CLOROX CO /DE/

FORM 10-Q
(Quarterly Report)

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Address	THE CLOROX COMPANY 1221 BROADWAY
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CIK	0000021076
Industry	Personal & Household Prods.
Sector	Consumer/Non-Cyclical
Fiscal Year	06/30

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

FORM 10-Q

(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, 2006.

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check One):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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, 2006, there were 151,816,514 shares outstanding of the registrant's common stock (par value — $1.00), the registrant's only outstanding class of stock.

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THE CLOROX COMPANY

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PART I – FINANCIAL INFORMATION (Unaudited)
Item 1. Financial Statements
The Clorox Company
Condensed Consolidated Statements of Earnings
(Dollars in millions, except per share amounts)

	Three Months Ended	
	9/30/2006	9/30/2005
Net sales	$ 1,161	$ 1,104
Cost of products sold	663	638
Gross profit	498	466
Selling and administrative expenses	153	144
Advertising costs	117	113
Research and development costs	26	23
Restructuring and asset impairment costs	—	1
Interest expense	29	30
Other (income) expense, net	(2)	1
Earnings from continuing operations before income taxes	175	154
Income taxes on continuing operations	63	46
Earnings from continuing operations	112	108
Earnings from discontinued operations	—	1
Net earnings	$ 112	$ 109
Earnings per common share:		
Basic		
Continuing operations	$ 0.74	$ 0.71
Discontinued operations	—	0.01
Basic net earnings per common share	$ 0.74	$ 0.72
Diluted		
Continuing operations	$ 0.73	$ 0.70
Discontinued operations	—	0.01
Diluted net earnings per common share	$ 0.73	$ 0.71
Weighted average common shares outstanding (in thousands)		
Basic	151,143	150,835
Diluted	153,568	152,882
Dividends declared per common share	$ 0.29	$ 0.28

See Notes to Condensed Consolidated Financial Statements

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

	9/30/2006	6/30/2006
Assets		
Current assets		
Cash and cash equivalents	$ 174	$ 192
Receivables, net	374	435
Inventories	325	292
Other current assets	67	88
Total current assets	940	1,007
Property, plant and equipment, net	990	1,004
Goodwill	748	744
Trademarks and other intangible assets, net	604	604
Other assets	257	257
Total assets	$ 3,539	$ 3,616
Liabilities and Stockholders' Deficit		
Current liabilities		
Notes and loans payable	$ 68	$ 156
Current maturities of long-term debt	152	152
Accounts payable	299	329
Accrued liabilities	415	474
Income taxes payable	26	19
Total current liabilities	960	1,130
Long-term debt	1,965	1,966
Other liabilities	549	547
Deferred income taxes	120	129
Total liabilities	3,594	3,772
Contingencies		
Stockholders' deficit		
Common stock: $1.00 par value; 750,000,000 shares authorized; 249,826,934 shares issued; and 151,816,514 and 151,298,366 shares outstanding at September 30, 2006 and June 30, 2006, respectively	250	250
Additional paid-in capital	414	397
Retained earnings	4,005	3,939
Treasury shares, at cost: 98,010,420 and 98,528,568 shares at September 30, 2006 and June 30, 2006, respectively	(4,514)	(4,527)
Accumulated other comprehensive net losses	(210)	(215)
Stockholders' deficit	(55)	(156)
Total liabilities and stockholders' deficit	$ 3,539	$ 3,616

See Notes to Condensed Consolidated Financial Statements

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Condensed Consolidated Statements of Cash Flows
(Dollars in millions)

	Three Months Ended	
	9/30/2006	9/30/2005
Operating activities:		
Net earnings	$ 112	$ 109
Deduct: Earnings from discontinued operations	—	1
Earnings from continuing operations	112	108
Adjustments to reconcile earnings from continuing operations:		
Depreciation and amortization	46	45
Share-based compensation	11	10
Deferred income taxes	(3)	4
Net loss on disposition of assets	2	3
Other	7	10
Changes in:		
Receivables, net	66	60
Inventories	(32)	(18)
Other current assets	11	4
Accounts payable and accrued liabilities	(98)	(134)
Income taxes payable	11	6
Income tax settlement payment	—	(151)
Net cash provided by (used in) continuing operations	133	(53)
Net cash provided by (used in) discontinued operations	—	(6)
Net cash provided by (used in) operations	133	(59)
Investing activities:		
Capital expenditures	(31)	(37)
Low-income housing contributions and other	(2)	(2)
Net cash used for investing activities	(33)	(39)
Financing activities:		
Notes and loans payable	(88)	196
Treasury stock purchases	(20)	(90)
Cash dividends paid	(44)	(42)
Issuance of common stock for employee stock plans and other	33	14
Net cash (used for) provided by financing activities	(119)	78
Effect of exchange rate changes on cash and cash equivalents	1	—
Net decrease in cash and cash equivalents	(18)	(20)
Cash and cash equivalents:		
Beginning of period	192	293
End of period	$ 174	$ 273

See Notes to Condensed Consolidated Financial Statements

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 month periods ended September 30, 2006 and 2005, 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 reclassifications were made in the prior period's condensed consolidated financial statements to conform to the current period's presentation. The results for the interim period ended September 30, 2006, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2007, or for any future period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been omitted or condensed pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). The information in this report should be read in conjunction with the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended June 30, 2006, which includes a complete set of footnote disclosures, including the Company's significant accounting policies.

The consolidated statements of earnings for the three months ended September 30, 2005, include discontinued operations related to the Company's exchange of its ownership interest in a subsidiary for Henkel KGaA's (Henkel) interest in the Company's common stock.

Use of Estimates

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

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

New Accounting Standards

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of Financial Accounting Standards Board Statement No. 109* . This Interpretation prescribes a consistent recognition threshold and measurement standard, as well as clear criteria for subsequently recognizing, derecognizing, classifying and measuring tax positions for financial statement purposes. The interpretation also requires expanded disclosure with respect to uncertainties as they relate to income tax accounting. FIN 48 will be adopted by the Company no later than the beginning of its fiscal year ending June 30, 2008, as required. Management is currently evaluating the impact of FIN 48 on its consolidated financial statements. The cumulative effect of the interpretation will be reflected as an adjustment to beginning retained earnings upon adoption.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* . This Statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. This Statement will be adopted by the Company beginning in its fiscal year ending June 30, 2009, as required. The Company is currently evaluating the impact of SFAS No. 157 on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132-R.* SFAS No. 158 requires an entity to recognize in its balance sheet the funded status of its defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation. SFAS No. 158 also requires an entity to recognize changes in the funded status of a defined benefit postretirement plan within accumulated other comprehensive income, to the extent such changes are not recognized in earnings as components of net periodic benefit cost. The Company is required to adopt SFAS No. 158 as of the end of its fiscal year ending June 30, 2007, and is currently evaluating the impact of the provisions of SFAS No. 158.

In August 2006, the Pension Protection Act (the Act) was signed into law. The provisions of the Act, which include higher minimum funding levels for qualified pension plans, will become effective for the Company's plan year ending on June 30, 2008. Although the fair value of the Company's domestic qualified pension plan's assets was in excess of its projected benefit obligation as of its last valuation on June 30, 2006, the provisions of the Act could potentially impact the Company's funding plans.

NOTE 2. FINANCIAL INSTRUMENTS

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

At September 30, 2006 and June 30, 2006, the Company's derivative financial instruments are recorded at fair value in the Condensed Consolidated Balance Sheets as assets (liabilities) as follows:

	9/30/2006	6/30/2006
Current assets:		
Commodity purchase contracts	$ 2	$11
Other assets:		
Commodity purchase contracts	—	1
Current liabilities:		
Commodity purchase contracts	(2)	—

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

	9/30/2006		6/30/2006	
	Notional	Fair Value	Notional	Fair Value
Foreign exchange	$38	—	$47	—
Commodity purchase	83	—	84	$12
Fair value contracts	21	—	21	—

Exposure to counterparty credit risk is considered low because these agreements have been entered into with creditworthy institutions.

NOTE 3. INVENTORIES

Inventories consisted of the following at:

	9/30/2006	6/30/2006
Finished goods	$ 263	$ 224
Raw materials and packaging	81	81
Work in process	5	5
LIFO allowances	(21)	(14)
Allowance for obsolescence	(3)	(4)
Total	$ 325	$ 292

NOTE 4. OTHER ASSETS

Other assets consisted of the following at:

	9/30/2006	6/30/2006
Pension benefit assets	$ 104	$ 106
Equity investments	48	45
Investment in low-income housing partnerships	24	23
Investment in insurance contracts	38	39
Non-qualified retirement plan assets	14	15
Other	29	29
Total	$ 257	$ 257

NOTE 5. OTHER LIABILITIES

Other liabilities consisted of the following at:

	9/30/2006	6/30/2006
Venture agreement net terminal obligation	$ 261	$ 261
Retirement healthcare benefits	84	88
Qualified and nonqualified pension plans	49	49
Nonqualified deferred compensation plans	55	50
Environmental remediation	26	27
Long-term disability post-employment obligation	26	24
Other	48	48
Total	$ 549	$ 547

NOTE 6. NET EARNINGS PER COMMON SHARE

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

	Weighted Average Number of Common Shares Outstanding for the Three Months Ended	
	9/30/2006	9/30/2005
Basic	151,143	150,835
Stock options, restricted stock awards and other	2,425	2,047
Diluted	153,568	152,882

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

	Three Months Ended	
	9/30/2006	9/30/2005
Stock options	1,361	1,539
Performance units	135	749

During the three months ended September 30, 2006 and 2005, the Company issued 872,276 and 628,598 shares of common stock, respectively, pursuant to stock option exercises, restricted stock awards, performance unit redemption and director fee distribution.

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	
	9/30/2006	9/30/2005
Net earnings	$ 112	$ 109
Other comprehensive gains (losses), net of tax		
Foreign currency translation adjustments	11	11
Net derivative adjustments	(6)	5
Total comprehensive income	$ 117	$ 125

NOTE 8. 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:

	Retirement Income Plans for the Three Months Ended	
	9/30/2006	9/30/2005
Components of net periodic benefit cost (income):		
Service cost	$ 3	$ 3
Interest cost	7	6
Expected return on plan assets	(7)	(6)
Amortization of unrecognized items	2	4
Total net periodic benefit cost	$ 5	$ 7

The net periodic benefit cost for the Company's retirement health care plans was $1 for the three month periods ended September 30, 2006 and 2005.

NOTE 9. GUARANTEES

In conjunction with divestitures and other transactions, the Company may provide indemnifications relating to the enforceability of trademarks, pre-existing legal, tax, environmental and employee liabilities, as well as provisions for product returns and other items. The Company has indemnification agreements in effect that specify a maximum possible indemnification exposure. The Company's aggregate maximum exposure from these agreements is $291, which consists primarily of an indemnity of up to $250 made to Henkel in connection with the Share Exchange Agreement, subject to a minimum threshold of $12 before any payments would be made. The general representations and warranties made by the Company in connection with the Henkel Share Exchange Agreement were made to guarantee statements of fact at the time of the transaction closing and pertain to environmental, legal and other matters and have terms with varying expiration dates.

In addition to the indemnifications related to the general representations and warranties, the Company entered into an agreement with Henkel regarding certain tax matters. The Company made certain representations of fact as of the closing date of the exchange transaction and certain representations and warranties regarding future performance designed to preserve the tax-free status of the exchange transaction. In general, the Company agreed to be responsible for Henkel's taxes on the transaction if the Company's actions result in a breach of the representations and warranties in a manner that causes the share-exchange to fail to qualify for tax-free treatment. Henkel has agreed to similar obligations. The Company is unable to estimate the amount of maximum potential liability relating to the tax indemnification as the agreement does not specify a maximum amount, and the Company does not have the information that would be required to calculate this exposure. The Company does note, however, that the potential tax exposure, if any, could be very significant as the Company believes Henkel's tax basis in the shares exchanged is low, and the value of the subsidiary stock transferred to Henkel in the exchange transaction was approximately $2,800. Although the agreement does not specify an indemnification term, any exposure under the agreement would be limited to taxes assessed prior to the expiration of the statute of limitations period for assessing taxes on the share exchange transaction. Based on the nature of the representations and warranties as well as other factors, the Company has not accrued any liability under this indemnity.

The Company is a party to an $18 letter of credit issued to one of its insurance carriers.

The Company has not recorded any liabilities on any of the aforementioned guarantees at September 30, 2006.

NOTE 10. CONTINGENCIES

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations. The Company has a recorded liability of $26 and $27 at September 30, 2006 and June 30, 2006, respectively, for its share of the related aggregate future remediation cost. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounts for a substantial majority of the recorded liability at both September 30, 2006 and June 30, 2006. The Company is subject to a cost-sharing arrangement with another party for this matter, under which Clorox has agreed to be liable for 24.3% of the aggregate remediation and associated costs, other than legal fees, as the Company and the other party are each responsible for their own such fees. If the other party with whom Clorox shares joint and several liability is unable to pay its share of the response and remediation obligations, Clorox would likely be responsible for such obligations. In October 2004, the Company and the other party agreed to a consent judgment with the Michigan Department of Environmental Quality (MDEQ), which sets forth certain remediation goals and monitoring activities. Based on the current status of this matter, and with the assistance of environmental consultants, the Company maintains an undiscounted liability representing its best estimate of its share of costs associated with the capital expenditures, maintenance and other costs to be incurred over an estimated 30-year remediation period. The most significant components of the liability relate to the estimated costs associated with the remediation of groundwater contamination and excess levels of subterranean methane deposits. Currently, the Company cannot accurately predict the timing of the payments that will likely be made under this estimated obligation. In addition, the Company’s estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the timing, varying costs and alternative clean-up technologies that may become available in the future. Although it is possible that the Company’s exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

On August 4, 2006, a derivative action purportedly on behalf of the Company was filed in the Superior Court of California, Alameda County, against certain current and former directors and officers of the Company. Specifically, the plaintiff alleges, among other things, breach of fiduciary duties and waste of corporate assets. These allegations relate to the noncash compensation expense the Company recorded during the fourth quarter of fiscal year 2006, following a review of its stock option practices. The complaint demands, among other forms of relief, judgment in the form of monetary damages sustained by the Company as a result of such practices.

While there can be no assurance as to the ultimate disposition of this action, the Company does not believe that its resolution will have a material adverse effect on its financial position, results of operations or cash flows. Since the Company believes that the likelihood of sustaining material losses is remote, the Company has not accrued a liability at September 30, 2006.

The Company is also 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

Information regarding the Company's operating segments is shown below. Each segment is individually managed with separate operating results that are reviewed regularly by the chief operating decision makers. The operating segments include:

Household Group — North America: Includes U.S. bleach, cleaning, water-filtration, automotive-care and professional products; and all products marketed in Canada.

Specialty Group: Includes the plastic bags, wraps and containers businesses marketed in the United States; charcoal; cat litter; and food products.

International: Includes U.S. exports and operations outside the United States and Canada.

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

The table below represents operating segment information.

	Net Sales		Earnings (Losses) from Continuing Operations Before Income Taxes	
	Three Months Ended		Three Months Ended	
	9/30/2006	9/30/2005	9/30/2006	9/30/2005
Household Group — North America	$ 549	$ 524	$ 178	$ 170
Specialty Group	451	425	109	89
International	161	155	34	35
Corporate	—	—	(146)	(140)
Total Company	$ 1,161	$ 1,104	$ 175	$ 154

Net sales to the Company's largest customer, Wal-Mart Stores, Inc. and its affiliates, were 27% of consolidated net sales for each of the three month periods ended September 30, 2006 and 2005.

NOTE 12. SUBSEQUENT EVENT

In October 2006, the Company entered into an Information Technology Services Agreement (the Agreement) with a third-party service provider. Upon the terms and subject to the conditions set forth in the Agreement, the third party service provider will provide information technology and related services to the Company for a term of seven years. The total potential cost of the Agreement is approximately $260. The Agreement may be terminated and/or extended under specified conditions. Under certain circumstances, the Company will be obligated to pay a fee if the Agreement is terminated early.

In conjunction with implementing the Agreement, the Company will restructure certain Information Services (IS) activities. As a result, a number of IS positions will be eliminated. The Company expects to incur incremental administrative expenses and restructuring costs of approximately $22 during its fiscal year ending June 30, 2007, primarily associated with transition and severance costs. Approximately $3 of transition costs was recorded in administrative expense during the three months ended September 30, 2006, with approximately $9 of administrative and restructuring costs expected to be incurred in each of the second and third quarters of the Company's fiscal year ending June 30, 2007.

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

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Company's consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2006, which was filed with the Securities and Exchange Commission (SEC) on August 25, 2006, and the unaudited condensed consolidated financial statements and related notes contained in this quarterly report on Form 10-Q. Certain reclassifications were made in the prior period's results to conform to the current period's presentation.

Results of Operations

Management's discussion and analysis of the results of operations, unless otherwise noted, compares the three months ended September 30, 2006 (the current quarter), to the three months ended September 30, 2005 (the prior quarter), using percentages calculated on a rounded basis, except as noted.

	Three Months Ended			% of Net Sales	
	9/30/2006	9/30/2005	% Change	9/30/2006	9/30/2005
Diluted net earnings per common share from continuing operations	$ 0.73	$ 0.70	4%		
Net sales	$1,161	$1,104	5%	100.0%	100.0%
Gross profit	498	466	7	42.9	42.2
Selling and administrative expenses	153	144	6	13.2	13.0
Advertising costs	117	113	4	10.1	10.2
Research and development costs	26	23	13	2.2	2.1

Diluted net earnings per common share from continuing operations increased by $0.03 for the current quarter, as compared to the prior quarter. This increase was primarily driven by increased net sales and improved gross profit, partially offset by a higher effective tax rate.

Net sales increased by 5%, while volume decreased by 1% in the current quarter. The volume decline was primarily due to decreased shipments of Glad®, Kingsford® grilling products, auto-care and Brita® water-filtration products due to price increases, as anticipated. Also contributing to volume results was a decline in shipments of Glad® trash bags due to increased competitive activity. These were partially offset by increased shipments of home-care and cat litter products as well as shipments in Latin America. Net sales growth outpaced the change in volume primarily due to price increases.

Gross profit increased 70 basis points as a percentage of net sales in the current quarter. This increase was primarily driven by price increases and the benefit of cost savings, partially offset by increased commodity costs.

Selling and administrative expenses increased by 6% in the current quarter. The increase was driven primarily by higher compensation expense and legal fees and consulting fees, primarily associated with the Information Technology Services Agreement (see Restructuring and asset impairment costs section below).

Advertising costs increased by 4% in the current period. The increase was driven primarily by higher spending for new products and product improvements.

Research and development costs increased by 13% in the current period. This increase was primarily a result of increased compensation costs.

The Company did not incur ***Restructuring and asset impairment costs*** in the current quarter. However, in October 2006, the Company entered into an Information Technology Services Agreement (the Agreement) with a third-party service provider. Upon the terms and subject to the conditions set forth in the Agreement, the third-party service provider will provide information technology and related services to the Company for a term of seven years. The total potential cost of the Agreement is approximately $260. The Agreement may be terminated and/or extended under specified conditions. Under certain circumstances, the Company will be obligated to pay a fee if the Agreement is terminated early.

In conjunction with implementing the Agreement, the Company will restructure certain Information Services (IS) activities. As a result, a number of IS positions will be eliminated. The Company expects to incur incremental administrative expenses and restructuring costs of approximately $22 during its fiscal year ending June 30, 2007, primarily associated with transition and severance costs. Approximately $3 of transition costs was recorded in administrative expense during the current period, with approximately $9 of administrative and restructuring costs expected to be incurred in each of the second and third quarters of the Company's fiscal year ending June 30, 2007.

Interest expense decreased slightly from $30 in the prior quarter to $29 in the current quarter. This decrease was primarily due to reduced commercial paper borrowings in the current period, partially offset by higher interest rates.

The effective tax rate on continuing operations was 35.9% for the quarter ended September 30, 2006, as compared to 30.2% for the quarter ended September 30, 2005, on an unrounded basis. The lower rate in the prior quarter was principally due to releases of federal and state tax accruals due to tax settlements in fiscal year 2006.

Segment Results

The table below represents operating segment information:

	Net Sales		Earnings (Losses) from Continuing Operations Before Income Taxes	
	Three Months Ended		Three Months Ended	
	9/30/2006	9/30/2005	9/30/2006	9/30/2005
Household Group — North America	$ 549	$ 524	$ 178	$ 170
Specialty Group	451	425	109	89
International	161	155	34	35
Corporate	—	—	(146)	(140)
Total Company	$ 1,161	$ 1,104	$ 175	$ 154

Household Group — North America

The Household Group – North America reported 5% net sales growth, flat volume and 5% growth in earnings from continuing operations before income taxes in the current quarter as compared to the prior quarter. Net sales growth outpaced volume primarily due to the benefit of price increases taken on certain products in the laundry, home-care, auto-care and Brita ® water-filtration businesses. Increased shipments of Clorox ® disinfecting wipes, Clorox ® toilet-bowl cleaner and launches of new products were offset primarily by decreased shipments of laundry additives, Armor-All ® and STP ® auto-care, and Brita ® water-filtration products due to the anticipated impact of higher pricing. Growth in earnings from continuing operations before income taxes primarily reflected the benefit of price increases and cost savings, partially offset by higher commodity costs and higher advertising spending to support new product launches and established brands.

Specialty Group

The Specialty Group reported 6% net sales growth, a 2% volume decline and 22% growth in earnings from continuing operations before income taxes in the current quarter as compared with the prior quarter. Net sales growth outpaced the change in volume primarily due to the impact of price increases. The decline in volume primarily resulted from decreased shipments of Glad ® due to the anticipated impact of price increases and increased competitive activity, and decreased shipments of Kingsford ® grilling products due to the anticipated impact of price increases and lower consumption due to unfavorable weather. Partially offsetting the declines were increased shipments of Fresh Step ® scoopable cat litter, due to product improvements, and Hidden Valley ® salad dressings. Growth in earnings from continuing operations before income taxes primarily reflected the benefit of price increases and cost savings, partially offset by higher commodity costs.

International

The International segment reported 4% net sales growth, a 1% volume increase and 3% decline in earnings from continuing operations before income taxes as compared with the prior quarter. Net sales growth outpaced volume growth due to price increases in Latin America and favorable product mix, partially offset by unfavorable foreign exchange rates. Volume growth of 1% was primarily driven by increased shipments of home-care products in Latin America and new product launches. Increases were partially offset by lower volume in Australia due to the discontinuation of a non-strategic product. The decline in earnings from continuing operations before income taxes was primarily due to higher commodity and compensation costs, partly offset by price increases and cost savings.

Corporate

Losses from continuing operations before income taxes attributable to Corporate activities increased by 4% for the current quarter, as compared to the prior quarter. The increase was primarily due to increased compensation and consulting and legal costs primarily associated with our Information Technology Services Agreement (see Restructuring and asset impairment costs section above) in the current period.

Financial Condition, Liquidity and Capital Resources

Operating Activities

The Company's financial condition and liquidity remain strong as of September 30, 2006. Net cash provided by operations was $133 for the three months ended September 30, 2006, compared with $59 net cash used in operations in the comparable year-ago quarter. The increase in cash flows was primarily due to the $151 income tax settlement payment in the first quarter of fiscal year 2006. Also contributing to the increase were decreases in payments of accounts payable and accrued liabilities primarily due to the timing of payments, partially offset by an increase in inventories.

Working Capital

The Company's balance of working capital, defined in this context as total current assets net of total current liabilities, increased from June 30, 2006 to September 30, 2006, principally due to decreases in short-term borrowings, accrued liabilities and accounts payable, partially offset by a decrease in receivables. The $88 decrease in short-term borrowings was primarily due to the pay down of commercial paper balances enabled by improved operating cash flows. The $89 decrease in accrued liabilities and accounts payable was primarily driven by $61 of profit sharing and incentive compensation payments and a net decrease of $21 in accrued interest on long-term debt due to the timing of payments. These working capital changes were partially offset by a $61 decrease in receivables, driven by the seasonality of sales in the charcoal and food categories.

Investing Activities

Capital expenditures were $31 during the three months ended September 30, 2006, compared to $37 in the comparable prior year period. Capital spending as a percentage of net sales was 2.6% during the three months ended September 30, 2006, compared to 3.3% during the three months ended September 30, 2005. Lower capital expenditures for the three months ended September 30, 2006, were driven primarily by additional investment related to charcoal manufacturing during the comparable prior year period.

Financing Activities

Net cash used for financing activities was $119 for the three months ended September 30, 2006, as compared with $78 net cash provided by financing activities in the comparable year-ago quarter. This decrease was primarily driven by the need for additional commercial paper issuance in the year-ago quarter to finance the income tax settlement discussed above.

Credit Arrangements

As of September 30, 2006, the Company had a $1,300 domestic credit agreement, $165 of which expires in December 2009 with the remainder expiring in December 2010. There were no borrowings under this credit agreement, which is available for general corporate purposes and to support commercial paper issuances. In addition, the Company had $49 of foreign working capital credit lines and other facilities at September 30, 2006, of which $23 was available for borrowing. The Company is in compliance with all restrictive covenants and limitations as of September 30, 2006. The Company does not anticipate any problems in securing future credit agreements.

Share Repurchases

The Company has three share repurchase programs: two open market programs authorized by the board of directors in 2002 and 2003, and a program to offset the impact of share dilution related to share-based awards (evergreen program). The 2002 open market program is currently subject to a price cap of $65.00 per share and has $68 remaining authorized for repurchase; the 2003 open market program is currently subject to a price cap of $55.00 per share and has $700 remaining authorized for repurchase. There were no repurchases under the open market programs during the three month periods ended September 30, 2006 and 2005.

During the three month period ended September 30, 2006, the Company acquired 0.3 million shares of its common stock at a total cost of $20 under the evergreen program. In fiscal year 2007, the Company plans to repurchase approximately 2 to 3 million shares under this program to offset the impact of share dilution from the expected number of annual stock option exercises.

During the three month period ended September 30, 2005, the Company acquired 1.6 million shares of its common stock at a total cost of $90 under the evergreen program.

Guarantees

In conjunction with divestitures and other transactions, the Company may provide indemnifications relating to the enforceability of trademarks, pre-existing legal, tax, environmental and employee liabilities, as well as provisions for product returns and other items. The Company has indemnification agreements in effect that specify a maximum possible indemnification exposure. The Company's aggregate maximum exposure from these agreements is $291, which consists primarily of an indemnity of up to $250 made to Henkel KGaA (Henkel) in connection with the Share Exchange Agreement, subject to a minimum threshold of $12 before any payments would be made. The general representations and warranties made by the Company in connection with the Henkel Share Exchange Agreement were made to guarantee statements of fact at the time of the transaction closing and pertain to environmental, legal and other matters and have terms with varying expiration dates.

In addition to the indemnifications related to the general representations and warranties, the Company entered into an agreement with Henkel regarding certain tax matters. The Company made certain representations of fact as of the closing date of the exchange transaction and certain representations and warranties regarding future performance designed to preserve the tax-free status of the exchange transaction. In general, the Company agreed to be responsible for Henkel's taxes on the transaction if the Company's actions result in a breach of the representations and warranties in a manner that causes the share-exchange to fail to qualify for tax-free treatment. Henkel has agreed to similar obligations. The Company is unable to estimate the amount of maximum potential liability relating to the tax indemnification as the agreement does not specify a maximum amount, and the Company does not have the information that would be required to calculate this exposure. The Company does note, however, that the potential tax exposure, if any, could be very significant as the Company believes Henkel's tax basis in the shares exchanged is low, and the value of the subsidiary stock transferred to Henkel in the exchange transaction was approximately $2,800. Although the agreement does not specify an indemnification term, any exposure under the agreement would be limited to taxes assessed prior to the expiration of the statute of limitations period for assessing taxes on the share exchange transaction. Based on the nature of the representations and warranties as well as other factors, the Company has not accrued any liability under this indemnity.

The Company is a party to a $18 letter of credit issued to one of its insurance carriers.

The Company has not recorded any liabilities on any of the aforementioned guarantees at September 30, 2006.

Contingencies

The Company is involved in certain environmental matters, including Superfund and other response actions at various locations. The Company has a recorded liability of $26 and $27 at September 30, 2006 and June 30, 2006, respectively, for its share of the related aggregate future remediation cost. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounts for a substantial majority of the recorded liability at both September 30, 2006 and June 30, 2006. The Company is subject to a cost-sharing arrangement with another party for this matter, under which Clorox has agreed to be liable for 24.3% of the aggregate remediation and associated costs, other than legal fees, as the Company and the other party are each responsible for their own such fees. If the other party with whom Clorox shares joint and several liability is unable to pay its share of the response and remediation obligations, Clorox would likely be responsible for such obligations. In October 2004, the Company and the other party agreed to a consent judgment with the Michigan Department of Environmental Quality (MDEQ), which sets forth certain remediation goals and monitoring activities. Based on the current status of this matter, and with the assistance of environmental consultants, the Company maintains an undiscounted liability representing its best estimate of its share of costs associated with the capital expenditures, maintenance and other costs to be incurred over an estimated 30-year remediation period. The most significant components of the liability relate to the estimated costs associated with the remediation of groundwater contamination and excess levels of subterranean methane deposits. Currently, the Company cannot accurately predict the timing of the payments that will likely be made under this estimated obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the timing, varying costs and alternative clean-up technologies that may become available in the future. Although it is possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

New Accounting Standards

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of Financial Accounting Standards Board Statement No. 109* . This Interpretation prescribes a consistent recognition threshold and measurement standard, as well as clear criteria for subsequently recognizing, derecognizing, classifying and measuring tax positions for financial statement purposes. The interpretation also requires expanded disclosure with respect to uncertainties as they relate to income tax accounting. FIN 48 will be adopted by the Company no later than the beginning of its fiscal year ending June 30, 2008, as required. Management is currently evaluating the impact of FIN 48 on its consolidated financial statements. The cumulative effect of the interpretation will be reflected as an adjustment to beginning retained earnings upon adoption.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* . This Statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. This Statement will be adopted by the

Company beginning in its fiscal year ending June 30, 2009, as required. The Company is currently evaluating the impact of SFAS No. 157 on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132-R.* SFAS No. 158 requires an entity to recognize in its balance sheet the funded status of its defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation. SFAS No. 158 also requires an entity to recognize changes in the funded status of a defined benefit postretirement plan within accumulated other comprehensive income, to the extent such changes are not recognized in earnings as components of net periodic benefit cost. The Company is required to adopt SFAS No. 158 as of the end of its fiscal year ending June 30, 2007, and is currently evaluating the impact of the provisions of SFAS No. 158.

In August 2006, the Pension Protection Act (the Act) was signed into law. The provisions of the Act, which include higher minimum funding levels for qualified pension plans, will become effective for the Company's plan year ending on June 30, 2008. Although the fair value of the Company's domestic qualified pension plan's assets was in excess of its projected benefit obligation as of its last valuation on June 30, 2006, the provisions of the Act could potentially impact the Company's funding plans.

Cautionary Statement

Except for historical information, matters discussed above, including statements about future volume, sales, costs, cost savings, earnings, cash outflows, plans, objectives, expectations, growth, or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," and variations on such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed above. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, as updated from time to time in the Company's SEC filings. These factors include, but are not limited to, general economic and marketplace conditions and events; competitors' actions; the Company's costs, including changes in exposure to commodity costs such as resin, diesel and chlor-alkali; increases in energy costs; consumer and customer reaction to price increases; customer-specific ordering patterns and trends; the Company's actual cost performance; changes in the Company's tax rate; any future supply constraints which may affect key commodities; risks inherent in sole-supplier relationships; risks related to customer concentration; risks arising out of natural disasters; risks inherent in litigation, including the litigation relating to the cumulative charge resulting from additional stock option compensation expenses relating to prior periods; international operations; risks inherent in maintaining an effective system of internal controls; the ability to manage and realize the benefit of joint ventures and other cooperative relationships, including the Company's joint venture regarding the Company's Glad ® plastic bags, wraps and containers business, and the agreement relating to the provision of information technology and related services by a third party; the success of new products; the integration of acquisitions and mergers; the divestiture of non-strategic businesses; the implementation of the Company's strategy; and the ability of the Company to successfully manage tax, regulatory, product liability, intellectual property, environmental and other legal matters, including the risk resulting from joint and several liability for environmental contingencies. In addition, the Company's future performance is subject to risks particular to the share exchange transaction with Henkel KGaA, including the sustainability of cash flows, the tax indemnification obligations and the actual level of debt costs. Declines in cash flow, whether resulting from tax payments, debt payments, share repurchases, interest cost increases greater than management expects, or otherwise, could adversely affect the Company's earnings.

The Company's forward-looking statements in this document are and will be based on management's then current views and assumptions regarding future events and speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Although the Company has taken a number of measures, including price increases, to respond to the economic conditions that have led to increased raw-material and energy costs, there have not been any material changes to the Company's market risk during the three months ended September 30, 2006. For additional information, refer to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2006.

Item 4. Controls and Procedures

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

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PART II – OTHER INFORMATION (Unaudited)

Item 1.A. Risk Factors

For information regarding Risk Factors, please refer to Item 1.A. in the Company's Annual Report on Form 10-K for the year ended June 30, 2006.

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 2007.

Period	[a] Total Number of Shares (or Units) Purchased(1)	[b] Average Price Paid per Share (or Unit)	[c] Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	[d] Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs(2)
July 1 to 31, 2006	358	$59.45	—	$767,723,099
August 1 to 31, 2006	330,440	$59.29	330,440	$767,723,099
September 1 to 30, 2006	22,293	$63.37	—	$767,723,099

(1) The shares purchased in July 2006 relate entirely to the surrender to the Company of shares of common stock to satisfy withholding obligations in connection with the vesting of restricted stock granted to employees. The shares purchased in August 2006 were acquired pursuant to the share repurchase program to offset the potential impact of dilution resulting from the exercise of stock options, which the Company announced on September 1, 1999, and the board of directors extended on November 15, 2005. Of the 22,293 shares purchased in September 2006, 21,390 relate to the surrender to the Company of shares of common stock to satisfy withholding obligations in connection with the vesting of restricted stock granted to employees. The remaining 903 shares purchased were surrenders to the Company of already-owned shares of common stock to pay the exercise price or to satisfy tax withholding obligations in connection with the exercise of employee stock options.

(2) The board of directors approved a $500,000,000 share repurchase program on August 7, 2001, all of which has been utilized; a $500,000,000 share repurchase program on July 17, 2002, of which $67,723,099 remains available for repurchases; and a $700,000,000 share repurchase program on July 16, 2003, all of which remains available for repurchases. The July 17, 2002 program is limited to share repurchases at prices not to exceed $65.00 per share. The July 16, 2003 program is limited to share repurchases at prices not to exceed $55.00 per share. On September 1, 1999, the Company also 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 caps on the price per share or total dollars to be repurchased 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

3.1	Bylaws (restated) of the Company (filed as Exhibit 3.1 to the Report on Form 8-K, filed September 25, 2006, incorporated herein by reference).
10.1	Amendment Number One to The Clorox Company 2005 Stock Incentive Plan.
10.2	Form of Nonqualified Stock Option Award Agreement under the Company’s 2005 Stock Incentive Plan.
10.3	Employment Agreement between The Clorox Company and Donald R. Knauss, dated August 25, 2006.
10.4	Change in Control Agreement between The Clorox Company and Donald R. Knauss, dated August 25, 2006.
10.5	Schedule of Non-Management Director Compensation (filed as Exhibit 99.1 to the Report on Form 8-K, filed September 25, 2006, incorporated herein by reference).
10.6	Schedule of Named Executive Officer Compensation (filed as Exhibit 99.2 to the Report on Form 8-K, filed September 25, 2006, incorporated herein by reference).
10.7	Summary of Benefits (filed as Exhibit 10.1 to the Report on Form 8-K, filed July 24, 2006, incorporated herein by reference).
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.

SIGNATURE

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

THE CLOROX COMPANY
(Registrant)

DATE: November 3, 2006

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

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EXHIBIT INDEX

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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.

Exhibit 10.1

**AMENDMENT NUMBER ONE
TO THE
THE CLOROX COMPANY
2005 STOCK INCENTIVE PLAN**

The Board of Directors of The Clorox Company has amended The Clorox Company 2005 Stock Incentive Plan (the "Plan") as follows:

1. Effective September 19, 2006, the definition of "Fair Market Value" in the Glossary of Defined Terms of the Plan is hereby amended by deleting such definition and replacing it with the following:

   " 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 National 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 Small Cap 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.

2. Except as expressly herein amended, the provisions of the Plan shall remain in full force and effect.

All provisions of the Plan not specifically mentioned in this Amendment shall be considered modified to the extent necessary to be consistent with the changes made in this Amendment.

Exhibit 10.2

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	
OPTIONS GRANTED	
GRANT CODE	
EXERCISE PER SHARE	
DATE OF GRANT	
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 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.

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). 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, except as provided in subparagraph iii below;

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.

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 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.

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.

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 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.

c. No Interference or Solicitation . 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, s/he shall not, for himself/herself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to Conflicting Products, or interference with any of its suppliers or customers (collectively, “Interfere”), or (ii) solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of such person’s employment and for a period of one year after the termination of such person’s employment with the Company 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 Interfere or 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.

d. 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, 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.

7. 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 . This Agreement shall be governed by, and construed in accordance with, 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 Agreement to the substantive law of another jurisdiction.

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 as if such illegal or invalid provision had not been included.

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.

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:

Title: Chairman 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). 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, WITH OR WITHOUT CAUSE.

The Optionee acknowledges that a copy of the Plan, Plan Information and the Company's Annual Report and Proxy Statement for the fiscal year ended June 30, 2005 (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 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:

____

____

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS AGREEMENT, dated August 25, 2006, is between THE CLOROX COMPANY, a Delaware corporation (the "Company"), and Donald R. Knauss (the "Executive").

RECITAL

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

TERMS OF AGREEMENT

1. Term of Employment .

(a) Basic Term . The term of this Agreement shall commence on the Executive's first day of employment with the Company, which date is to be determined but which shall not be later than December 1, 2006 (the "Effective Date") and end upon the earliest of (such ending date, the "Date of Termination") (i) the third anniversary thereof, as and to the extent extended under Section 1(b) (the "Term Date"), (ii) the date upon which the Executive's employment is terminated in accordance with Section 4, and (iii) the first day of the month following the Executive's 65th birthday. In the event that the Executive's employment with the Company does not begin on or before December 1, 2006, this Agreement shall be null and void.

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

(c) Certain Definitions .

(i) The "Average Annual Bonus" shall mean the average annual incentive bonus that the Executive received for the three (3) completed fiscal years immediately preceding the Date of Termination, or the average annual incentive bonus that the Executive received for the actual number of completed fiscal years immediately preceding the Date of Termination if less than three (3), under the Company's Annual Incentive Plan ("AIP Plan") and/or the Company's Executive Incentive Compensation Plan ("EIC Plan"), provided that the First Year Bonus Target shall be used in the event that the termination of the Executive's employment occurs prior to the date that the Executive receives (or is entitled to receive, together with other senior executives if earlier) his annual bonus, if any, for the fiscal year ending June 30, 2007.

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

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

2. Position; Duties; Responsibilities .

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

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

3. Salary; Incentive Compensation; Benefits; Expenses .

(a) Salary . In consideration of the services to be rendered hereunder, including, without limitation, services to any affiliate of the Company (an “Affiliated Company”), the Executive shall be paid a base salary at the annual rate of $950,000 (“Annual Base Salary”), payable at the times and pursuant to the procedures regularly established, and as they may be amended, by the Company during the course of this Agreement. The Annual Base Salary shall be reviewed periodically for increase (or decrease to the extent permitted hereunder) in accordance with the Company's regular administrative practice for adjusting salaries of the "Executive Officers" (*i.e.* , the Executive and the other members of the Management Executive Committee). Thereafter, "Annual Base Salary" shall mean such annual base salary rate as so increased (or decreased) from time to time. The Company may reduce the Executive's Annual Base Salary only if the annual base salaries of all other Executive Officers of the Company are at the same time being similarly reduced and if the percentage of reduction of the Executive's Base Salary does not exceed that of any other Executive Officer.

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

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

(ii) The Executive shall be eligible to receive an annual incentive bonus as determined in accordance with the terms and conditions of the EIC Plan and/or AIP Plan with a Bonus Target of 115% of the Executive's Annual Base Salary for the applicable year and a maximum bonus equal to not less than 200% of his Bonus Target for the applicable year. Notwithstanding the foregoing, the Executive's actual bonus for the fiscal year ending June 30, 2007 shall not be less than the Bonus Target (the "Guaranteed Bonus"); provided , however , that, if the Effective Date is after November 1, 2006, the Guaranteed Bonus shall be prorated based upon the portion of the fiscal year ending June 30, 2007 during which the Executive was employed by the Company.

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

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

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

(c) Sign-On Bonus . The Company shall pay to the Executive no later than ten (10) days following the Effective Date a lump sum cash sign-on bonus of $500,000.

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

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

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

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

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

(B) the Executive shall be fully vested at all times in the Replacement SERP benefit;

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

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

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

(g) Relocation and Housing Expenses.

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

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

(h) Business and Legal Expenses . The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by the Executive in the performance of his duties hereunder in accordance with the Company's general policies, as they may be amended from time to time during the course of this Agreement. In addition, the Company will pay all of the legal fees and other expenses incurred by the Executive in connection with the negotiation and drafting of this Agreement (and all related agreements hereunder) in an amount not to exceed $40,000, subject to the Executive's presentation of receipts and/or invoices as may be reasonably required by the Company, and, if necessary, the Company shall pay to the Executive tax gross-up payments so that the Executive incurs no net amount after payment of all applicable income and employment taxes in excess of the amount so paid by the Company for such legal fees and expenses.

(i) Automobile . The Executive shall be provided with an automobile or a monthly automobile allowance of $1,100 per month, plus parking and a cellular phone.

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

(k) Change in Control . As of the Effective Date, the Company and the Executive will enter into a Change in Control Agreement having such terms and conditions as they have negotiated and agreed.

4. Termination of Employment .

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

(b) By Disability. Should the Executive begin to receive benefits under the Company's Long Term Disability Plan, the Executive's employment may terminate at the Company's option. If the Company so elects, the Company shall pay the salary to which the Executive is entitled pursuant to Section 3(a) through the Date of Termination, and in lieu of any AIP and EIC Plan award under Section 3(b) for the fiscal year in which termination occurs, the Company shall pay the Executive a pro rata portion (through the Date of Termination) of the Executive's Bonus Target for the fiscal year of the termination. The Company shall also pay the Executive any accrued vacation through the Date of Termination and any prior completed fiscal year's earned and unpaid annual incentive bonus. In addition, all restricted stock units and stock options granted pursuant to Section 3(b) shall immediately vest upon the date of such termination of the Executive's employment, and such stock options will remain exercisable for one (1) year after the date of such termination of the Executive's employment, subject to the earlier expiration of the term of such stock option. All other equity and other LTC Program awards shall be governed by the applicable terms of award under which they were granted. Except as otherwise specifically provided under this Agreement, thereafter the Company's obligations hereunder shall terminate.

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

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

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

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

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

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

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

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

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

(iii) Termination by the Executive For Good Reason. The Executive may terminate his employment for Good Reason at any time. If the Executive terminates his employment for Good Reason, the severance payment provisions of Section 6 shall apply and the Company shall have no additional liability. Termination by the Executive shall be for Good Reason if:

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

(B) the Company fails to comply with any of the provisions of Section 3 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(C) the Company requires the Executive to be based at any office or location more than 40 miles outside the Oakland, California metropolitan area;

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

(E) the Company fails to obtain from any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company the express assumption and agreement to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Notwithstanding the above, a failure by the Company's stockholders to elect the Executive to the Board shall not constitute Good Reason, but a failure by the Board to appoint the Executive to the Board as of the Effective Date or to thereafter nominate the Executive to the Board at any time shall constitute Good Reason.

(iv) Termination Due to Executive's Retirement . The Executive may terminate his employment upon giving at least three (3) months' notice to the Company, provided that he is vested in his accrued benefit pursuant to the Company SERP upon the Date of Termination. Such a termination constitutes "Retirement" for purposes of this Agreement. Upon the Executive's Retirement, the Company shall pay the Executive the salary and accrued vacation to which he is entitled pursuant to Section 3(a) and 3(f) through the last day of his employment. The Executive also shall receive any prior completed fiscal year's earned and unpaid annual incentive bonus. In addition, the Executive shall be entitled to receive a pro rata portion calculated upon the portion of the fiscal year during which the Executive was employed of the Executive's AIP and/or EIC Plan award for the fiscal year of his Retirement. The award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to employed executives. The award will be a percentage of the Executive's AIP and/or EIC Plan Bonus Target award for that fiscal year based upon the application of the overall corporate results factor and the division and/or functional results factor, if applicable, of the AIP and/or EIC Plan award calculation matrix. The award will not be based on any personal objectives factor; thus, the individual modifier to be applied to the corporate and business and/or functional results, if any, will be calculated at 100%.

(v) Termination of Employment Following Notice of Non-Renewal . In the event the Executive's employment is terminated for any reason upon expiration of the Agreement or thereafter following a notice of non-renewal by either party pursuant to Section 1(b), the

Company shall pay the Executive the salary and accrued vacation to which he is entitled pursuant to Section 3(a) and Section 3(f) through the date of such termination of the Executive's employment, and, except as otherwise specifically provided under this Agreement, thereafter the Company's obligations hereunder shall terminate. In the event that the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason (during the term of this Agreement or thereafter) at any time following the issuance by the Company to the Executive of a notice of non-renewal pursuant to Section 1(b) that is effective on the third anniversary of the Effective Date, 5,875 restricted stock units of the unvested portion of the restricted stock units granted pursuant to 3(b)(iii)(A) and 15,250 unvested stock options of the unvested portion of the stock options granted pursuant to Section 3(b)(iii)(B) shall immediately vest. In the event that the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason (during the term of this Agreement or thereafter) at any time following the issuance by the Company to the Executive of a notice of non-renewal pursuant to Section 1(b) that is effective at any time provided thereunder, 61,000 vested stock options awarded pursuant to Section 3(b)(iii)(B) will remain exercisable for three (3) years after the Date of Termination, subject to the earlier expiration of the term of such stock options. The remaining vested portion of such stock option grant will remain exercisable for one (1) year after the Date of Termination, subject to earlier expiration of the term of such stock options. For the purposes of the preceding three sentences, for the avoidance of doubt, a termination of the Executive's employment by the Company on the Term Date pursuant to a Company notice of non-renewal under Section 1(b) shall be a termination by the Company without Cause. The Executive shall not be entitled to any AIP and EIC Plan award pursuant to Section 3(b) for the fiscal year in which his employment terminates pursuant to this Section 4(d)(v).

(e) Termination Obligations .

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

(ii) Upon termination of his employment, the Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any Affiliated Company, and will execute a letter of resignation if requested.

(iii) The Executive's obligations under Sections 4(e), 5, 7 and 14, and the Company's obligations under Sections 3(c), 3(d) (in accordance with the terms of the applicable plan), 3(e), 3(g), 3(j), 4, 6, 14, 16 and this Section 4(e)(iii), and the Executive's entitlement to payment or reimbursement of his business expenses incurred in accordance with Section 3(h) through the Date of Termination, shall survive termination of the Executive's employment and the expiration of this Agreement.

5. Post Termination Obligations .

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

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

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

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

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

6. Severance Payments; Requirement of Mitigation; Release .

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

(i) Salary Component .

Payment, promptly after termination, of a lump sum amount equal to the product of (A) three (3) and (B) the Executive's Annual Base Salary on the Date of Termination.

(ii) AIP and EIC Plan Components .

(A) Payment, promptly after termination, of a lump sum amount equal to the product of (A) three (3) and (B) 75% of his Average Annual Bonus.

(B) A pro rata portion calculated upon the portion of the fiscal year during which the Executive was employed of the Executive's AIP and/or EIC Plan award for the fiscal year in which the Executive's employment terminated. The prorated award will be paid after the close of the fiscal year at the same time that AIP and EIC Plan award payments are made to then employed executives. The award will be a percentage of the Executive's AIP and/or EIC Plan target award for such fiscal year based upon the application of the overall corporate results factor and the division and/or functional results factor, if applicable, of the AIP and/or EIC Plan award calculation matrix. The award will not be based on any personal objectives factor; thus, the individual modifier to be applied to the corporate and business and/or functional results, if any, will be calculated at 100%.

(iii) Medical/Dental Plans Component .

(A) Continuation for a period of three (3) years on the same basis as an employee of the Company of the right to participate in any Medical and/or Dental Benefit Plans as and if offered by the Company to its salaried employees. The Executive shall not participate in any other Company sponsored welfare benefit plans after the termination of employment.

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

(iv) LTC Program Component .

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

(B) If the Executive does not elect or is not eligible to elect to commence benefits under the Company SERP pursuant to (iv)(A) above, then for purposes of all LTC Program awards, he will be deemed to have terminated employment on the day prior to his termination date. Whether any LTC Program award is forfeited in such a case will be determined by the terms of the award and the plan pursuant to which it was awarded.

(C) Notwithstanding the foregoing, the Executive shall become immediately vested in unvested restricted stock units granted pursuant to 3(b)(iii)(A) and unvested stock options granted pursuant to Section 3(b)(iii)(B) as follows:

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

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

(v) Automobile Component .

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

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

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

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

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

7. Successors .

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

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

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

8. Notices. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand upon receipt, or if mailed, three (3) business days after having been mailed, postage prepaid, by certified or registered mail, return receipt requested, and addressed to the Company at:

If to the Company:

The Clorox Company
1221 Broadway
Oakland, CA 94612
Attn: General Counsel

If to the Executive:

To the residence address for the Executive last shown on the Company's payroll records.

Notice of change of address shall be effective only when done in accordance with this Section.

9. Entire Agreement. Together with the Change in Control Agreement, effective on the Executive's first day of employment with the Company, which date is to be determined but which shall not be later than December 1, 2006, between the Executive and the Company, the terms of this Agreement (and the restricted stock award agreement contemplated under Section 3(a)(ii)(A) and the stock option award agreement contemplated under Section 3(a)(ii)(B)) are intended by the parties to be the final expression of their agreement with respect to the employment of the Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement (and such restricted stock award agreement and such stock option award agreement) and said Change in Control Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Change in Control Agreement and this Agreement (and such restricted stock award agreement and such stock option award agreement) supersede any prior agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

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

11. Severability; Enforcement . The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

12. Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

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

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

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

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

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

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

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

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

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

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

The Company:
THE CLOROX COMPANY

/s/ Robert W. Matschullat
By: Robert W. Matschullat
Its: Interim Chairman and Interim Chief Executive Officer

The Executive:
/s/ Donald R. Knauss

EXHIBIT

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 "Employee"). Employer and Employee agree as follows:

1. Employee's regular employment with Employer will terminate as of ___________, 20___. Employee is ineligible for reemployment or reinstatement with Employer.

2. Upon Employee's acceptance of the terms set forth herein, the Employer agrees to provide the Employee with compensation and benefits set forth in Section 6 of the Employment Agreement between Employee and the Employer effective as of ___________, 2006 ("Employment Agreement"), a copy of which is attached as the first Exhibit to this General Release. A complete description of those benefits is attached as the second Exhibit to this General Release.

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

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

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

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

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

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

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

Employee

Dated:

THE CLOROX COMPANY

By:

Dated:

Exhibit 10.4

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (the “Agreement”) effective August 25, 2006, is between THE CLOROX COMPANY, a Delaware corporation (the “Company”) and Donald Knauss (the “Executive”).

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

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Certain Definitions .

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

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

(c) The “Separation Period” shall mean the period from the Date of Termination through the third anniversary of the Date of Termination.

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

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

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

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

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

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30%, of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) 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”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, including any acquisition which by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason 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, 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; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

3. Employment Period .

(a) This Agreement shall become effective on the Effective Date. Before the Effective Date, the terms and conditions of the Executive’s employment shall be as set forth in the Employment Agreement between the Executive and the Company dated of even date herewith (the “Current Agreement”) during the term thereof. From and after the Effective Date, this Agreement shall supersede the Current Agreement and any other agreement between the parties with respect to the subject matter hereof. Notwithstanding the foregoing, in the event that the Executive’s employment with the Company does not begin on or before December 1, 2006, this Agreement shall be null and void.

(b) The Company agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the earlier of the second anniversary of such date or the first day of the month following the Executive’s 65th birthday (the “Employment Period”).

4. Terms of Employment.

(a) Position and Duties.

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

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

(b) Compensation.

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

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall have the opportunity to earn, for each fiscal year ending during the Employment Period, an Annual Bonus in cash at least equal to the highest Annual Bonus the Executive had the opportunity to earn for any of the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans.

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

B. With respect to any unvested restricted stock units and stock options granted to the Executive in Section 3(b) of the Current Agreement prior to the Effective Date, in the event the continuing entity does not assume or replace such awards with equivalent value awards upon a Change in Control, such awards shall immediately vest upon the Effective Date (provided that the Executive shall participate in such Change in Control respecting such fully vested awards).

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

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

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

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

(viii) Vacation . During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, to the extent of the more favorable, if either is more favorable, to the Executive, (x) five (5) weeks per year or (y) as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

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

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

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

(1) final average compensation for purposes of the Replacement SERP shall include the actual Annual Base Salary and bonuses paid by the Company to the Executive and, to the extent needed to obtain five years of consecutive annual compensation, the Executive's actual annual base salary and bonuses paid by The Coca-Cola Company prior to the Executive's retirement;

(2) the Executive shall be fully vested at all times in the Replacement SERP benefit;

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

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

(x) Relocation and Housing Expenses . The Executive shall be entitled to the full benefit of the provisions of Section 3(g) of the Current Agreement, to the extent not paid or provided prior to the Effective Date.

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

5. Termination of Employment .

(a) Death or Disability . The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, “Disability” shall mean the absence of the Executive from the Executive’s duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive’s legal representative.

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

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

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

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

(c) Good Reason . The Executive’s employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, “Good Reason” shall mean:

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

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

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

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

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

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

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive.

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

(e) Date of Termination . "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination and (iii) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination .

(a) By the Executive for Good Reason; or by the Company Other Than for Cause, Death or Disability . If, during the Employment Period, the Company shall terminate the

Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

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

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Average Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid and in full satisfaction of the rights of the Executive thereto (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) three (3) and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Average Annual Bonus; and

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

(ii) for the Separation Period, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families (in each case with such contributions by the Executive as would have been required had the Executive's employment not been terminated); provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility, and for purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed during the Separation Period and to have retired on the last day of such period. The Separation Period shall not be subtracted from the period of months for which the Executive is eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985;

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

(iv) the Executive shall be entitled to purchase the Company-leased automobile, if any, being used by the Executive prior to termination at the "buyout amount" specified by the vehicle's lessor.

(v) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

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

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

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

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

(d) Cause; Other than for Good Reason . If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits and the Executive's vested and outstanding stock options granted pursuant to Section 3(b)(iii)(B) of the Current Agreement shall remain exercisable for one (1) year after the Date of Termination, subject to the earlier expiration of the term of such stock option. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

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

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

9. Certain Additional Payments by the Company .

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments, provided, however, that a Gross-Up Payment shall only be made in the event that application of the gross-up feature would result in the Executive receiving total after-tax Payments of at least one hundred five percent (105%) of the benefits the Executive would be entitled to receive without becoming subject to the tax imposed by Section 4999 of the Code (“Maximum Amount”). In the event that a Gross-Up Payment under this Agreement would result in total after-tax Payments of less than one hundred five percent (105%) of the Maximum Amount, the Executive’s Payments shall be capped at the Maximum Amount. If the Payments become subject to the cap described above, the amount due to the Executive under Sections 6(a)(i)A, 6(a)(i)B or 6(a)(i)C (cash Payments) shall be reduced initially; thereafter, the Management Development and Compensation Committee of the Company’s Board shall determine how the Payments subject to the cap shall be paid.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other certified public accounting firm as may be designated by the Executive (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the

Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five (5) days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

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

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

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

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

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

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

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

10. Post Termination Obligations .

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

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

(c) Non-Solicitation and Non-Raiding . To forestall the disclosure or use of Proprietary Information in breach of Section 10(b), and in consideration of this Agreement, Executive agrees that for a period of two (2) years after termination of his employment, he shall not, for himself or any third party, directly or indirectly (i) divert or attempt to divert from the Company (or any of its affiliated companies) any business of any kind in which it is engaged, including, without limitation, the solicitation of its customers as to products which are directly competitive with products sold by the Company at the time of the Executive's termination, or interference with any of its suppliers or customers, or (ii) solicit for employment any person employed by the Company, or by any of its affiliated companies, during the period of such person's employment and for a period of three months after the voluntary termination of such person's employment with the Company.

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

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

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

11. Successors .

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

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

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

12. Miscellaneous .

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

To the residence address for the Executive last shown on the Company's payroll records.

If to the Company:

The Clorox Company
1221 Broadway
Oakland, California 94612
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

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

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

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

(f) Together with the Current Agreement (and the restricted stock unit agreement contemplated under Section 3(a)(ii)(A) and the stock option award agreement contemplated under Section 3(a)(ii)(B) thereunder), the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment of Executive by the Company and may not be contradicted by evidence of any prior or contemporaneous agreement. The parties further intend that this Agreement and the Current

Agreement (and such restricted stock unit and stock option award agreements thereunder) shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving either Agreement. The Current Agreement (and such restricted stock unit and stock option award agreements thereunder) and this Agreement supersede any prior agreements, written or oral, between the Company and the Executive concerning the terms of his employment.

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

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

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

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

16. Code Section 409A . To the extent applicable, it is intended that this Agreement and any payment made hereunder shall comply with the requirements of Section 409A of the 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 ("Code Section 409A"). Any provision that would cause the Agreement or any payment hereof to fail to satisfy Code Section 409A shall have no force or effect until amended to the minimum extent required to comply with Code Section 409A, which amendment may be retroactive to the extent permitted by Code Section 409A.

17. Indemnification . The Company agrees to indemnify the Executive and hold him harmless to the fullest extent permitted by the Company's certificate of incorporation, bylaws

and applicable law against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses, losses, and damages resulting from the Executive's good faith performance of his duties and obligations with the Company. The Company shall insure the Executive under any contract of directors and officers liability insurance, insuring members of the Board, during his employment and tenure as a Board member and thereafter for so long as he may be subject to liability for such acts or omissions in the performance of his duties and obligations to the Company.

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

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

THE CLOROX COMPANY The Company		EXECUTIVE
By:	/s/ Robert W. Matschullat	/s/ Donald R. Knauss
Name:	Robert W. Matschullat	(Executive)
Title:	Interim Chairman and Interim Chief Executive Officer	

Exhibit 31.1

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.

November 3, 2006

/s/ Donald R. Knauss

Donald R. Knauss
Chairman and Chief Executive Officer

Exhibit 31.2

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, 2006

/s/ Daniel J. Heinrich

Daniel J. Heinrich
Senior Vice President — Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-Q for the period ended September 30, 2006 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, 2006.

/s/ Donald R. Knauss

Donald R. Knauss
Chairman and Chief Executive Officer

/s/ Daniel J. Heinrich

Daniel J. Heinrich
Senior Vice President — Chief Financial Officer