the Company shall be determined to be Specified Employees as of any Identification Date;

- (b) A five percent owner of the Company, regardless of compensation; or
- (c) A one percent owner of the Company having annual compensation from the Company of more than \$150,000.

If a Participant is identified as a Specified Employee on an Identification Date, then such Participant shall be considered a Specified Employee for purposes of the Plan during the period beginning on the first April 1 following the Identification Date and ending on the next March 31.

Words importing males shall be construed to include females wherever appropriate.

## **ARTICLE II. RETIREMENT BENEFITS**

### **2.1 Participation**

Persons eligible to accrue benefits under the Plan are Executives or former employees who have become entitled to a Normal or Early Retirement Benefit pursuant to the Plan. From time to time, the Committee may designate additional employees as Plan Participants. A Participant who is an Executive of the Company and who is removed from office or is not reappointed as an Executive, or who is not an Executive and who voluntarily or involuntarily Separates from Service, will thereupon cease to be a Participant and will have no vested interest in the Plan unless he is entitled to a Normal or Early Retirement Benefit pursuant to this Article II.

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### **2.2 Normal Retirement Date**

A Participant who Separates from Service on or after age sixty-five with ten or more years of employment with the Company will receive a Normal Retirement Benefit beginning on the first day of the month following his Separation from Service. Such date will be the Participant's Normal Retirement Date.

### **2.3 Normal Retirement Benefit**

The Normal Retirement Benefit payable to a Participant will be equal to 3-2/3% of the monthly average of the Participant's Compensation during the thirty-six (36) consecutive months of employment producing the highest such average, times the Participant's total years and completed months of employment with the Company as of his Separation from Service, to a maximum of 15 years, offset by:

- (a) the monthly benefit payable under a 50% joint and survivor annuity form for a Married Participant or an annuity payable for the life of a single Participant, which would be provided to the Participant on his Normal Retirement Date (i) by Company contributions under any Company sponsored Defined Benefit Plan plus (ii) the monthly benefit which could be provided based on the actuarially determined annuity value of his vested Company contributions account under any Company sponsored Defined Contribution Plan, plus
- (b) the monthly primary insurance benefit to which the Participant may be entitled under the Social Security Act of 1935, as amended, as of his Normal Retirement Date.

For purposes of this Section 2.3, Company contributions shall not include voluntary reductions of compensation under the provisions of a Company sponsored Defined Contribution Plan. Company matching contributions under such a plan shall be considered Company contributions.

### **2.4 Early Retirement Date**

A Participant who Separates from Service on or after age fifty-five with ten or more years of employment with the Company will receive an Early Retirement Benefit beginning on the first day of the month following his Separation from Service. The date of the commencement of the Early Retirement Benefit will be the Participant's Early Retirement Date.

### **2.5 Early Retirement Benefit**

The Early Retirement Benefit payable to a Participant on his Early Retirement Date will be calculated in the same manner as the Normal Retirement Benefit in Section 2.3 except that:

- (a) Before deducting the offsets provided in Section 2.3(a) and (b), the benefit derived by the calculation in the first paragraph of Section 2.3 shall be reduced to reflect the Participant's retirement before his Normal Retirement Date. This reduction will be one quarter of one percent (0.25%) for each month that the Participant's Early Retirement Date precedes his Normal Retirement Date.

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- (b) In calculating the offset described in Section 2.3(a) and (b), the reference to "Normal Retirement Date" shall be changed to "Early Retirement Date." If the Early Retirement Date is prior to the Participant's attainment of age 62, then the monthly primary insurance benefit payable at age 62 shall be multiplied by the appropriate factor from the table below:

If the Participant's Age on the Early Retirement Date is not an integral age, the factors above shall be interpolated to reflect the age in years and months. If the Participant is 62 or older on his/her Early Retirement Date, the offset shall be the actual monthly primary insurance benefit to which the Participant is entitled under the Social Security Act as of that date.

## 2.6 Form of Payment

A Participant's Normal or Early Retirement Benefit will be paid to him monthly beginning on his Normal or Early Retirement Date and ending with the payment due for the month in which his death occurs. If the spouse of a Participant who is receiving a Retirement Benefit survives the Participant, monthly payments equal to 50% of the monthly amount payable to the Participant will continue to such spouse ending with the payment due for the month in which such spouse's death occurs.

## 2.7 Delayed Distribution to Specified Employees

Notwithstanding any other provision of this Article II to the contrary, any payment of a Normal or Early Retirement Benefit scheduled to be made on or after January 1, 2005 to a Participant who is identified as a Specified Employee on the date of his Separation from Service shall be delayed for a minimum of six months following the Participant's Separation from Service. Any payment that otherwise would have been made pursuant to this Article II during such six-month period shall be made without interest as soon as administratively practicable, but no later than 90 days after the six-month anniversary of the Participant's Separation from Service. The identification of a Participant as a Specified Employee shall be made by the Committee in its sole discretion in accordance with Section 1.15 of the Plan and Sections 416(i) and 409A of the Code and the regulations promulgated thereunder.

## 2.8 Termination other than Early or Normal Retirement

A Participant who voluntarily or involuntarily Separates from Service and who does not meet the requirements for an Early or Normal Retirement Benefit will not be entitled to a benefit under the Plan.

## 2.9 Pre-Retirement Death Benefit

The surviving spouse of a Participant with ten or more years of employment with the Company who dies before he has begun receiving a Normal or Early Retirement Benefit shall be entitled to receive a Pre-Retirement Death Benefit. The Pre-Retirement Death Benefit shall be one-half of a 50% joint and survivor annuity form of the Early or Normal Retirement Benefit the Participant would have received had he elected to begin receiving a Retirement Benefit on the first day of the month following his death. If the Participant's death occurs before he has attained the age at which he could elect to receive an Early Retirement Benefit, the Pre-Retirement Death Benefit will commence on the first day of the month following the date upon which the Participant would have attained that age had he survived; provided, however, that if the surviving spouse dies before that date, there shall be no Pre-Retirement Death Benefit available to any survivors of the Participant or his spouse.

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## 2.10 Disability

A Participant who becomes Disabled prior to his Normal Retirement Date and who prior to becoming Disabled has ten or more years of employment with the Company shall be eligible for a Disability Benefit under the Plan. During the period the Participant is Disabled and prior to attaining age 65, the Participant shall continue to be credited with years and months of employment with the Company even if the Participant Separates from Service prior to his Normal Retirement Date. Upon attaining age 65, the Disabled Participant shall receive his Disability Benefit which is an amount equal to his Normal Retirement Benefit calculated and paid in accordance with Sections 2.2 and 2.3 as if the Participant Separated from Service on his 65<sup>th</sup> birthday.

## 2.11 Prohibition on Acceleration

Notwithstanding any other provision of the Plan to the contrary, no distribution will be made from the Plan that would constitute an impermissible acceleration of payment as defined in Section 409A(a)(3) of the Code and the regulations promulgated thereunder.

**ARTICLE III.  
MISCELLANEOUS PROVISIONS**

**3.1 Plan Administration**

The Committee shall have the power and the duty to take all action and to make all decisions necessary and proper to carry out the Plan. Without limiting the generality of the foregoing, the Committee hereby designates the Employee Benefits Committee of the Company to control and manage the operation and administration of the Plan. The Committee shall have the authority to allocate among themselves or to the Employee Benefits Committee or to delegate to any other person, any administrative responsibility with respect to the Plan.

**3.2 Amendment, Suspension and Plan Termination**

- (a) Except by the written consent of 75% of Plan Participants actually or potentially affected thereby and the approval of the Board of Directors or the Committee, the Plan may not be amended in any way which would reduce the benefits payable hereunder or reduce or eliminate the funding provided for in Article IV until the first regularly scheduled meeting of the Board of Directors held after June 30, 2011.
- (b) The Board of Directors or the Committee, without the consent of the Plan Participants, may amend the Plan to improve or increase the benefits payable hereunder at any time.
- (c) With the written consent of 75% of Plan Participants actually or potentially affected thereby, or at any time on or after the first regularly scheduled meeting of the Board of Directors held after June 30, 2011, the Board of Directors or the Committee may suspend the Plan. Upon such suspension, no new benefits will accrue under the Plan and distributions from the Plan shall be made pursuant to Article II of the Plan.

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- (d) On or after the first regularly scheduled meeting of the Board of Directors held after June 30, 2011, the Board of Directors or the Committee may terminate the Plan at any time and in the Board of Directors' or the Committee's discretion the Participants' Accrued Benefits may be distributed within the period beginning twelve months after the date the Plan was terminated and ending twenty-four months after the date the Plan was terminated, or pursuant to Article II of the Plan, if earlier. In addition to the foregoing, the Board of Directors or the Committee may distribute a Participant's Accrued Benefit in the form of a single lump sum payment if the present value of the Participant's Accrued Benefit is less than \$30,000 adjusted annually beginning July 1, 2004 for changes in the Consumer Price Index. If the Plan is terminated and Accrued Benefits are distributed, the Company shall terminate all non-account balance non-qualified deferred compensation plans with respect to all participants and shall not adopt a new non-account balance non-qualified deferred compensation plan for at least five years after the date the Plan was terminated.
  - (e) On or after the first regularly scheduled meeting of the Board of Directors held after June 30, 2011, the Board of Directors or the Committee may terminate the Plan upon a corporate dissolution of the Company that is taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that the Participants' Accrued Benefits are distributed and included in the gross income of the Participants by the latest of (i) the calendar year in which the Plan terminates or (ii) the first calendar year in which payment of the Accrued Benefits is administratively practicable.

**3.3 Assignment of Benefits**

A Participant may not, either voluntarily or involuntarily, assign, anticipate, alienate, commute, pledge or encumber any benefits to which he is or may become entitled to under the Plan nor may the same be subject to attachment or garnishment by any creditor of a Participant. Notwithstanding the foregoing, the procedures established by the Company for the determination of the qualified status of domestic relations orders and for making distributions under qualified domestic relations orders, as provided in Section 206(d) of ERISA, shall apply to the Plan, to the extent pertinent. Amounts awarded to an alternate payee under a qualified domestic relations order shall be distributed in the form of a lump sum distribution as soon as administratively feasible following the determination of the qualified status of the domestic relations order; provided, however, that no portion of the Participant's benefit under the Plan may be awarded to an alternate payee until the Participant's benefit is an Accrued Benefit.

**3.4 Not An Employment Agreement**

Nothing in the establishment of the Plan is to be construed as giving any Participant the right to be retained in the employ of the Company.

**3.5 Change in Control**

In the event that the Company shall, pursuant to action by its Board of Directors, at any time propose a Change in Control and provision is not made pursuant to the terms of such transaction for the continuation of the Plan by the surviving, resulting or acquiring corporation or for the substitution of a comparable plan hereto, the provisions of this Plan shall remain in effect.

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### 3.6 Claims and Review Procedure

- (a) Any Participant or his beneficiary who has questions or concerns about his benefits under the Plan is encouraged to communicate with the Committee. If this discussion does not give the Participant or his beneficiary satisfactory results, a formal claim for benefits may be made within one year of the event giving rise to the claim in accordance with the procedures of this Section 3.6.
  - (b) A Participant or his beneficiary may make a written request for review of any matter concerning his benefits under this Plan. The claim must be addressed to The Clorox Company Supplemental Executive Retirement Plan, 1221 Broadway, Oakland, California 94612-1888. The Committee shall decide the action to be taken with respect to any such request and may require additional information if necessary to process the request. The Committee shall review the request and shall issue its decision, in writing, no later than 90 days after the date the request is received, unless the circumstances require an extension of time. If such an extension is required, written notice of the extension shall be furnished to the person making the request within the initial 90-day period, and the notice shall state the circumstances requiring the extension and the date by which the Committee expects to reach a decision on the request. In no event shall the extension exceed a period of 90 days from the end of the initial period.
  - (c) If the Committee denies a request in whole or in part, it shall provide the person making the request with written notice of the denial within the period specified in paragraph (b) above. The notice shall set forth the specific reason for the denial, reference to the specific Plan provisions upon which the denial is based, a description of any additional material or information necessary to perfect the request, an explanation of why such information is required, and an explanation of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.
  - (d) Decision on Appeal.
    - (i) A person whose request has been denied in whole or in part (or such person's authorized representative) may file an appeal of the decision in writing with the Committee within 60 days of receipt of the notification of denial. The appeal must be addressed to: The Clorox Company Supplemental Executive Retirement Plan, 1221 Broadway, Oakland, California 94612-1888. The Committee, for good cause shown, may extend the period during which the appeal may be filed for another 60 days. The appellant and/or his or her authorized representative shall be permitted to submit written comments, documents, records and other information relating to the claim for benefits. Upon request and free of charge, the applicant should be provided reasonable access to and copies of, all documents, records or other information relevant to the appellant's claim.
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- (ii) The Committee's review shall take into account all comments, documents, records and other information submitted by the appellant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Committee shall not be restricted in its review to those provisions of the Plan cited in the original denial of the claim.
  - (iii) The Committee shall issue a written decision within a reasonable period of time but not later than 60 days after receipt of the appeal, unless special circumstances require an extension of time for processing, in which case the written decision shall be issued as soon as possible, but not later than 120 days after receipt of an appeal. If such an extension is required, written notice shall be furnished to the appellant within the initial 60-day period. This notice shall state the circumstances requiring the extension and the date by which the Committee expects to reach a decision on the appeal.
  - (iv) If the decision on the appeal denies the claim in whole or in part written notice shall be furnished to the appellant. Such notice shall state the reason(s) for the denial, including references to specific Plan provisions upon which the denial was based. The notice shall state that the appellant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. The notice shall describe any voluntary appeal procedures offered by the Plan and the appellant's right to obtain the information about such procedures. The notice shall also include a statement of the appellant's right to bring an action under Section 502(a) of ERISA.
  - (v) The decision of the Committee on the appeal shall be final, conclusive and binding upon all persons and shall be given the maximum possible deference allowed by law.
- (e) No legal or equitable action for benefits under the Plan shall be brought unless and until the claimant has submitted a written claim for benefits in accordance with paragraph (b) above, has been notified that the claim is denied in accordance with paragraph (c) above, has filed a written request for a review of the claim in accordance with paragraph (d) above, and has been notified in writing that the Committee has affirmed the denial of the claim in accordance with paragraph (d) above; provided, however, that an action for benefits may be brought after the Committee has failed to act on the claim within the time prescribed in paragraph (b) and paragraph (d), respectively.

### 3.7 Unfunded Status

The Plan is intended to be a plan that is unfunded and that is maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA. The Plan also is intended to comply with the requirements of Section 409A of the Code.

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## **ARTICLE IV. FUNDING**

### 4.1 Establishment of Irrevocable Trust

The Company shall establish an irrevocable trust of which the Company is the owner for federal income tax purposes (within the meaning of Sections 671 through 677 of the Internal Revenue Code of 1986) (the "Trust") and fund the Trust as hereinafter provided in order to provide a source from which to satisfy the Company's obligations to Participants under this Plan.

### 4.2 Amount of Funding

The Company shall make such contributions to the Trust as the Board of Directors or the Committee from time to time determines appropriate.

### 4.3 Actuarial Assumptions and Method

The Plan's actuary shall use the assumptions and methods set forth in Schedule A, as amended from time to time, when advising the Board of Directors or the Committee with regard to contributions to the Trust. In accordance with Section 3.1, the Committee has delegated to the Company's Employee Benefits Committee the full power and authority to amend Schedule A from time to time.

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## **SCHEDULE A**

### **ACTUARIAL ASSUMPTIONS AND METHOD**

(a) Mortality:

RP2000 Combined Healthy Participant Mortality Table for periods after benefits have commenced, or are assumed to have commenced. No mortality will be assumed prior to the assumed retirement age for benefits not yet in payment status.

(b) Return on Investment:

Assets are assumed to earn, the liabilities are discounted at, eight percent (8%) per year.

(c) Assumed Retirement Age:

For Participants whose benefits are not in payment status as of July 1 of each year, the Assumed Retirement Age will be age 62 (or their current age if older) with 10 years of service. For beneficiaries, the Assumed Retirement Age is the beneficiary's age on the date their deceased spouse would have reached 60, or their current age if their spouse would have already been older than age 60.

(d) Annual Pay Increases:

Five and one-half percent (5.50%) per year.

(e) Employee Turnover:

5% per year before age 55, 0% afterward.

(f) Social Security Increases:

Social security benefits are assumed to increase 3.00% per year. National Average Wages are assumed to increase 4.00% per year.

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(g) IRC Limits:

The Code Section 415 and Section 401(a)(17) limits are assumed to increase 3.00% per year.

(h) Defined Benefit Plan Offset:

Greater of 1.5% career average benefit and the annuity equivalent of the projected Cash Balance account assuming an annual earnings rate of 6.25% and Cash Balance contributions of 3% of pay. Cash Balance accounts are converted to an annuity using 6.00% interest and the Code Section 417(e) mortality table

(i) Defined Contribution Plan Offset:

Annuity equivalent of projected account balance assuming an annual earnings rate of 8.0%; Profit Sharing Plan contributions of 8.0% of pay; annual 401(k) contributions of \$1000 (no inflation); and assuming no further PAYSOP contributions are made. Accounts are converted to an annuity using 5.25% interest and the Code Section 417(e) mortality table.

(j) Nonqualified Defined Contribution Plan Offset

Annuity equivalent of projected account balance assuming an annual earnings rate of 6.75% and Cash Balance Restoration, Value Sharing Restoration and Value Sharing CODA contributions based on rates defined in 4.3(h) and 4.3(i), respectively. Accounts are converted to an annuity using 5.25% interest and the Code Section 417(e) mortality table.

(k) Actuarial Cost Method:

The Entry Age Normal Cost Method will be used. The unfunded actuarial liability as of each July 1 will be amortized over ten years.

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**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: November 3, 2009

/s/ Donald R. Knauss

Donald R. Knauss  
Chairman and Chief Executive Officer

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**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: November 3, 2009

/s/ Daniel J. Heinrich

Daniel J. Heinrich

Executive Vice President - Chief Financial Officer

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**CERTIFICATION**

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-Q for the period ended September 30, 2009 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: November 3, 2009

/s/ Donald R. Knauss

Donald R. Knauss  
Chairman and Chief Executive Officer

/s/ Daniel J. Heinrich

Daniel J. Heinrich  
Executive Vice President – Chief Financial Officer

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