CLOROX CO /DE/
Form DEF 14A
October 02, 2009

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [x]
Filed by a Party other than the Registrant [_]

Check the appropriate box:
[_] Preliminary Proxy Statement
[_] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[x] Definitive Proxy Statement
[_] Definitive Additional Materials
[_] Soliciting Material Under Rule 14a-12

The Clorox Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
[x] No fee required.
[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

---

2) Aggregate number of securities to which transaction applies:
3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the
amount on which the filing fee is calculated and state how it was determined):
4) Proposed maximum aggregate value of transaction:

---

5) Total fee paid:
[_] Fee paid previously with preliminary materials:
[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which
the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or
schedule and the date of its filing.

---

1) Amount previously paid:

---

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

The Clorox Company

Notice of 2009 Annual Meeting, Proxy Statement and Annual Financial Statements

Annual Meeting of
Stockholders
November 18, 2009

THE CLOROX COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON NOVEMBER 18, 2009

The 2009 Annual Meeting of Stockholders (the Annual Meeting) of The Clorox Company, a Delaware corporation (Clorox or the Company), will be held at 9:00 a.m. Pacific time on Wednesday, November 18, 2009, at the San Ramon Marriott Hotel, 2600 Bishop Ranch Drive, San Ramon, CA 94583, for the following purposes:

1. To elect 11 directors to serve until the 2010 Annual Meeting;
2. To ratify the selection of Ernst & Young LLP as the Companys independent registered public accounting firm for the fiscal year ending June 30, 2010;
3. To consider and act upon one stockholder proposal if properly presented at the Annual Meeting; and
4. To consider and act upon such other business as may properly come before the Annual Meeting or any adjournment thereof.

The board of directors has fixed the close of business on September 21, 2009, as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment thereof. A list of such stockholders will be available at the Annual Meeting and, during the 10 days prior to the Annual Meeting, at the office of the Secretary of the Company at 1221 Broadway, Oakland, CA 94612-1888.

We have changed our procedures for attending the Annual Meeting. Only stockholders and people holding proxies from stockholders as of the record date may attend the Annual Meeting. ***If you plan to attend the Annual Meeting and your shares are registered in your name, you must bring a current form of government-issued photo identification to the Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you must provide proof that you owned Clorox common stock on the record date, as well as a current form of government-issued photo identification.*** Please see the Attending the Annual Meeting section of the proxy statement for more information.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to use a Notice and Access model to provide stockholders with access to proxy materials over the Internet. This allows us to conserve natural resources and reduces the costs of printing and distributing the proxy materials, while providing our stockholders with access to the proxy materials in a fast and efficient manner via the Internet. Under this process, on or about October 2, 2009, we will begin mailing a Notice of Internet Availability of Proxy Materials to our stockholders informing them that our proxy statement, annual report to stockholders and voting instructions are available on the Internet. As more fully described in the Notice of Internet Availability of Proxy Materials, all stockholders may choose to access our proxy materials via the Internet or may request printed copies of the proxy materials. Please see the Voting by Proxy section of the proxy statement for more information.

YOUR VOTE IS VERY IMPORTANT. EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING, WE HOPE THAT YOU WILL READ THE PROXY STATEMENT AND VOTE YOUR PROXY BY TELEPHONE, VIA THE INTERNET OR BY REQUESTING A PRINTED COPY OF THE PROXY MATERIALS AND COMPLETING, SIGNING AND RETURNING THE PROXY CARD ENCLOSED THEREIN.

By Order of the Board of Directors
Angela C. Hilt
Vice President Corporate Secretary
& Associate General Counsel

October 2, 2009

THE CLOROX COMPANY
1221 Broadway
Oakland, CA 94612-1888

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of The Clorox Company, a Delaware corporation ("Clorox" or the "Company"), for use at the 2009 Annual Meeting of Stockholders (the "Annual Meeting") of the Company, to be held at 9:00 a.m. Pacific time on Wednesday, November 18, 2009, at the San Ramon Marriott Hotel, 2600 Bishop Ranch Road, San Ramon, CA 94583. ***We have changed our procedures for attending the Annual Meeting. Please refer to the "Attending the Annual Meeting" section of this proxy statement for more information.*** The costs of this proxy solicitation, including the preparation, assembly, printing and mailing of proxy materials, are borne by the Company.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

The Securities and Exchange Commission, or SEC, has adopted rules that allow us to use a "Notice and Access" model to make our proxy statement and other annual meeting materials available to you. On or about October 2, 2009, we will begin mailing a notice, called the Notice of Internet Availability of Proxy Materials (the "Notice"), to our stockholders advising them that our proxy statement, annual report to stockholders and voting instructions can be accessed on the Internet. You may then access these materials and vote your shares over the Internet or by telephone or you may request that a printed copy of the proxy materials be sent to you. You will not receive a printed copy of the proxy materials unless you request one in the manner described in the Notice. This allows us to conserve natural resources and reduces the costs of printing and distributing the proxy materials, while providing our stockholders with access to the proxy materials in a fast and efficient manner via the Internet.

INFORMATION ABOUT VOTING

Who Can Vote

The only voting securities of the Company are its shares of common stock (the "Common Stock"), of which 139,727,174 shares were outstanding and entitled to vote at the close of business on September 21, 2009. Only stockholders of record at the close of business on September 21, 2009, are entitled to vote at the Annual Meeting. The holders of the Common Stock are entitled to one vote per share on each matter submitted to a vote of stockholders.

Voting Procedures

You can vote your shares in one of two ways: either by proxy or in person at the Annual Meeting by written ballot. If you choose to vote by proxy, you may do so via the Internet or by telephone, or by requesting a printed copy of the proxy materials and using the proxy card enclosed therein. Each of these procedures is explained below. Even if you plan to attend the Annual Meeting, the board of directors recommends that you vote by proxy. In this way, your shares of Common Stock will be voted as directed by you if you should become unable to attend the Annual Meeting.

Voting by Proxy

Because many stockholders cannot attend the Annual Meeting in person, it is necessary that a large number of stockholders be represented by proxy. By following the procedures for voting via the Internet or by telephone, or by requesting a printed copy of the proxy materials and completing, signing and returning the proxy card enclosed therein, you will enable Donald R. Knauss, Daniel J. Heinrich or Laura Stein, each of whom is named on the proxy card as a "proxy holder," to vote your shares at the Annual Meeting in the manner you indicate on your proxy card. When you vote your proxy, you can specify whether your shares should be voted for or against each of the nominees for director identified in Proposal 1, or you can abstain from voting on the director nominees. You can also specify whether you approve, disapprove or abstain from voting on Proposals 2 and 3, which are described in this proxy statement.

Management of the Company is not aware of any matters other than those described in this proxy statement that may be presented for action at the Annual Meeting. If any other matters are properly presented at the Annual Meeting for consideration, the proxy holders will have discretion to vote for you on those matters.

- **Voting via the Internet**

You can vote your shares via the Internet by following the instructions provided either in the Notice or on the proxy card or voting instruction form you received if you requested and received a printed set of the proxy materials by mail. The Internet voting procedures are designed to authenticate your identity and to allow you to vote your shares and confirm that your voting instructions have been properly recorded. If you vote via the Internet, you do not need to mail a proxy card to us.

- **Voting by Telephone**

You can vote your shares by telephone if you requested and received a printed set of the proxy materials through the mail by following the instructions provided on the proxy card or voting instruction form enclosed with the proxy materials you received. If you received the Notice only, you can vote by telephone by following the instructions at the website address referred to in the Notice. The telephone voting procedures are designed to authenticate your identity and to allow you to vote your shares and confirm that your voting instructions have been properly recorded. If you vote by telephone, you do not need to mail a proxy card to us.

- **Voting by Mail**

You can vote by mail by requesting that a printed copy of the proxy materials be sent to your specified address. Upon receipt of the materials, you may fill out the proxy card enclosed therein and sign and return it as instructed on the card.

Voting at the Annual Meeting

You may vote in person by written ballot at the Annual Meeting. However, if your shares are held in the name of a broker, trust, bank or other nominee, you must bring a legal proxy or other proof from that broker, trust, bank or nominee of your beneficial ownership of those shares as of the record date in order to vote at the Annual Meeting. If you vote by proxy and also attend the Annual Meeting, you do not need to vote again at the Annual Meeting unless you wish to change your vote.

Revocation of Proxies

You may revoke your proxy at any time before it is exercised at the Annual Meeting by taking any of the following actions:

- submitting written notice of revocation to the secretary of the Company;
- voting again electronically by telephone or via the Internet or by submitting another proxy card with a later date; or
- voting in person at the Annual Meeting.

Quorum

In order for the business of the Annual Meeting to be conducted, a minimum number of shares constituting a quorum must be present. The holders of a majority of the issued and outstanding shares of Common Stock entitled to vote at the Annual Meeting must be present in person or represented by proxy at the Annual Meeting in order to have a quorum. Abstentions and shares held through a bank or brokerage firm for which proxies are voted on at least one proposal are counted as shares that are present for purposes of determining whether there is a quorum.

Broker Non-Votes

A broker non-vote occurs when a stockholder who holds his or her shares through a bank or brokerage firm does not instruct that bank or brokerage firm how to vote the shares, and, as a result, the broker is prevented from voting the shares held in the stockholder's account on certain proposals. Broker non-votes are not counted as votes against the proposals in question or as abstentions, nor are they counted to determine the number of votes present for a particular proposal.

Under applicable New York Stock Exchange rules, if you hold your shares through a bank or brokerage firm and your broker delivers this proxy statement to you, the broker is entitled to vote your shares on Proposals 1 and 2 even if you do not provide voting instructions to your broker. The broker is not entitled to vote your shares on Proposal 3 without your instructions.

Required Vote

Proposal 1: Election of Directors. The Company's Bylaws provide for majority voting for directors in uncontested elections. Accordingly, each of the 11 nominees for director will be elected if he or she receives the majority of the votes cast in person or represented by proxy, with respect to that director. A majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. Abstentions and broker non-votes will not have any effect on the election of directors.

Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm. The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 2 is required to approve Proposal 2. Abstentions on Proposal 2 will have the same effect as a vote against Proposal 2. Broker non-votes, if any, will not have any effect on this proposal.

Proposal 3: Stockholder Proposal. The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 3 is required to approve Proposal 3. Abstentions on Proposal 3 will have the same effect as a vote against Proposal 3. Broker non-votes, if any, will not have any effect on this proposal.

Recommendations of the Board of Directors

The board of directors recommends that you vote:

- FOR the election of the 11 nominees for director (Proposal 1);
- FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2010 (Proposal 2); and
- AGAINST the stockholder proposal (Proposal 3).

PROPOSAL 1:
ELECTION OF DIRECTORS

At the Annual Meeting, 11 people will be elected as members of the board of directors to serve until the 2010 Annual Meeting, or until their respective successors are duly elected and qualified. The board of directors, upon the recommendation of the Nominating and Governance Committee, has nominated the 11 people listed below for election at the Annual Meeting. Each nominee is currently serving as a director of the Company.

Vote Required and Board of Directors' Recommendation

Majority Voting for Directors. Since September 2006, the Company's Bylaws have required each director to be elected by a majority of the votes cast with respect to such director in uncontested elections (the number of shares voted "for" a director must exceed the number of shares voted "against" that director). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. Under the Company's Bylaws, any director who fails to be elected by a majority of the votes cast in an uncontested election must tender his or her resignation to the board of directors. The Nominating and Governance Committee would then make a recommendation to the board of directors whether to accept or reject the resignation, or whether other action should be taken. The board of directors would act on the Nominating and Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation will not participate in the board of directors' decision.

The board of directors recommends that the stockholders vote FOR the election of the 11 nominees listed below. The people designated in the proxy and voting instruction card will vote your shares represented by proxy FOR

the election of the 11 nominees unless you include instructions to the contrary. The board of directors knows of no reason why any of these nominees should be unable or unwilling to serve. However, if for any reason any nominee should be unable or unwilling to serve, the proxies will be voted for the election of such other person to the office of director as the board of directors may nominate in the place of such nominee.

Certain information with respect to each nominee appears on the following pages, including age, period served as a director, position (if any) with the Company, business experience and directorships of other publicly-owned corporations (if any). Ages are as of July 31, 2009.

4

Name, Principal Occupation and Other Information	Director Since
DANIEL BOGGAN, JR. Retired Senior Vice President, the National Collegiate Athletic Association.	1990
Mr. Boggan served as the chief of staff of the Oakland, California Mayor's office from January 2007 through August 2007. He served as a consultant to Siebert Brandford Shank & Co., LLC (a municipal finance firm) from September 2003 to March 2006. He served as senior vice president of the National Collegiate Athletic Association from 1996 through his retirement in August 2003. Previously, he was vice chancellor for business and administrative services at the University of California at Berkeley. Mr. Boggan is also a director of Collective Brands, Inc. and Viad Corp. and a trustee of The California Endowment, and serves on various local boards. Age: 63.	
RICHARD H. CARMONA, M.D., M.P.H., F.A.C.S. Vice Chairman, Canyon Ranch; Former Surgeon General of the United States.	2007
Dr. Carmona has been vice chairman of Canyon Ranch (a life-enhancement company) since October 2006. He also serves as chief executive officer of the Canyon Ranch Health division and president of the non-profit Canyon Ranch Institute. He is also the first Distinguished Professor of Public Health at the Mel and Enid Zuckerman College of Public Health at the University of Arizona. Prior to joining Canyon Ranch, Dr. Carmona served as the 17th Surgeon General of the United States from 2002 through July 2006, achieving the rank of Vice Admiral. Previously, he was chairman of the State of Arizona Southern Regional Emergency Medical System; a professor of surgery, public health, and family and community medicine at the University of Arizona; and surgeon and deputy sheriff of the Pima County, Arizona, Sheriff's Department. Dr. Carmona served in the U.S. Army and the Army's Special Forces. Dr. Carmona is also a director of Taser International. Age: 59.	
TULLY M. FRIEDMAN Chairman and Chief Executive Officer, Friedman Fleischer & Lowe LLC.	1997
Mr. Friedman is the chairman and chief executive officer of Friedman Fleischer & Lowe LLC (a private investment firm). Prior to forming Friedman Fleischer & Lowe in 1997, Mr. Friedman was a founding partner of Hellman & Friedman (a private investment firm) and a managing director of Salomon Brothers, Inc. (an investment bank). He is also a director of Mattel, Inc. Mr. Friedman is a trustee of the American Enterprise Institute. Age: 67.	
GEORGE J. HARAD Retired Executive Chairman of the Board of OfficeMax Incorporated (formerly known as Boise Cascade Corporation).	2006
Mr. Harad was executive chairman of the board of OfficeMax Incorporated (an office supply and services company), formerly known as Boise Cascade Corporation (Boise Cascade), from October 2004 until his retirement in June 2005. He served as chairman of the board and chief executive officer of Boise Cascade from April 1995 until October 2004. Previously, Mr. Harad held various positions at Boise Cascade including controller, senior vice president and chief financial officer, president and chief operating officer. Prior to joining Boise Cascade, Mr. Harad was a consultant for	

the Boston Consulting Group and a teaching fellow at Harvard University. Age: 65.

Name, Principal Occupation and Other Information	**Director Since**
DONALD R. KNAUSS Chairman and Chief Executive Officer of the Company.	2006
Mr. Knauss was elected chairman and chief executive officer of the Company in October 2006. He was executive vice president of The Coca-Cola Company (a marketer and distributor of nonalcoholic beverages) and president and chief operating officer for Coca-Cola North America from February 2004 until August 2006. Previously, he was president of the Retail Division of Coca-Cola North America and president and chief executive officer of The Minute Maid Company, a division of The Coca-Cola Company. Prior to his employment with The Coca-Cola Company, he held various positions in marketing and sales with PepsiCo, Inc. and Procter & Gamble and served as an officer in the United States Marine Corps. He is also a director of Kellogg Company. Age: 58	
ROBERT W. MATSCHULLAT Retired Vice Chairman and Chief Financial Officer of The Seagram Company Ltd.	1999
Mr. Matschullat served as interim chairman and interim chief executive officer of the Company from March 2006 through October 2006. He served as presiding director of the board of directors of the Company from January 2005 through March 2006 and served as chairman of the board of the Company from January 2004 through January 2005. He was the vice chairman and chief financial officer of The Seagram Company Ltd. (a global company engaging in two business segments: entertainment and spirits and wine) from 1995 until relinquishing his position as chief financial officer in December 1999 and retiring from his position as vice chairman in June 2000. Prior to joining The Seagram Company Ltd., Mr. Matschullat served as head of worldwide investment banking for Morgan Stanley & Co. Incorporated, and was on the Morgan Stanley Group board of directors. He is also a director of The Walt Disney Company, Inc. and Visa, Inc. Age: 61.	
GARY G. MICHAEL Presiding Director of the Company and Retired Chairman of the Board and Chief Executive Officer of Albertson's, Inc.	2001
Mr. Michael was the chairman of the board and chief executive officer of Albertson's, Inc. (a leading grocery retailer) from 1991 until his retirement in April 2001. He served as interim president of the University of Idaho from June 2003 until August 2004. He is also a director of Questar Corporation and Idacorp. Age: 68.	
EDWARD A. MUELLER Chairman and Chief Executive Officer of Qwest Communications International Inc.	2007
Mr. Mueller was appointed chairman of the board and chief executive officer of Qwest Communications International Inc. (Qwest) (a provider of voice, data and video services) in August 2007. He served as chief executive officer of Williams-Sonoma Inc. (a provider of specialty products for cooking) from January 2003 until July 2006. Mr. Mueller served on the board of directors of Williams-Sonoma Inc. from 1999 until May 2007. Prior to joining Williams-Sonoma, Inc., Mr. Mueller served as president and chief executive officer of Ameritech Corporation, a subsidiary of SBC Communications, Inc. (a provider of communication services and products). He joined SBC in 1968, and held numerous executive positions, including president and chief executive officer of Southwestern Bell Telephone Company, president and chief executive officer of Pacific Bell and president of SBC International Inc. He is also a director of Qwest and McKesson Corporation. Age 62.	

6

Name, Principal Occupation and Other Information	Director Since
JAN L. MURLEY Consultant, Kohlberg Kravis Roberts & Co.	2001

Ms. Murley has served as interim president - consumer floral business of 1-800 Flowers.com, Inc. since September 2008. Ms. Murley has been a consultant to Kohlberg Kravis Roberts & Co. (KKR) (a private equity firm) since November 2006. From October 2003 to July 2006, Ms. Murley was chief executive officer and a director of The Boyds Collection, Ltd. (a publicly-traded designer and manufacturer of gifts and collectibles, which was majority-owned by KKR). Boyds filed for bankruptcy under chapter 11 of the US Bankruptcy Code in October 2005 and emerged from Chapter 11 in June 2006 as a private company. Prior to that, she was group vice president marketing of Hallmark Cards, Inc. (a publisher of greeting cards and related gifts). Previously, Ms. Murley was employed by Procter & Gamble for more than 20 years, with her last position being vice president for skin care and personal cleansing products. She is also a director of 1-800 Flowers.com and Qwest Communications International Inc. Age: 58.

PAMELA THOMAS-GRAHAM Managing Director, Angelo Gordon & Co.	2005

Ms. Thomas-Graham has served as a managing director in the private equity group at Angelo, Gordon & Co. (a private investment management firm) since March 2008. From October 2005 to December 2007, Ms. Thomas-Graham held the position of Group President at Liz Claiborne, Inc. (a designer and marketer of apparel, accessories and fragrances). Previously, she served as chairman of CNBC (a media and entertainment company) from February 2005 to October 2005 and served as president and chief executive officer of CNBC from July 2001 to February 2005. From September 1999 to July 2001, Ms. Thomas-Graham served as an executive vice president of NBC and as president and chief executive officer of CNBC.com. Prior to joining NBC, Ms. Thomas-Graham was a partner at McKinsey & Company. Ms. Thomas-Graham also serves as a director of Idenix Pharmaceuticals, Inc. Age: 46.

CAROLYN M. TICKNOR Retired President of Hewlett Packard Company, Imaging & Printing Systems Group.	2005

Ms. Ticknor currently consults for entrepreneurs and venture capitalists. Ms. Ticknor was president of the Imaging and Printing Systems group of the Hewlett Packard Company (a global IT company) from 1999 until her retirement in 2001. She served as president and general manager of Hewlett Packard Companys LaserJet Solutions from 1994 to 1999. Ms. Ticknor also serves as a director of Lucille Packard Childrens Hospital, a private non-profit organization at the Stanford University Medical Center. Age: 62.

7

DIRECTOR INDEPENDENCE AND ORGANIZATION OF THE BOARD OF DIRECTORS

The board of directors has established five standing committees: the Executive Committee, the Finance Committee, the Audit Committee, the Nominating and Governance Committee, and the Management Development and Compensation Committee. The Finance, Audit, Nominating and Governance, and Management Development and Compensation Committees consist only of non-management directors whom the board of directors has determined are independent under the New York Stock Exchange listing standards and the board of directors independence standards set forth in the Companys Governance Guidelines, which are discussed below. The charters for these committees are available in the Corporate Governance section of the Companys website at

www.TheCloroxCompany.com/company/charters.html, or in print by contacting The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888.

Executive Committee. The Executive Committee is composed of directors Boggan, Friedman, Harad, Knauss (chair), Michael and Mueller, and is delegated all of the powers of the board of directors except certain powers reserved by law to the full board of directors. In addition to being available to meet between regular board meetings on occasions when board action is required but the convening of the full board of directors is impracticable, the Executive Committee is authorized to handle special assignments as requested from time to time by the board of directors. The Executive Committee held no meetings during fiscal year 2009.

Finance Committee. The Finance Committee is composed of directors Boggan, Carmona, Friedman (chair), Harad and Matschullat, and oversees and makes recommendations to the board of directors with respect to the Company's major financial policies and actions, including policies and actions related to the Company's capital structure, equity and debt financings, capital expenditures, cash management and share repurchase activities. The Finance Committee held two meetings during fiscal year 2009.

Audit Committee. The Audit Committee is composed of directors Michael, Mueller (chair), Murley, Thomas-Graham and Ticknor, and is the principal link between the board of directors and the Company's independent registered public accounting firm. The Audit Committee operates in accordance with its charter and has the duties set out therein. The duties include assisting the board of directors in overseeing (i) the integrity of the Company's financial statements, (ii) the independent registered public accounting firm's qualifications, independence and performance, (iii) the performance of the Company's internal audit function, (iv) the Company's system of disclosure controls and procedures and system of internal control over financial reporting, and (v) the Company's compliance with legal and regulatory requirements relating to accounting and financial reporting matters. The Audit Committee's duties also include risk management activities and preparing the report required by the SEC proxy rules to be included in the Company's annual proxy statement. The Audit Committee held ten meetings during fiscal year 2009. The board of directors has determined that Messrs. Michael and Mueller are audit committee financial experts, as defined by SEC rules.

Nominating and Governance Committee. The Nominating and Governance Committee is composed of directors Boggan (chair), Michael, Murley and Ticknor. The Nominating and Governance Committee has the functions set forth in its charter, including identifying and recruiting individuals qualified to become board members, recommending to the board of directors individuals to be selected as director nominees for the next Annual Meeting of Stockholders, reviewing and recommending to the board of directors changes in the Company's Governance Guidelines, including changes relating to the board of directors, and overseeing the Company's compliance program and activities. The Nominating and Governance Committee held four meetings during fiscal year 2009.

The Company's Governance Guidelines, which are explained below, describe the attributes that the board of directors seeks in nominees, but the board of directors has not established any specific minimum qualifications that a potential nominee must possess. In assessing potential new directors, the Nominating and Governance Committee will consider individuals from various disciplines and diverse backgrounds. Board candidates are considered based upon various criteria, including their broad-based business skills and experience, prominence and reputation in their profession, global business and social perspective, concern for the long-term interests of the stockholders and personal integrity and judgment — all in the context of an assessment of the perceived needs of the Board at that point in time. The ability of incumbent directors to contribute to the Board is considered in connection with the renominating process.

The Nominating and Governance Committee considers recommendations from many sources, including stockholders, regarding possible candidates for director. Such recommendations, together with biographical and business experience information (similar to that required to be disclosed under applicable SEC rules and regulations) regarding the candidate, should be submitted to The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888. The Nominating and Governance Committee evaluates candidates suggested by stockholders in the same manner as other candidates.

Management Development and Compensation Committee. The Management Development and Compensation Committee is composed of directors Carmona, Friedman, Harad (chair) and Matschullat. The Management Development and Compensation Committee reviews and approves the policies under which

compensation is paid or awarded to the Company's executive officers, determines executive compensation, grants stock options, restricted stock, performance units and other cash or stock awards under the Company's executive incentive compensation and stock incentive plans, and reviews pension and other retirement plans. In addition, the Management Development and Compensation Committee oversees the Company's management development and succession planning processes. The Management Development and Compensation Committee held five meetings during fiscal year 2009.

Board Committee and Meeting Attendance

The board of directors held seven meetings during fiscal year 2009. All current directors attended at least 75% of the meetings of the board of directors and committees of which they were members during fiscal year 2009.

Annual Meeting Attendance of Directors

The policy of the Company is that all board members are expected to attend the Annual Meeting of Stockholders. Each member of the board of directors attended the Company's 2008 Annual Meeting of Stockholders held on November 19, 2008.

The Clorox Company Governance Guidelines and Director Independence

The board of directors has adopted Governance Guidelines, which, as amended to further strengthen the role of our presiding director, can be found in the Corporate Governance section on the Company's website *www.TheCloroxCompany.com/company/governance_guidelines.html*, and are available in print to any stockholder who requests them from The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888.

The Governance Guidelines present a framework for the governance of the Company. They describe responsibilities, qualifications and operational matters applicable to the board of directors and the board committees and set forth chief executive officer evaluation and succession requirements. The Governance Guidelines are reviewed annually by the Nominating and Governance Committee, which recommends changes to the board of directors as appropriate.

The Governance Guidelines emphasize and describe the oversight role of the board of directors and identify various criteria for board members intended to ensure that membership on the board of directors consists of individuals who can, on the basis of their knowledge and experience, make valuable contributions to the overall conduct of the business. The Governance Guidelines currently provide for a combined chairman and chief executive officer position with an independent director serving as a presiding director and outline various responsibilities for the presiding director, which are described more fully below under "Presiding Director and Executive Sessions." The Governance Guidelines also include provisions relating to board meetings, including the number of and material for meetings and executive sessions, outside board service, ethics and conflicts of interest, stock ownership and retention requirements, orientation and continuing education, compensation, mandatory retirement, and access to management and other employees. The Governance Guidelines require that the presiding director and all independent directors provide input to the Management Development and Compensation Committee in connection with the Committee's annual evaluation of the chief executive officer of the Company. The Governance Guidelines also require that the board of directors undertake ordinary-course and emergency succession planning for the chief executive officer.

Finally, the Governance Guidelines provide that a majority of the board of directors must consist of independent directors. The board of directors determines whether individual board members are independent, as defined by the New York Stock Exchange, using the following standards:

1. A director will not be deemed to be independent if the director is, or has been within the preceding three years, an employee of the Company, or an immediate family member is, or has been within the preceding three years, an executive officer of the Company, provided, however, that employment as an interim chairman, interim chief executive officer or other interim executive officer shall not disqualify a director from being considered independent following that employment.

2. A director will not be deemed to be independent if, during any 12-month period within the preceding three years, the director or an immediate family member received more than $120,000 in direct compensation from the Company, other than director and committee fees, pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service), compensation for former service as an interim chairman or interim chief executive officer or other interim executive officer, compensation received by an immediate family member for service as an employee (other than an executive officer) of the Company, or dividends on Company stock beneficially owned by the director.

3. A director will not be deemed to be independent if: (i) the director, or an immediate family member, is a current partner of the firm that is the Companys independent registered public accounting firm; (ii) the director is a current employee of such firm; (iii) an immediate family member of the director is a current employee of such firm who participates in the firms audit, assurance or tax compliance (but not tax planning) practice; or (iv) the director or an immediate family member was within the preceding three years (but is no longer) a partner or employee of such firm and personally worked on the Companys audit within that time.

4. A director will not be deemed to be independent if, within the preceding three years: (i) the director or an immediate family member is or was employed as an executive officer of another company where any of the Companys present executive officers at the same time serves or served on that companys compensation committee; or (ii) the director is a current employee, or an immediate family member is a current executive officer, of another company that has made payments to or received payments from the Company for property or services that, in any of the preceding three fiscal years, exceeded two percent or $1 million, whichever is greater, of such other companys consolidated gross revenues.

5. A director may be considered independent notwithstanding that the director owns, or is a partner, stockholder, officer, director or employee of an entity that owns, not more than 30% of the outstanding stock of the Company unless the director or the entity owning the Companys stock has a relationship with the Company that, under paragraphs 1 through 4 above or otherwise, precludes a finding of independence.

6. A director will not be deemed independent if the director serves, or an immediate family member serves, as an executive officer of a tax exempt organization that received contributions from the Company and its Foundation, in any single fiscal year within the preceding three years, more than the greater of $1 million or 2% of such organizations consolidated gross revenues.

For purposes of these criteria, immediate family member includes a persons spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone, other than domestic employees, who shares such persons home.

The board of directors has determined that each of the Companys directors is independent under the New York Stock Exchange listing standards and the independence standards set forth in the Governance Guidelines except Mr. Knauss as a result of his service as the Companys chief executive officer.

Code of Conduct

The Company has adopted a Code of Conduct, which can be found in the Governance section under Company Information on the Companys website *www.TheCloroxCompany.com/company/code_of_conduct.html,* or obtained in print by contacting The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888. The Code of Conduct applies to all of the Companys employees, contractors, non-employee directors, vendors and suppliers.

Presiding Director and Executive Sessions

The Companys presiding director is Mr. Michael. The presiding director is elected by and from the independent directors with clearly delineated and comprehensive duties and must serve a minimum of one year in order to qualify as the presiding director. The duties of the presiding director are set forth in the Companys Governance Guidelines. They include coordinating the activities of the independent directors and serving as a liaison between the chairman and the independent directors. In addition, the presiding director: (i) assists the board of directors and the Companys officers in promoting compliance with and implementation of the Governance Guidelines; (ii) presides at the executive sessions of the independent directors and has the authority to call additional executive sessions or meetings of the independent directors; (iii) presides at meetings of the board of directors in the chairmans absence; (iv) approves information sent to the board of directors; (v) approves meeting agendas and

approves meeting schedules for the board of directors to assure that there is sufficient time for discussion of all agenda items; (vi) is available for consultation and direct communication with major stockholders if requested; and (vii) evaluates, along with members of the Management Development and Compensation Committee and the other independent directors, the performance of the chief executive officer. The independent directors generally meet in executive session at each regularly scheduled board meeting without the presence of management directors or employees of the Company to discuss various matters related to the oversight of the Company, the management of board of directors affairs and the chief executive officers performance.

BENEFICIAL OWNERSHIP OF VOTING SECURITIES

The following table shows, as of July 31, 2009, the holdings of Common Stock by (i) any entity or person known to the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock, (ii) each director and nominee for director and each of the five individuals named in the Summary Compensation Table (the named executive officers), and (iii) all current directors and executive officers of the Company as a group:

Name of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership (2)	Percent of Class (3)
Barclay Global Investors N.A. (4) 45 Fremont Street, 17th Fl. San Francisco, CA 94105	10,708,309	7.7
Capital World Investors (5) 333 South Hope Street, 55th Floor Los Angeles, CA 90071-1447	9,250,000	6.6
Daniel Boggan, Jr.	12,241	*
Richard H. Carmona	0	*
Tully M. Friedman	40,305	*
George J. Harad	9,000	*
Daniel J. Heinrich	235,874	*
Donald R. Knauss	365,079	*
Robert W. Matschullat	14,648	*
Gary G. Michael	12,651	*
Edward A. Mueller	0	*
Jan L. Murley	20,564	*
Lawrence S. Peiros	373,495	*
Beth Springer	173,926	*
Frank A. Tataseo	273,145	*
Pamela Thomas-Graham	8,499	*
Carolyn M. Ticknor	8,000	*
All current directors and executive officers as a group (23 persons) (6)	2,363,438	1.8

* Does not exceed 1% of the outstanding shares.

(1) Correspondence to all executive officers and directors of the Company may be mailed to The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888.

(2) Unless otherwise indicated, each beneficial owner listed has sole voting and dispositive power (or shares such power) concerning the shares indicated. These totals include the following number of shares of Common Stock that such persons have the right to acquire through stock options exercisable within 60 days of July 31, 2009: Mr. Boggan 11,000; Mr. Friedman 12,000; Mr. Harad 8,000; Mr. Heinrich 229,914; Mr. Knauss 286,927; Mr. Matschullat 12,000; Mr. Michael 6,000; Ms. Murley 16,000; Mr. Peiros 336,453; Ms. Springer

165,728; Mr. Tataseo — 250,512; Ms. Thomas-Graham — 8,000; Ms. Ticknor — 8,000; and all current directors and executive officers as a group — 2,086,658. The numbers in the table above do not include the following numbers of shares of Common Stock that the executive officers have the right to acquire upon the termination of their service as employees pursuant to deferred stock units granted in December 1995 in exchange for the cancellation of certain restricted stock, and deferred stock unit dividends thereon: Mr. Peiros — 13,629; Mr. Tataseo — 14,641; and all current executive officers as a group — 28,270. The numbers in the table above do not include the following numbers of shares of Common Stock that the non-management directors have the right to acquire upon the termination of their service as directors pursuant to deferred stock units granted under the Independent Directors' Stock-Based Compensation Plan: Mr. Boggan — 19,537; Dr. Carmona — 3,113; Mr. Friedman — 26,095; Mr. Harad — 9,976; Mr. Matschullat — 50,283; Mr. Michael — 7,550; Mr. Mueller — 5,782; Ms. Murley — 10,117; Ms. Thomas-Graham — 6,340; and Ms. Ticknor — 11,642. The numbers in the table above do not include the following numbers of shares of Common Stock that the executive officers have the right to acquire upon the termination of their service as employees pursuant to vested performance units that were deferred at the executive officers' election: Mr. Heinrich — 25,351; Mr. Peiros — 21,504; Ms. Springer — 19,645; Mr. Tataseo — 7,500; and all current executive officers as a group — 118,595.

(3) On July 31, 2009, there were 139,346,876 shares of Common Stock outstanding.

(4) Based on information contained in a report on Form 13F that Barclay Global Investors N.A. and various related entities filed with the SEC, which reported, as of June 30, 2009, investment discretion over 12,641,356 shares, including 10,708,309 shares for which the reporting person reported sole voting power.

(5) Based on information contained in the Schedule 13G that Capital World Investors filed with the SEC on February 13, 2009, which contained information, as of December 31, 2008, with respect to shares as to which the reporting person reported sole dispositive power.

(6) Pursuant to Rule 3b-7 of the Securities Exchange Act of 1934, executive officers include the Company's current chief executive officer and all current executive vice presidents and senior vice presidents.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out the number of shares of Common Stock to be issued upon exercise of outstanding options, warrants and rights, the weighted-average exercise price of outstanding options, warrants and rights, and the number of securities available for future issuance under equity compensation plans as of June 30, 2009.

Plan category	[a] Number of securities to be issued upon exercise of outstanding options, warrants and rights	[b] Weighted-average exercise price of outstanding options, warrants and rights	[c] Number of securities remaining for future issuance under non-qualified stock-based compensation programs

	(in thousands)		(excluding securities reflected in column (a)) (in thousands)
Equity compensation plans approved by security holders	11,691	$53	6,144
Equity compensation plans not approved by security holders	—	—	—
Total	11,691	$53	6,144

Column [a] includes the following (in thousands):

- 10,089 stock options outstanding
- 1,449 performance units and deferred shares
- 153 deferred stock units for non-employee directors

Column [b] reflects the weighted-average exercise price of the outstanding options.

AUDIT COMMITTEE REPORT

The Audit Committee assists the board of directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and reporting practices of the Company. The Audit Committee operates in accordance with a written charter, which was adopted by the board of directors. A copy of that charter is available on the Company’s website at *www.TheCloroxCompany.com/company/charters.html*, or in print by contacting The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888. Each member of the Audit Committee is “independent,” as required by the applicable listing standards of the New York Stock Exchange and the rules of the SEC.

The Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management or the Company’s independent registered public accounting firm. The Audit Committee oversees the Company’s financial reporting process on behalf of the board of directors. The Company’s management has primary responsibility for the financial statements and reporting process, including the Company’s internal control over financial reporting. The independent registered public accounting firm is responsible for performing an integrated audit of the Company’s financial statements and internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements to be included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2009. This review included a discussion of the quality and the acceptability of the Company’s financial reporting and system of internal controls, including the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed the audited financial statements of the Company for the fiscal year ended June 30, 2009, with the Company’s independent registered public accounting firm, their judgments as to the quality and acceptability of the Company’s financial reporting, and such other matters as are required to be discussed by Statement on Auditing Standards No. 61, as amended and as adopted by the Public Company Accounting Oversight Board.

The Audit Committee obtained from the independent registered public accounting firm the written disclosures and the letter from the auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding communications with the Audit Committee concerning independence of the auditor and discussed with the auditors their independence. The Audit Committee meets periodically with the independent registered public accounting firm, with and without management present, to discuss the results of the independent registered public accounting firm’s examinations and evaluations of the Company’s internal control and the overall quality of the Company’s financial reporting.

Based upon the review and discussions referred to above, the Audit Committee recommended to the board of directors that the Company□s audited financial statements be included in the Company□s Annual Report on Form 10-K for the fiscal year ended June 30, 2009, for filing with the SEC.

THE AUDIT COMMITTEE

Edward A. Mueller, Chair
Gary G. Michael
Jan L. Murley
Pamela Thomas-Graham
Carolyn Ticknor

Fees of the Independent Registered Public Accounting Firm

The table below includes fees related to fiscal years 2009 and 2008 of the Company□s independent registered public accounting firm, Ernst & Young LLP:

	2009	**2008**
Audit Fees (1)	$4,046,000	$4,447,000
Audit-Related Fees (2)	1,713,000	279,000
Tax Fees (3)	99,000	194,000
All Other Fees (4)	□	□
Total	$5,858,000	$4,920,000

(1) Consists of fees for professional services rendered for the audit of the Company□s annual financial statements and internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, for each of the fiscal years ended June 30, 2009 and June 30, 2008, and for review of the financial statements included in the Company□s Quarterly Reports on Form 10-Q during each of those fiscal years.

(2) Consists of fees for assurance and related services (including audits of the Company□s joint venture and employee benefit plans) not included in the Audit Fees listed above.

(3) Consists of fees for tax compliance, tax advice and tax planning for each of the fiscal years ended June 30, 2009 and June 30, 2008. These services included tax return preparation and review services for foreign subsidiaries and affiliates and advisory services on tax matters.

(4) Consists of fees for all other services not included in the three categories set forth above. There were no such services in fiscal years 2009 and 2008.

The Audit Committee has established a policy that requires it to approve all services provided by the Company□s independent registered public accounting firm before services are provided. The Audit Committee has pre-approved the engagement of the independent registered public accounting firm for audit services, and certain specified audit-related services and tax services within defined limits. The Audit Committee has not pre-approved engagement of the independent registered public accounting firm for any other non-audit services.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information about the overall objectives of our executive compensation program and explains how and why we arrived at the levels and forms of compensation for our current chairman and chief executive officer (“CEO”) and our executive vice president & chief financial officer (“CFO”) as well as our executive vice president & chief operating officer – North America, our executive vice president – strategy & growth, away from home and bags & wraps, and our executive vice president – international and natural personal care, who are our three other most highly compensated executive officers. For purposes of this proxy statement, we refer to these five officers as our “named executive officers.” This section should be read in conjunction with the Summary Compensation Table and the other compensation tables and narratives included in this proxy statement.

Our Executive Compensation Program Philosophy

We believe that people are critical to the success of our business strategy, and we seek to compensate them in a manner that will drive the success of our business, and, in turn, increase stockholder value on a long-term, sustainable basis. Consistent with this philosophy, we design our executive compensation program to accomplish the following:

1. Attract, Retain and Motivate Talented Executives. We design our compensation program to be competitive with the organizations with which we compete for talent in order to attract, retain and motivate high-performing executives.

2. Pay for Performance. We design our executives’ compensation to reward performance and the achievement of the Company’s short- and long-term goals. As executives assume positions of greater responsibility, a larger portion of their total compensation is at risk incentive compensation (both annual incentives and long-term incentives) to more strongly link pay to performance.

3. Create Stockholder Alignment. We align the interests of our executive officers with the interests of our stockholders through the use of long-term equity-based incentives and stock ownership guidelines that facilitate a culture of ownership and reward executive officers for sustained and superior performance as measured by operating results and stockholder return.

4. Ensure Financial Efficiency. We strive to ensure that our executive compensation program is financially efficient and results in a reasonable level of cost and potential share dilution relative to industry peers. We design our incentive plans to ensure that costs are appropriately supported by performance and that payouts qualify as performance-based compensation and thus are tax deductible to the Company, under Internal Revenue Code (“IRC”) Section 162(m) (“Section 162(m)”), to the extent possible.

Overview of How Compensation Decisions are Made

The Management Development and Compensation Committee of our board of directors (the “Committee”), which is comprised entirely of independent directors as required by the NYSE listing standards and consistent with Securities and Exchange Commission (“SEC”) Rule 16b-3, reviews the design and implementation of our executive compensation program and provides the full board of directors regular reports of its discussions and actions. In 2008, pursuant to its Charter, the Committee delegated authority to a subcommittee (the “Subcommittee,” collectively with the Committee, the “Committee”) with respect to certain compensation actions for our executive officers. The Subcommittee is comprised of Richard H. Carmona, Tully M. Friedman and George J. Harad.

Although the board of directors has determined that all members of the Committee are “independent,” consistent with our Governance Guidelines and the NYSE listing standards, based on Robert W. Matschullat’s service as interim chief executive officer from May 2006 until October 2006 and Internal Revenue Service (“IRS”) guidance, the full Committee has determined that he may not qualify as an “outside director” for purposes of Section 162(m). Therefore, the full Committee has delegated to the Subcommittee the authority to take the actions required under Section 162(m) in order for performance-based compensation to be fully deductible by the Company for

income tax purposes. The purpose of the Subcommittee is to ensure that at all times there is a board committee comprised solely of two or more (i) outside directors (as defined in the regulations promulgated pursuant to Section 162(m)) and (ii) non-employee directors (as defined in Rule 16b-3 promulgated pursuant to the Exchange Act). The Subcommittee is responsible for the performance from time to time (as requested by the full Committee) of duties that require action by a compensation committee comprised solely of two or more non-employee directors and/or two or more outside directors, including the grant of awards to executive officers under the Companys annual incentive and long-term incentive plans, and the responsibility to establish any performance goals related to such awards or other performance-based compensation for executive officers of the Company. All other decisions related to executive compensation matters are made by the full Committee acting as a group.

The Committee makes decisions on compensation for the named executive officers based on its review of the peer group data described below, individual performance, input from the independent compensation consultant described below and other factors, such as industry trends and Company performance. The Committee receives input and recommendations from our CEO and our senior vice president human resources & corporate affairs regarding the compensation package for each of the named executive officers, other than the CEO, based upon the level of achievement of the Companys target goals and individual performance. For CEO compensation decisions, the Committee receives input and recommendations from the independent compensation consultant described below. The named executive officers do not have a role in their own compensation determination except that the named executive officers, other than the CEO, discuss their individual performance objectives with the CEO.

Role of the Independent Compensation Consultant

In making compensation decisions, the Committee receives input from its independent compensation consultant, Frederic W. Cook & Co., Inc. The Committee has instructed Frederic W. Cook & Co., Inc. to provide advice and guidance based on executive compensation at other comparable consumer products companies, as well as relevant information about market practices and trends. Frederic W. Cook & Co., Inc. is retained directly by the Committee and has no other economic relationships with the Company. Frederic W. Cook & Co., Inc. reviews Committee meeting materials on behalf of the Committee and provides guidance to the Committee on compensation proposals including changes to named executive officers compensation levels, the design of incentive plans, the setting of performance goals, and the design of other forms of compensation and benefits programs. During fiscal year 2009, Frederic W. Cook & Co., Inc. attended all regularly scheduled meetings of the Committee.

Use of Peer Company Data

The Committee reviews the compensation programs of a peer group of 16 branded consumer products companies (our compensation peer group) to determine competitive market rates of compensation for the named executive officers. This compensation peer group was selected by the Committee with the assistance of its independent compensation consultant. The compensation peer group is used to compare both the levels of compensation and the executive compensation practices within the consumer products industry. For fiscal year 2009, our compensation peer group was comprised of the following companies:

Alberto-Culver Company	The Hershey Company
Avon Products, Inc.	H.J. Heinz Company
The Black & Decker Corporation	Kellogg Company
Campbell Soup Company	Newell Rubbermaid Inc.
Church & Dwight Co., Inc.	Pactiv Corporation
Colgate-Palmolive Company	Revlon, Inc.

Del Monte Foods Company	S.C. Johnson & Son, Inc.
General Mills, Inc.	Wm. Wrigley Jr. Company

In determining the compensation peer group, the Committee considers companies that hold leadership positions in branded consumer products, are of reasonably similar size as measured by revenue and market capitalization, compete with the Company for executive talent and have executive positions similar in breadth, complexity and scope of responsibility. The size of the compensation peer group has been determined with the goal of providing sufficient data across the range of named executive officer positions at the Company. Each year, the Committee reviews the peer companies to ensure that they continue to meet the relevant criteria and makes adjustments to the compensation peer group, as appropriate. For fiscal year 2009, we removed Bausch & Lomb Incorporated due to its acquisition by a private equity firm and replaced it with Pactiv Corporation.

In general, the Committee targets both aggregate and individual components of executive compensation to the median of our compensation peer group. Target total compensation for individual named executive officers may vary above or below the median based on a variety of factors, such as the individuals skill set relative to industry peers, experience and time in the position, criticality of the role and difficulty of replacement, individual performance and expected future contributions, readiness for promotion to a higher level, role relative to that of other executive officers and, in the case of externally recruited named executive officers, compensation earned at a prior employer. Actual incentive plan payouts and, in turn, total realized compensation, may vary above or below the targeted level based on the Companys performance relative to its corporate financial and strategic goals as well as the Companys stock performance.

Use of Tally Sheets

The Committee annually reviews executive compensation tally sheets for each of our named executive officers. These tally sheets outline current compensation, the potential wealth creation of long-term incentive awards under various scenarios, and the potential value of payouts pursuant to applicable executive compensation plans under various termination alternatives. The Committee uses these tally sheets to help ensure that our executive compensation design is aligned with our overall compensation philosophy and that total compensation levels are appropriate.

Elements of the Executive Compensation Program

Our executive compensation program includes base salary, annual incentives paid in the form of cash bonuses, and long-term incentives consisting of stock option grants and grants of stock-based performance shares. Time-based restricted stock units as well as stock options are periodically used on a selective basis for special circumstances, such as retention, recognition or recruitment. In addition, indirect elements of the compensation program include retirement plans, post-termination compensation and perquisites, all of which serve to support our executive compensation philosophy, which is discussed above. Compensation for each of our named executive officers, by element and in total, varies by position due to differing levels of responsibility. The primary elements of our executive compensation program, the reasons we use them and certain characteristics are outlined below:

Element	Purpose	Characteristics
Base Salary	Compensate named executive officers for their role and level of responsibility as well as individual performance.	Fixed component.
***Annual Incentives* (1)**	Promote the achievement of the Companys annual corporate financial and strategic goals, as well as individual objectives.	Performance-based cash bonus opportunity.
***Long-Term Incentives* (1)**	Promote the achievement of the Companys long-term corporate financial goals and stock price appreciation.	Amounts earned under stock option and performance share grant awards will vary from the targeted grant-date fair value based on actual

		financial and stock price performance.
Retirement Plans	Provide replacement income upon retirement. Serves as a long-term retention incentive.	Fixed component; however, retirement contributions will vary based on pay, years of service and Company performance.
Post-Termination Compensation	Contingent payments designed to attract and retain named executive officers. Promote orderly succession for key roles.	Only payable if the named executive officers employment is terminated under specific circumstances as described in employment agreements.
Perquisites	Provide other benefits competitive with our compensation peer group.	Financial planning, Company automobile or car allowance, paid parking, annual executive physical and health club reimbursement.

(1) Payouts under the annual and long-term incentive plans are determined based on the achievement of pre-established objectives determined by the Committee at the beginning of the performance period. The performance period is one year for the annual incentive plan and three years for the performance shares awarded under the long-term incentive plan. Specific financial goals cannot be changed during the performance period, except according to principles set forth by the Committee that allow for adjustments in limited circumstances including, among other things, acquisitions, restructuring charges or significant changes to generally accepted accounting principles, and only if the adjustments result in a specified minimum financial impact to the Company.

17

Base Salary. Each year, management engages Hewitt Associates to provide data on salaries and overall compensation paid to comparable positions in our compensation peer group. The Committees independent compensation consultant, Frederic W. Cook & Co., Inc., reviews this data and also performs an independent compensation analysis, which it uses to advise the Committee on potential compensation actions, including the CEOs compensation. The Committee takes this input into account in determining salary levels for the CEO and other named executive officers. The Committee generally seeks to establish base salaries for the CEO and other named executive officers at the median of our compensation peer group. Changes in base salary are approved by the Committee in September and are effective in October of each year. In fiscal year 2009, the salary increases ranged between 3.2% to 7.5% with an average increase of 4.4%. The actual amount of salary earned by our named executive officers in fiscal year 2009 is listed in the Salary column of the Summary Compensation Table.

Annual Incentives. On an annual basis, the Committee sets performance goals under its Executive Incentive Compensation (EIC) Plan that are designed to promote the achievement of the board-approved annual corporate financial and strategic performance goals, and of individual objectives. The EIC Plan provides annual incentive awards to the named executive officers based on the level of achievement of these annual performance goals and individual objectives.

To meet the requirements of IRC Section 162(m), maximum annual incentive award levels are based on earnings before income taxes achieved by the Company (Company earnings). The EIC Plan has a maximum award limit of 1.0% of Company earnings for the CEO and 0.6% of Company earnings for each of the other named executive officers. The Committee has discretion to reduce, but not to increase, incentive payments under the EIC Plan. The Committees practice has been to pay substantially lower amounts than the maximum award levels. The Committee reduces the maximum awards to the amount actually paid based on three factors a target award for each named executive officer, the performance against predetermined Company financial and strategic performance goals and, to a lesser extent, the named executive officers individual performance, based primarily on the performance of the operations or functions under the individuals responsibility. These factors are discussed below.

Each year, the Committee sets an annual incentive target level for each named executive officer as a percent of his or her salary based upon the median annual incentive award targets of comparable positions in our compensation peer group. At the beginning of each fiscal year, the Committee also sets financial and strategic goals for the EIC Plan based on the operating plan and strategic initiatives approved by the board of directors. At the end of the year, the Committee assesses the Companys performance based on a review of achievements versus the goals set at the beginning of the year. The Committee first assesses the Companys financial performance by considering the results versus targets approved at the beginning of the fiscal year, and, if necessary, applying its discretion to account for other factors, such as stockholder return or underlying business

performance during the year. The Committee then reviews the achievement of results versus the strategic goals, as well as individual performance, and based on this discretionary evaluation, may choose to adjust the financial payout up or down, but not to an amount that would exceed the maximum permitted award level for each named executive officer.

For fiscal year 2009, the Committee established annual financial goals that focused on increasing net customer sales and economic profit, as defined below. The Committee also established strategic goals that align with our business strategy and support people objectives, including employee engagement and diversity targets; customer objectives, including targets related to product innovation, consumer product preference and share growth; growth objectives; and cost savings initiatives. The Committee and management agreed that focusing on the financial goals of net customer sales and economic profit, as well as the key strategic metrics, would drive sustainable growth in stockholder return. In selecting the metrics and setting the performance goals in the EIC Plan, the Committee carefully determines whether the goals appropriately align with those in the long-term incentive program so that the overall compensation design does not unintentionally encourage participants to take excessive risk or take actions that are inconsistent with the Company's short- and long-term strategic and financial objectives.

In fiscal year 2009, the financial goals for the EIC Plan, the potential percentage of target award payouts for achieving those goals, and the actual results as determined by the Committee were as follows:

	Annual Incentive Financial Goals (in millions)			
Goal	**0% (minimum)**	**100% (target)**	**200% (maximum)**	**Actual**
Net Customer Sales (weighted 50%)	$5,419	$5,587	$5,754	$5,450
Economic Profit (weighted 50%) (1)	$ 319	$ 359	$ 399	$ 378

(1) Economic profit is defined by the Company as earnings from continuing operations before income taxes, non-cash restructuring and asset impairment costs and interest expense, tax affected, and less a capital charge. The capital charge represents average capital employed by the Company, multiplied by the weighted-average cost of capital. Weighted-average cost of capital is the blended average of the cost of the Company's debt and estimated cost of equity capital. Average capital employed represents a two-point average of adjusted capital employed for the current fiscal year and total capital employed for the prior fiscal year, based on year-end balances. Adjusted capital employed represents total capital employed adjusted to add back the current fiscal year's non-cash restructuring and asset impairment costs. Total capital employed represents total assets less non-interest bearing liabilities. Additional information is provided in the Company's Annual Report on Form 10-K (Exhibit 99.3) for the fiscal year ended June 30, 2009.

The fiscal year 2009 financial targets were established to drive both net customer sales and profit growth, in line with long-term financial goals. Assuming achievement of targets, net customer sales growth and economic profit growth would be approximately 6% and -1%, respectively. The economic profit growth target was down versus prior year largely due to the inclusion of the full-year impact of the Burt's Bees, Inc. acquisition in November 2007. The Committee reviewed the actual business results in August 2009, and based on these results, approved the financial payout at 83% of target.

The Committee also assessed Company performance against the strategic goals described above and individual performance. For fiscal year 2009, the Committee determined that the majority of the annual strategic goals were successfully achieved and, as a result, determined that the overall financial and strategic payout would be 91% of target. The Committee also reviewed individual performance and adjusted the payout for the named executive officers to reflect individual contribution. As a result, the total annual incentive payouts for the named executive officers range from approximately 83% of target to 100% of target. The range in the payouts is primarily due to a subjective assessment of individual performance based on the results of the operations or functions under the responsibility of the named executive officer.

The table below outlines the targets (expressed as a percentage of base salary) for the annual incentive awards. These targets approximate the median of bonus targets of comparable positions in our compensation peer group:

Named Executive Officer	Target Annual Incentive
Donald R. Knauss	120%
Lawrence S. Peiros	80%
Frank A. Tataseo	75%
Daniel J. Heinrich	75%
Beth Springer	75%

The actual amount of annual incentive compensation earned by our named executive officers in 2009 is disclosed in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Long-Term Incentives. We provide annual long-term incentive compensation in the form of stock options and performance shares to our named executive officers because we believe these forms of compensation create strong alignment between our executives interests and the interests of our stockholders. We also believe these incentive awards support the achievement of our long-term corporate financial goals.

The Committee, with the assistance of its independent compensation consultant, annually reviews the costs of and potential shareholder dilution attributable to our long-term incentive program versus that of our compensation peer group to ensure that the overall program is financially efficient. In determining the total value of the long-term incentive opportunity for each named executive officer, the Committee reviews the compensation peer group data presented by both management and its independent compensation consultant on a position-by-position basis and considers recommendations by the CEO for the other named executive officers.

The Committees goal is to establish long-term incentive award targets to be competitive with the median of the compensation peer group. Actual long-term incentive award target levels for individual named executive officers may vary above or below the median based on a variety of factors, such as the named executive officers experience, criticality of the role, individual performance and expected future contributions. Like the annual incentive awards, actual payouts under long-term incentive awards will vary around target based on whether the Company underperforms or outperforms its target goals. The value of actual payouts also will vary based on changes in Common Stock price. For fiscal year 2009, long-term incentive awards granted to the named executive officers were generally targeted at the median of the compensation peer group.

As in prior years, for fiscal year 2009 the Committee determined that the named executive officers would receive 50% of the value of their total annual long-term incentive awards in stock options and 50% in performance shares. The Committee selected this mix of equity awards to support several important objectives, including compensating named executive officers for achievement of long-term goals tied to the business strategy through the use of performance shares, rewarding named executive officers for sustained increases in the Common Stock price, enhancing retention by mitigating the impact of Common Stock price fluctuations, and calibrating the overall cost of the program so it is aligned with compensation realized by named executive officers and performance delivered to stockholders. Annual grants of long-term incentives are intended to be competitive with those of our compensation peer group. Therefore, the Committee does not consider the amount of outstanding stock options, performance shares and restricted stock currently held by a named executive officer when making annual awards of stock options and performance shares.

The following provides details on the types of long-term incentives awarded to our named executive officers:

Performance Shares. Performance shares are grants of restricted stock units that vest after a 36-month performance period only if the predetermined financial performance goals are met by the Company. We believe that performance shares align the interests of our named executive officers with the interests of our stockholders because the number of shares earned and the shares potential value is tied to the achievement of the Companys long-term financial goals.

For grants made in fiscal years 2007 through 2009, the Committee established an objective measure of cumulative operating profit at the beginning of the performance period to determine the performance level that would allow for the maximum possible award payout of 150% of the target number of shares granted. The

Committee also determined specific goals for the performance period of return on invested capital (ROIC), for the fiscal year 2007 grant, and economic profit for the fiscal year 2008 and 2009 grants. In selecting the metrics and setting the performance goals for the performance shares, the Committee carefully determines whether the goals are appropriately aligned with those in the EIC Plan so that the overall compensation design does not unintentionally encourage participants to take excessive risk or take actions that are inconsistent with the Companys short- and long-term strategic and financial objectives.

At the end of the performance period, if the cumulative operating profit target is met, the Committee may exercise negative discretion and adjust the maximum awards down to reflect performance against the ROIC and economic profit targets, as applicable. Payouts range from zero, in the event the minimum required financial goals are not met, to a maximum of 150% of the target number of shares granted to each individual, with a payout of 50% of the target number of shares when the minimum financial goals are met.

For the fiscal year 2009 grant, the Committee set the financial target as a specified percentage of cumulative economic profit growth for the period from July 2008 through June 2011. The Committee set the specific targets, including the minimum, target and maximum payout levels, to align with our long-term financial goals. A target payout of 100% would require economic profit growth of approximately 5% per year during the performance period. The Committee believes this metric directly supports the Companys corporate strategy and long-term financial goals and correlates to stock price performance.

In August 2008, the Committee certified the results of the fiscal year 2006 grant. The financial targets for this grant were based on cumulative operating profit and an average ROIC goal over the three-year performance period. The cumulative operating profit threshold was met. The Committee applied negative discretion to adjust the maximum payout level of 150% down to a 108% payout level based on ROIC results. Information regarding the vesting of these performance shares is shown in the Option Exercises and Stock Vested table.

In August 2009, the Committee certified the results of the fiscal year 2007 grant. The financial targets for this grant were based on cumulative operating profit and an average ROIC goal over the three-year performance period. The cumulative operating profit threshold was met. The Committee approved the maximum payout level of 150% based on ROIC results. Specific information regarding the vesting of these performance shares will be provided in next years proxy statement.

Stock Options. We believe stock options align the interests of named executive officers with those of stockholders because stock options only have value if the price of the Companys stock increases after the stock options are granted. Stock options vest at the rate of one-fourth per year over four years (beginning one year from the date of grant) and expire 10 years from the date of grant. In fiscal year 2009, the Committee awarded stock options to our named executive officers as part of our annual long-term incentive plan. The stock option exercise price for these stock options was equal to the closing price of the Common Stock on the date of grant. Information on all stock option grants is shown in the Grants of Plan-Based Awards table.

Retirement Plans. The named executive officers participate in the same defined-benefit pension and defined-contribution benefit programs as all other U.S.-based salaried and non-union hourly employees. The Companys retirement plans are designed to provide replacement income upon retirement and to be competitive with programs offered by our peers. We balance the effectiveness of these plans as a compensation and retention tool with the cost to the Company of providing them. The Company provides these retirement benefits under The Clorox Company Pension Plan and The Clorox Company 401(k) Plan, which includes a profit sharing provision known as Value Sharing.

In addition, because the IRC limits the amount of benefits that can be contributed to and paid from a tax-qualified retirement plan, the Company also provides our executive officers, including our named executive officers, with additional retirement benefits intended to restore amounts that would otherwise be payable under the Companys tax-qualified retirement plans if the IRC did not have limits on includable compensation and maximum benefits. We call these restoration plans because they restore executive benefits to the same percentage level provided to our salaried employees who are not limited by IRC restrictions. These plans use the same benefit formulas, the same types of compensation to determine benefits, and the same vesting requirements as our tax-qualified retirement plans. These restoration retirement benefits, which include the cash balance restoration and the Value Sharing restoration benefits, are an unfunded, unsecured obligation of the Company and are described under Nonqualified Deferred Compensation set forth below.

The Company also offers the Supplemental Executive Retirement Plan ("SERP") to our executive officers, including our named executive officers. This plan was closed to new participants effective April 2007. Benefits are determined based on age and years of service and are offset by the annuity value of Company contributions to the tax-qualified retirement plans and by Social Security. The benefit formula under this plan is described under Overview of Pension Benefits. We believe the SERP is a strong retention tool because participants are not eligible for a full benefit if they leave the Company prior to reaching age 65 with at least 15 years of service. Participants attaining age 55 with at least 10 years of service are eligible to receive a benefit that is actuarially reduced from that available upon retirement at age 65. Mr. Knauss, our CEO, participates in an additional SERP as part of his employment agreement with the Company to compensate for the loss of retirement benefits at his prior employer (the "replacement SERP"). Information regarding the SERP and the replacement SERP for our CEO is described in the Overview of Pension Benefits.

Nonqualified Deferred Compensation. We offer a Nonqualified Deferred Compensation Plan ("NQDC") to help executive officers, including our named executive officers, save for retirement and to be competitive with general market practice. Under the NQDC, our named executive officers may voluntarily defer the receipt of salary and annual incentive awards in amounts of up to 50% of base salary and 100% of annual incentive awards. Deferred amounts can be invested into accounts that mirror the gains or losses of the S&P 500 index and/or the 30-year Treasury Bond yield, or the rate specified by the IRS for use where the 30-year bond rate would otherwise apply. In addition, as noted above, the NQDC permits the Company to contribute amounts that exceed the IRC compensation limits in the tax-qualified plans through the cash balance restoration and Value Sharing restoration provisions. The NQDC is an unfunded and unsecured obligation of the Company, meaning that payment of participant balances in the plan are not guaranteed if the Company becomes insolvent or bankrupt. Details about the plans and accumulated balances are described in the Pension Benefits Table and Nonqualified Deferred Compensation section.

Post-Termination Compensation. We have entered into employment agreements with each of our named executive officers. We believe employment agreements help mitigate the economic hardship associated with unexpected termination. The employment agreements specify payments in the event the executive's employment is terminated under certain specific circumstances. The type and amount of payments vary by executive level and the nature of the termination. These severance benefits, which are designed to be competitive with our compensation peer group and general industry practices, are payable if and only if the executive's employment terminates as specified in the applicable plan document or employment agreement. See Potential Payments Upon Termination or Change in Control for additional information.

Perquisites. We provide named executive officers with other benefits we believe are competitive with our compensation peer group and consistent with the Company's overall executive compensation program. These benefits are reflected in the All Other Compensation column in the Summary Compensation Table. We believe these benefits allow our named executive officers to work more efficiently and, in the case of the financial counseling program, help them optimize the value received from our compensation and benefit programs. These perquisites consist of a company automobile or car allowance, paid parking at the Company's headquarters, an annual executive physical, reimbursement for health club membership and financial planning. The value of perquisites to our named executive officers is shown in a separate table in a footnote to the All Other Compensation column of the Summary Compensation Table.

Executive Compensation Policies

Stock Award Granting Practices. The Company makes its annual long-term incentive grants each September at a regularly scheduled meeting of the Committee, which typically occurs during the third week of the month, or about six weeks after the Company has publicly reported its annual earnings. The meeting date is the effective grant date for the awards, and the exercise/grant price is equal to the closing price of the Common Stock on that date.

The Committee also may make occasional grants of stock options and other equity-based awards at other times to recognize, retain or recruit executive officers. These grants are approved by the Committee on or before the grant date, which is determined based on the timing of the triggering event. The exercise/grant price is the closing price of the Common Stock on the effective date of the grant. The Committee must approve all equity grants to executive officers of the Company, including named executive officers.

All long-term incentive grants are made pursuant to the terms set forth in The Clorox Company 2005 Stock Incentive Plan.

Executive Stock Ownership Guidelines. To preserve the linkage between the interests of executive officers of the Company and stockholders, all executive officers, including the named executive officers, are expected to establish and maintain a significant level of direct stock ownership. This can be achieved in a variety of ways, such as by retaining stock received upon the exercise of stock options or the vesting of stock awards or purchasing stock in the open market. The current stock ownership guidelines are as follows:

Ownership levels The minimum required ownership levels are Common Stock having a value equal to four times base annual salary for the CEO and three times base annual salary for the other named executive officers. As of the date of this filing, all of the named executive officers, except Mr. Knauss who joined the Company in October 2006, have met the required ownership levels.

Retention ratios Executive officers, including named executive officers, are required to retain a certain percentage of shares obtained upon the exercise of stock options or the release of restrictions on full-value equity awards, after satisfying any applicable tax withholding requirement. The CEO is expected to retain 75% of shares acquired until the minimum ownership level is met. After attaining the minimum ownership level, the CEO must retain 50% of any additional shares acquired until retirement or termination. Other named executive officers must retain 75% of shares acquired until the minimum required ownership levels are met and thereafter must retain 25% of shares acquired for one year after receipt.

Ownership levels are based on shares of Common Stock owned by the named executive officer or held pursuant to Company plans. Stock options are not counted in determining ownership levels, and shares that have not vested due to time or performance restrictions also are excluded from the ownership guidelines. Named executive officers are required to achieve ownership levels over time through the ongoing retention ratios associated with the exercise of stock options and vesting of full-value shares.

Securities Trading Policy. To further align the interests of our executive officers, including our named executive officers, with the interests of our stockholders, the Companys Insider Trading Policy does not permit executive officers to engage in short-term or speculative transactions or derivative transactions involving the Company's stock, including trading in or writing puts or calls in the Company's securities or selling Company stock short. Trading is permitted only during announced trading periods or in accordance with a previously established trading plan that meets SEC requirements. At all times, including during announced trading periods, executive officers are required to receive preclearance from the Company's General Counsel prior to entering into any transactions in Company securities, unless those sales occur in accordance with a previously established trading plan that meets SEC requirements.

Restatement Clawback Provisions. Our executive compensation incentive programs include clawback provisions that allow the Company to recoup proceeds received by named executive officers under certain conditions. Under our EIC Plan, in the event of a restatement of financial results to correct a material error, the Committee is authorized to reduce or recoup an executive officers award, as applicable, to the extent that the Committee determines the officers fraud or intentional misconduct was a significant contributing factor to the need for a restatement.

Tax Deductibility Limits on Executive Compensation. IRC Section 162(m) limits the tax deductibility of compensation paid to our CEO and the three other most highly compensated named executive officers employed at the end of the year (other than our CFO) to $1 million per year unless such amounts are determined to be performance-based compensation. Our policy with respect to Section 162(m) seeks to balance the interests of the Company in maintaining flexible incentive plans against the possible loss of a tax deduction when taxable compensation for any of the executive officers subject to Section 162(m) exceeds $1 million per year. The Companys EIC Plan and long-term incentive plan are designed to meet the requirements of Section 162(m) for performance-based compensation.

Compensation for Mr. Knauss Chairman and CEO

The compensation of the Chairman and CEO, Mr. Knauss, is consistent with the executive compensation program and philosophy described above for the other named executive officers. Mr. Knauss total compensation is designed to be generally aligned with the CEO compensation of others in the compensation peer group, and his annual incentive and long-term incentive awards are linked to Company performance.

In September 2008, the Committee, with input from its independent compensation consultant, reviewed all elements of Mr. Knauss compensation including base salary, annual incentive and long-term incentive award opportunities relative to that of the compensation peer group. In addition, the Committee reviewed his performance for fiscal year 2008.

Based on the review of Mr. Knauss individual performance, overall Company performance and his compensation versus the compensation peer group, the Committee increased Mr. Knauss salary to $1,075,000 effective October 1, 2008. The Committee also approved Mr. Knauss annual incentive target at 120% of base salary for fiscal year 2009, consistent with the prior year. The Committee granted Mr. Knauss a long-term incentive award of 227,710 stock options and 37,670 performance shares with a total economic value awarded at grant date of approximately $4,750,000. Each individual element of Mr. Knauss compensation was positioned slightly below median versus the compensation peer group in consideration of Mr. Knauss relatively short tenure as Chief Executive Officer.

Information about Mr. Knauss base salary, annual incentive and long-term incentive is described in more detail in the notes to the Summary Compensation Table.

23

COMPENSATION COMMITTEE REPORT

As detailed in its charter, the Management Development and Compensation Committee of the board of directors oversees the Companys executive compensation program and policies. As part of this function, the Committee discussed and reviewed with management the Compensation Discussion and Analysis. Based on this review and discussion, we have recommended to the board that the Compensation Discussion and Analysis be included in the Proxy Statement.

THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

George J. Harad, Chair
Richard H. Carmona
Tully M. Friedman
Robert W. Matschullat

24

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned, paid or awarded to our named executive officers for the fiscal years ended June 30, 2009, 2008 and 2007.

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (2)	Stock Awards ($) (3)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($) (4)	Change in Pension Value Nonqualified Deferred Compensation Earnings ($) (5)	All Other Compensation ($) (6)	T
Donald R. Knauss	2009	$1,056,250	$	$2,816,068	$2,059,687	$1,284,840	$731,445	$217,256	$8,1
Chairman & Chief	2008	987,500		1,949,179	1,443,716	1,380,000	526,244	254,846	6,5
Executive Officer	2007	712,500	1,592,500	989,632	770,859		434,567	716,042	5,2
Lawrence S. Peiros	2009	615,000		911,579	790,519	494,020	798,629	129,578	3,7
Executive Vice	2008	593,750		691,567	943,254	552,000	354,383	103,522	3,2

President & Chief Operating Officer North America	2007	543,750		942,447	959,195	562,300	119,003	102,475	3,2
***Frank A. Tataseo* (7)**	2009	481,250		745,230	641,374	332,100	669,247	111,722	2,9
Executive Vice	2008	465,000		583,937	889,699	405,400	366,637	91,830	2,8
President Strategy & Growth, Away from Home and Bags & Wraps	2007	443,750		772,016	522,371	472,500	332,132	89,931	2,6
Daniel J. Heinrich	2009	515,000		885,211	608,536	372,260	398,151	116,191	2,8
Executive Vice	2008	495,000		681,417	491,134	431,300	177,954	92,337	2,3
President Chief Financial Officer	2007	475,000		749,239	424,600	504,000	195,044	99,449	2,4
Beth Springer	2009	480,250		775,523	625,544	301,910	323,498	111,869	2,6
Executive Vice	2008	462,000		537,461	469,499	422,000	111,372	92,674	2,0
President International and Natural Personal Care	2007	440,000		551,152	354,092	496,100	182,199	88,124	2,1

(1) Reflects actual salary earned for fiscal years 2007, 2008 and 2009.

(2) In fiscal year 2007, Mr. Knauss received a sign-on bonus of $500,000 and a guaranteed minimum cash bonus of $1,092,500, in conjunction with his hire.

25

---

(3) The amounts reflected in these columns are the dollar amounts of compensation expense recognized for financial statement reporting purposes for the fiscal years ended June 30, 2007, 2008 and 2009, in accordance with SFAS 123(R), but without regard to forfeitures, and may include awards granted in and prior to each fiscal year. The assumptions made in valuing stock awards and option awards reported in these columns are discussed in Note 1, *Summary of Significant Accounting Policies* under *Share-Based Compensation*, and in Note 17, *Share-Based Compensation*, to the Companys consolidated financial statements for each of the three fiscal years ended June 30, 2007, 2008 and 2009, included in the Companys Annual Report on Form 10-K for the fiscal year ended June 30, 2009. Additional information regarding the stock awards and option awards granted to our named executive officers during fiscal year 2009 is set forth in the Grants of Plan-Based Awards table. The 2008 stock award amounts have been adjusted to conform to the 2009 calculation.

(4) Reflects annual incentive awards earned for fiscal years 2007, 2008 and 2009 and paid out in September 2007, 2008 and 2009, respectively, under the EIC Plan. Information about the EIC Plan is set forth in the Compensation Discussion and Analysis under Annual Incentives. For fiscal year 2007, Mr. Knauss did not receive an annual incentive award in excess of the guaranteed amount of $1,092,500 reflected in the Bonus column.

(5) The amounts reflect the aggregate increase in the present value of accumulated benefits during fiscal years 2007, 2008 and 2009 under the SERP, including Mr. Knauss replacement SERP, The Clorox Company Pension Plan and the cash balance restoration benefit of

the NQDC (refer to the Pension Benefits Table for further information). Each plan amount in fiscal year 2009 is set forth in the following table:

	Donald R. Knauss	Lawrence S. Peiros	Frank A. Tataseo	Daniel J. Heinrich	B Spr
SERP (includes, for Mr. Knauss, the replacement SERP)	$674,028	$815,524	$682,755	$395,207	$ [illegible]
The Clorox Company Pension Plan	6,595	14,196	11,868	9,208	
Cash Balance Restoration Benefit	50,822	(31,091)	(25,376)	(6,264)	(1
Total	$731,445	$798,629	$669,247	$398,151	$32

(6) The amounts shown in the column represent (i) actual Company contributions under the Company’s 401(k) Plan, including the Value Sharing provision, (ii) non-qualified contributions under the NQDC, other than the cash balance restoration benefit which is reflected in the change in pension value column (refer to the Nonqualified Deferred Compensation section for further information), (iii) relocation benefits paid to Mr. Knauss and (iv) perquisites available to named executive officers of the Company. Amounts are set forth in the following table:

	Donald R. Knauss	Lawrence S. Peiros	Frank A. Tataseo	Daniel J. Heinrich	Beth Springer
The Clorox Company 401(k) Plan	$ 19,113	$ 16,750	$ 16,750	$ 16,750	$ 16,750
NQDC	42,263	77,328	59,730	64,692	61,384
Relocation Benefits	120,684		—	—	—
Company Paid Perquisites	35,196	35,500	35,242	34,749	33,735
Total	$217,256	$129,578	$111,722	$116,191	$111,869

We provided the following benefits to Mr. Knauss during fiscal year 2009 in accordance with the terms of the Company’s relocation policy:

Relocation Mortgage Subsidy	$117,278
Tax Gross-Up on Mortgage Subsidy	3,406
Total	$120,684

The following tables set forth the perquisites we make available to our named executive officers and the cost to the Company for providing these perquisites during fiscal year 2009. Other Perquisites are miscellaneous perquisites that consist of paid parking at the Company’s headquarters, health club reimbursement and an annual executive physical.

	Donald R. Knauss	Lawrence S. Peiros	Frank A. Tataseo	Daniel J. Heinrich	Beth Springer
Executive Automobile Program	$14,076	$12,600	$12,600	$12,600	$13,155
Basic Financial Planning	16,500	16,500	16,500	16,500	16,500
Other Perquisites	4,620	6,400	6,142	5,649	4,080
Total	$35,196	$35,500	$35,242	$34,749	$33,735

(7) The amounts in the Option Awards column for 2007 and 2008 are the dollar amounts that were recognized for financial statement purposes in accordance with SFAS 123(R) but are higher than the amounts reported in the proxy statement for the annual meeting in 2007 and 2008 because of an adjustment made related to Mr. Tataseo’s retirement eligibility in those years. Total compensation figures for 2007 and 2008 also reflect this adjustment.

GRANTS OF PLAN-BASED AWARDS

This table shows grants of plan-based awards to the named executive officers during fiscal year 2009.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Share Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All O Av Nu Sec Und Op
Donald R. Knauss									
Annual Incentive (1)		$ —	$1,290,000	$8,110,000					
Performance Shares (2)	9/16/2008				18,835	37,670	56,505		
Stock Options (3)	9/16/2008								22
Lawrence S. Peiros									
Annual Incentive (1)		—	496,000	4,866,000					
Performance Shares (2)	9/16/2008				5,950	11,900	17,850		
Stock Options (3)	9/16/2008								7
Frank A. Tataseo									
Annual Incentive (1)		—	363,750	4,866,000					
Performance Shares (2)	9/16/2008				3,965	7,930	11,895		
Stock Options (3)	9/16/2008								4
Daniel J. Heinrich									
Annual Incentive (1)		—	390,000	4,866,000					
Performance Shares (2)	9/16/2008				3,965	7,930	11,895		
Stock Options (3)	9/16/2008								4
Beth Springer									
Annual Incentive (1)		—	363,750	4,866,000					
Performance Shares (2)	9/16/2008				3,965	7,930	11,895		
Stock Options (3)	9/16/2008								4

(1) Represents estimated possible payouts for annual incentive awards for fiscal year 2009 under the EIC Plan for each of our named executive officers. The EIC Plan is an annual cash incentive opportunity and therefore awards are earned in the year of grant. The target amounts represent the potential payout if both Company and individual performance are at target levels. The maximum amount represents the stockholder-approved maximum payout in the EIC Plan of 1.0% of Company earnings for the CEO and .6% of Company earnings for all other named executive officers. The EIC Plan is designed to meet the requirements of IRC Section 162(m), and the maximum column reflects maximum awards possible under the Plan. The Committee historically has paid annual incentive awards that are substantially lower than the maximum EIC Plan payouts. Mr. Knauss’ employment agreement provides that his annual incentive award shall not exceed 200% of his bonus target for the applicable year, which is consistent with our historical practice of paying annual incentive awards to our named executive officers in amounts lower than 200% of the named executive officer’s fiscal year annual incentive target. See the Summary Compensation Table for the actual payout amounts in fiscal year 2009 under the EIC Plan. See Compensation Discussion and Analysis — Annual Incentives for additional information about the EIC Plan.

(2) Represents possible future payouts of Common Stock underlying performance shares awarded in fiscal year 2009 to each of our named executive officers as part of their participation in the 2005 Stock Incentive Plan. These awards will vest upon the achievement of performance measures based on cumulative operating profit and economic profit growth over a three-year period, with the threshold, target and maximum awards equal to 50%, 100% and 150%, respectively, of the number of performance shares granted. If the minimum financial goals are not met at the end of the three-year period, no awards will be paid out under the Plan. See Compensation Discussion and Analysis Long-Term Incentives for additional information.

(3) Represents stock options issued to each of our named executive officers under the 2005 Stock Incentive Plan. All stock options vest in equal installments on the first, second, third and fourth anniversaries of the grant date.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following equity awards granted to our named executive officers were outstanding as of the end of fiscal year 2009.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options - Exercisable (#)**	**Number of Securities Underlying Unexercised Options - Unexercisable (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($) (1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)**
Donald R. Knauss									
Stock Options (3)	137,500	137,500(4)		$63.21	10/2/2016				
	46,250	138,750(5)		61.16	9/18/2017				
		227,710(6)		63.95	9/16/2018				
Restricted Stock Units (3)						44,944 (4)	$2,509,224		
Performance Shares (3)								37,750(7)	$2,107,583
								37,670(8)	2,103,116
Lawrence S. Peiros									
Stock Options (3)	6,000			36.94	8/7/2010				
	50,001			36.13	9/20/2010				
	37,000			35.13	10/16/2011				
	40,000			41.98	9/18/2012				
	46,000			45.25	9/17/2013				
	45,000			53.88	9/15/2014				
	24,150	8,050(9)		57.00	9/21/2015				

Name	Number of Securities Underlying Unexercised Options - Exercisable (#)	Number of Securities Underlying Unexercised Options - Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
	17,050	17,050(10)		61.51	9/19/2016				
	10,000	10,000(11)		63.89	1/5/2017				
	13,350	40,050(5)		61.16	9/18/2017				
		71,910(6)		63.95	9/16/2018				
Performance Shares (3)								8,500(12)	474,555
								10,900(7)	608,547
								11,900(8)	664,377

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options - Exercisable (#)	Number of Securities Underlying Unexercised Options - Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
Frank A. Tataseo									
Stock Options (3)	1,400			43.25	9/15/2009				
	40,002			36.13	9/20/2010				
	45,000			35.13	10/16/2011				
	22,000			41.98	9/18/2012				
	23,000			45.25	9/17/2013				
	35,200			53.88	9/15/2014				
	21,750	7,250(9)		57.00	9/21/2015				
	15,850	15,850(10)		61.51	9/19/2016				
	10,275	30,825(5)		61.16	9/18/2017				
		47,940(6)		63.95	9/16/2018				
Performance Shares (3)								7,900(12)	441,057
								8,400(7)	468,972
								7,930(8)	442,732
Daniel J. Heinrich									
Stock Options (3)	25,002			35.46	3/1/2011				
	40,002			35.13	10/16/2011				
	13,000			41.98	9/18/2012				
	32,000			45.25	9/17/2013				
	35,200			53.88	9/15/2014				
	21,750	7,250(9)		57.00	9/21/2015				
	15,450	15,450(10)		61.51	9/19/2016				
	10,275	30,825(5)		61.16	9/18/2017				
		47,940(6)		63.95	9/16/2018				
Performance Shares (3)								7,700(12)	429,891
								8,400(7)	468,972
								7,930(8)	442,732

	Option Awards					Stock Awards			

Name	Number of Securities Underlying Unexercised Options - Exercisable (#)	Number of Securities Underlying Unexercised Options - Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
Beth Springer									
Stock Options (3)	4,485			38.84	9/29/2009				
	723			44.44	11/22/2009				
	7,000			35.78	4/26/2010				
	8,355			36.13	9/20/2010				
	7,740			35.22	9/24/2011				
	13,000			41.98	9/18/2012				
	14,000			45.25	9/17/2013				
	17,600			53.88	9/15/2014				
	12,000			58.55	1/18/2015				
	21,750	7,250(9)		57.00	9/21/2015				
	15,850	15,850(10)		61.51	9/19/2016				
	10,275	30,825(5)		61.16	9/18/2017				
		47,940(6)		63.95	9/16/2018				
Performance Shares (3)								7,900(12)	441,057
								8,400(7)	468,972
								7,930(8)	442,732

(1) Represents unvested restricted stock units under the 2005 Stock Incentive Plan multiplied by the closing price of our Common Stock on June 30, 2009 of $55.83 per share. The ultimate value will depend on the value of our Common Stock on the actual vesting date.

(2) Represents unvested "target" number of performance shares under the 2005 Stock Incentive Plan multiplied by the closing price of our Common Stock on June 30, 2009. The ultimate value will depend on whether performance criteria are met and the value of our Common Stock on the actual vesting date.

(3) Grants were made under the 2005 Stock Incentive Plan.

(4) Represents unvested stock options and restricted stock units granted on October 2, 2006, that vest in four equal installments beginning one year from the date of grant. Restricted stock units also include 3,194 restricted stock units as a result of reinvested dividends. However, any portion of 23,500 designated restricted stock units and any portion of 61,000 designated stock options that remain unvested at the time of termination will vest immediately if Mr. Knauss terminates due to involuntary termination without cause or voluntary termination for good reason. There were 11,750 of the designated restricted stock units and 30,500 of the designated stock options unvested as of the end of fiscal year 2009.

(5)

Represents unvested portion of stock options that vest in four equal installments beginning one year from the grant date of September 18, 2007.

(6) Represents unvested portion of stock options that vest in four equal installments beginning one year from the grant date of September 16, 2008.

(7) Represents the target number of performance shares that could be earned under our 2005 Stock Incentive Plan. The grants from the plan have a three-year performance period (fiscal years 2008 2010). Performance is based on achievement of cumulative operating profit growth and economic profit growth. The Committee will determine whether the performance measures have been achieved after the completion of the 2010 fiscal year.

(8) Represents the target number of performance shares that could be earned under our 2005 Stock Incentive Plan. The grants from the plan have a three-year performance period (fiscal years 2009 2011). Performance is based on achievement of cumulative operating profit growth and economic profit growth. The Committee will determine whether the performance measures have been achieved after the completion of the 2011 fiscal year.

(9) Represents unvested portion of stock options that vest in four equal installments beginning one year from the grant date of September 21, 2005.

(10) Represents unvested portion of stock options that vest in four equal installments beginning one year from the grant date of September 19, 2006.

(11) Represents unvested portion of stock options that vest in four equal installments beginning one year from the grant date of January 5, 2007.

(12) Represents the target number of performance shares that could be earned under the 2005 Stock Incentive Plan. The grants from the plan have a three-year performance period (fiscal years 2007 2009). Performance is based on achievement of cumulative operating profit growth and average ROIC. The Committee determined whether the performance measures had been achieved after the completion of the 2009 fiscal year. On August 13, 2009, the Committee approved the payout of this award at 150% of target, and the award was settled on August 18, 2009.

OPTION EXERCISES AND STOCK VESTED

This table shows stock options exercised and stock vested for the named executive officers during fiscal year 2009.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares	Value Realized on

Name	(#)	($) (1)	Acquired on Vesting	Vesting (2)
Donald R. Knauss		$	21,905(3)	$ 1,385,053
Lawrence S. Peiros	23,400(4)	184,477	9,504(5)	530,608(5)
Frank A. Tataseo	10,200(4)	18,705	8,532(5)	497,330(5)
Daniel J. Heinrich			5,000(6) 8,532(5)	257,000(6) 476,342(5)
Beth Springer	3,264(4)	64,107	8,532(5)	476,342(5)

(1) The dollar value realized reflects the difference between the closing price of the Common Stock on the date of exercise and the stock option exercise price.

(2) The dollar value realized reflects the market value of the vested shares based on the closing price of the Common Stock on the vesting date, unless otherwise noted.

(3) Represents vesting of 20,875 restricted stock units and 1,030 additional restricted stock units as a result of reinvested dividends. These restricted stock units were granted to Mr. Knauss in conjunction with his hire.

(4) Represents exercise of nonqualified stock options granted in previous years under the Companys long-term incentive program.

(5) Stock awards listed represent the 108% vesting of performance shares granted through participation in the 2005 Stock Incentive Plan. The grant from the plan had a three-year performance period (fiscal years 2006 2008). Performance is based on achievement of cumulative operating profit growth and average ROIC. On August 11, 2008, the Committee approved the payout of this award at 108% of target, and the award was settled on August 26, 2008. The actual realized value of the vested shares was based upon the value of the Common Stock on the date the shares were received unless receipt was deferred, in which case it was based on the value of the Common Stock as of June 30, 2009. Mr. Peiros, Mr. Heinrich, and Ms. Springer have deferred the receipt of their shares until termination from service with the Company. Their actual realized value will depend upon the value of the Common Stock on the date the shares were received. The dollar value set forth above is based on the Common Stock price as of the end of fiscal year 2009 of $55.83.

(6) Represents vesting of restricted stock units granted in previous years under the Companys long-term incentive program.

Overview of Pension Benefits

Pension benefits are paid to the named executive officers under the following plans: The Clorox Company Pension Plan (the Pension Plan), the cash balance restoration provision in the NQDC and the SERP or, in the case of the CEO, the replacement SERP, which is described under The Replacement Supplemental Executive Retirement Plan, set forth below. The following table is an overview of the current terms of the pension plans and provision, other than the replacement SERP.

Pension Plan	Cash Balance Restoration Provision in Nonqualified

	(cash balance plan)	Deferred Compensation Plan	SERP
Reason for Plan	Provide eligible employees, along with our non-qualified plans, a competitive level of retirement benefits based on pay	Provide eligible employees with a competitive level of retirement benefits based on pay, by restoring benefits limited by the IRC	Provide eligible employees retirement replacement income th is competitive with peers and also supports long-term retention of ke talent
Eligibility	Salaried and hourly employees of the Company, including the named executive officers	Named executive officers and select group of senior employees	Named executive officers and sele group of senior executives. Plan wa closed to new participants in April
Retirement Eligibility	Fully vested after 3 years of service	Fully vested after 3 years of service	Maximum benefit is payable at age and 15 years of service. Participan are eligible for a reduced early retirement benefit at age 55 with 10 years of service. SERP-eligible employees terminating before reac age 55 with 10 years of service rec no benefits from the SERP.
Pension Formula	Annual credits of 3% of eligible compensation (base salary and annual incentive) and quarterly credits of an interest factor	Annual credits of 3% of eligible compensation (base salary and annual incentive) that exceeds the IRC compensation limits	In combination with other Compan retirement plans (cash balance plan, Company contributions to the 401(k) Plan, including the Value Sl provision, cash balance restoration NQDC and Value Sharing restorati NQDC) and Social Security, partic can receive maximum total benefit approximately equal in value to 55 average compensation (defined as average of the highest consecutive years of base salary plus the avera the highest three years of EIC awa The maximum benefit is proportion reduced for service between 10 an 15 years at a rate of 3% per year.
Payment Form	A participant whose benefit has vested at retirement or other termination of employment may elect a cash distribution or an alternate annuity form. The normal retirement benefit is an annuity payable upon attainment of age 65. A reduced retirement benefit annuity is payable at age 55 with at least 10 years of vesting service. Participants may also elect an optional annuity form of benefit.	A participant whose benefit has vested at retirement or other termination of employment may elect a lump sum or annuity distribution that will be paid out based on previously determined criteria.	Paid as a monthly annuity for the l of the participant. Plan also provid disability and survivor's benefit. L sum option is not available.

All items in the above overview are included in the Change in Pension Value column of the Summary Compensation Table and the Pension Benefits Table.

The Replacement Supplemental Executive Retirement Plan. Pursuant to his employment agreement, Mr. Knauss participates in a replacement SERP that provides retirement benefits that are equal to the greater of the amount calculated under the Company SERP, described above, or the benefits to which he would have been entitled if he had stayed at his previous employer, The Coca-Cola Company. In the event that Mr. Knauss employment with the Company terminates prior to the completion of three years of service from his hire date of October 2, 2006, Mr. Knauss will be credited with a minimum of three years of benefit accruals under the replacement SERP. Mr. Knauss is fully vested in the replacement SERP, and he is the sole participant in the plan.

Eligible compensation for the replacement SERP is defined as the average of five years of base salary plus the average of five years of EIC awards. To the extent needed to obtain five years of consecutive annual compensation, actual annual salary and bonuses paid by The Coca-Cola Company prior to Mr. Knauss retirement will be used.

PENSION BENEFITS TABLE

The following table sets forth each named executive officers pension benefits under the Company s pension plans for fiscal year 2009.

Name	Plan Name	Number of Years of Credited Service (#) (1)	Present Value of Accumulated Benefit ($) (2)	Payments During Last Fiscal Year ($)
Donald R. Knauss	The Clorox Company Pension Plan	3	$ 14,322	$
	Replacement SERP/SERP	3 (3)	1,580,346	
	Cash Balance Restoration	3	71,823	
Lawrence S. Peiros	The Clorox Company Pension Plan	29	176,416	
	SERP	29	2,012,557	
	Cash Balance Restoration	29	182,859	
Frank A. Tataseo	The Clorox Company Pension Plan	15	119,546	
	SERP	15	2,023,438	
	Cash Balance Restoration	15	140,675	
Daniel J. Heinrich	The Clorox Company Pension Plan	8	56,510	
	SERP	8	889,277	
	Cash Balance Restoration	8	93,130	
Beth Springer	The Clorox Company Pension Plan	19	109,712	
	SERP	19	800,834	
	Cash Balance Restoration	19	75,467	

(1) Numbers of years of credited service is rounded to the nearest whole number.

(2) Present value of the accumulated benefit was calculated using the following assumptions: Mortality Table: RP2000, Discount Rate: 6.80%; age and pay at June 30, 2009.

(3) Pursuant to his employment agreement with the Company, as of his service date of October 2, 2006, Mr. Knauss is guaranteed a minimum three years of credited service under the replacement SERP. Please refer to a description of the replacement SERP above.

Nonqualified Deferred Compensation. In addition to the cash balance restoration benefits previously described and set forth in the Pension Benefits Table, the NQDC provides benefits that supplement the Value Sharing provision of the 401(k) Plan and permits the deferral of compensation. The Value Sharing provision of the 401(k) Plan is a Company profit sharing plan under which, depending on financial performance measurements, the Company contributes 3% 12% of the participant s eligible compensation, including annual base salary and

annual incentive, to either the participant’s 401(k) or NQDC account. Company contributions in amounts up to 7% of a named executive officer’s eligible compensation within the IRC compensation limits are tax-qualified and are credited to the participant’s 401(k) account. The portion of eligible compensation up to 7% that exceeds the IRC compensation limits is credited to the Nonqualified Deferred Compensation Value Sharing restoration benefit. In addition, any amount exceeding 7% of eligible compensation is payable in cash or deferred under the Value Sharing restoration provision of the NQDC, depending upon the participant’s election. Company contributions under the Value Sharing provision of the 401(k) Plan are determined using the Company’s achievement of financial performance based on net customer sales and economic profit, the same metrics used to determine the payout for the annual incentive awards.

In addition to the Value Sharing benefits, the NQDC permits selected employees to defer annual incentive awards and base salary. A participant may defer up to 50% of his or her annual salary and up to 100% of his or her annual incentive paid under the EIC Plan.

Participants have the option of selecting two investment crediting rates under the NQDC — the 30-year Treasury Bond yield, and/or an S&P 500 index. Participants may elect to receive distributions from the NQDC in either a lump sum or up to 10 annual installments, which will be paid upon separation from service. The responsibility to pay benefits under the NQDC is an unfunded obligation of the Company.

The following table provides information regarding the accounts of the named executive officers under the NQDC in fiscal year 2009.

Name	Executive Contributions in Last FY ($) (1)	Registrant Contributions in Last FY ($) (2)	Aggregate Earnings in Last FY ($) (3)	Aggregate Balance at Last FYE ($) (4) (5)
Donald R. Knauss	$749,125	$ 42,263	$(299,421)	$1,091,379
Lawrence S. Peiros	863,637	65,187	(727,615)	2,490,575
Frank A. Tataseo	9,845	49,885	(546,907)	1,539,008
Daniel J. Heinrich	10,492	54,199	(66,353)	185,762
Beth Springer	425,942	51,323	(465,512)	1,416,754

(1) For all named executive officers except Mr. Knauss, amount includes Value Sharing amounts elected to be deferred pursuant to the Company’s Value Sharing restoration provision of the NQDC. These amounts are also reported in the Summary Compensation Table — All Other Compensation and are included under the caption 'NQDC' in footnote (6) to the Summary Compensation Table — All Other Compensation. Information regarding the Value Sharing restoration provision of the NQDC is described above. For Messrs. Knauss and Peiros, the amount also represents salary and annual incentive awards deferred during fiscal year 2009. Deferred salary is also reported in the Summary Compensation Table — Salary. For Ms. Springer, the amount also represents her annual incentive award deferred during fiscal year 2009. Deferred annual incentive awards are also reported in the Summary Compensation Table — Non-Equity Incentive Plan Compensation. Information regarding the deferral of salary and annual incentive awards is described above.

(2) Represents that portion of the Company contribution of up to 7% of salary that is in excess of IRC Compensation limits pursuant to the Value Sharing restoration provision of the NQDC plan. These contributions are also reported in the Summary Compensation Table — All Other Compensation and are included under the caption NQDC in footnote (6) to the Summary Compensation Table — All Other Compensation.

(3) Earnings are based on the investment option of a 30-year Treasury Bond yield or the rate specified by the IRS for use where the 30-year bond rate would otherwise apply, the S&P 500 Index or a combination of both, as elected by the participant. For fiscal year 2009, the 30-year Treasury Bond return was 4.4% and the S&P 500 index return was (26.2%).

(4) Reflects aggregate balances under the Value Sharing restoration provision of the NQDC plan and deferred salary and deferred annual incentive amounts as of the end of fiscal year 2009.

(5) The executive and registrant contribution total amounts in the table below are also reported as compensation in the Summary Compensation Table in the years indicated:

Fiscal Year	Donald R. Knauss	Lawrence S. Peiros	Frank A. Tataseo	Daniel J. Heinrich	Beth Springer
2009	$791,388	$928,824	$ 59,730	$ 64,691	$ 477,265
2008	558,875	907,088	514,938	44,415	537,330
2007	134,583	179,918	40,767	50,737	34,734

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Employment Agreements

The Company entered into employment agreements with each of the named executive officers. Excluding Mr. Knauss, the named executive officers employment agreements were evergreen in that they renewed daily to maintain a two-year term, unless the Company provided the named executive officer with written notice of non-renewal. In July 2009, the Company provided notice of non-renewal to the named executive officers with evergreen employment agreements. As a result of the non-renewal notice, these agreements will expire on July 31, 2011. It is expected that the employment agreements will be replaced by a severance plan prior to their expiration. Mr. Knauss employment agreement has a three-year term that is subject to automatic one-year extensions unless either the Company or Mr. Knauss gives notice to the other party at least 180 days before such extension becomes effective, reflecting emerging best practice for employment agreements.

Employment Agreements with Named Executive Officers Other than Mr. Knauss. Each employment agreement sets forth that the named executive officers annual base salary will be subject to periodic review in accordance with the Companys regular administrative practices for executive officers. The employment agreement also states that each named executive officer is eligible to participate in the EIC Plan, the Companys long-term incentive program, the SERP and other employee benefit plans made available to the Companys named executive officers. Information regarding these plans and the periodic review of our named executive officer salaries is discussed in the Compensation Discussion and Analysis section of this proxy.

Under the terms in the employment agreements, our named executive officers are eligible to receive benefits in the event their employment is terminated (1) by the Company without cause, (2) due to retirement, (3) due to disability, or (4) due to death. The amounts of benefits will vary based on the reason for termination. No benefits are payable under the terms of the employment agreements if the Company terminates the named executive officer for cause or the named executive officer terminates at will.

Regardless of the manner in which a named executive officers employment terminates, each named executive officer would retain the amounts that he or she has earned over the course of his or her employment prior to the termination event, such as the named executive officers balances under our deferred compensation plan, accrued retirement benefits and previously vested stock options, except as outlined below under Termination for Cause. For further information about previously earned amounts, see Summary Compensation Table, Outstanding Equity Awards at Fiscal Year-End, Option Exercises and Stock Vested, Pension Benefits Table and Nonqualified Deferred

Compensation.

Under the employment agreements, each named executive officer agrees to keep confidential, during the term of employment and thereafter, all information regarding the Company that he or she receives during the term of employment and also agrees that he or she will not solicit for employment any customer or employee of the Company for two years after termination.

Termination benefits under the employment agreements for our named executive officers are as follows, except to the extent discussed separately with respect to Mr. Knauss:

Involuntary Termination Without Cause. If the Company terminates a named executive officer’s employment without cause, the employment agreements entitle the named executive officer to receive a severance payment after the termination in the form of a lump sum payment. The severance amount is equal to two times the named executive officer’s current base salary, plus two times 75% of his or her average annual EIC awards for the preceding three years, plus an amount equal to 75% of his or her average annual EIC awards for the preceding three years, pro-rated to the date of termination.

The employment agreements provide that the named executive officer is entitled to continue to participate in the Company’s medical and dental insurance programs for the two-year period following termination on the same terms as active employees. In addition, if at the end of, and including, this two-year period the named executive officer will be age 55 or older and have at least 10 years of employment with the Company, he or she will be eligible to participate in the medical and/or dental plans offered to former employees who retire at age 55 or older, provided they have at least 10 years of service, on the same terms as such other former employees. This coverage will continue until the named executive officer is age 65 and, thereafter, the named executive officer may participate in the Company’s retiree health plan as it may exist in the future, provided the named executive officer is otherwise eligible to participate in the retiree health plan. If the named executive officer will be age 55 or older and have at least 10 years of service at the end of, and including, the two-year period following termination, the named executive officer will receive two additional years of service credit under the SERP.

Upon termination, each named executive officer will also be entitled to purchase the Company-leased automobile, if any, that he or she has used at the buyout amount specified by the lessor.

The above severance-related benefits are provided only if the named executive officer executes a general release prepared by the Company. Because notice of non-renewal has been given to the named executive officers under their employment agreements, the actual severance payment multiple and length of continuation of benefits after termination would be a lower amount based on the number of months remaining in the term of the employment agreement at the time of termination without cause. It is expected that the employment agreements will be replaced by a severance plan prior to their expiration.

Termination Due to Retirement. If the named executive officer is eligible to receive benefits under the SERP, then upon three months written notice, the named executive officer may terminate employment due to retirement. Under the employment agreements, upon retirement the named executive officer is entitled to his or her salary through the last day of employment and a pro-rata portion of the EIC award for the fiscal year in which retirement occurs. He or she will also be eligible to receive SERP and other retirement benefits. In addition to the amounts that the named executive officer has earned or accrued over the course of his or her employment under the Company’s qualified and nonqualified plans, named executive officers who are at least age 55 with 10 years of service or who have 20 years of service regardless of age, are eligible to receive retirement-related benefits under the long-term incentive program, as determined in accordance with the terms of the respective award agreements and plan document.

Termination Due to Death or Disability. Under each employment agreement, if the named executive officer’s employment is terminated due to his or her death, the named executive officer’s beneficiary or estate is entitled to the named executive officer’s salary through the end of the month in which the death occurred and is entitled to a pro-rata portion of the named executive officer’s target EIC award for the fiscal year of death. Benefits are also paid pursuant to the Company’s life insurance plan on the executive in the event of death.

If the named executive officer begins to receive benefits under the Company’s long-term disability plan, the Company may terminate the named executive officer’s employment at any time, in which case the named

executive officer will receive his or her salary through the date of termination and will also be entitled to a pro-rata portion of the target EIC award for the fiscal year of the termination.

Termination For Cause. The Company may terminate a named executive officer's employment for cause at any time without notice. Upon the named executive officer's termination for cause, the named executive officer is entitled to his or her salary through the date of termination, but would not be entitled to any EIC award for the fiscal year in which the termination for cause occurs. "Cause" is defined in the employment agreements as: (1) the willful and continued neglect of significant duties or willful and continued violation of a material Company policy after being warned in writing; (2) committing a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude; (3) exhibiting gross negligence in the course of employment; (4) the failure to obey a lawful direction of the board of directors; and (5) acting in any manner inconsistent with the Company's best interests and values. All stock option grants awarded since September 2005 will be forfeited upon a termination for cause. In addition, for performance shares awarded since September 2005, any retirement-related benefits a named executive officer would normally receive, if applicable, will be forfeited upon a termination for cause.

Termination At Will. The named executive officer may terminate his or her employment at any time upon 10 business days' written notice. Upon the named executive officer's at will termination (other than due to retirement), the named executive officer is entitled to his or her salary through the date of termination, but is not entitled to any EIC award for the fiscal year of termination.

The Company has also entered into change in control agreements with each of the named executive officers, which are described below under Potential Payments Upon Change in Control.

Mr. Knauss' Employment Agreement. On August 25, 2006, the Company entered into an employment agreement with Mr. Knauss, which became effective on October 2, 2006, when Mr. Knauss began his employment as chairman and CEO of the Company. As noted above, Mr. Knauss' employment agreement has a three-year term subject to automatic one-year extensions unless either the Company or Mr. Knauss gives notice to the other party at least 180 days before such extension becomes effective.

Mr. Knauss' agreement sets forth that his annual salary will be subject to periodic review in accordance with the Company's regular administrative practices for named executive officers, as described in the Compensation Discussion and Analysis. The employment agreement also states that Mr. Knauss is eligible to participate in the Company's EIC Plan, the Company's long-term incentive program, the Company SERP, and the replacement SERP, which are described in the Compensation Discussion and Analysis, and other employee benefit plans made available to the Company's named executive officers.

Upon completion of seven years of service, Mr. Knauss will be deemed retirement eligible under all Company welfare benefit, equity and other incentive plans and programs applicable to the Company's executive officers, provided, however, that such treatment will not apply to the extent Mr. Knauss is eligible for retiree benefits from his prior employer. Mr. Knauss is eligible to participate in the Company SERP and will be eligible for an early retirement benefit upon completion of seven years of service. Mr. Knauss is also eligible for an additional retirement benefit through a replacement SERP, which is intended to duplicate the rights and benefits to which he would have been entitled under the SERP of his previous employer. However, the supplemental retirement benefit that Mr. Knauss will be eligible to receive upon retirement will be the greater of the amount attributable to the Company SERP or the replacement SERP. For information regarding the Company SERP and the replacement SERP, see Overview of Pension Benefits — The Replacement Supplemental Executive Retirement Plan.

The terms of Mr. Knauss' employment agreement relating to termination by the Company without cause, due to retirement, due to death or disability, and for cause are similar to the terms of the agreements of our other named executive officers, which are described above. Mr. Knauss' termination benefits differ from those for other named executive officers in the following ways:

Upon termination by the Company without cause, or by Mr. Knauss for good reason, and provided that Mr. Knauss executes a general release, Mr. Knauss will receive severance-related benefits as follows:

- A lump sum amount equal to three times his current base salary, plus three times 75% of his average annual EIC awards for the preceding three years (or actual years, if less than three).

- A pro-rata portion of the EIC award for the fiscal year in which termination occurs based on actual Company results, paid at the end of the fiscal year.

- Continuation of medical and dental benefits for the three-year period after termination. In addition, if Mr. Knauss has completed seven years of service at the time of the termination, he will be entitled to participate in the medical and dental benefits offered to former employees who retire at age 55 with at least 10 years of service.

- If Mr. Knauss gives the Company at least three months’ notice prior to terminating his employment and is vested in his Company SERP benefit at the time of the termination, the termination will be deemed to be due to retirement for purposes of the Company’s long-term incentive awards plan, provided that Mr. Knauss irrevocably elects to commence benefits under the SERP. If Mr. Knauss is not vested in the SERP, or does not elect to commence benefits under the SERP, then outstanding stock awards will vest in accordance with the terms of the respective award agreements.

- Any portion of 23,500 designated restricted stock units and any portion of 61,000 designated stock options awarded to Mr. Knauss under his employment agreement that remain unvested at the time of Mr. Knauss’ termination will immediately vest, and the stock options will remain exercisable for three years following his termination. In addition, any portion of up to 214,000 stock options that are vested at the time of termination will remain exercisable for one year.

- If Mr. Knauss’ employment is terminated by the Company without cause or by Mr. Knauss for good reason at any time following the issuance by the Company of a notice of non-renewal on the third anniversary of the employment agreement date, 5,875 of the unvested restricted stock units granted under his employment agreement and 15,250 of the unvested stock options granted under his employment agreement will immediately vest, and the options will remain exercisable for one year after his termination. If, however, the notice of non-renewal is effective at any other time, 61,000 of Mr. Knauss’ vested stock options will remain exercisable for three years after his termination and the remaining vested stock options will remain exercisable for one year after the termination. Continued vesting is subject to the earlier expiration of the term of each stock option grant.

“Good reason” is defined in Mr. Knauss’ employment agreement as the (1) assignment of duties inconsistent with Mr. Knauss’ position or material diminution of his position, (2) Company’s failure to provide compensation and benefits as provided in Mr. Knauss’ employment agreement, (3) relocation of Mr. Knauss’ office that increases his commute by more than 40 miles, (4) termination of his employment by the Company other than as expressly permitted by Mr. Knauss’ employment agreement, or (5) Company’s failure to obtain a successor company’s agreement to assume Mr. Knauss’ employment agreement. In addition, a failure by the board of directors to appoint Mr. Knauss to the board of directors will also constitute good reason. A failure by the stockholders to elect Mr. Knauss to the board of directors shall not constitute good reason.

“Cause” is defined in Mr. Knauss’ employment agreement as (1) the willful and continued neglect of significant duties or willful and continued violation of a material Company policy after being warned in writing, (2) committing a material act of dishonesty, fraud, misrepresentation or other act of moral turpitude, (3) exhibiting gross negligence in the course of employment, or (4) the failure to obey a lawful direction of the board of directors.

Also on August 25, 2006, the Company entered into a change in control agreement with Mr. Knauss, which is described below under Potential Payments Upon Change in Control.

Potential Payments upon Change in Control

We have agreements with Mr. Knauss and each of our other named executive officers that take effect only if a change in control occurs. Excluding Mr. Knauss, until November 2007, each named executive officer had a change in control agreement that renewed daily to maintain a three-year term unless the Company provided the named executive officer written notice of non-renewal. On November 16, 2007, the Company provided the executive officers other than Mr. Knauss notice of non-renewal and, thus, the agreements will expire on January

17, 2011. Mr. Knauss change in control agreement has a three-year term that is subject to automatic one-year extensions unless either the Company or Mr. Knauss gives notice to the other party at least 180 days before such extension becomes effective, reflecting emerging best practice for change in control agreements.

The benefits and protections provided under the change in control agreements apply for a two-year period commencing immediately upon the occurrence of a change in control of the Company. A change in control is defined in the agreements as (1) a change in the composition of a majority of the board of directors within any twelve-month period, unless approved by a majority of incumbent directors, (2) a consummation of a reorganization, merger, consolidation or sale, unless the Companys shareholders own more than 50% of the Common Stock or voting stock of the successor corporation, no person owns more than 20% of the Common Stock or voting stock of the successor corporation or the majority of the directors are incumbent directors, (3) shareholder approval of the sale of all or substantially all of the Companys assets, or (4) an acquisition by a party of at least 50% of the Companys voting stock or at least 30% of the Companys voting stock over a twelve-month period.

The severance and other benefits payable to our named executive officers under their agreements are due only in the event of a double trigger in which there is first a change in control and subsequently a qualifying termination of employment. Qualifying terminations of employment include involuntary termination by the Company without cause or voluntary termination by the named executive officer with good reason, each within a two-year protection period that commences upon a change in control. Good reason is defined in the change in control agreements as a material diminution of position or an assignment of inconsistent duties, a decrease in or failure to provide compensation and benefits, a material change in work location, a termination of the named executive officers employment by the Company other than as expressly permitted by the agreement or any material failure by the Company to have a successor assume the agreement. In addition, under Mr. Knauss change in control agreement, a failure of the board of directors to nominate Mr. Knauss to the board of directors at any time will constitute good reason. Failure by the stockholders to elect Mr. Knauss to the board of directors shall not constitute good reason. Cause is defined in the change in control agreements as the (1) willful and continued failure to perform duties after receiving a written warning and (2) willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

Severance-related benefits under the change in control agreements for our named executive officers, including Mr. Knauss, for qualifying terminations are as follows:

- Cash compensation equal to three times base salary and three times the average annual EIC awards for the preceding three years (or actual years, if less than three), plus 100% of the average annual EIC awards for the preceding three years (or actual years, if less than three), pro-rated to the date of termination. This amount will be paid in a lump sum after termination.

- Payment of an amount that would equal the difference between the actuarial equivalent of the benefit the named executive officer would have been eligible to receive if his or her employment had continued until the third anniversary of the date of termination or, other than for Mr. Knauss, the first day of the month following the named executive officers 65th birthday if earlier, under the qualified and nonqualified retirement plans and the actuarial equivalent of the named executive officers actual aggregate benefits paid or payable, if any, as of the date of termination under the qualified and nonqualified retirement plans. This amount will also be paid in a lump sum after termination.
- Continued participation in health, welfare and insurance benefits until the third anniversary of the date of termination or, other than for Mr. Knauss, the first day of the month following the named executive officers 65th birthday if earlier. In addition, for purposes of determining the named executive officers eligibility for retiree benefits under other Company plans and programs, the named executive officer will be deemed to have continued employment during such period and to have retired on the last day of such period.
- Financial planning services for the calendar year of termination.
- If a Company-leased automobile was being used by the named executive officer, the opportunity to purchase the automobile at the buyout amount specified by the lessor.

In addition, any outstanding stock awards granted to the named executive officer under the Company’s long-term incentive awards program prior to the change in control will automatically vest in accordance with the terms of the award agreements.

In the event that any payments made in connection with a change in control would be subject to the excise tax imposed by Section 4999 of the IRC, the agreements provide for a gross-up payment to cover any federal excise taxes owed by the named executive officer on any change in control-related severance payments and benefits. The gross-up is an additional payment that would cover (1) the amount of federal excise taxes and (2) the additional income taxes resulting from payment of the gross-up. The Company can reduce the severance payments up to 5% to avoid the excise tax. If a larger reduction is required, the Company pays the full excise tax gross-up. This gross-up and the change in control severance-related benefit amounts are reflected in Estimated Potential Payments Upon Termination or Change in Control.

In addition to the above benefits, under Mr. Knauss’ change in control agreement, if Mr. Knauss dies during the two-year protection period following a change in control or if Mr. Knauss’ employment is terminated due to disability during the two-year protection period following a change in control, all restricted stock units and stock options granted to him under his employment agreement become fully vested and, in the case of the stock options, will remain exercisable for one year following the date of death or termination due to disability or, if earlier, until the expiration of the term of the option. Furthermore, upon a change in control, should the continuing entity not assume or replace the restricted stock units and stock options awarded to Mr. Knauss under his employment agreement, such awards will become immediately vested upon the change in control.

Under the change in control agreements, each named executive officer agrees to keep confidential during the term of employment and thereafter, all information regarding the Company that he or she receives during the term of employment and agrees that he or she will not solicit for employment any customer or employee of the Company for two years after termination.

Estimated Potential Payments upon Termination or Change in Control

The following table reflects the estimated amount of compensation payable to each of the Company’s named executive officers upon termination of the named executive officer’s employment under different scenarios, excluding earned amounts, such as vested amounts or accrued benefits, except for benefits accrued under the SERP. If a named executive officer is eligible for SERP as of the assumed termination date, the SERP amount reported under the retirement column is included in the scenarios for involuntary termination without cause and termination after change in control in the retirement benefits line.

The amounts shown assume that the termination was effective as of the last business day of fiscal year 2009 (i.e., June 30, 2009) and that the closing price of Common Stock, upon which certain of the calculations are based, was $55.83 on that date. Although the calculations are intended to provide reasonable estimates of the potential compensation payable, they are based on assumptions outlined in the footnotes below and may not represent the actual amount the named executive officer would receive if an eligible termination event were to occur. For further details about the post-termination amounts shown in the table below, see Employment Agreements and Potential Payments Upon a Change in Control above.

The table does not include compensation or benefits provided under plans or arrangements that are generally available to all salaried employees with the exception of disability and life insurance. Amounts reflected for change in control assume that each named executive officer is involuntarily terminated by the Company without cause or voluntarily terminates for good reason within two years after a change in control.

Name and Benefits	Involuntary Termination Without Cause (or Good Reason for CEO Only)	Termination After Change In Control	Retirement	Disability	De
Donald R. Knauss					
Cash Severance	$7,296,563 (1)	$ 8,170,000 (2)	$ —	$ — (3)	$ —
Stock Options	(4)	(5)	— (4)	— (6)	—

Restricted Stock	706,194 (7)	2,509,224 (8)	—	2,509,224 (9)	2,509,
Performance Shares		2,106,094 (10)	—	4,210,699 (11)	4,210,
Retirement Benefits	(12)	4,142,614 (13)	— (12)	2,938,288 (14)	1,010,
Health and Welfare Benefits	(16)	10,675 (17)	—	—	—
Disability/Life Insurance (18)			—	1,386,750	1,075,
Financial Planning (19)		16,500	—	—	—
Excise Tax Gross-Up (20)		6,912,331	—	—	—
Total Estimated Incremental Value	$ 8,002,757	$ 23,867,438	$ —	$ 11,044,961	$ 8,805,
Lawrence S. Peiros					
Cash Severance	$ 2,518,150 (21)	$ 3,945,733 (2)	$ — (22)	$ — (3)	$ —
Stock Options	(23)	(5)	— (23)	— (6)	—
Restricted Stock			—	—	—
Performance Shares	880,253 (24)	1,101,712 (10)	880,253 (24)	1,747,479 (11)	1,747,
Retirement Benefits	4,340,866 (25)	5,375,905 (13)	—	1,980,262 (14)	2,002,
Health and Welfare Benefits	36,888 (16)	64,117 (17)	—	—	—
Disability/Life Insurance (18)			—	684,860	620,
Financial Planning (19)		16,500	—	—	—
Excise Tax Gross-Up (20)		5,054,830	—	—	—
Total Estimated Incremental Value	$ 7,776,157	$ 15,558,797	$ 880,253	$ 4,412,601	$ 4,369,

---

Name and Benefits	Involuntary Termination Without Cause (or Good Reason for CEO Only)	Termination After Change In Control	Retirement	Disability
Frank A. Tataseo				
Cash Severance	$ 1,963,950 (21)	$ 3,135,533 (2)	$ — (22)	$ — (3)
Stock Options	— (23)	— (5)	— (23)	— (6)
Restricted Stock	—	—	—	—
Performance Shares	753,705 (24)	901,282 (10)	753,705 (24)	1,352,761 (11)
Retirement Benefits	3,812,189 (25)	3,985,843 (13)	3,632,664 (26)	2,045,166 (14)
Health and Welfare Benefits	43,368 (16)	72,988 (17)	—	—
Disability/Life Insurance (18)	—	—	—	452,567
Financial Planning (19)	—	16,500	—	—
Excise Tax Gross-Up (20)	—	—	—	—
Total Estimated Incremental Value	$ 6,573,212	$ 8,112,146	$ 4,386,369	$ 3,850,494
Daniel J. Heinrich				
Cash Severance	$ 2,026,100 (21)	$ 3,313,067 (2)	$ —	$ — (3)
Stock Options	—	— (5)	—	— (6)
Restricted Stock	—	—	—	—
Performance Shares	—	890,116 (10)	—	1,341,595 (11)
Retirement Benefits	2,525,346 (25)	3,629,506 (13)	—	— (14)
Health and Welfare Benefits	43,368 (16)	73,531 (17)	—	—
Disability/Life Insurance (18)	—	—	—	479,133

Financial Planning (19)	—	16,500	—	—
Excise Tax Gross-Up (20)	—	4,402,424	—	—
Total Estimated Incremental Value	$4,594,814	$12,325,144	$ —	$1,820,728
Beth Springer				
Cash Severance	$1,935,325 (21)	$ 3,171,133 (2)	$ —	$ — (3)
Stock Options	—	— (5)	—	— (6)
Restricted Stock	—	—	—	—
Performance Shares	—	901,282 (10)	—	1,352,761 (11)
Retirement Benefits	—	250,199 (13)	—	678,639 (14)
Health and Welfare Benefits	18,312 (16)	35,375 (17)	—	—
Disability/Life Insurance (18)	—	—	—	457,017
Financial Planning (19)	—	16,500	—	—
Excise Tax Gross-Up (20)	—	2,117,926	—	—
Total Estimated Incremental Value	$1,953,637	$ 6,492,415	$ —	$2,488,417

(1) This amount represents three times Mr. Knauss' current base salary of $1,075,000 plus three times 75% of his average annual EIC awards for the preceding two years plus 100% of his current year EIC award target of $1,290,000, pro-rated to the date of termination. In accordance with Mr. Knauss' employment agreement, his average EIC awards for fiscal years 2007 and 2008 have been substituted for his average annual EIC awards for the preceding three years for purposes of calculating his severance payment since Mr. Knauss had only received two EIC awards as of June 30, 2009.

---

(2) This amount represents three times the named executive officer's current base salary, plus three times the average EIC awards for the preceding three years, plus the average EIC awards for the preceding three years, prorated to the date of termination, except as discussed in footnote (1) above with respect to Mr. Knauss.

(3) Named executive officers whose termination is the result of disability or death are eligible to receive a pro-rata EIC award through the date of termination. However, all bonus-eligible employees active as of June 30, 2009, are eligible to receive an EIC award so a pro-rata EIC award would not be applicable as of this date since the assumed termination date is June 30, 2009.

(4) This amount represents the value of the accelerated vesting of 30,500 of Mr. Knauss' stock options in accordance with his employment agreement, calculated as the difference between the June 30, 2009, closing Common Stock price of $55.83 and the exercise price for each option. The exercise price for these options was greater than the Common Stock's closing price at the end of the fiscal year making the total value $0.

(5) This amount represents the value of the accelerated vesting of all outstanding stock options, calculated as the difference between the June 30, 2009, closing Common Stock price of $55.83 and the exercise price for each option. The exercise price for all of the named executive officers' outstanding option grants was greater than the Common Stock's closing price at the end of fiscal year 2009 making the total value for all named executive officers $0.

(6) This amount represents the value of the accelerated vesting of outstanding stock options upon the named executive officer's

termination of employment due to disability or death, calculated as the difference between the June 30, 2009, closing Common Stock price of $55.83 and the exercise price for each option. The exercise price for all of the named executive officers outstanding option grants was greater than the stocks closing price at the end of fiscal year 2009 making the total value for all named executive officers $0.

(7) This amount represents the value of the accelerated vesting of 12,649 of Mr. Knauss restricted stock units in accordance with his employment agreement. This amount represents the unvested portion of his initial grant of 23,500 restricted stock units that will vest upon termination plus 899 restricted stock units as a result of reinvested dividends related to the 23,500 units. This dollar amount was determined by multiplying 12,649 units times the closing price of our Common Stock on June 30, 2009, of $55.83.

(8) This amount represents the value of the accelerated vesting of all outstanding restricted stock units. This dollar amount was determined by multiplying 44,944 units for Mr. Knauss times the closing price of our Common Stock on June 30, 2009, of $55.83. Mr. Knauss restricted stock units represent the unvested portion of his initial grant of 83,500 restricted stock units per his employment agreement plus 3,194 restricted stock units due to reinvested dividends.

(9) This amount represents the value of the accelerated vesting of all outstanding restricted stock units upon the named executive officers termination due to disability or death determined by multiplying 44,944 units for Mr. Knauss times the closing price of our Common Stock on June 30, 2009, of $55.83.

(10) Performance shares will vest on a pro-rata basis after a change in control. This amount assumes a targeted payout and is valued at the closing price of our Common Stock on June 30, 2009, of $55.83.

(11) This amount represents the value of the vesting of performance shares upon a death or disability, assuming a target payout and valued at the closing price of our Common Stock on June 30, 2009, of $55.83. Upon a death or disability termination, the entire performance share grant will vest. The actual payout will not be determined until the end of the performance period.

(12) Mr. Knauss received 3 years of benefit accruals for the replacement SERP under the terms of his employment agreement; he is not eligible for any additional retirement benefits in the event of an involuntary termination or retirement above what he has already accrued. These benefits are described further in the discussion on Mr. Knauss Employment Agreement.

(13) This amount represents the difference between the actuarial equivalent of the benefit the named executive officer would have been eligible to receive if his or her employment had continued until the third anniversary of the date of termination or, other than for Mr. Knauss, the first day of the month following the named executive officers 65th birthday if earlier, under the qualified and nonqualified retirement plans and the actuarial equivalent of the named executive officers actual aggregate benefits paid or payable, if any, as of the date of termination under the qualified and nonqualified retirement plans. Mr. Tataseos amount also includes the value of the SERP benefit he would receive upon termination, as is he already vested in this benefit.

(14) This amount represents the present value of the SERP benefit payable to the named executive officer at the time of termination due to disability. For Mr. Knauss, this amount includes the present value accrued to date of the replacement SERP benefit. Mr. Heinrich is not yet eligible for this SERP benefit.

(15) This amount represents the present value of the SERP benefit payable to the named executive officers beneficiary at the time of death. For Mr. Knauss, this amount represents the present value accrued to date of the replacement SERP benefit payable to his beneficiary. Mr. Heinrich is not yet eligible for this SERP benefit.

(16) This amount represents the estimated Company cost of providing continuing medical and dental benefits to Mr. Knauss for the three-year period following his termination of employment and to the other named executive officers for the two-year period following termination. Mr. Knauss currently has not elected to receive medical and dental coverage under the Companys plans so there is no Company cost related to this benefit.

(17) This amount represents the estimated Company cost of providing welfare benefits, including medical, dental, disability and life insurance, for the three-year period following a qualifying termination after a change in control. Mr. Knauss currently has not elected to receive medical and dental coverage under the Companys plans, so there is no Company cost related to this portion of the benefit.

(18) These amounts represent benefits payable pursuant to the Companys disability and life insurance plans. The disability benefit represents the same level of benefit offered to other salaried employees. The death benefit represents the life insurance payment elected by the named executive officer, and is also the same as that offered to other salaried employees.

(19) This amount represents the cost of providing financial planning for the year of termination.

(20) This amount represents the gross-up payment to cover any IRC Section 4999 excise tax owed by the named executive officer on any change in control-related severance payments and benefits.

(21) This amount reflects two times the named executive officers current base salary, plus two times 75% of his or her average annual EIC awards for the preceding three years. In addition, for Messrs. Peiros and Tataseo, who are retirement-eligible, this amount includes 100% of their current year target EIC award prorated to the date of termination. For the other named executive officers, this amount includes 75% of his or her average annual EIC awards for the preceding three years, pro-rated to the date of termination.

(22) Mr. Peiros and Mr. Tataseo are the only named executive officers who are retirement-eligible and thus are eligible for a pro-rata EIC award upon retirement. However, all bonus-eligible employees active as of June 30, 2009, are eligible to receive an EIC award so a pro-rata EIC award would not be applicable as of this date since the assumed termination date is June 30, 2009.

(23) Mr. Peiros and Mr. Tataseo are retirement-eligible and, thus, all unvested stock options held greater than one year will automatically vest upon termination. This amount represents the value of the accelerated vesting of the stock options, calculated as the difference between the June 30, 2009, closing Common Stock price of $55.83 and the exercise price for each option. The exercise price for all these options was greater than the Common Stocks closing price at the end of fiscal year 2009 making the total value $0.

(24) Mr. Peiros and Mr. Tataseo are retirement-eligible and, thus, are entitled to receive a pro-rata portion of all performance shares held at least one year upon termination. This value represents the pro-rata vesting of the eligible shares from the September 2006 and September 2007 grants, assuming a target payout and valued at the closing price of our Common Stock on June 30, 2009, of $55.83. The actual payout of the shares will not be determined until the end of the performance period. Named executive officers who are not retirement-eligible forfeit shares upon termination in this circumstance.

(25) For Messrs. Peiros, Tataseo and Heinrich, this amount represents the value of the continuation of benefits and service accruals under the Company SERP per the provisions of the employment agreement, assuming each will be at least age 55 with 10 or more years of service at the end of the two-year period following termination. For Mr. Tataseo, this amount also includes the value of the SERP benefit he would receive upon termination, as he is already vested in this benefit.

(26) For Mr. Tataseo, this amount represents the value of benefits under the Company SERP per the provisions of the plan and would be payable upon termination.

DIRECTOR COMPENSATION

Only our non-employee directors receive compensation for their services as directors. The Companys non-employee director compensation program is comprised of cash compensation and an annual grant of deferred stock units.

The following table sets forth information regarding compensation for each of the Companys non-employee directors during fiscal year 2009:

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation	Total ($)
Daniel Boggan, Jr.	85,000	$107,500			192,500
Richard H. Carmona	75,000	107,500			182,500
Tully M. Friedman	85,000	107,500			192,500
George J. Harad	95,000	107,500			202,500
Robert W. Matschullat	75,000	107,500			182,500
Gary G. Michael	100,000	107,500			207,500
Edward A. Mueller	95,000	107,500			202,500
Jan L. Murley	75,000	107,500			182,500
Pamela Thomas-Graham	75,000	107,500			182,500
Carolyn M. Ticknor	75,000	107,500			182,500

(1) The amount reported in the Fees Earned or Paid in Cash column reflects the total annual cash retainer and other cash compensation earned by each director in fiscal year 2009 and includes amounts deferred into cash or deferred stock units and/or amounts issued in Common Stock in lieu of cash at the directors election. The annual cash retainer is paid to each director in quarterly installments.

(2) The amount reported reflects the dollar amount accrued for financial statement reporting purposes for fiscal year 2009 under Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment (SFAS 123(R)), with respect to the annual grant of deferred stock units earned during fiscal year 2009. Awards are granted on an annual basis at the end of each calendar year, and accordingly, the expense accrued for fiscal year 2009 relates to two calendar quarters relating to the award that was granted on December 31, 2008, and two calendar quarters relating to the award that was earned, but will not be granted until December 31, 2009. Refer to Note 17 to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended June 30, 2009, for a discussion of the relevant assumptions used in calculating the compensation expense and grant-date fair value pursuant to SFAS 123(R). As of June 30, 2009, the following directors had the indicated aggregate number of deferred stock units accumulated in their deferred accounts for all years of service as a director, which includes deferrals of cash compensation, annual awards of deferred stock units and additional deferred stock units credited as a result of dividend equivalents earned with respect to the deferred stock units: Mr. Boggan 19,537 units; Dr. Carmona 3,113 units; Mr. Friedman 26,095 units; Mr. Harad 9,976 units; Mr. Matschullat 50,283 units; Mr. Michael 7,550 units; Mr. Mueller 5,782 units; Ms. Murley 10,117 units; Ms. Thomas-Graham 6,340 units; and Ms. Ticknor 11,642 units.

(3) No stock options were granted and no expense was recognized for financial statement reporting purposes for fiscal year 2009 under SFAS 123(R) in connection with stock options in fiscal year 2009. The award of stock options as an element of director compensation was discontinued in October 2006. Prior to October 2006, each new non-employee director received a one-time grant of 8,000 options upon joining the board of directors, which award vested in two equal installments over a two-year period. The Companys prior policy of making annual grants to non-employee directors of stock options that vested over a two-year period was discontinued in 2004. As of June 30, 2009, the following directors had vested options for the indicated aggregate number of shares: Mr. Boggan 11,000 shares; Mr. Friedman 12,000 shares; Mr. Harad 8,000 shares; Mr. Matschullat 12,000 shares; Mr. Michael 6,000 shares; Ms. Murley 16,000 shares; Ms. Thomas-Graham 8,000 shares; and Ms. Ticknor 8,000 shares.

Fees Earned or Paid in Cash

Cash compensation consists of annual cash retainer amounts and any special assignment fees. The following table lists the various retainers earned for board service and service as presiding director or a committee chair:

Annual director retainer	$75,000
Presiding director retainer	25,000
Committee chair retainers:	
Nominating and Governance Committee	10,000

Finance Committee	10,000
Audit Committee	20,000
Management Development and Compensation Committee	20,000

Directors who serve as a board member, presiding director or committee chair for less than the full fiscal year receive pro-rated retainer amounts based on the number of days they served in such position during the fiscal year.

In addition to the retainer amounts, each non-employee director is entitled to receive a fee of $2,500 per day for any special assignment requested by the board of directors. Under the Company’s Independent Directors’ Deferred Compensation Plan, a director may annually elect to receive all or a portion of his or her cash compensation in the form of cash, Common Stock, deferred cash or deferred stock units.

Payment in stock. Directors who elect to receive cash compensation amounts in the form of Common Stock are issued shares of Common Stock based on the fair market value of the Common Stock on the date on which the fees are scheduled to be paid.

Elective deferral program. For directors who elect deferred cash, the amount deferred is credited to an unfunded cash account that is credited with interest at an annual interest rate equal to Wells Fargo Bank, N.A.’s prime lending rate in effect on January 1 of each year. Upon termination of service as a director, the amounts credited to the director’s deferred cash account are paid out in five annual cash installments or in one lump sum cash payment, at the director’s election. For directors who elect deferred stock units, the amount deferred is credited to an unfunded account in the form of units equivalent to the fair market value of the Common Stock on the date on which the fees are scheduled to be paid. When dividends are declared, additional deferred stock units are allocated to the director’s deferred stock unit account in amounts equivalent to the dollar amount of Common Stock dividends paid by the Company divided by the fair market value of the Common Stock on the date the dividends are paid. Upon termination of service as a director, the amounts credited to the deferred stock unit account, which include any elective deferrals and the annual deferred stock unit grants described below, are paid out in shares of Common Stock in five annual installments or in one lump sum, at the director’s election.

Stock Awards

In addition to the cash compensation amounts described above, each non-employee director also receives an annual grant of deferred stock units, the value of which was increased from $100,000 to $110,000 effective October 1, 2008. Awards are made as of the last business day in the calendar year and represent payment for services provided during such calendar year. The deferred stock unit award amount relating to fiscal year 2009 for each non-employee director was $107,500. Directors who serve as non-employee board members for less than the full calendar year receive pro-rated awards based on the number of full fiscal quarters they served as a non-employee board member during the calendar year. As noted above, deferred stock units accrue dividend equivalents and a director’s deferred stock unit account is paid out in Common Stock following the director’s termination of service in the manner described above.

Stock Ownership Guidelines for Directors

The board of directors believes that the alignment of directors’ interests with those of stockholders is strengthened when board members are also stockholders. The board of directors therefore requires that each non-employee director, within three years of being first elected, owns Common Stock or deferred stock units having a market value of at least two times their annual cash retainer. This program is designed to ensure that directors acquire a meaningful and significant ownership interest in the Company during their tenure on the board of directors. As of June 30, 2009, each non-employee director was in compliance with the guidelines.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 and SEC regulations require the Company’s directors, certain officers and holders of more than 10% of the Company’s Common Stock to file reports of ownership on

Form 3 and changes in ownership on Form 4 or 5 with the SEC. The reporting directors, officers and 10% stockholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) reports they file.

Based solely on its review of copies of such reports received or written representations from its directors and officers, the Company believes that all Section 16(a) filing requirements applicable to its directors and officers were complied with during fiscal year 2009.

PROPOSAL 2:
RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the board of directors has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2010. Ernst & Young LLP has been so engaged since February 15, 2003.

Board of Directors' Recommendation and Required Vote

Ratification of the selection of Ernst & Young LLP by stockholders is not required by law. However, as a matter of policy, such selection is being submitted to the stockholders for ratification at the Annual Meeting (and it is the present intention of the board of directors to continue this policy). The Audit Committee and the board of directors recommend the ratification of the Audit Committee's appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2010.

The board of directors recommends that the stockholders vote FOR Proposal 2. The people designated in the proxy and voting instruction card will vote your shares represented by proxy FOR ratification unless you include instructions to the contrary. If the stockholders fail to ratify the appointment of this firm, the Audit Committee will reconsider the matter. The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required to ratify the appointment of Ernst & Young LLP.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement should they desire to do so.

PROPOSAL 3:
STOCKHOLDER PROPOSAL

The board of directors expects the following proposal (Proposal 3 on the proxy card and voting instruction card) to be presented by a stockholder at the Annual Meeting. The name, address and, to our knowledge, the number of voting securities held by the stockholder proponent will be supplied upon request.

Stockholder Proposal and Supporting Statement

INDEPENDENT CHAIRMAN

RESOLVED: Pursuant to Section 109 of the Delaware General Corporation Law, the stockholders hereby amend the Bylaws to add the following text where designated:

Add to the end of Article IV, Sec. 5:

"Notwithstanding any other provision of these Bylaws, the Chairman of the Board shall be a Director who is independent from the Corporation. For purposes of this Bylaw, "independent" has the meaning set forth in the New York Stock Exchange ("NYSE") listing standards, unless the Corporation's common stock ceases to be listed on the NYSE and is listed on another exchange, in which case such exchange's definition of independence shall apply. If the Board of Directors determines that a Chairman of the Board who was independent at the time he or she was selected is no longer independent, the Board of Directors shall select a new Chairman of the Board who satisfies the requirements of this Bylaw within 60 days of such determination. Compliance with this Bylaw shall be excused if no Director who qualifies as independent is elected by the stockholders or if no Director who is

independent is willing to serve as Chairman of the Board. This Bylaw shall apply prospectively, so as not to violate any contractual obligation of the Corporation in effect when this Bylaw was adopted.

SUPPORTING STATEMENT

Sound corporate governance is a prerequisite for long term value creation. In that context, the composition of the Board should be such that it represents all stockholders to whom it is accountable. The roles of Chairman of the Board and CEO are fundamentally different and should not be held by the same person. There should be a clear division of the responsibilities between these positions to ensure a balance of power and authority on the Board. Approximately 45% of S&P 1500 companies have separate CEO and Chairman positions.

The Board should be led by an independent Chairman and be in a position to make independent evaluations and decisions, hire management, decide a remuneration policy that encourages performance, provide strategic direction and have the support to take long-term views in the development of business strategies. An independent Chairman is better able to oversee and give guidance to Corporation executives and help prevent conflict or the perception of conflict, and in turn effectively strengthen the system of checks-and-balances within the corporate structure and protect stockholder value.

In our current challenging markets, we believe the need for an independent Chairman is even more imperative. An independent Chairman will be a strength to the Corporation when the Board must make the necessary strategic decisions and prioritizations ahead to sustain a sound business that creates stockholder value over time.

We therefore urge stockholders to vote FOR this proposal.

Board of Directors' Response

Your board of directors recommends a vote AGAINST this proposal.

The board of directors recommends a vote against this proposal because the board believes it is in the best interests of the Company and stockholders for the board to have flexibility in determining whether to separate or combine the roles of chairman and chief executive officer based on the Company's circumstances. In the past, the Company has had both combined and separated chairman and chief executive officer positions, allowing, in each case, the board to consider all eligible directors and not exclude any eligible candidate from consideration. More recently, when the positions have been combined, the Company has appointed a strong and independent presiding director. The board strongly believes that it is better for the Company and stockholders to preserve this flexibility rather than adopt a rigid standard requiring separate chairman and chief executive officer positions in all circumstances.

The Company's commitment to "best practices" in corporate governance also makes separating the chairman and chief executive officer positions unnecessary. Currently, ten of our eleven directors are "independent" as defined by the New York Stock Exchange rules. Our Governance Guidelines, which are available on our website, provide for a strong and independent presiding director role. The presiding director is elected by and from the independent board members with clearly delineated and comprehensive duties and must serve a minimum of one year in order to qualify as the presiding director. Mr. Gary Michael, retired chairman of the board and chief executive officer of Albertson's, Inc., is our current presiding director. In this role, among other responsibilities, he coordinates the activities of the independent directors and serves as a liaison between the chairman and the independent directors. His duties as presiding director, which are also included in the Governance Guidelines, include:

- presiding at the executive sessions of the independent directors with authority to call additional executive sessions or meetings of the independent directors;
- presiding at board of director meetings in the chairman's absence;
- approving information sent to the board of directors;
- approving meeting agendas and approving meeting schedules for the board of directors to assure that there is sufficient time for discussion of all agenda items;
- being available for consultation and direct communication with major stockholders if requested; and
- evaluating, along with the members of the Management Development and Compensation Committee and the other independent directors, the performance of the chief executive officer.

Our governance processes, including the board of directors' deep involvement in developing and implementing strategy, active oversight of risk and review of risk assessments, oversight of business results and thorough evaluation of chief executive officer performance and compensation, provide rigorous oversight of the chairman and chief executive officer position at such times as it is combined. The stockholders also provide balance in that each year the board of directors is elected under a majority voting provision in the Bylaws and stockholders may communicate directly with the presiding director or any other director, as described in the "Director Communications" section of this proxy statement. Because of our strong board independence, strong presiding director, robust governance processes and stockholder voting and communication mechanisms, adopting a Bylaw which requires separate chairman and chief executive officer positions is unnecessary. A more flexible policy better serves the interests of the Company and its stockholders.

For these reasons, the board of directors unanimously recommends that you vote AGAINST this proposal.

Board of Directors' Recommendation and Vote Required

The board of directors recommends that the stockholders vote AGAINST Proposal 3. The people designated in the proxy and voting instruction card will vote your shares represented by proxy AGAINST this proposal unless you include instructions to the contrary. The affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote on Proposal 3 is required to approve Proposal 3.

OTHER INFORMATION

Financial Statements and Form 10-K

The following portions of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2009, are attached as Appendix A to this proxy statement: Management's Discussion and Analysis of Financial Condition and Results of Operations; Consolidated Financial Statements; Management's Report on Internal Control over Financial Reporting; Report of Independent Registered Public Accounting Firm; Valuation and Qualifying Accounts and Reserves schedule; and Reconciliation of Economic Profit. The Company's Form 10-K has been filed with the SEC and posted on the Company's website and a copy may be obtained, without charge, by calling Clorox Shareholder Direct at 888-CLX-NYSE (259-6973) toll-free, 24 hours a day, seven days a week, or by contacting The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888.

Director Communications

Stockholders and interested parties may direct communications to individual directors, including the presiding director, to a board committee, to the independent directors as a group or to the board of directors as a whole, by addressing the communications to the named individual, to the committee, to the independent directors as a group or to the board of directors as a whole and sending them to The Clorox Company, c/o Secretary, 1221 Broadway, Oakland, CA 94612-1888. The secretary will review all communications so addressed and will forward to the addressee(s) all communications determined to bear substantively on the business, management or governance of the Company.

SOLICITATION OF PROXIES

The Company will bear the entire cost of this solicitation of proxies, including the preparation, assembly, printing and, when requested, the mailing of this proxy statement, the proxy card and any additional solicitation materials furnished to stockholders by the Company. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation materials to such beneficial owners and the corresponding forwarding expenses will be reimbursed by the Company. In addition, the Company has retained Georgeson Inc. to act as a proxy solicitor in conjunction with the Annual Meeting. The Company has agreed to pay that firm $10,000, plus reasonable report fees and out-of-pocket expenses, for proxy solicitation services. Further, the original solicitation of proxies may be supplemented by solicitation by telephone and other means by directors, officers and/or employees of the Company. No additional compensation will be paid to these individuals for any such services. Except as described above, the Company does not presently intend to solicit proxies other than by telephone, via the Internet and, if

requested, by mail.

STOCKHOLDER PROPOSALS FOR THE 2010 ANNUAL MEETING

In the event that a stockholder wishes to have a proposal considered for presentation at the 2010 Annual Meeting and included in the Company's proxy statement and form of proxy used in connection with such meeting, the proposal must be forwarded to the Company's secretary so that it is received no later than June 4, 2010. Any such proposal must comply with the requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended.

Under the Company's Bylaws, if a stockholder, rather than including a proposal in the proxy statement as discussed above, seeks to nominate a director or propose other business for consideration at that meeting, notice must be received by the secretary at the principal executive offices of the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. To be timely for the 2010 Annual Meeting, the notice must be received by the secretary on any date beginning on July 21, 2010, and ending on August 20, 2010. However, in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 30 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.

ATTENDING THE ANNUAL MEETING

The Annual Meeting of the Company will be held on November 18, 2009, at 9:00 a.m., Pacific time, at the San Ramon Marriott Hotel, 2600 Bishop Ranch Drive, San Ramon, California CA 94583. Check-in for the Annual Meeting begins at 8:30 a.m. ***To attend the Annual Meeting, you must be a stockholder of the Company as of the close of business on the record date, September 21, 2009, and provide proof that you owned Clorox common stock on the record date or hold a legal proxy from a record date stockholder. Please see the more detailed information below.*** Admission will be on a first-come, first-served basis and seating is limited.

We have changed our procedures for attending the Annual Meeting. If you plan to attend the Annual Meeting this year, please be aware of the following information:

- To be admitted to the Annual Meeting, you must have a current form of government-issued photo identification (such as a driver s license or passport).
- Since attendance at the Annual Meeting is limited to record date stockholders, you must provide proof of ownership of Clorox common stock on the record date.
- If you hold your shares with Clorox s transfer agent, Computershare, your ownership of Clorox common stock as of the record date will be verified through our records prior to admittance to the meeting.
- If you hold your shares with a broker, trustee, bank, or nominee, you must provide proof of beneficial ownership on the record date, such as a brokerage account statement showing that you owned Clorox common stock for the statement period immediately prior to the record date, a copy of your Notice Regarding the Availability of Proxy Materials, a copy of your voting instruction form, a letter or legal proxy provided by your broker, trust, bank or nominee, or other similar evidence of ownership on the record date.
- If you are not a record date stockholder, you will be admitted to the Annual Meeting only if you have a legal proxy from a record date stockholder.
- Cameras, recording equipment and other electronic devices will not be allowed in the meeting except for use by the Company.
- For your protection, briefcases, purses, packages, etc. may be subject to inspection as you enter the meeting. We regret any inconvenience this may cause you.
- Directions to the Annual Meeting are available at: *www.marriott.com/hotels/maps/travel/oaksr-san-ramon-marriott*.

By Order of the Board of Directors
Angela C. Hilt
Vice President Corporate Secretary
& Associate General Counsel

October 2, 2009

51

Appendix A

Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Financial Statements, Management's Report on Internal Control over Financial Reporting and Reports of Independent Registered Public Accounting Firm

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Clorox Company
(Dollars in millions, except per share amounts)

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide a reader of the Company's financial statements with a narrative from the perspective of management on the Company's financial condition, results of operations, liquidity and certain other factors that may affect future results. The MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. This MD&A includes the following sections:

- Executive Overview
- Results of Operations
- Financial Position and Liquidity
- Contingencies
- Quantitative and Qualitative Disclosure about Market Risk
- New Accounting Pronouncements
- Critical Accounting Policies and Estimates

EXECUTIVE OVERVIEW

The Clorox Company (the Company or Clorox) is a leading manufacturer and marketer of consumer products with fiscal year 2009 net sales of $5,450. The Company sells its products primarily through mass merchandisers, grocery stores and other retail outlets. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Green Works™ natural cleaners and laundry products, Poett® and Mistolín® cleaning products, Armor All® and STP® auto-care products, Fresh Step® and Scoop Away® cat litter, Kingsford® charcoal, Hidden Valley® and K C Masterpiece® dressings and sauces, Brita® water-filtration systems, Glad® bags, wraps and containers, and Burt's Bees® natural personal care products. With approximately 8,300 employees worldwide, the Company manufactures products in more than two dozen countries and markets them in more than 100 countries.

Beginning with fiscal year 2009, the Company's segment reporting has been modified and prior periods were updated to conform to the current year's presentation of segments. The Company operates through strategic business units which are aggregated into four reportable segments: Cleaning, Lifestyle, Household and International. The four reportable segments consist of the following:

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

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

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

Strategic Initiatives

The Company has developed a strategy to guide it through its 100-year anniversary in 2013. As part of its Centennial Strategy, the Company has established two main objectives: 1) to maximize economic profit across its categories, sales channels and countries; and 2) to be the best at building big-share brands in economically-attractive midsized categories.

The Company has established financial goals to measure its progress against the Centennial Strategy. These goals include 3% to 5% annual sales growth before acquisitions, and 75 to 100 basis points of annual improvement in earnings before interest and taxes (EBIT) margin. Additionally, the Company has plans to carefully manage the growth of its asset base. If these financial goals are achieved, the Company believes it can realize double-digit percentage economic profit growth (See "Economic profit" below) and free cash flow (See "Free cash flow" below) of 10% to 12% of net sales or more.

The Company plans to achieve these financial goals through its leading product portfolio and by leveraging its capabilities in the areas of the consumer, the customer and cost management. From a portfolio perspective, the Company plans to achieve its growth objectives both in and beyond its core categories. The Company is focused on creating value by investing in new and existing categories with profitable growth potential, particularly those categories aligned with global consumer trends in the areas of health and wellness, sustainability, affordability and a more multicultural marketplace. To accomplish this, the Company is focusing on growing existing brands, expanding into adjacent product categories, entering new sales channels, increasing distribution within existing countries and pursuing new businesses in growing markets where the Company can establish and sustain a competitive advantage.

The Company will continue to leverage and grow its capabilities in demand creation and strengthen consumer loyalty to its brands through its three strategic capabilities: Desire, Decide and Delight.

Desire is about deeply understanding consumers' needs and creating integrated prepurchase communications that increase consumers' awareness about how the Company's brands meet their needs;

Decide is about winning at the store shelf, through superior packaging and execution of product assortment, merchandising, pricing and shelving; and

Delight is about continuing to offer high-quality, consumer-preferred products that exceed expectations, so the consumers will continue to purchase the Company's products.

The Company will also continue to aggressively focus on consumer value, product mix and cost management to enhance its margins and to offset the impact of volatile commodity costs.

Fiscal Year 2009 Summary

Financial Highlights

The Company reported net earnings for the year ended June 30, 2009, of $537 and diluted net earnings per share of $3.81 based on weighted average diluted shares outstanding of approximately 141 million. This compares to net earnings for the year ended June 30, 2008, of $461 and diluted net earnings per share of $3.24 based on weighted average diluted shares outstanding of approximately 142 million. Restructuring-related charges were $0.18 per diluted share for the year ended June 30, 2009 (See "Restructuring and asset impairment costs" below), as compared with $0.26 per diluted share for the year ended June 30, 2008. Foreign currency transaction losses were $0.13 per diluted share for the year ended June 30, 2009, as compared with $0.01 per diluted share for the year ended June 30, 2008. Also included in the Company's results for the year ended June 30, 2008, were costs of $0.09 per diluted share related to the Company's acquisition of Burt's Bees, Inc. which was acquired November

30, 2007 (See Investing Activities below).

In fiscal year 2009, the Company continued to face a challenging cost environment, largely driven by cost pressures across a large spectrum, including commodity costs and increased energy-related manufacturing and logistics costs. Additionally, the Companys net sales, gross margins and diluted net earnings per share from continuing operations in fiscal year 2009 were negatively impacted by the significant effects of the appreciation of the U.S. dollar against foreign currencies. The Company addressed these challenges through price increases, on-going cost savings programs, consumer advertising and trade promotion programs and by launching innovative new products and product improvements which meet consumer needs.

A-2

Certain key fiscal year 2009 developments are summarized as follows:

- The Company reported diluted EPS of $3.81, an increase of approximately 18% from fiscal year 2008 diluted EPS of $3.24.
- The Company delivered 3% sales growth of which 3% was from established brands and 2% from acquisitions, partially offset by a negative impact from foreign currencies of 2%.
- The Company responded to cost pressures by executing price increases and aggressively managing costs through initiatives which generated $118 of cost savings in gross profit. These savings were delivered through a wide-range of cost savings projects, including the Companys sourcing and supply chain activities, which include more efficient sourcing of raw materials and transportation costs, cost-effective packaging and the implementation of various manufacturing efficiencies.
- The Company increased gross margin to 43% in fiscal year 2009 from 41% in fiscal year 2008. The growth came from pricing of 3% and cost savings of 2% partially offset by approximately 3% from increased costs from commodities, manufacturing and logistics.
- The appreciation of the U.S. dollar against foreign currencies during fiscal year 2009 had a significant impact on the Companys results, including a negative impact on gross margin of $57 compared to a positive impact of $32 in fiscal year 2008, and transaction losses included in other expense (income), net of $28 compared to $2 in fiscal year 2008.

RESULTS OF OPERATIONS

Managements discussion and analysis of the Companys results of operations, unless otherwise noted, compares fiscal year 2009 to fiscal year 2008, and fiscal year 2008 to fiscal year 2007, using percent changes calculated on a rounded basis, except as noted. In certain instances, parenthetical references are made to relevant sections of the Notes to Consolidated Financial Statements to direct the reader to a further detailed discussion. In addition, the discussion of results of worldwide operations includes certain measures not defined by accounting principles generally accepted in the United States of America (non-GAAP measures), including economic profit and free cash flow as a percentage of net sales. Management believes these measures provide investors with additional information about the underlying results and trends of the Company. Information about these non-GAAP measures is set forth in the paragraphs where they are discussed.

CONSOLIDATED RESULTS

Net Sales

Net sales in fiscal year 2009 increased 3% compared to the prior period. Volume decreased 1%, primarily due to the impact of price increases and the exit from a private-label food bags business. These factors were partially offset by increased shipments of Burts Bees® products, Green Works natural cleaner and laundry products, home-care products in Latin America, Brita® water filtration products, Clorox 2® stain fighter and color booster, which was relaunched with a concentrated formula, and Hidden Valley® salad dressings. Net sales growth outpaced volume growth primarily due to price increases (approximately 500 basis points), partially offset by the negative impact of foreign exchange rates (approximately 200 basis points) primarily as a result of the appreciation of the U.S. dollar against foreign currencies in Australia, Canada, Argentina, Chile, Mexico, New Zealand and Colombia, and the exit from a private-label food bags business (approximately 60 basis points).

Net sales in fiscal year 2008 increased 9% compared to the prior period. Volume grew 6%, primarily due to the acquisition of Burts Bees, higher shipments of bleach and dilutable cleaners in Latin America, record shipments of Fresh Step® scoopable cat litter, the launch of Green Worksnatural cleaners, strong results in Brita®, and higher shipments of Clorox® disinfecting wipes and Hidden Valley® salad dressings. Partially offsetting these increases were reduced shipments of Glad® base trash bags and Clorox® liquid bleach. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 190 basis points) and favorable foreign exchange rates (approximately 120 basis points) primarily due to the weakening of the U.S. dollar against foreign currencies.

Gross Margin (% of net sales)

Gross profit increased 8% in fiscal year 2009, from $2,175 to $2,346 and increased as a percentage of net sales to 43.0% in fiscal year 2009 from 41.2% in fiscal year 2008. Gross margin expansion in fiscal year 2009 reflects approximately 280 basis points from pricing, 220 basis points from cost savings, 40 basis points associated with the step-up in inventory values related to the acquisition of Burts Bees in the year-ago period and 10 basis points from the impact of the Companys Supply Chain and Other restructuring initiatives. These positive factors were offset by 170 basis points from the impact of increased commodity costs, primarily resin and agricultural commodities, 160 basis points from higher energy-related manufacturing and logistics costs, including the cost of diesel fuel. All other factors including foreign exchange rates, product mix and assortment, trade merchandising and other cost inputs contributed a net positive impact to gross margin of 40 basis points.

Gross profit increased 4% in fiscal year 2008, from $2,091 to $2,175 and decreased as a percentage of net sales to 41.2% in fiscal year 2008 from 43.1% in fiscal year 2007. The gross margin decline in fiscal year 2008 reflects 270 basis points from commodity costs, primarily resin and agricultural commodities, 110 basis points from higher energy-related manufacturing and logistics costs, 50 basis points from restructuring-related charges and 40 basis points from the Burts Bees acquisition-related inventory step-up in fiscal year 2008, partially offset by 170 basis points from cost savings and 80 basis points from pricing. All other factors including foreign exchange rates, product mix and assortment, trade merchandising and other cost inputs contributed a net positive impact to gross margin of 30 basis points.

Diluted net earnings per share from continuing operations

Diluted net earnings per share from continuing operations increased by $0.57 in fiscal year 2009 due primarily to higher net earnings. The increase in net earnings was primarily due to price increases and the benefit of cost savings and lower interest expense and restructuring-related charges in the fiscal year partially offset by the higher costs for commodities, manufacturing and logistics and the negative impact of foreign exchange rates.

Diluted net earnings per share from continuing operations increased by $0.01 in fiscal year 2008. This slight increase was primarily driven by a decrease in shares outstanding during fiscal year 2008 due to the Companys repurchase of 14 million of its shares in an Accelerated Share Repurchase (ASR) (See Share Repurchases and Dividend Payments below), partially offset by lower net earnings. The decrease in net earnings was primarily attributable to increased commodity, manufacturing and logistics costs, increased interest expense due to an increase in borrowings related to the Burts Bees acquisition and ASR, and increased restructuring and asset impairment charges (See Restructuring and asset impairment costs below). These increases were partially offset by volume and sales growth, cost savings, and the benefit of favorable foreign exchange rates.

Economic Profit

Economic Profit (EP) is a non-GAAP measure used by the Company's management to evaluate business performance and is considered in determining management's incentive compensation and the Company's contribution to employee profit sharing plans (for a detailed reconciliation of EP to earnings from continuing operations before income taxes of $811, the most comparable GAAP financial measure, refer to Exhibit 99.3). EP provides additional perspective to investors about financial returns generated by the business and represents profit generated over and above the cost of capital used by the business to generate that profit. EP is defined by the Company as earnings from continuing operations before income taxes, noncash restructuring and asset impairment costs and interest expense; tax effected, and less a capital charge. EP increased 3.6% during fiscal year 2009 primarily due to higher earnings, partially offset by the dilutive near-term effect of the acquisition of Burt's Bees. EP decreased by 4.2% during fiscal year 2008 primarily due to the dilutive near-term effect of the acquisition of Burt's Bees.

Free cash flow is a non-GAAP measure used by the Company's management to help assess funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow is calculated as cash provided by operations less capital expenditures. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures.

	2009	**2008**	**2007**
Cash provided by operations	**$ 738**	$ 730	$ 709
Less: capital expenditures	**(197)**	(170)	(147)
Free cash flow	**$ 541**	$ 560	$ 562
Free cash flow as a percentage of net sales	**9.9%**	10.6%	11.6%

Free cash flow as a percentage of net sales decreased to 9.9% in fiscal year 2009 primarily due to higher capital spending driven primarily by the Company's manufacturing network consolidation efforts and increased investments in information systems.

Free cash flow as a percentage of net sales decreased to 10.6% in fiscal year 2008 primarily due to the timing of tax payments and higher capital spending driven primarily by the Company's manufacturing network consolidation efforts partially offset by improvements in working capital.

A-5

Expenses

				Change		**% of Net Sales**		
	2009	**2008**	**2007**	**2009 to 2008**	**2008 to 2007**	**2009**	**2008**	**2007**
Selling and administrative expenses	**$ 715**	$ 690	$ 642	4%	7%	**13.1%**	13.1%	13.2%
Advertising costs	**499**	486	474	3	3	**9.2**	9.2	9.8
Research and development costs	**114**	111	108	3	3	**2.1**	2.1	2.2

Selling and administrative expenses increased 4% in fiscal year 2009. The acquisition of Burt's Bees contributed 3% and an increase in International selling and administrative expenses primarily due to inflationary pressure in Latin America contributed 2% to the overall increase in selling and administrative expenses, which were partially offset by lower short-term incentive compensation costs.

Selling and administrative expenses increased 7% in fiscal year 2008. The Burts Bees and bleach business acquisitions contributed 4% and 1%, respectively, to the increase. Also contributing to the increase were increased selling costs to drive growth in the grocery channel in the United States, the impact of inflationary pressure in Latin America and increased sales commissions.

Advertising costs increased 3% in fiscal years 2009 and 2008, as the Company continued to support its established brands and new products, including Burts Bees and Green Works natural cleaning products.

Research and development costs increased 3% in fiscal years 2009 and 2008, as the Company continued to support product improvements and innovations.

Restructuring and asset impairment costs, interest expense, other expense (income), net and the effective tax rate on continuing operations

	2009	2008	2007
Restructuring and asset impairment costs	**$ 20**	$ 36	$ 13
Interest expense	**161**	168	113
Other expense (income), net	**26**	(9)	(2)
Income taxes on continuing operations	**274**	232	247

Restructuring and asset impairment costs of $20 and $36 in fiscal years 2009 and 2008, respectively, related to the Companys Supply Chain and Other restructuring initiatives. In fiscal year 2008, the Company began recognizing charges related to a restructuring plan that involves simplifying its supply chain and other restructuring activities (Supply Chain and Other restructuring plan). In February 2009, the Company expanded its Supply Chain and Other restructuring plan to include additional costs, primarily severance, associated with the Companys plan to reduce certain staffing levels.

Restructuring and asset impairment costs of $13 in fiscal year 2007 included $9 of restructuring costs associated with the Companys decision to restructure certain information services activities under an Information Technology Services (ITS) agreement, which are included as part of Corporate, and $4 of asset impairment costs, as part of the Household segment.

The Supply Chain restructuring involves closing certain domestic and international manufacturing facilities. The Company is redistributing production from these facilities between the remaining facilities and third-party producers to optimize available capacity and reduce operating costs. The Company anticipates the Supply Chain restructuring will be completed in fiscal year 2012. The projected annual cost savings at the completion of this restructuring is expected to be approximately $50. The Other restructuring charges relate primarily to the write-down of certain new venture investments, intangible assets and equipment, the cost of exiting the Companys private-label food bags business in fiscal year 2008 and the February 2009 decision to expand its restructuring plan to reduce certain staffing levels. As a result of the Supply Chain and Other restructuring plan, a number of positions are being eliminated.

The following table summarizes the total restructuring and asset impairment costs associated with the Companys Supply Chain and Other restructuring plan by affected reportable segment, with unallocated amounts set forth in Corporate for fiscal years 2009 and 2008:

	2009				
	Cleaning	**Household**	**International**	**Corporate**	**Total**
Cost of products sold	$ 11	$ 5	$ 1	$ -	$ 17
Selling and administrative expenses	-	-	-	2	2
Restructuring and asset impairment:					
Severance	3	-	2	12	17
Asset impairment	-	3	-	-	3
Total restructuring and asset impairment costs	3	3	2	12	20
Total costs	$ 14	$ 8	$ 3	$ 14	$ 39

Non-cash costs	$ 10

	2008				
	Cleaning	Household	International	Corporate	Total
Cost of products sold	$ 9	$ 10	$ 3	$ 1	$ 23
Restructuring and asset impairment:					
Severance	3	-	2	2	7
Asset impairment	3	22	4	-	29
Total restructuring and asset impairment costs	6	22	6	2	36
Total costs	$ 15	$ 32	$ 9	$ 3	$ 59
Non-cash costs					$ 48

Total costs associated with the Supply Chain and Other restructuring plan since inception were $29 for the Cleaning segment, $40 for the Household segment, $12 for the International segment and $17 for Corporate at June 30, 2009.

The Company anticipates incurring approximately $16 to $22 of Supply Chain and Other restructuring-related charges in fiscal year 2010, of which approximately $4 are expected to be noncash related. The Company anticipates approximately $9 to $11 of the fiscal year 2010 charges to be in Corporate and $5 to $7 in the Cleaning segment, of which approximately $4 to $6 are expected to be recognized as cost of products sold charges (primarily accelerated depreciation for manufacturing equipment and other costs associated with the Supply Chain initiative). The remaining estimated charges of $2 to $4 are expected to be recognized as cost of products sold in the Household segment. The total anticipated charges related to the Supply Chain and Other restructuring plan for the fiscal years 2011 and 2012 are estimated to be approximately $5 to $7.

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

A-7

The following table reconciles the accrual for the Supply Chain and Other restructuring charges discussed above:

	Severance	Asset Impairments	Total
Accrual Balance as of June 30, 2007	$ -	$ -	$ -
2008 Charges	7	29	36
Cash payments	(2)	-	(2)
Charges against assets	-	(29)	(29)
Accrual Balance as of June 30, 2008	5	-	5
2009 Charges	17	3	20
Cash payments	(7)	-	(7)
Charges against assets	-	(3)	(3)
Accrual Balance as of June 30, 2009	$ 15	$ -	$ 15

Interest expense decreased $7 in fiscal year 2009, primarily due to a decline in average debt balances and a lower weighted average interest rate for total debt.

Interest expense increased $55 in fiscal year 2008, primarily due to an increase in borrowings used to finance the Burts Bees acquisition and ASR (See Financing Activities below), partially offset by lower interest rates.

Other expense (income), net of $26 in fiscal year 2009 included net foreign exchange transaction losses of $28, operating expenses from the Companys investment in low-income housing partnerships of $3 and the amortization of intangibles of $7. Partially offsetting these expenses were equity earnings in unconsolidated affiliates of $8 and interest income of $4.

Other income, net of $9 in fiscal year 2008 included interest income of $12 and equity earnings in unconsolidated affiliates of $8. Partially offsetting this income were operating expenses from the Company's investment in low-income housing partnerships and other investment losses of $7, amortization of intangible assets of $7 and net foreign exchange transaction losses of $2.

Other income, net of $2 in fiscal year 2007 included interest income of $8 and equity earnings of $8. Partially offsetting this income were amortization of intangible assets of $5, net foreign exchange transaction losses of $4 and operating expenses from the Company's investment in low-income housing partnerships of $4.

The effective tax rate on continuing operations was 33.8%, 33.6% and 33.2% in fiscal years 2009, 2008 and 2007, respectively. The fiscal year 2009 tax rate was slightly higher than in fiscal year 2008 due to higher net federal tax on accumulated foreign earnings in fiscal year 2009 and a decrease in net valuation allowances in fiscal year 2008, partially offset by higher accruals for uncertain tax positions in fiscal year 2008.

The fiscal year 2008 tax rate was slightly higher than in fiscal year 2007 due to higher accruals for uncertain tax positions in fiscal year 2008, partially offset by a decrease in net valuation allowances and the statutory phase-in of increased rates for the domestic manufacturing deduction.

Earnings from discontinued operations

	2009	2008	2007
Earnings from discontinued operations	$ -	$ -	$ 5
Diluted earnings per share from discontinued operations	$ -	$ -	$ 0.03

Diluted earnings per share from discontinued operations in fiscal year 2007 represents an income tax benefit of $5 related to the sale of certain assets remaining from the Company's discontinued operations in Brazil (See Note 3).

A-8

Segment Results

The following presents the results of operations from the Company's reportable segments excluding certain unallocated costs included in Corporate (See Note 22 for a reconciliation of segment results to the total company results):

CLEANING

				Change	
	2009	2008	2007	2009 to 2008	2008 to 2007
Net sales	$ **1,836**	$ 1,817	$ 1,781	1%	2%
Earnings from continuing operations before income taxes	**410**	360	392	14	(8)

Fiscal year 2009 versus fiscal year 2008: Net sales and earnings from continuing operations before income taxes increased while volume declined, as anticipated, during fiscal year 2009. Volume decline of 5% was primarily due to price increases across a wide-range of products, the most significant of which related to Pine-Sol® dilutable cleaners and Tilex® brands. The volume decline was partially offset by increased shipments of the Green Works line of natural cleaners since the launch in January 2008, including the expansion into liquid dish soap and cleaning wipes, increased shipments of Clorox 2® stain fighter and color booster, which was relaunched with a concentrated formula, and increased shipments of Clorox® disinfecting wipes primarily due to increased merchandising events and the H1N1 flu virus outbreak. Net sales outpaced the change in volume primarily due to price increases (approximately 400 basis points). The increase in earnings from continuing operations before income taxes was primarily driven by cost savings of $53, including more efficient sourcing of raw materials and transportation costs, the implementation of cost-effective packaging for Clorox 2® stain fighter and color booster and the simplification of packaging materials for spray cleaning products. Also contributing to the increase was the impact of price increases of $45, partially offset by higher commodity costs of $34, primarily

resin, and manufacturing and logistics costs of $30, including the cost of diesel fuel.

Fiscal year 2008 versus fiscal year 2007: Volume and net sales increased while earnings from continuing operations before income taxes decreased during fiscal year 2008. Volume increase of 2% was primarily due to increased shipments of home-care products, principally due to the launch of the Green Works line of natural cleaners in January 2008 and increased shipments of Clorox® disinfecting wipes and Pine-Sol dilutable cleaners. These were partially offset by lower shipments of laundry products, primarily Clorox® liquid bleach. Net sales outpaced volume primarily due to price increases (approximately 50 basis points). The decrease in earnings from continuing operations before income taxes was primarily driven by increased commodity costs of $26, principally resin, increased restructuring related charges and increased manufacturing and logistics costs, including the cost of diesel fuel, partially offset by cost savings of $24.

LIFESTYLE

							Change	
		2009		**2008**		**2007**	**2009 to 2008**	**2008 to 2007**
Net sales	$	**813**	$	676	$	511	20%	32%
Earnings from continuing operations before income taxes		**270**		205		186	32	10

Fiscal year 2009 versus fiscal year 2008: Volume, net sales and earnings from continuing operations before income taxes increased during fiscal year 2009. Volume growth of 16% of which 11% was due to increased shipments of Burts Bees® products due to the full year impact of Burts Bees, which was acquired on November 30, 2007. Also contributing to the increase was higher consumption of Brita® products primarily due to increased demand for a more cost-effective and environmentally-friendly alternative to bottled water and higher shipments of food products, primarily due to increased consumption of Hidden Valley® salad dressing. Net sales outpaced volume growth primarily due to the impact of price increases (approximately 500 basis points).

The increase in earnings from continuing operations before income taxes was primarily due to favorable product mix and assortment of $35 and the step-up in inventory values associated with purchase accounting for Burts Bees of $19 in the year-ago period. The net impact of all other factors including the impact of pricing, cost savings, which include more efficient sourcing of raw materials and the implementation of various manufacturing efficiencies, and increased advertising was a $13 increase.

Fiscal year 2008 versus fiscal year 2007: Volume, net sales and earnings from continuing operations before income taxes increased during fiscal year 2008. Volume growth of 30% was primarily driven by the acquisition of Burts Bees, which was acquired on November 30, 2007, higher consumption of Brita® products driven by the overall sustainability trend in the marketplace and increased shipments of Hidden Valley® salad dressing. Net sales outpaced volume growth primarily due to the impact of price increases (approximately 300 basis points). The increase in earnings from continuing operations before income taxes was primarily driven by favorable product mix and assortment of $51. The increase was partially offset by a step-up in inventory values associated with purchase accounting for Burts Bees of $19, increased commodity costs, including the cost of diesel fuel, and increased advertising costs.

HOUSEHOLD

							Change	
		2009		**2008**		**2007**	**2009 to 2008**	**2008 to 2007**
Net sales	$	**1,726**	$	1,698	$	1,636	2%	4%
Earnings from continuing operations before income taxes		**289**		225		225	28	-

Fiscal year 2009 versus fiscal year 2008: Net sales and earnings from continuing operations before income taxes increased during fiscal year 2009, while volume decreased. Volume decline of 4% of which 3% was due to the exit from a private-label food bags business and the impact of price increases, partially offset by increased shipments of Kingsford® charcoal products. Net sales growth outpaced the change in volume primarily due to price increases (approximately 540 basis points). Earnings from continuing operations before income taxes increased primarily due to the impact from price increases of $48 and cost savings of $44 primarily associated with the Company's diversification of its supplier and transportation providers, the implementation of cost-effective packaging and various manufacturing efficiencies. Also contributing to the increase was lower restructuring-related charges of $24. These were partially offset by $22 of increased manufacturing and logistics costs, primarily diesel fuel and $22 of increased commodity costs, primarily wood-based raw materials, solvent, starch and resin.

Fiscal year 2008 versus fiscal year 2007: Volume and net sales increased during fiscal year 2008 while earnings from continuing operations before income taxes remained flat. Volume increase of 1% was primarily driven by the continued growth in cat litter primarily related to a product improvement on Fresh Step® scoopable cat litter and increased shipments of Kingsford® charcoal products. These increases were partially offset by lower shipments of Glad® trash bags primarily driven by lower consumption, and the Company's exit from a private-label food bag business. Net sales growth outpaced volume growth primarily due to price increases (approximately 250 basis points) and lower trade-promotion spending (approximately 140 basis points). Earnings from continuing operations before income taxes remained flat primarily due to $34 of favorable product mix and assortment, $34 of cost savings and the impact of other smaller items, including price increases. Favorability was offset by a substantial increase in commodity costs of $69, primarily for resin, and higher restructuring-related charges of $28.

INTERNATIONAL

Change