CLOROX CO /DE/

FORM 10-K
(Annual Report)

Filed 08/23/13 for the Period Ending 06/30/13

Address	THE CLOROX COMPANY 1221 BROADWAY OAKLAND, CA 94612-1888
Telephone	5102717000
CIK	0000021076
Symbol	CLX
SIC Code	2842 - Specialty Cleaning, Polishing, and Sanitation Preparations
Industry	Personal & Household Prods.
Sector	Consumer/Non-Cyclical
Fiscal Year	06/30

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

FORM 10-K

☑ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the fiscal year ended June 30, 2013
OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from _______ to _______.
Commission file number: 1-07151

THE CLOROX COMPANY
(Exact name of registrant as specified in its charter)

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

1221 Broadway, Oakland, California 94612-1888
(Address of principal executive offices) (ZIP code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock–$1.00 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ . No ☐ .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ . No ☑ .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ . No ☐ .

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑ .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates on December 31, 2012 (the last business day of the most recently completed second quarter) was approximately $9.5 billion.

As of July 31, 2013, there were 130,429,805 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

Portions of the registrant's definitive proxy statement for the 2013 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days after June 30, 2013, are incorporated by reference into Part III, Items 10 through 14 of this Annual Report on Form 10-K.

THE CLOROX COMPANY
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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PART I

This Annual Report on Form 10-K for the fiscal year ended June 30, 2013 (this Report), including the exhibits hereto and the information incorporated by reference herein, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such forward-looking statements involve risks and uncertainties. Except for historical information, matters discussed below, including statements about future volume, sales, costs, cost savings, earnings, cash flows, plans, objectives, expectations, growth or profitability, are forward-looking statements based on management’s estimates, assumptions and projections. Words such as “will,” “could,” “may,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates” and variations on such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed below. Important factors that could affect performance and cause results to differ materially from management’s expectations are described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Report, as updated from time to time in the Company’s U.S. Securities and Exchange Commission (SEC) filings.

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

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

ITEM 1. BUSINESS

Overview of Business

The Clorox Company is a leading multinational manufacturer and marketer of consumer and professional products with approximately 8,400 employees worldwide as of June 30, 2013, and fiscal year 2013 net sales of $5.6 billion. Clorox sells its products primarily through mass merchandisers, retail outlets, e-commerce channels, distributors and medical supply providers. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Clorox Healthcare™, HealthLink ®, Aplicare ® and Dispatch ® products, Green Works ® naturally derived products, Pine-Sol ® cleaners, Poett ® home care products, Fresh Step ® cat litter, Glad ® bags, wraps and containers, Kingsford ® charcoal, Hidden Valley ® and KC Masterpiece ® dressings and sauces, Brita ® water-filtration products, and Burt's Bees ® and güd ® natural personal care products. Nearly 90% of the Company's brands hold the No. 1 or No. 2 market share positions in their categories. The Company manufactures products in more than two dozen countries and markets them in more than 100 countries. The Company was founded in Oakland, Calif., in 1913 and is incorporated in Delaware.

The Company's strategy is focused on creating stockholder value by investing in new and existing sales channels and countries with profitable growth potential and attractive categories, particularly those categories aligned with global consumer megatrends in the areas of health and wellness, sustainability and affordability, and appealing to a multicultural marketplace. The Company uses economic profit as the key financial metric in its decisions to drive enhanced performance, make portfolio choices and determine resource allocations. Economic profit represents profit generated over and above the cost of capital used by the business to generate that profit.

In fiscal year 2013, the Company celebrated its 100th anniversary, marking a century of providing innovative products that consumers value. The Company delivered solid financial results in fiscal year 2013 in the face of a bumpy economic recovery, growing net sales by 3% and expanding gross margin by 80 basis points. The Company grew diluted net earnings per share (EPS) from continuing operations by 5%, returned $335 million in dividends to stockholders and announced a dividend increase in May 2013 of nearly 11%. Fiscal year 2013 was also an important year for product launches and product improvements, including Clorox ® concentrated bleach, which enables better product performance and a reduction of the Company's costs and environmental footprint, SmartTube ® technology, which is now incorporated into the Company's spray cleaning bottles, a children's version of Brita ® Bottles with popular cartoon characters, an enhanced formulation for Clorox ® disinfecting wipes with improved efficacy on grease and Hidden Valley ® pasta salad kits. In addition, the Company's professional products business continued its growth with record shipments of cleaning and healthcare products. Internationally, the Company maintained its focus on driving growth in core geographies where it has scale and competitive advantage, and continued its international expansion of the Burt's Bees ® brand into countries in Latin America, Southeast Asia and Europe. Finally, the Company further integrated corporate responsibility into its business, receiving external recognition for corporate responsibility as well as innovative integrated reporting and significantly contributed to its communities. During fiscal year 2013, The Clorox Company Foundation awarded more than $4 million in cash grants, while the Company made product donations valued at about $15 million , and contributed another $1.3 million to deserving nonprofits through cause marketing programs. For additional information on recent business developments, refer to the information set forth under the caption "Executive Overview" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," on page 1 of Exhibit 99.1 hereto, incorporated herein by reference.

Financial Information About Operating Segments and Principal Products

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

- *Cleaning* consists of laundry, home care and professional products marketed and sold in the United States. Products within this segment include laundry additives, including bleach products under the Clorox ® brand and Clorox 2 ® stain fighter and color booster; home care products, primarily under the Clorox ®, Formula 409 ®, Liquid-Plumr ®, Pine-Sol ®, S.O.S ® and Tilex ® brands; naturally derived products under the Green Works ® brand; and professional cleaning and disinfecting products under the Clorox ®, Dispatch ®, Aplicare ®, HealthLink ® and Clorox Healthcare™ brands.

- *Household* consists of charcoal, cat litter and plastic bags, wraps and container products marketed and sold in the United States. Products within this segment include plastic bags, wraps and containers under the Glad ® brand; cat litter products under the Fresh Step ®, Scoop Away ® and Ever Clean ® brands; and charcoal products under the Kingsford ® and Match Light ® brands.

- *Lifestyle* consists of food products, water-filtration systems and filters, and natural personal care products marketed and sold in the United States. Products within this segment include dressings and sauces, primarily under the Hidden Valley ®, KC Masterpiece ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® and güd ® brands.

- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration, charcoal and cat litter products, dressings and sauces, plastic bags, wraps and containers and natural personal care products, primarily under the Clorox ®, Javex ®, Glad ®, PinoLuz ®, Ayudin ®, Limpido ®, Clorinda ®, Poett ®, Mistolin ®, Lestoil ®, Bon Bril ®, Nevex ®, Brita ®, Green Works ®, Pine-Sol ®, Agua Jane ®, Chux ®, Kingsford ®, Fresh Step ®, Scoop Away ®, Ever Clean ®, KC Masterpiece ®, Hidden Valley ® and Burt's Bees ® brands.

The Company has three product lines that have accounted for 10% or more of consolidated net sales during each of the past three fiscal years. Sales of liquid bleach represented approximately 14% of the Company's consolidated net sales in each of the fiscal years 2013, 2012 and 2011, approximately 26%, 26% and 27% of net sales in the Cleaning segment and approximately 28%, 27% and 27% of net sales in the International segment, respectively. Sales of trash bags represented approximately 13% of the Company's consolidated net sales in each of the fiscal years 2013, 2012 and 2011, approximately 37%, 35% and 34% of net sales in the Household segment and approximately 10%, 10% and 11% of net sales in the International segment, respectively. Sales of charcoal represented approximately 10%, 11% and 11% of the Company's consolidated net sales and approximately 32%, 35% and 34% of net sales in the Household segment in fiscal years 2013, 2012 and 2011, respectively.

Information about the results of each of the Company's reportable segments for the last three fiscal years and total assets as of the end of the last two fiscal years, reconciled to the consolidated results, is set forth below. For additional information, refer to the information set forth under the caption "Segment Results from Continuing Operations" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," on page 7 of Exhibit 99.1 hereto.

(Dollars in millions)	Fiscal Year	Cleaning	Household	Lifestyle	International	Corporate	Total Company
Net sales	2013	$ 1,783	$ 1,693	$ 929	$ 1,218	$ -	$ 5,623
	2012	1,692	1,676	901	1,199	-	5,468
	2011	1,619	1,611	849	1,152	-	5,231
Earnings (losses) from continuing operations before income taxes	2013	420	336	259	96	(258)	853
	2012	381	298	265	119	(272)	791
	2011	356	278	91	55	(217)	563
Total assets	2013	905	799	878	1,202	527	4,311
	2012	942	818	887	1,219	489	4,355
	2011	838	848	886	1,201	390	4,163

Fiscal year 2011 earnings from continuing operations before income taxes for the Lifestyle and International reportable segments included a noncash goodwill impairment charge of $164 and $94, respectively, related to the Burt's Bees business. Fiscal year 2011 diluted net earnings per share from continuing operations included the impact of $1.86 from this noncash goodwill impairment charge.

Principal Markets and Methods of Distribution

In the United States, most of the Company's products are nationally advertised and sold to mass merchandisers, warehouse clubs, and dollar, military and other types of retail stores primarily through a direct sales force, and to grocery stores and grocery wholesalers primarily through a combination of direct sales teams and a network of brokers. Within the United States, the Company sells institutional, janitorial and food-service versions of many of its products through distributors, and sells healthcare products through a direct sales force and medical supply providers. Outside the United States, the Company sells products to the retail trade through subsidiaries, licensees, distributors and joint-venture arrangements with local partners. Additionally, the Company sells many of its products through online retailers and sells its Burt's Bees ® and güd ® natural personal care products directly to consumers online.

Financial Information About Foreign and Domestic Operations

For detailed financial information about the Company's foreign and domestic operations, including net sales and property, plant and equipment, net, by geographic area, see Note 20 – *Segment Reporting* of the Notes to Consolidated Financial Statements beginning on page 60 of Exhibit 99.1 hereto.

Sources and Availability of Raw Materials

The Company purchases raw materials from numerous unaffiliated domestic and international suppliers, some of which are sole-source or single-source suppliers. Interruptions in the delivery of these materials could adversely impact the Company. Key raw materials used by the Company include resin, diesel, sodium hypochlorite, corrugate and agricultural commodities. Sufficient raw materials were available during fiscal year 2013 but costs for many materials continued to increase amid volatility and inflation, which the Company expects to continue in fiscal year 2014. The Company generally utilizes supply and forward-purchase contracts to help ensure availability and help manage the volatility of the pricing of raw materials needed in its operations. However, the Company is nonetheless highly exposed over the short term to changes in the prices of commodities used as raw materials in the manufacturing of its products. For further information regarding the impact of changes in commodity prices, see "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 16 of Exhibit 99.1 hereto and "Risk Factors – Volatility and increases in the costs of raw materials, energy, shipping and transportation, and other necessary supplies or services could harm the Company's profits" in Item 1.A herein.

Patents and Trademarks

Most of the Company's brand name consumer products are protected by registered trademarks. The Company's brand names and trademarks are highly important to its business, and the Company vigorously protects its trademarks from apparent infringements. Maintenance of brand equity value is critical to the Company's success. The Company's patent rights are also material to its business and are asserted, where appropriate, against apparent infringements.

Seasonality

Most sales of the Company's charcoal products occur in the first six months of each calendar year. A moderate seasonality trend also occurs in the net sales of the Company's Burt's Bees ® natural personal care products, with slightly more than half of the annual net sales occurring during the months of October through March. Short-term borrowings may be used to fund inventories of those products in the off-season.

Customers

Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26%, 26% and 27% for the fiscal years ended 2013, 2012 and 2011, respectively, of consolidated net sales and occurred in each of the Company's reportable segments. No other customers accounted for more than 10% of consolidated net sales in any of these fiscal years. During fiscal years 2013, 2012 and 2011, the Company's five largest customers accounted for 45%, 44% and 44% of its net sales, respectively, and its ten largest customers accounted for 55% of its net sales for each of the three fiscal years.

Competition

The markets for consumer products are highly competitive. Most of the Company's products compete with other nationally advertised brands within each category and with "private label" brands. Competition comes from similar and alternative products, some of which are produced and marketed by major multinational or national companies having financial resources greater than those of the Company. Depending on the product, the Company's products compete on product performance, brand recognition, price, value or other benefits to consumers. A newly introduced consumer product (whether improved or newly developed) usually encounters intense competition requiring substantial expenditures for advertising, sales promotion and trade merchandising support. If a product gains consumer acceptance, it normally requires continued advertising and promotional support and ongoing product improvements to maintain its relative market position.

Research and Development

During fiscal year 2013, the Company completed the relocation of certain employees from its general office building in Oakland, Calif. to a new facility located in Pleasanton, Calif., which the Company has leased since 2011. Employees from the Company's Technical and Data Center in Pleasanton, Calif. were also relocated to this new facility during fiscal year 2013. The new facility consists of approximately 343,000 square feet of leased space and includes the Company's primary research and development facility, utilizing state-of-the-art labs and open work spaces to encourage creativity, collaboration and innovation. In the fourth quarter of fiscal year 2013, the Company also sold its former Pleasanton, Calif. Technical and Data Center. In addition to the new leased facility in Pleasanton, Calif., the Company conducts research and development activities in Kennesaw, Ga.; Cincinnati, Oh.; Willowbrook, Il.; Midland, Mi.; Durham, NC; and Buenos Aires, Argentina.

The Company devotes significant resources and attention to product development, process technology and consumer insight research to develop commercially viable consumer-preferred products with innovative and distinctive features. The Company incurred expenses of $130 million, $121 million and $115 million in fiscal years 2013, 2012 and 2011, respectively, on direct research activities relating to the development of new products and/or the maintenance and improvement of existing products. In addition, the Company also obtains technologies from third parties for use in its products. Royalties relating to such technologies are reflected in the Company's cost of sales. For further information regarding the Company's research and development costs, see "Research and development costs" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 5 of Exhibit 99.1 hereto.

Environmental Matters

For information regarding noncapital expenditures related to environmental matters, see the discussions below under "Risk Factors – Environmental matters create potential liability risks" in Item 1.A. No material capital expenditures relating to environmental compliance are presently anticipated.

Number of Persons Employed

As of June 30, 2013, the Company employed approximately 8,400 people.

Available Information

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act are available on the Company's website, free of charge, as soon as reasonably practicable after the reports are electronically filed with or furnished to the SEC. These reports are available at TheCloroxCompany.com under Investors/Financial Reporting/SEC Filings. Information relating to corporate governance at Clorox, including the Company's Code of Conduct, the Clorox Company Board of Directors Governance Guidelines and Board Committee charters, including charters for the Management Development and Compensation Committee, the Audit Committee, the Finance Committee and the Nominating and Governance Committee, is available at TheCloroxCompany.com under Corporate Responsibility/Performance/Corporate Governance or http://www.thecloroxcompany.com/corporate-responsibility/performance/corporate-governance. The Company will provide any of the foregoing information without charge upon written request to Corporate Communications, The Clorox Company, 1221 Broadway, Oakland, CA 94612-1888. The information contained on the Company's website is not included as a part of, or incorporated by reference into, this Report.

ITEM 1.A. RISK FACTORS

The risks and uncertainties set forth below, as well as other factors described elsewhere in this Report or in other filings by the Company with the SEC, could adversely affect the Company's business, financial condition and results of operations. Additional risks and uncertainties that are not currently known to the Company or that are not currently believed by the Company to be material may also harm the Company's business operations and financial results.

Unfavorable worldwide, regional and local economic conditions and financial market volatility may negatively impact the Company's financial performance and liquidity.

Although the Company continues to devote significant resources to support its brands, unfavorable economic conditions may continue to negatively affect consumer demand for the Company's products. Consumers may reduce discretionary spending due to economic uncertainty or unfavorable economic conditions, which may lead to reduced sales volumes or cause a shift in the Company's product mix from higher-margin to lower-margin products. Consumers may increase purchases of lower-priced or non-branded products and the Company's competitors may increase levels of promotional activity for lower-priced products as they seek to maintain sales volumes during uncertain economic times, which may negatively impact the Company's sales and volume.

In addition, global markets continued to experience significant disruptions during fiscal year 2013, and continuing volatility, particularly in Venezuela and Argentina, could continue to harm the Company's business. Although the Company currently generates significant cash flows from ongoing operations and has access to global credit markets through its financing activities and existing credit facilities to meet its current needs, if the current credit conditions were to worsen, the Company might not be able to access credit markets on favorable terms when needed, which could adversely affect the Company's liquidity and capital resources. Financial market volatility and unfavorable economic conditions may also adversely affect the financial condition of the Company's customers, suppliers and other business partners. If customers' financial conditions are severely affected, the Company may not be able to collect accounts receivable, which could have a material adverse impact on its results.

The Company is subject to risks related to its international operations, including exposure to foreign exchange rate risk.

The Company faces and will continue to face substantial risks associated with having foreign operations, including:

- economic or political instability in its international markets, particularly in Venezuela and Argentina;
- difficulty in obtaining nonlocal currency (e.g., U.S. dollars) to pay for the raw materials needed to manufacture the Company's products and contract-manufactured products, particularly in Venezuela and Argentina;
- restrictions on or costs relating to the repatriation of foreign profits to the United States, including possible taxes or withholding obligations on any repatriations; and
- the imposition of tariffs, trade restrictions, price controls or other governmental actions generating a negative impact on its business, particularly in Venezuela and Argentina.

These risks could have a significant adverse impact on the Company's ability to commercialize its products on a competitive basis in international markets and may have a material adverse effect on its results of operations or financial position. For example, lower prices resulting from price controls could adversely affect our margins and profitability and make it difficult for us to offset other risks in these markets, such as high inflation. The Company's small sales volume in some countries, relative to some multinational and local competitors, could exacerbate such risks.

In addition, the Company is exposed to foreign currency exchange rate risk with respect to its sales, profits, assets and liabilities driven by movements of the U.S. dollar relative to other currencies. This risk is exacerbated by recent indications from the U.S. Federal Reserve that it may reduce quantitative easing (expansionary monetary policy), which has created a general market environment whereby the U.S. dollar has increased in value relative to a number of foreign currencies, increasing volatility in foreign currency exchange markets. Although the Company uses instruments to hedge certain foreign currency risks, these hedges only offset a small portion of the Company's exposure to foreign currency fluctuations and, therefore, its reported earnings may be affected by changes in foreign exchange rates.

The Company's international operations are also subject to risks relating to potential difficulties in staffing and managing local operations, import and export laws, raw material availability, credit risk of local customers, suppliers and distributors and potentially adverse tax consequences.

Inflation is another risk associated with the Company's international operations. For example, Venezuela has been designated for financial reporting purposes as a highly inflationary economy, and Argentina could in the future be designated as such. Gains and losses resulting from the remeasurement of non-U.S. dollar monetary assets and liabilities of subsidiaries operating in highly inflationary economies are recorded in net earnings. Venezuela's designation as a highly inflationary economy and the potential for further devaluation of the local currency exchange rate will continue to negatively affect the Company's revenue, operating profit and net income in fiscal year 2014 and potentially beyond. In addition, there can be no assurance that other countries in which the Company operates will not also become highly inflationary, that such countries' currencies will not be devalued, or both, and that the Company's operations will not be negatively impacted as a result. For further information regarding Venezuela, see "Venezuela" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 10 of Exhibit 99.1 hereto.

The Company faces intense competition in its markets, which could lead to reduced profitability.

The Company faces intense competition from consumer product companies both in the United States and in its international markets. Most of the Company's products compete with other widely advertised brands within each product category and with "private label" brands in certain categories, which typically are sold at lower prices.

The Company's products generally compete on the basis of product performance, brand recognition, price, value or other benefits to consumers. Advertising, promotion, merchandising and packaging also have significant impacts on consumer purchasing decisions, and the Company is increasingly using digital media marketing and promotional programs to reach consumers. A newly introduced consumer product (whether improved or newly developed) usually encounters intense competition requiring substantial expenditures for advertising, sales promotion and trade merchandising. If a product gains consumer acceptance, it normally requires continued advertising, promotional support and product improvements to maintain its relative market position. If the Company's advertising, marketing and promotional programs, including its use of digital media to reach consumers, are not effective or adequate, the Company's sales and volume may be impacted.

Some of the Company's competitors are larger than the Company and have greater financial resources. These competitors may be able to spend more aggressively on advertising and promotional activities, introduce competing products more quickly and respond more effectively to changing business and economic conditions than the Company can. In addition, the Company's competitors may attempt to gain market share by offering products at prices at or below those typically offered by the Company. Competitive activity may require the Company to increase its spending on advertising and promotions and/or reduce prices, which could lead to reduced profits and adversely affect growth.

Volatility and increases in the costs of raw materials, energy, transportation, and other necessary supplies or services could harm the Company's profits.

Volatility and increases in the costs of raw materials, including resin, sodium hypochlorite, linerboard, soybean oil, solvent, corrugate and other chemicals and agricultural commodities, or increases in the cost of energy, transportation and other necessary services may harm the Company's profits and operating results. The Company anticipates continued commodity and other cost increases in fiscal year 2014. If such increases occur or exceed the Company's estimates and the Company is not able to increase the prices of its products or achieve cost savings to offset such cost increases, its profits and operating results will be harmed. In addition, if the Company increases the prices of its products in response to increases in the cost of commodities, and the commodity costs decline, the Company may not be able to sustain its price increases over time. Also, competitors may not adjust their prices or customers may decide not to pay the higher prices, which could lead to sales declines and loss of market share. Sustained price increases may lead to declines in volume. While the Company seeks to project tradeoffs between price increases and volume, its projections may not accurately predict the volume impact of price increases, which could adversely affect its financial condition and results of operations. For further information regarding the impact of changes in commodity costs, see "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 16 of Exhibit 99.1 hereto.

To reduce the cost volatility associated with anticipated commodity purchases, the Company uses derivative instruments, including commodity futures and swaps. The extent of the Company's derivative position at any given time depends on the Company's assessment of the markets for these commodities, the cost volatility in the markets and the cost of the derivative instruments. Many of the commodities used by the Company in its products do not have actively traded derivative instruments. If the Company does not or is unable to take a derivative position and costs subsequently increase, or if it institutes a position and costs subsequently decrease, the Company's costs may be greater than anticipated or higher than its competitors' costs and the Company's financial results could be adversely affected.

Sales growth objectives may be difficult to achieve, and price increases, market and category declines and changes to the Company's product and geographic mix may adversely impact the Company's financial results.

A large percentage of the Company's revenues comes from mature markets that are subject to high levels of competition. During fiscal year 2013, approximately 79% of the Company's net sales were generated in U.S. markets. U.S. markets for cleaning products are generally characterized by high household penetration. The Company's ability to achieve sales growth depends on its ability to drive growth through innovation, investment in its established brands and enhanced merchandising and its ability to capture market share from competitors. If the Company is unable to increase market share in existing product lines, develop product improvements, undertake sales, marketing and advertising initiatives that grow its product categories, and develop, acquire or successfully launch new products, it may not achieve its sales growth objectives. Even when the Company is successful in increasing sales within particular product categories, a continuing or accelerating decline in the overall markets for its products can have a negative impact on the Company's financial results.

In addition, changes to the mix of products the Company sells, as well as the mix of countries in which its products are sold, can adversely impact the Company's operating expenses, the amount of revenue and the timing of revenue recognition, which could cause its profitability to suffer. The Company's outlook assumes a certain volume and product mix of sales, and if actual results vary from this projected volume and product mix of sales, the Company's operations and results could be negatively affected.

Dependence on key customers could adversely affect the Company's business, financial condition and results of operations.

A limited number of customers account for a large percentage of the Company's net sales. Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26%, 26% and 27% for the fiscal years ended 2013, 2012 and 2011, respectively, of consolidated net sales and occurred in each of the Company's reportable segments. No other customers accounted for more than 10% of consolidated net sales in any of these fiscal years. During fiscal years 2013, 2012 and 2011, the Company's five largest customers accounted for 45%, 44% and 44% of its net sales, respectively, and its ten largest customers accounted for 55% of its net sales for each of the three fiscal years. The Company expects that a significant portion of its revenues will continue to be derived from a small number of customers. As a result, changes in the strategies of the Company's largest customers, including a reduction in the number of brands they carry or a shift of shelf space to "private label" or competitors' products, may harm the Company's sales and reduce the ability of the Company to bring new innovative products to consumers.

In addition, the Company's business is based primarily upon individual sales orders, and the Company typically does not enter into long-term contracts with its customers. Accordingly, these customers could reduce their purchasing levels or cease buying products from the Company at any time and for any reason. If the Company does not effectively respond to the demands of its customers, they could decrease their purchases from the Company, causing the Company's sales and profits to decline. In recent years, the Company has seen increasing retailer consolidation both in the United States and internationally. This trend has resulted in the increased size and influence of large consolidated retailers, who may demand lower pricing or special packaging or impose other requirements on product suppliers. These business demands may relate to inventory practices, logistics or other aspects of the customer-supplier relationship. If the Company ceases doing business with a significant customer or if sales of its products to a significant customer materially decrease due to customer inventory reductions or otherwise, the Company's business, financial condition and results of operations may be harmed.

Profitability could suffer if the Company is unable to generate anticipated cost savings and efficiencies, or efficiently manage supply chain and manufacturing processes.

The Company continues to implement plans to improve its competitive position by setting aggressive annual cost-savings targets, and it expects ongoing cost savings from its continuous improvement activities. The Company anticipates these continuing cost savings will result from reducing material costs and manufacturing inefficiencies and realizing productivity gains, distribution efficiencies and overhead reductions in each of its business segments and Corporate. If the Company cannot successfully implement its cost-savings plans or the cost of making these changes increases, the Company may not realize all anticipated benefits, which could adversely affect the Company's financial results. These plans could also have a negative impact on the Company's relationships with employees or customers, which could also adversely affect the Company's financial results.

The Company's success and profitability also depend on the efficient manufacture and production of products. Historically, the Company has undertaken restructuring programs and incurred restructuring charges, and expects to continue to restructure its operations as necessary to improve operational efficiency. Gaining additional efficiencies may become increasingly difficult over time and any failure to successfully execute such changes, or any increase in the cost of these changes, may result in supply chain interruption, which may negatively impact product volume and margins.

Government regulations could impose material costs.

Generally, the manufacture, packaging, labeling, storage, distribution and advertising of the Company’s products and the conduct of its business operations must all comply with extensive federal, state and foreign laws and regulations. For example, in the United States, many of the Company’s products are regulated by the Environmental Protection Agency, the Food and Drug Administration and the Consumer Product Safety Commission, and the Company’s product claims and advertising are regulated by the Federal Trade Commission.

Most states have agencies that regulate in parallel to these federal agencies. In addition, the Company’s international operations are subject to regulation in each of the foreign jurisdictions in which it manufactures or distributes its products. If the Company is found to be noncompliant with applicable laws and regulations in these or other areas, it could be subject to civil remedies, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on its business. Loss of or failure to obtain necessary permits and registrations, particularly with respect to its charcoal business, could delay or prevent the Company from meeting current product demand, introducing new products, building new facilities or acquiring new businesses and could adversely affect operating results. It is possible that the federal government will increase regulation of the transportation, storage or use of certain chemicals to protect the environment, including as a result of evolving climate change standards or increased regulation in other areas, and that such regulation could negatively impact the Company’s ability to obtain raw materials or could increase costs. In addition, pending legislative initiatives and adopted legislation in the areas of healthcare reform and other areas, such as the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act and legislation in the area of taxation of domestic and foreign profits, executive compensation and corporate governance, could also increase the Company's costs. These risks may be increased by the Company’s acquisitions of HealthLink and Aplicare, Inc., which manufacture products subject to additional regulations.

The Company’s ability to conduct business, particularly in international markets, may be affected by political, legal, tax and regulatory risks, and government reviews, inquiries or investigations could harm the Company’s business.

The Company’s operations outside the United States are subject to risks relating to non-compliance with legal and regulatory requirements in the United States and in such foreign jurisdictions. Additionally, there is a risk of potentially higher incidence of fraud or corruption in certain foreign jurisdictions and related difficulties in maintaining effective internal controls. From time to time, the Company conducts internal investigations and compliance reviews to ensure that it is in compliance with applicable laws and regulations. Additionally, the Company could be subject to inquiries or investigations by government and other regulatory bodies. Any determination that the Company’s operations or activities are not in compliance with U.S. laws, including the Foreign Corrupt Practices Act, or international laws and regulations, could expose the Company to significant fines, penalties or other sanctions that may harm the business and reputation of the Company.

Product liability claims and other legal proceedings could adversely affect the Company’s sales and operating results.

The Company has in the past paid, and may be required in the future to pay, for losses or injuries purportedly caused by its products. Such claims may be based on allegations that, among other things, the Company’s products contain contaminants or provide inadequate instructions or warnings regarding their use, or damage property or persons. Product liability claims could result in negative publicity that could harm the Company’s reputation, sales and operating results. In addition, if one of the Company’s products is found to be defective, the Company could be required to recall it, which could result in adverse publicity and significant expenses. Although the Company maintains product liability insurance coverage, potential product liability claims are subject to a retention, may exceed the amount of insurance coverage or may be excluded under the terms of the policies.

In addition, the Company is, and may in the future become, a party to litigation and other disputes, including in foreign jurisdictions. In general, claims made by or against the Company in litigation, disputes or other proceedings can be expensive and time-consuming to bring or defend against and could result in settlements, injunctions or damages that could significantly affect its business or financial results or condition. It is not possible to predict the final resolution of the litigation, disputes or proceedings with which the Company currently is or may in the future become involved. The impact of these matters on the Company’s business, results of operations and financial condition could be material. See “Contingencies” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 15 and Note 12 – *Other Contingencies and Guarantees* of the Notes to Consolidated Financial Statements beginning on page 46 of Exhibit 99.1 hereto for additional information related to one of these matters.

The Company's financial results could suffer if the Company is unable to implement its strategies or if the Company's strategies do not achieve the intended effects.

The Company may not be able to implement its strategies, including, among other things, new product innovation, cost savings and penetration of and growth in international markets. If the Company is unable to implement its strategies in accordance with its expectations, the Company may not achieve its growth targets and its financial results could be adversely affected. There is a risk that implementation of the Company's strategies will not advance the Company's business and financial results.

The Company may not successfully develop and introduce new products and line extensions, which could adversely impact its financial results.

The Company's future performance and growth depends on its innovation and ability to successfully develop or license and introduce new products, line extensions and product improvements. The Company cannot be certain that it will successfully achieve its innovation goals. The development and introduction of new products require substantial and effective research, development and marketing expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. New product development and marketing efforts, including efforts to enter markets or product categories in which the Company has limited or no prior experience, have inherent risks. These risks include product development or launch delays, which could result in the Company not being first to market and the failure of new products and line extensions to achieve anticipated levels of market acceptance. If product introductions are not successful, costs could be adversely affected. In addition, if sales generated by new products cause a decline in sales of our existing products, our financial results could be materially adversely affected.

Acquisitions, new venture investments and divestitures may not be successful, which could impact the Company's results.

In connection with the Company's strategy, the Company expects to continue to seek to increase growth through acquisitions. Not only is it difficult to identify good acquisition candidates and to compete successfully for such candidates, but these transactions also involve numerous risks, including risks relating to the Company's ability to:

- successfully integrate acquired companies, products, systems or personnel into the Company's existing business, especially with respect to businesses or operations that are outside of the United States;
- minimize any potential interruption to the ongoing business of the Company or the acquired company;
- successfully enter categories and markets in which the Company may have limited or no prior experience;
- achieve expected synergies and obtain the desired financial or strategic benefits from acquisitions;
- retain key relationships with employees, customers, partners and suppliers of acquired companies; and
- maintain uniform standards, controls, procedures and policies throughout acquired companies.

Acquired companies or operations or newly created ventures may not be profitable or may not achieve sales levels and profitability that justify the investments. Future acquisitions or ventures could also result in potentially dilutive issuances of equity securities, the incurrence of debt, the assumption of contingent liabilities, including litigation, an increase in expenses related to certain assets and increased operating expenses, all of which could adversely affect the Company's results of operations and financial condition. Future acquisitions of foreign companies or new foreign ventures would increase, among other things, the Company's exposure to foreign exchange rate risks. In addition, to the extent that the economic benefits associated with any of the Company's acquisitions diminish in the future, the Company may be required to record impairment charges related to goodwill, intangible assets or other assets associated with such acquisitions, which could adversely affect its operating results.

The Company may also divest certain assets, businesses or brands that do not meet the Company's strategic objectives or growth targets. With respect to any divestiture, the Company may encounter difficulty finding potential acquirers or other divestiture options on favorable terms. Any divestiture could affect the profitability of the Company as a result of the gains or losses on such sale of a business or brand, the loss of the operating income resulting from such sale or the costs or liabilities that are not assumed by the acquirer (i.e., stranded costs) that may negatively impact profitability subsequent to any divestiture. The Company may also be required to recognize impairment charges as a result of a divesture.

Any potential future acquisitions, new ventures or divestitures may divert the attention of management and may divert resources from matters that are core or critical to the business.

Reliance on a limited base of suppliers may result in disruptions to the Company's business.

The Company relies on a limited number of suppliers for certain commodities and raw material inputs, including sole-source and single-source suppliers for certain of its raw materials, packaging, product components, finished products and other necessary supplies. New suppliers may have to be qualified under governmental, industry and Company standards, which can require additional investment and time. If the Company is unable to qualify any needed new suppliers or maintain supplier arrangements and relationships, if it is unable to contract with suppliers at the quantity, quality and price levels needed for its business, or if any of the Company's key suppliers becomes insolvent or experiences other financial distress, the Company could experience disruptions in production and its financial results could be adversely affected.

Loss of, or inability to attract, key personnel could adversely impact the Company's business.

The Company's success depends, in part, on its ability to retain its key personnel, including its executive officers and senior management team. The unexpected loss of one or more of the Company's key employees could disrupt its business. The Company's success also depends, in part, on its continuing ability to identify, hire, train and retain other highly qualified personnel. Competition for these employees can be intense, especially in the San Francisco Bay Area where the Company's headquarters and largest research facility are located. The Company may not be able to attract, assimilate or retain qualified personnel in the future, and its failure to do so could adversely affect its business.

Harm to the Company's reputation or the reputation of one or more of its leading brands could have an adverse effect on the business.

Maintaining a strong reputation with consumers, customers and trade partners is critical to the success of the Company's business. The Company devotes significant time and resources to programs designed to protect and preserve the Company's reputation and the reputation of its brands. These programs include ethics and compliance, sustainability, and product safety and quality initiatives. Despite these efforts, negative publicity about the Company, including product safety or similar concerns, whether real or perceived, could occur, and the Company's products could face withdrawal, recall or other quality issues. Negative publicity, posts or comments about the Company could also be widely disseminated through the use of social media. Such events, if they were to occur, could harm the Company's image and result in an adverse effect on its business, as well as require resources to rebuild its reputation.

Environmental matters create potential liability risks.

The Company must comply with various environmental laws and regulations in the jurisdictions in which it operates, including those relating to air emissions, water discharges, the handling and disposal of solid and hazardous wastes, the remediation of contamination associated with the use and disposal of hazardous substances and concerns regarding climate change. The Company has incurred, and will continue to incur, significant capital and operating expenditures and other costs in complying with environmental laws and regulations and in providing physical security for its worldwide operations, and such expenditures reduce the cash flow available to the Company for other purposes.

The Company is currently involved in or has potential liability with respect to the remediation of past contamination in the operation of some of its currently and formerly owned and leased facilities. In addition, some of its present and former facilities have been or had been in operation for many years and, over that time, some of these facilities may have used substances or generated and disposed of wastes that are or may be considered hazardous. It is possible that those sites, as well as disposal sites owned by third parties to whom the Company has sent waste, may in the future be identified and become the subject of remediation. It is possible that the Company could become subject to additional environmental liabilities in the future that could result in a material adverse effect on its results of operations or financial condition.

The Company had a recorded liability of $13 million and $14 million as of June 30, 2013 and 2012, respectively, for its share of aggregate future remediation costs related to certain environmental matters, including response actions at various locations. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounts for a substantial majority of the recorded liability as of both June 30, 2013 and 2012. The Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs for this matter pursuant to a cost-sharing arrangement with a third party. With the assistance of environmental consultants, the Company maintains an undiscounted liability representing its current best estimate of its share of the capital expenditures, maintenance and other costs that may be incurred over an estimated 30-year remediation period. Currently, the Company cannot accurately predict the timing of future payments that may be made under this obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the future availability of alternative clean-up technologies. Although it is reasonably possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

The Company also handles and/or transports hazardous substances, including but not limited to, chlorine, at some of its international plant sites. A release of such chemicals, whether in transit or at the Company's facilities, due to accident or an intentional act, could result in substantial liability.

The facilities of the Company and its suppliers are subject to disruption by events beyond the Company's control.

Operations at the facilities of the Company and its suppliers and retail customers are subject to disruption for a variety of reasons, including work stoppages, demonstrations, disease outbreaks or pandemics, acts of war, terrorism, fire, earthquakes, flooding or other natural disasters. The Company's corporate headquarters and new facility in Pleasanton, Calif. are located near major earthquake fault lines in California. If a major disruption were to occur, it could result in harm to people or the natural environment, temporary loss of access to critical data, delays in shipments of products to customers or suspension of operations. Any such disruption could have a material adverse impact on the Company's business.

Failure to maximize, successfully assert or successfully defend the Company's intellectual property rights could impact its competitiveness.

The Company relies on intellectual property rights based on trademark, trade secret, patent and copyright laws to protect its brands and its products and the packaging for those products. The Company cannot be certain that these intellectual property rights will be maximized or that they can be successfully asserted. There is a risk that the Company will not be able to obtain and perfect its own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions. The Company cannot be certain that these rights, if obtained, will not later be invalidated, circumvented or challenged, and the Company could incur significant costs in connection with legal actions to assert its intellectual property rights or to defend those rights from assertions of invalidity. In addition, even if such rights are obtained in the United States, the laws of some of the other countries in which the Company's products are or may be sold may not protect intellectual property rights to the same extent as the laws of the United States. If other parties infringe the Company's intellectual property rights, they may dilute the value of the Company's brands in the marketplace, which could diminish the value that consumers associate with the Company's brands and harm its sales. The failure to perfect or successfully assert its intellectual property rights could make the Company less competitive and could have a material adverse effect on its business, operating results and financial condition.

If the Company is found to have infringed the intellectual property rights of others or cannot obtain necessary intellectual property rights from others, its competitiveness could be negatively impacted.

If the Company is found to have violated the trademark, trade secret, copyright, patent or other intellectual property rights of others, directly or indirectly, through the use of third-party ideas or technologies, such a finding could result in the need to cease use of a trademark, trade secret, copyrighted work or patented invention in the Company's business and the obligation to pay a substantial amount for past infringement. It could also be necessary to pay a substantial amount in the future for rights if holders are willing to permit the Company to continue to use such intellectual property rights. Either having to cease use or pay such amounts could make the Company less competitive and could have a material adverse impact on its business, operating results and financial condition.

The Company's substantial indebtedness could adversely affect its operations and financial results and prevent the Company from fulfilling its obligations, and the Company may incur substantially more debt in the future, which could exacerbate these risks.

The Company has a significant amount of indebtedness. As of June 30, 2013, the Company had $2.4 billion of debt. The Company's substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for the Company to satisfy its cash obligations;
- limit the Company's ability to fund potential acquisitions;
- require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, which would reduce the availability of its cash flow to fund working capital requirements, capital expenditures and other general corporate purposes;
- limit the Company's flexibility in planning for, or reacting to, general adverse economic conditions or changes in its business and the industry in which it operates;
- place the Company at a competitive disadvantage compared to its competitors that have less debt; and
- limit, along with the financial and other restrictive covenants in the Company's indebtedness, among other things, its ability to borrow additional funds. Failure to comply with these covenants could result in an event of default that, if not cured or waived, could have a significant adverse effect on the Company.

In addition, the Company may incur substantial additional indebtedness in the future to fund acquisitions, to repurchase shares or to fund other activities for general business purposes, subject to compliance with the Company's existing restrictive debt covenants. As of June 30, 2013, the Company could add approximately $1.7 billion in incremental debt and remain in compliance with restrictive debt covenants, although there is no assurance that the actual amount that the Company may be able to borrow in the future will equal this amount. If new debt is added to the current debt levels, the related risks that the Company now faces could intensify. In addition, the cost of incurring additional debt could increase due to possible downgrades in the Company's credit rating. Any decision regarding the Company's future borrowings will be based on the facts and circumstances existing at the time, including the Company's credit rating. If the Company were to borrow the maximum amount available to it, its credit rating could be downgraded.

The Company could be adversely affected if its credit ratings were to fall below investment grade.

Certain terms of the agreements governing the Company's over-the-counter derivative instruments contain provisions that require the Company's credit ratings, as assigned by Standard & Poor's and Moody's to the Company and its counterparties, to remain at a level equal to or better than the minimum of an investment grade credit rating. As of June 30, 2013, the Company and each of its counterparties had been assigned investment-grade ratings with both Standard & Poor's and Moody's. However, if the Company's credit rating were to fall below investment grade, the counterparties to the derivative instruments in net liability positions could request full collateralization.

The Company may not have sufficient cash to service its indebtedness and pay cash dividends.

The Company's ability to repay and refinance its indebtedness and to fund capital expenditures depends on the Company's cash flow. In addition, the Company's ability to pay cash dividends depends on cash flow and net earnings (as defined by Delaware law). The Company's cash flow and net earnings are subject to general economic, financial, competitive, legislative, regulatory and other factors beyond the Company's control, and such factors may limit the Company's ability to repay indebtedness, declare and pay cash dividends and repatriate foreign earnings at an effective cost.

The Company's continued growth and expansion and reliance on third-party service providers could adversely affect its internal control over financial reporting, which could harm its business and financial results.

Clorox management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's financial statements would be prevented or detected. The Company's continuing growth and expansion in domestic and globally dispersed markets will place significant additional pressure on the Company's system of internal control over financial reporting. Moreover, the Company engages the services of third parties to assist with business operations and financial reporting processes, which inserts additional monitoring obligations and risk into the system of internal control. Any failure to maintain an effective system of internal control over financial reporting could limit the Company's ability to report its financial results accurately and on a timely basis or to detect and prevent fraud.

A failure of key information technology systems could adversely impact the Company’s ability to conduct business.

The Company relies extensively on information technology systems, some of which are managed by third-party service providers, in order to conduct its business. These systems include, but are not limited to, programs and processes relating to communicating within the Company and with other parties, ordering and managing materials from suppliers, converting materials to finished products, shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes involved in managing the business. The Company has made significant progress with its implementation of enterprise-wide upgrades to its hardware, software and operating systems, including its ERP system in Latin America, which replaces legacy systems, and is expected to streamline operations and enable future growth. If the Company’s existing and/or future technology systems and processes do not adequately support the future growth of the Company’s business, the Company’s business may be adversely impacted. Although the Company has network security measures in place, the systems may be vulnerable to computer viruses, security breaches, and other similar disruptions from unauthorized users. While the Company has business continuity plans in place, if the systems are damaged or cease to function properly due to any number of causes, including catastrophic events, power outages, security breaches or other similar events, and if the business continuity plans do not effectively resolve such issues on a timely basis, the Company may suffer interruptions in the ability to manage or conduct business, which may adversely impact the Company’s business. Furthermore, if the Company suffers a loss as a result of a breach or other breakdown in its technology system or such a breach or other breakdown results in disclosure of confidential business or stakeholder information, the Company may suffer reputational, competitive and/or business harm, which may adversely affect the Company’s results of operations and/or financial condition.

The Company’s judgments regarding the accounting for tax positions and the resolution of tax disputes may impact the Company’s earnings and cash flow.

Significant judgment is required in determining the Company’s effective tax rate and in evaluating its tax positions. The Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement criteria prescribed by applicable accounting standards. Fluctuations in federal, state, local and foreign taxes or a change to uncertain tax positions, including related interest and penalties, may impact the Company’s effective tax rate and the Company’s financial results. When particular tax matters arise, a number of years may elapse before such matters are audited and finally resolved. Unfavorable resolution of any tax matter could increase the effective tax rate, which would have an adverse effect on our operating results. Any resolution of a tax issue may require the use of cash in the year of resolution. For additional information, refer to the information set forth in Note 18 - *Income Taxes* of the Notes to Consolidated Financial Statements beginning on page 53 of Exhibit 99.1 hereto.

The estimates and assumptions on which the Company’s financial statement projections are based may prove to be inaccurate, which may cause its actual results to materially differ from such projections, which may adversely affect the Company’s stock price.

The Company’s financial statement projections are dependent on certain estimates and assumptions related to, among other things, category growth, commodity prices, cost savings, foreign exchange rates, accruals for estimated liabilities, including litigation reserves, goodwill, market share projections, measurement of benefit obligations for pension and other postretirement benefit plans, and the Company’s ability to generate sufficient cash flow to reinvest in its existing business, fund internal growth, repurchase its shares, make acquisitions, pay dividends and meet debt obligations. While the Company’s projections are based on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances and at the time they are made, the Company’s actual results may differ materially from its financial outlook. Any material variation between the Company’s projections and its actual results may adversely affect its stock price.

There can be no guarantee that the Company will continue to declare dividends or repurchase its stock.

Although the Company has historically declared quarterly cash dividends on its common stock and has been authorized to repurchase its shares subject to certain limitations under a share repurchase program, any determinations to continue to declare cash dividends on its common stock or to repurchase its common stock will be based primarily upon the Company’s financial condition, results of operations and business requirements, the price of its common stock in the case of the repurchase program, and the board of directors’ continuing determination that the repurchase program and the declaration of dividends are in the best interests of the Company’s stockholders and are in compliance with all laws and agreements applicable to the repurchase and dividend programs. In the event the Company does not declare a quarterly dividend or discontinues its share repurchases, the Company’s stock price could be adversely affected.

ITEM 1.B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Production and Distribution Facilities

The Company owns or leases and operates 25 manufacturing facilities in North America and owns or leases and operates 14 manufacturing facilities outside North America. The Company also leases six regional distribution centers in North America and several other warehouse facilities. Management believes the Company's production and distribution facilities, together with additional facilities owned or leased and operated by various unaffiliated finished product suppliers and distribution center service providers that serve the Company, are adequate to support the business efficiently and that the Company's properties and equipment have generally been well maintained. The Company is continually performing a supply chain efficiency analysis, which may lead to closures of domestic and international manufacturing facilities and the redistribution of production between its remaining facilities and contract manufacturers to optimize availability and capacity and seek to reduce operating costs.

Offices and Research and Development Facilities

In fiscal year 2013, the Company sold its general office building located in Oakland, Calif. and leased back certain floors of the building under a long-term lease. In fiscal year 2013, the Company also sold its Technical and Data Center located in Pleasanton, Calif. and leased back a warehouse facility and a consumer learning center located on that campus under a long-term lease. The Company owns its research and development facility located at its plant in Buenos Aires, Argentina. Since 2011, the Company has leased a new facility located in Pleasanton, Calif., which now houses the Company's research and development group, as well as other administrative and operational support personnel. The new facility features state-of-the-art labs and open work spaces to encourage creativity, collaboration and innovation. The relocation of personnel to the new facility from the Company's general office and from the former Technical and Data Center was completed in the fourth quarter of fiscal year 2013.

The Company also conducts research and development activities and engineering research in leased facilities in Kennesaw, Ga.; Cincinnati, Oh.; Willowbrook, Il.; Midland, Mi.; and Durham, NC. Leased sales offices and other facilities are located at a number of other locations.

Encumbrances

None of the Company's owned facilities are encumbered to secure debt owed by the Company.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to routine litigation incidental to its business in the U.S. and in international locations, including various lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, employee and other matters. Although the results of claims and litigation cannot be predicted with certainty, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for or disclosed in the Company's consolidated financial statements in Exhibit 99.1 hereto, will not have a material adverse effect, individually or in the aggregate, on the Company's consolidated financial statements taken as a whole.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages, year first elected and current titles of each of the executive officers of the Company as of July 31, 2013, are set forth below:

Name	Age	Year First Elected Executive Officer	Title
Donald R. Knauss	62	2006	Chairman of the Board and Chief Executive Officer
Stephen M. Robb	48	2011	Senior Vice President – Chief Financial Officer
Frank A. Tataseo	58	2004	Executive Vice President – Professional Products Division, Mergers & Acquisitions, Partnerships and IT
Benno Dorer	49	2009	Executive Vice President & Chief Operating Officer – Cleaning, International and Corporate Strategy
George Roeth	52	2009	Executive Vice President & Chief Operating Officer –Household and Lifestyle
Jacqueline P. Kane	61	2004	Senior Vice President – Human Resources & Corporate Affairs
Laura Stein	51	2005	Senior Vice President – General Counsel
Thomas P. Britanik	55	2009	Senior Vice President – Chief Marketing Officer
Wayne L. Delker	59	2009	Senior Vice President – Chief Innovation Officer
James Foster	51	2009	Senior Vice President – Chief Product Supply Officer
Grant J. LaMontagne	57	2009	Senior Vice President – Professional Products Division
Nikolaos Vlahos	45	2013	Senior Vice President – Chief Customer Officer
Dawn Willoughby	44	2013	Senior Vice President – General Manager, Cleaning Division
Jon Balousek	44	2013	Senior Vice President – General Manager, Specialty Division
Michael J. Costello	47	2011	Vice President – General Manager, International

There is no family relationship between any of the above-named persons, or between any of such persons and any of the directors of the Company. See Item 10 of Part III of this Report for additional information.

Donald R. Knauss was elected chairman and chief executive officer of the Company in October 2006. He was executive vice president of The Coca-Cola Company and president and chief operating officer for Coca-Cola North America from February 2004 until August 2006.

Stephen M. Robb was elected senior vice president – chief financial officer effective November 2011. From January 2011 until November 2011, he served as vice president – global finance. He served as vice president – financial planning & analysis from October 2004 to January 2011.

Frank A. Tataseo was elected executive vice president – professional products division, mergers & acquisitions, partnerships and IT effective January 2013. From January 2009 to December 2012, he served as executive vice president – strategy & growth and professional products. From February 2007 to December 2008, he served as executive vice president – functional operations.

Benno Dorer was elected executive vice president – chief operating officer, cleaning, international and corporate strategy effective January 2013. From March 2011 to December 2012, he served as senior vice president – cleaning division and Canada. He served as senior vice president – general manager, cleaning division from June 2009 to March 2011. From October 2007 through May 2009, he served as vice president – general manager, cleaning division.

George Roeth was elected executive vice president – chief operating officer, household and lifestyle effective January 2013. From June 2009 to December 2012, he served as senior vice president – general manager, specialty division. He served as vice president – general manager, specialty division from February 2007 through May 2009.

Jacqueline P. Kane was elected senior vice president – human resources & corporate affairs effective January 2005. She joined the Company as vice president – human resources in March 2004 and was elected senior vice president – human resources in July 2004.

Laura Stein was elected senior vice president – general counsel effective January 2005. She also served as secretary from September 2005 through May 2007.

Thomas P. Britanik was elected senior vice president – chief marketing officer effective June 2009. He previously held the position of vice president – marketing from February 2008 to May 2009. From July 2005 through January 2008, he served as vice president – general manager, U.S. auto-care and Brita ® .

Wayne L. Delker was elected senior vice president – chief innovation officer effective June 2009. He joined the Company in August 1999 as vice president – global research & development and served in that position through May 2009.

James Foster was elected senior vice president – chief product supply officer effective June 2009. From April 2009 to May 2009, he served as vice president – product supply. From October 2007 to April 2009, he served as vice president – manufacturing.

Grant J. LaMontagne was elected senior vice president – professional products division effective March 2013. From June 2009 to February 2013, he served as senior vice president – chief customer officer. From July 2004 to May 2009, he served as vice president – sales.

Nikolaos Vlahos was elected senior vice president – chief customer officer effective March 2013. From March 2011 to February 2013, he served as vice president – general manager, Burt's Bees ® . He served as vice president – general manager, Laundry, Brita ® and Green Works ® , from March 2009 to February 2011, and vice president – general manager, Laundry from February 2008 to February 2009.

Dawn Willoughby was elected senior vice president – general manager, cleaning division effective January 2013. She served as vice president – general manager, Home Care, from October 2012 to January 2013, and vice president – general manager, Glad Products from January 2010 to October 2012. From July 2006 through January 2010, she served as vice president – sales planning.

Jon Balousek was elected senior vice president – general manager, specialty division effective January 2013. He served as vice president – general manager, Litter, Food and Charcoal from October 2011 to December 2012, and vice president – Marketing, Cleaning Division from October 2008 to September 2011. From July 2005 through September 2008, he served as vice president – Marketing, Specialty Division.

Michael J. Costello was elected vice president – general manager, international, effective March 2011. He served as vice president – general manager, Latin America and Europe, from July 2009 to March 2011, and vice president – general manager, Latin America from June 2008 through June 2009. From November 2005 through May 2008, he served as vice president – international marketing.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's common stock is listed on the New York Stock Exchange. The high and low sales prices quoted for the New York Stock Exchange-Composite Transactions Report for each quarterly period during the past two fiscal years appear in Note 22 – *Unaudited Quarterly Data* of the Notes to Consolidated Financial Statements, which appears on page 63 of Exhibit 99.1 hereto, incorporated herein by reference.

Holders

The number of record holders of the Company's common stock as of July 31, 2013, was 12,321 based on information provided by the Company's transfer agent.

Dividends

The amount of quarterly dividends declared with respect to the Company's common stock during the past two fiscal years appears in Note 22 – *Unaudited Quarterly Data* of the Notes to Consolidated Financial Statements, which appears on page 63 of Exhibit 99.1 hereto, incorporated herein by reference.

Equity Compensation Plan Information

See Part III, Item 12 hereof.

Issuer Purchases of Equity Securities

The following table sets forth the purchases of the Company's securities by the Company and any affiliated purchasers within the meaning of Rule 10b-18(a)(3) (17 CFR 240.10b-18(a)(3)) during the fourth quarter of fiscal year 2013.

Period	[a] Total Number of Shares (or Units) Purchased (1)	[b] Average Price Paid per Share (or Unit)	[c] Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	[d] Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (2)
April 1 to 30, 2013	-	$ -	-	$ 821,030,117
May 1 to 31, 2013	999,775	$ 86.15	999,775	$ 750,000,000
June 1 to 30, 2013	500,000	$ 83.39	500,000	$ 750,000,000
	1,499,775	$ 85.23	1,499,775	

(1) Shares purchased in May 2013 and June 2013 were acquired pursuant to the Company's share repurchase program to offset the potential impact of share dilution related to share-based awards.

(2) On May 13, 2013, the board of directors of the Company terminated the share repurchase programs previously authorized on May 13, 2008 and May 18, 2011, and authorized a share repurchase program for an aggregate purchase amount of up to $750 million, all of which remained available for purchase as of June 30, 2013. On September 1, 1999, the Company announced a share repurchase program to reduce or eliminate dilution upon the issuance of shares pursuant to the Company's stock compensation plans. The program initiated in 1999 has no specified cap and, therefore, is not included in column [d] above. On November 15, 2005, the board of directors approved the extension of the 1999 program to reduce or eliminate dilution in connection with issuances of common stock pursuant to the Company's 2005 Stock Incentive Plan. None of these programs has a specified termination date.

ITEM 6. SELECTED FINANCIAL DATA

This information appears under “Five-Year Financial Summary,” on page 64 of Exhibit 99.1 hereto, incorporated herein by reference.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information appears under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” on pages 1 through 23 of Exhibit 99.1 hereto, incorporated herein by reference.

ITEM 7.A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information appears under “Quantitative and Qualitative Disclosures about Market Risk” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” on pages 16 through 17 of Exhibit 99.1 hereto, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

These statements and data appear on pages 24 through 63 of Exhibit 99.1 hereto, incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9.A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s chief executive officer and chief financial officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this Report. Based on that evaluation, the chief executive officer and chief financial officer concluded that the Company’s disclosure controls and procedures, as of the end of the period covered by this Report, were effective such that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding disclosure.

Management’s Report on Internal Control Over Financial Reporting

Management’s report on internal control over financial reporting is set forth on page 24 of Exhibit 99.1 hereto, and is incorporated herein by reference. The Company’s independent registered public accounting firm, Ernst & Young, LLP, has audited the effectiveness of the Company’s internal control over financial reporting as of June 30, 2013. See “Report of Independent Registered Public Accounting Firm,” which appears on page 26 of Exhibit 99.1 hereto.

Change in Internal Control Over Financial Reporting

No change in the Company’s internal control over financial reporting occurred during the fourth fiscal quarter of the fiscal year ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9.B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to Instruction 3 to Item 401(b) of Regulation S-K, information regarding the executive officers of the registrant is reported in Part I of this Report.

The Company has adopted a Code of Conduct that applies to its principal executive officer, principal financial officer and controller, among others. The Code of Conduct is located on the Company's website at TheCloroxCompany.com under Corporate Responsibility/Performance/Corporate Governance or http://www.thecloroxcompany.com/corporate-responsibility/performance/corporate-governance. The Company intends to satisfy the requirement under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of its Code of Conduct by posting such information on the Company's website. The Company's website also contains its corporate governance guidelines and the charters of its principal board committees.

Information regarding the Company's directors, compliance with Section 16(a) of the Exchange Act and corporate governance set forth in the Proxy Statement is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive and director compensation, Management Development and Compensation Committee interlocks and insider participation, and the report of the Management Development and Compensation Committee of the Company's board of directors set forth in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners, management and directors and equity compensation plan information set forth in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions, director independence and securities authorized for issuance under equity compensation plans set forth in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding principal accountant fees and services set forth in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Schedules:

Consolidated Financial Statements and Reports of Independent Registered Public Accounting Firm included in Exhibit 99.1 hereto, incorporated herein by reference.

Reports of Independent Registered Public Accounting Firm.

Consolidated Statements of Earnings for the fiscal years ended June 30, 2013, 2012 and 2011.

Consolidated Statements of Comprehensive Income for the fiscal years ended June 30, 2013, 2012 and 2011.

Consolidated Balance Sheets as of June 30, 2013 and 2012.

Consolidated Statements of Stockholders' Equity (Deficit) for the fiscal years ended June 30, 2013, 2012 and 2011.

Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2013, 2012 and 2011.

Notes to Consolidated Financial Statements.

Valuation and Qualifying Accounts and Reserves included in Exhibit 99.2 hereto, incorporated herein by reference.

(b) Exhibits:

3.1 Restated Certificate of Incorporation (filed as Exhibit 3(iii) to the Quarterly Report on Form 10-Q filed for the quarter ended December 31, 1999, incorporated herein by reference).

3.2 Bylaws (amended and restated) of the Company (filed as Exhibit 3.1 to the Current Report on Form 8-K, filed November 20, 2009, incorporated herein by reference).

3.3 Certificate of Designations for The Clorox Company Series A Junior Participating Preferred Stock (filed as Exhibit 3.1 to the Current Report on Form 8-K, filed July 19, 2011, incorporated herein by reference).

4.1 Indenture, dated as of December 3, 2004, between the Company and The Bank of New York Trust Company N.A., as trustee (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed December 3, 2004, incorporated herein by reference).

4.2 Exchange and Registration Agreement dated December 3, 2004, relating to the Company's Floating Rate Notes due 2007, 4.20% Senior Notes due 2010 and 5.00% Notes due 2015 (filed as Exhibit 4.2 to the Current Report on Form 8-K, filed December 3, 2004, incorporated herein by reference).

4.3 Cross-reference table for Indenture, dated as of December 3, 2004 (listed as Exhibit 4.1 above) and the Trust Indenture Act of 1939, as amended (filed as Exhibit 4.3 to the Registration Statement on Form S-4 (File No. 333-123115), as declared effective by the Securities and Exchange Commission on April 29, 2005, incorporated herein by reference).

4.4 Form of Indenture, dated as of October 9, 2007, between the Company and The Bank of New York Trust Company N.A., as trustee (filed as Exhibit 4.1 to the Registration Statement on Form S-3ASR (File No. 333-146472), filed October 3, 2007, incorporated herein by reference).

4.5 Form of Supplemental Indenture, dated as of November 9, 2009, among the Company, The Bank of New York Trust Company N.A., and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.4 to Post-Effective Amendment No. 1 to Form S-3ASR (File No. 333-146472), filed November 4, 2009,incorporated herein by reference).

4.6	Form of Second Supplemental Indenture, dated as of November 9, 2009, between the Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed November 5, 2009, incorporated herein by reference).
4.7	Form of Third Supplemental Indenture, dated as of November 17, 2011, between the company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed November 16, 2011, incorporated by reference).
4.8	Form of Fourth Supplemental Indenture, dated as of September 13, 2012, between the Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed September 11, 2012, incorporated herein by reference).
10.1*	1993 Directors' Stock Option Plan, dated November 17, 1993, which was adopted by the stockholders at the Company's annual meeting of stockholders on November 17, 1993, and amended and restated on September 15, 2004 (filed as Exhibit 10-2 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).
10.2*	Form of Option Award under the 1993 Directors' Stock Option Plan as amended and restated as of September 15, 2004 (filed as Exhibit 10-3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).
10.3*	The Clorox Company Independent Directors' Stock-Based Compensation Plan, which was adopted by the stockholders at the Company's annual meeting of stockholders on November 19, 2003 (filed as Exhibit 10(xiv) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference).
10.4*	The Clorox Company Amended and Restated Independent Directors' Deferred Compensation Plan, amended and restated as of February 7, 2008 (filed as Exhibit 10.55 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).
10.5*	Form of Amended and Restated Employment Agreement (filed as Exhibit 10.60 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).
10.6*	The Clorox Company Non-Qualified Deferred Compensation Plan, adopted as of January 1, 1996, and amended and restated as of July 20, 2004 (filed as Exhibit 10(x) to the Annual Report on Form 10-K for the year ended June 30, 2004, incorporated herein by reference).
10.7*	The Clorox Company 1996 Stock Incentive Plan, amended and restated as of September 15, 2004 (filed as Exhibit 10-4 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).
10.8*	Form of Non-Qualified Stock Option Award Agreement under the Company's 1996 Stock Incentive Plan, amended and restated as of September 15, 2004 (filed as Exhibit 10-5 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).
10.9*	The Clorox Company Annual Incentive Plan, amended and restated effective as of August 13, 2009 (filed as Exhibit 10.11 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).
10.10*	The Clorox Company 2005 Stock Incentive Plan, amended and restated as of November 14, 2012 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, incorporated herein by reference).
10.11*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan for awards made in 2011.
10.12*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan.
10.13*	Form of Restricted Stock Unit Award Agreement under the Company's 2005 Stock Incentive Plan.
10.14*	Form of Nonqualified Stock Option Award Agreement under the Company's 2005 Stock Incentive Plan.

10.15*	The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan, effective January 1, 2008 (filed as Exhibit 10.18 to the Annual Report on Form 10-K for the year ended June 30, 2008, incorporated herein by reference).
10.16*	Amendment No.1 to The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan (filed as Exhibit 10.18 to the Annual Report on Form 10-K for the year ended June 30, 2011, incorporated herein by reference).
10.17*	The Clorox Company Supplemental Executive Retirement Plan, as restated effective January 5, 2005, as revised August 13, 2009 (filed as Exhibit 10.17 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).
10.18*	Amendment No. 1 to The Clorox Company Amended and Restated Supplemental Executive Retirement Plan as of July 29, 2011 (filed as Exhibit 10.21 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, incorporated herein by reference).
10.19*	Amendment No. 2 to The Clorox Company Amended and Restated Supplemental Executive Retirement Plan as of September 11, 2012 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, incorporated herein by reference).
10.20*	The Clorox Company Amended and Restated Replacement Supplemental Executive Retirement Plan for the Benefit of Donald R. Krauss, effective as of October 2, 2006 (filed as Exhibit 10.19 to the Quarterly Report on Form 10-Q for the quarter ended December 31,2008, incorporated herein by reference).
10.21*	The Clorox Company Executive Incentive Compensation Plan, amended and restated as of February 7, 2008 (filed as Exhibit 10.58 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).
10.22*	Employment Agreement between The Clorox Company and Donald R. Knauss, dated May 28, 2010 (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed May 28, 2010, incorporated herein by reference).
10.23*	Amended and Restated Change in Control Agreement between The Clorox Company and Donald Knauss, dated as of November 15, 2011 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed November 18, 2011, incorporated herein by reference).
10.24*	Form of Indemnification Agreement (filed as Exhibit 10.27 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, incorporated herein by reference).
10.25*	Form of Severance Plan for Clorox Executive Committee Members, effective as of May 19, 2010 (filed as Exhibit 10.25 to the Annual Report on Form 10-K for the year ended June 30, 2010, incorporated herein by reference).
10.26*	The Clorox Company Executive Change in Control Severance Plan as of December 17, 2010 (filed as Exhibit 10.26 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2010, incorporated herein by reference).
10.27*	The Clorox Company Executive Retirement Plan, effective as of July 1, 2011 (filed as Exhibit 10.27 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, incorporated herein by reference).
10.28*	The Clorox Company 2011 Nonqualified Deferred Compensation Plan, effective as of July 1, 2011 (filed as Exhibit 10.29 to the Annual Report on Form 10-K for the period ended June 30, 2011, incorporated herein by reference).
10.29	Credit Agreement, dated as of May 4, 2012 among The Clorox Company, the lenders listed therein, JPMorgan Chase Bank, N.A., Citibank, N.A. and Wells Fargo Bank, National Association, as Administrative Agents, and Citibank, N.A. as Servicing Agent (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed May 9, 2012, incorporated herein by reference).

10.30(+)	Amended and Restated Joint Venture Agreement dated as of January 31, 2003, between The Glad Products Company and certain affiliates and The Procter and Gamble Company and certain affiliates (filed as Exhibit 10 to the amended Quarterly Report on Form 10-Q/A for the quarter ended December 31, 2004, incorporated herein by reference).
21.1	Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer of The Clorox Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of The Clorox Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer of The Clorox Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	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.
99.2	Valuation and Qualifying Accounts and Reserves.
99.3	Reconciliation of Economic Profit.
101	The following materials from The Clorox Company's Annual Report on Form 10-K for the year ended June 30, 2013 are formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Earnings, (ii) the Consolidated Statements of Comprehensive Income (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Stockholders' Equity (Deficit), (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements.

(*) Indicates a management or director contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

(+) Confidential treatment has been granted for certain information contained in this document. Such information has been omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CLOROX COMPANY

Date: August 23, 2013

By: /s/ D. R. Knauss
D. R. Knauss
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ D. Boggan, Jr. D. Boggan, Jr.	Director	August 23, 2013
/s/ R. H. Carmona R. H. Carmona	Director	August 23, 2013
/s/ T. M. Friedman T. M. Friedman	Director	August 23, 2013
/s/ G. J. Harad G. J. Harad	Director	August 23, 2013
/s/ D. R. Knauss D. R. Knauss	Chairman and Chief Executive Officer (Principal Executive Officer)	August 23, 2013
/s/ E. Lee E. Lee	Director	August 23, 2013
/s/ R. W. Matschullat R. W. Matschullat	Director	August 23, 2013
/s/ E. A. Mueller E. A. Mueller	Director	August 23, 2013
/s/ J. Noddle J. Noddle	Director	August 23, 2013
/s/ R. M. Rebolledo R. M. Rebolledo	Director	August 23, 2013
/s/ P. Thomas-Graham P. Thomas-Graham	Director	August 23, 2013
/s/ C. M. Ticknor C. M. Ticknor	Director	August 23, 2013
/s/ S. M. Robb S. M. Robb	Senior Vice President — Chief Financial Officer (Principal Financial Officer)	August 23, 2013
/s/ S. Gentile S. Gentile	Vice President — Controller and Chief Accounting Officer (Principal Accounting Officer)	August 23, 2013

INDEX OF EXHIBITS

10.11	Form of Performance Share Award Agreement under the Company’s 2005 Stock Incentive Plan for awards made in 2011.
10.12	Form of Performance Share Award Agreement under the Company’s 2005 Stock Incentive Plan.
10.13	Form of Restricted Stock Unit Award Agreement under the Company’s 2005 Stock Incentive Plan.
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99.3	Reconciliation of Economic Profit.
101	The following materials from The Clorox Company’s Annual Report on Form 10-K for the year ended June 30, 2013 are formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Earnings, (ii) the Consolidated Statements of Comprehensive Income (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Stockholders’ Equity (Deficit), (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements.

THE CLOROX COMPANY

2005 STOCK INCENTIVE PLAN

PERFORMANCE SHARE AWARD AGREEMENT

NOTICE OF PERFORMANCE SHARE GRANT

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

GRANTEE:	(refer to Solium Capital account for details)
TARGET AWARD:	(refer to Solium Capital account for details)
PERFORMANCE PERIOD:	July 1, 2011 through June 30, 2014
DATE OF GRANT:	September 13, 2011
SETTLEMENT DATE	Within 75 days following the last day of the Performance Period, provided the Grantee has remained in the employment or service of the Company or its Subsidiaries through such date (except for a termination of employment or service due to death, Disability or Retirement, as provided below)

AGREEMENT

1. Grant of Performance Shares . The Company hereby grants to the Grantee the Target Award set forth above, payment of which is dependent upon the achievement of certain performance goals more fully described in Section 3 of this Agreement. This Award is subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Performance Shares set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. Nature and Settlement of Award . The Performance Shares awarded pursuant to this Agreement represent the opportunity to receive Shares of the Company and Dividend Equivalents on such Shares (as described in Section 4 below). The Company shall deliver to the Participant one Share for each Performance Share earned (plus any accrued Dividend Equivalents), rounded down to the nearest whole share, less any Shares withheld in accordance with the provisions of Section 7 of this Agreement. Settlement shall occur on a date chosen by the Committee, which date shall be within seventy-five (75) days following the last day of the Performance Period, or any deferred settlement date established pursuant to Section 6 of this Agreement, whichever is later (the "Settlement Date"), and except as specifically provided in Section 5 of this Agreement, provided the Grantee has remained in the employment or service of the Company or its Subsidiaries through the Settlement Date.

3. Determination of Number of Performance Shares Earned .

   a. Notwithstanding anything herein to the contrary, no Performance Shares will be eligible to be earned pursuant to Section 3 of this Agreement unless the Company's cumulative operating profit ("Operating Profit"), calculated as described in paragraph c. below and certified in writing by the Committee, over the Performance Period exceeds $ million . If the Company's cumulative Operating Profit over the Performance Period does not exceed $ million , all Performance Shares shall be forfeited as of the last day of the Performance Period. In the event that the Company's cumulative Operating Profit over the Performance Period exceeds $ million , then the number of Performance Shares provisionally earned, prior to and subject to the application of the formula set forth in paragraph 3.b. below, shall be equal to 150% of the Target Award.

b. Subject to achievement of the Operating Profit goal set forth in paragraph a. above, the number of Performance Shares earned, if any, for the Performance Period shall be determined in accordance with the following formula:

# of Performance Shares = Payout Percentage x Target Award

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

FY12 – FY14	**Payout**
	0%
	50%
	75%
	100%
	125%
	150%

Performance Period is FY12-FY14
Interim percentages to be interpolated

Cumulative EP will be the sum of annual EP results over the Performance Period. Annual EP is defined as Earnings Before Interest & Taxes ("EBIT"), adjusted for non-cash restructuring charges, times one minus the tax rate, less capital charge.

Notwithstanding the above, the EP levels in the preceding table shall be adjusted, fairly and appropriately, in accordance with the Plan and, as provided in this Agreement, to reflect accurately the direct and measurable effect of the impact of each of the following events not otherwise reflected in the determination of the initial EP levels (each, an "Event") including, without limitation, costs and expenses incurred by the Company on account of the occurrence or potential occurrence of an Event: (1) the acquisition or divestiture of a business; (2) a Change in Control, or (3) the adoption of new or revised accounting pronouncements or changes to application of accounting pronouncements. Notwithstanding the foregoing, an event listed in the preceding sentence shall not qualify as an Event, and therefore no adjustment shall be made to the EP levels, unless the impact of the occurrence or potential occurrence of such an event listed in the preceding sentence exceeds $5 million in Net Operating Profit After Tax ("NOPAT"). NOPAT will be EBIT, adjusted for non-cash restructuring charges, times one minus the tax rate. The purpose of any adjustments on account of the occurrence of an Event is to keep the probability of achieving the EP levels the same as if the Event triggering such adjustment had not occurred. The determination of any adjustments shall be based on the Company's accounting as set forth in its books and records and/or in the annual budget and/or long range plan of the Company pursuant to which the EP levels were originally established . The amount of any such adjustment shall be approved by the Committee in its good faith determination in accordance with the provisions of this paragraph. To the extent applicable, the Committee shall condition the determination of the number of Performance Shares earned under this paragraph 3 b. upon the satisfaction of the adjusted EP levels. All Performance Shares that are not earned for the Performance Period shall be forfeited as of the last day of the Performance Period.

c. Operating Profit is net sales minus costs of sales, research and development, advertising and promotion and selling and administrative expenses. Operating Profit for each year during the Performance Period shall be adjusted, fairly and appropriately, in accordance with the Plan and, as provided in this Agreement, to reflect accurately the direct and measurable effect of the impact of each of the following events not otherwise reflected in the determination of the initial Operating Profit goal (each, an "OP Event") including, without limitation, costs and expenses incurred by the Company on account of the occurrence or potential occurrence of an OP Event: (1) the acquisition or divestiture of a business; (2) a Change in Control; (3) the adoption of new or revised accounting pronouncements or changes to application of accounting pronouncements; or (3) the incurrence of a non-cash restructuring and/or asset impairment charge. Notwithstanding the foregoing, no adjustment shall be made to the Operating Profit goal unless the aggregate financial impact of the occurrence or potential occurrence of all OP Events exceeds $20 million in Operating Profit during the Performance Period. The purpose of any adjustments on account of the occurrence of an OP Event is to keep the probability of achieving the Operating Profit goal the same as if the OP Event triggering such adjustment had not occurred. The determination of any adjustments shall be based on the Company's accounting as set forth in its books and records and/or in the annual budget and/or long range plan of the Company pursuant to which the Operating Profit goal was originally established . The amount of any such adjustment shall be approved by the Committee in its good faith determination in accordance with the provisions of this paragraph.

4. Dividend Equivalent Rights . No Dividend Equivalents shall be paid to the Grantee prior to the settlement of the award. Rather, such Dividend Equivalent payments will accrue and be notionally credited to the Grantee's Performance Share account and paid out at the Payout Percentage in the form of additional Shares (the "Dividend Equivalent Shares") upon settlement of the award, as described in Section 2 above.

5. Termination of Continuous Service . Except as otherwise provided below, if the Grantee's employment or service with the Company and its Subsidiaries is terminated for any reason prior to the Settlement Date, all Performance Shares and Dividend Equivalents subject to this Agreement shall be immediately forfeited.

    a. Termination due to Death or Disability . If the Grantee's termination of employment or service is due to death or Disability, all Performance Shares and Dividend Equivalents shall immediately vest and will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period.

    b. Termination due to Retirement . If the Grantee's termination of employment or service is due to Retirement and is more than twelve (12) months from the Date of Grant set forth in this Agreement, the Performance Shares shall vest on a pro rata monthly basis, including full credit for partial months elapsed, and will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period; provided, however, that this provision shall not apply in the event the Grantee's employment or service is terminated for Cause. The amount of the vested Award may be computed under the following formula: Target Award times (number of full months elapsed in Performance Period divided by number of full months in Performance Period) times percent performance level achieved as of the end of the Performance Period. Dividend Equivalents accrued through Grantee's date of termination due to Retirement shall be paid at the same time as the settlement of the vested Performance Shares.

    c. Definition of "Retirement. " For purposes of this Agreement, the term "Retirement" shall mean termination of employment or service as an Employee after (i) twenty (20) or more years of "vesting service" as defined in The Clorox Company Pension Plan ("Vesting Service"), or (ii) attaining age fifty-five with ten (10) or more years of Vesting Service.

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

6. Election to Defer Settlement . Prior to the commencement of the last year of the Performance Period, Grantee may elect to defer the settlement of the Performance Shares from the last day of the Performance Period until a date at least two years following such date, or until Grantee's later termination of employment or service. If Grantee makes such an election, it will become irrevocable on the date of such election. If Grantee makes such an election, any Dividend Equivalents awarded with respect to such deferred Performance Shares shall also be deferred under the same terms. If Grantee makes such an election, but a transaction occurs that subjects Grantee's Performance Shares to Section 19 of the Plan prior to the settlement date, Grantee's deferral election will terminate and Grantee's Performance Shares and Dividend Equivalents will be settled as of the date of that transaction. The Company may terminate any deferral hereunder if a change in law requires such termination.

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

8. Transferability of Performance Shares . Performance Shares shall not be transferable by the Grantee other than by will or by the laws of descent or distribution. For avoidance of doubt, Shares issued to the Grantee in settlement of Performance Shares pursuant to Section 2 of this Agreement shall not be subject to any of the foregoing transferability restrictions.

9. Protection of Trade Secrets and Limitations on Retention.

    a. Definitions.

        i. " Affiliated Company " means any organization controlling, controlled by or under common control with the Company.

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

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

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

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

c. Right to Retain Shares Contingent on Continuing Non-Conflicting Employment . In partial consideration for the award of these Performance Shares, the Grantee agrees that the Grantee's right to the Shares upon settlement of the Performance Shares is contingent upon the Grantee refraining, during the term of the Performance Period and for a period of one (1) year after the Settlement Date, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE FORFEITURE OF THE PERFORMANCE SHARES AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE TERM OF THE PERFORMANCE PERIOD OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT DATE.

d. No Interference with Customers or Suppliers . In partial consideration for the award of these Performance Shares and to forestall the disclosure or use of Confidential Information as well as to avoid Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company or Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, the Grantee agrees that for a period of one (1) year after the date of settlement of the Performance Shares, s/he shall not, for himself/herself or any third party, directly or indirectly, use Confidential Information to divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or to intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the term of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee breaches his/her obligation not to Interfere, the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets.

e. No Solicitation of Employees . In partial consideration for the award of these Performance Shares and to forestall the disclosure or use of Confidential Information, the Grantee agrees that for a period of one (1) year after the date of settlement of the Performance Shares, Grantee shall not, for himself/herself or any third party, directly or indirectly, solicit for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of one (1) year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively "Solicit"). If, during the term of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee breaches his/her obligation not to Solicit, the Performance Shares, whether vested or not, will be immediately forfeited and cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares.

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

10. Repayment Obligation . In the event that (i) the Company issues a restatement of financial results to correct a material error and (ii) the Committee determines, in good faith, that Grantee’s fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (iii) some or all of the Performance Shares that were granted and/or earned prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial results, the Grantee shall immediately return to the Company the Performance Shares or any Shares or the pre-tax income derived from any disposition of the Shares previously received in settlement of the Performance Shares that would not have been granted and/or earned based upon the restated financial results (the “Repayment Obligation”). The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to Grantee.

11. Miscellaneous Provisions .

a. Rights as a Stockholder . Neither the Grantee nor the Grantee’s transferee or representative shall have any rights as a stockholder with respect to any Shares subject to this Award until the Performance Shares have been settled and Share certificates have been issued to the Grantee, transferee or representative, as the case may be.

b. Choice of Law, Exclusive Jurisdiction and Venue . This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware. Accordingly, Grantee agrees that any claim of any type relating to this Agreement brought by Grantee against the Company or any Affiliated Company, or any of their respective employees, directors or agents must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. Grantee hereby consents to the jurisdiction over Grantee of any such courts and waives all objections based on venue or inconvenient forum.

c. Modification or Amendment . This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 18 of the Plan may be made without such written agreement.

d. Severability . In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.

e. References to Plan . All references to the Plan shall be deemed references to the Plan as may be amended.

f. Headings . The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

g. Interpretation . Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and Grantee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between Grantee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Performance Shares set forth in this Agreement.

h. Section 409A Compliance . To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

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

i. Agreement with Terms . Receipt of any benefits under this Agreement by Grantee shall constitute Grantee’s acceptance of and agreement with all of the provisions of this Agreement and of the Plan that are applicable to this Agreement, and the Company shall administer this Agreement accordingly.

THE CLOROX COMPANY

By: 

Its: Chairman of the Board and CEO

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

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

Dated: ______________________ Signed: ______________________

Grantee

Residence Address:

____

____

US PSU Agreement GL32 VP/CEC

THE CLOROX COMPANY

2005 STOCK INCENTIVE PLAN

PERFORMANCE SHARE AWARD AGREEMENT

NOTICE OF PERFORMANCE SHARE GRANT

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

GRANTEE:	(refer to Solium Capital account for details)
TARGET AWARD:	(refer to Solium Capital account for details)
PERFORMANCE PERIOD:	July 1, 2012 through June 30, 2015
DATE OF GRANT:	September 11, 2012
SETTLEMENT DATE	Within 75 days following the last day of the Performance Period, provided the Grantee has remained in the employment or service of the Company or its Subsidiaries through such date (except for a termination of employment or service due to death, Disability or Retirement, as provided below)

AGREEMENT

1. Grant of Performance Shares . The Company hereby grants to the Grantee the Target Award set forth above, payment of which is dependent upon the achievement of certain performance goals more fully described in Section 3 of this Agreement. This Award is subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Performance Shares set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. Nature and Settlement of Award . The Performance Shares awarded pursuant to this Agreement represent the opportunity to receive Shares of the Company and Dividend Equivalents on such Shares (as described in Section 4 below). The Company shall issue to the Participant one Share for each vested Performance Share (plus any Dividend Equivalents accrued with respect to such vested Performance Shares), rounded down to the nearest whole share, less any Shares withheld in accordance with the provisions of Section 7 of this Agreement. Settlement shall occur on a date chosen by the Committee, which date shall be within seventy-five (75) days following the last day of the Performance Period, or any deferred settlement date established pursuant to Section 6 of this Agreement, whichever is later (the "Settlement Date"), and except as specifically provided in Section 5 of this Agreement, provided the Grantee has remained in the employment or service of the Company or its Subsidiaries through the Settlement Date. Although vested within the meaning of Section 83 of the Internal Revenue Code since no substantial risk of forfeiture exists at the Settlement Date, the Performance Shares (and any associated Dividend Equivalents) will not be earned until the Grantee has fulfilled all of the conditions precedent set forth in this Agreement, including, but not limited to, the obligations set forth in Sections 9(b), 9(c), 9(d), 9(e) and Section 10, and the Grantee shall have no right to retain the Shares or the value thereof upon vesting or settlement of the Performance Shares until all such conditions precedent have been satisfied.

3. Determination of Number of Performance Shares Vested .

   The number of Performance Shares vested, if any, for the Performance Period shall be determined in accordance with the following formula:

# of Performance Shares = Payout Percentage x Target Award

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

FY13 – FY15	**Payout**
	0%
	50%
	75%
	100%
	125%
	150%

Performance Period is FY13-FY15
Interim percentages to be interpolated

Cumulative EP will be the sum of annual EP results over the Performance Period. Annual EP is defined as Earnings Before Interest & Taxes ("EBIT"), adjusted for non-cash restructuring charges, times one minus the tax rate, less capital charge.

Notwithstanding the above, the EP levels in the preceding table shall be adjusted, fairly and appropriately, in accordance with the Plan and, as provided in this Agreement, to reflect accurately the direct and measurable effect of the impact of each of the following events not otherwise reflected in the determination of the initial EP levels (each, an "Event") including, without limitation, the financial statement impact on the Company on account of the occurrence or potential occurrence of an Event: (1) the acquisition or divestiture of a business, (2) a Change in Control, (3) U.S Federal changes in tax statutes or the addition or deletion of taxes to which the Company or any Affiliated Company is subject, (4) force majeure (including events known as "Acts of God"), (5) the adoption of new or revised accounting pronouncements or changes to application of accounting pronouncements, and (6) any extraordinary, unusual or non-recurring item not previously listed. Notwithstanding the foregoing, an event listed in the preceding sentence shall not qualify as an Event, and therefore no adjustment shall be made to the EP levels, unless the impact of the occurrence or potential occurrence of such an event listed in the preceding sentence exceeds $2 million in EP. The purpose of any adjustments on account of the occurrence of an Event is to keep the probability of achieving the EP levels the same as if the Event triggering such adjustment had either not occurred or had not resulted in any financial statement impact. The determination of any adjustments shall be based on the Company's accounting as set forth in its books and records (including business projections) and/or in the annual budget and/or long range plan of the Company pursuant to which the EP levels were originally established. The amount of any such adjustment shall be approved by the Committee in its good faith determination in accordance with the provisions of this paragraph. To the extent applicable, the Committee shall condition the determination of the number of Performance Shares vested under this Section 3 upon the satisfaction of the adjusted EP levels. All Performance Shares that are not vested for the Performance Period shall be forfeited as of the last day of the Performance Period.

4. Dividend Equivalent Rights. No Dividend Equivalents shall be paid to the Grantee prior to the settlement of the award. Rather, such Dividend Equivalent payments will accrue and be notionally credited to the Grantee's Performance Share account and paid out at the Payout Percentage in the form of additional Shares (the "Dividend Equivalent Shares") upon settlement of the award, as described in Section 2 above.

5. Termination of Continuous Service. Except as otherwise provided below, if the Grantee's employment or service with the Company and its Subsidiaries is terminated for any reason prior to the Settlement Date, all Performance Shares and Dividend Equivalents subject to this Agreement shall be immediately forfeited.

   a. Termination due to Death or Disability. If the Grantee's termination of employment or service is due to death or Disability, all Performance Shares and Dividend Equivalents shall immediately vest and will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period.

b. Termination due to Retirement. If the Grantee's termination of employment or service is due to Retirement and is more than twelve (12) months from the Date of Grant set forth in this Agreement, the Performance Shares shall vest on a pro rata monthly basis, including full credit for partial months elapsed, and will be paid upon completion of the Performance Period based on the level of performance achieved as of the end of such Performance Period; provided, however, that this provision shall not apply in the event the Grantee's employment or service is terminated for Cause. The amount of the vested Award may be computed under the following formula: Target Award times (number of full months elapsed in Performance Period divided by number of full months in Performance Period) times percent performance level achieved as of the end of the Performance Period. Dividend Equivalents accrued through the Grantee's date of termination due to Retirement shall be paid at the same time as the settlement of the vested Performance Shares.

c. Definition of "Retirement." For purposes of this Agreement, the term "Retirement" shall mean termination of employment or service as an Employee after (1) twenty (20) or more years of "vesting service" as defined in The Clorox Company Pension Plan ("Vesting Service"), or (2) attaining age fifty-five with ten (10) or more years of Vesting Service.

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

6. Election to Defer Settlement. Prior to the commencement of the last year of the Performance Period, the Grantee may elect to defer the settlement of the Performance Shares from the last day of the Performance Period until a date at least two years following such date, or until the Grantee's later termination of employment or service. If the Grantee makes such an election, it will become irrevocable on the date of such election. If the Grantee makes such an election, any Dividend Equivalents awarded with respect to such deferred Performance Shares shall also be deferred under the same terms. If the Grantee makes such an election, but a transaction occurs that subjects the Grantee's Performance Shares to Section 19 of the Plan prior to the settlement date, the Grantee's deferral election will terminate and the Grantee's Performance Shares and Dividend Equivalents will be settled as of the date of that transaction. The Company may terminate any deferral hereunder if a change in law requires such termination.

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

8. Transferability of Performance Shares. Performance Shares shall not be transferable by the Grantee other than by will or by the laws of descent or distribution. For avoidance of doubt, Shares issued to the Grantee in settlement of Performance Shares pursuant to Section 2 of this Agreement shall not be subject to any of the foregoing transferability restrictions.

9. Protection of Trade Secrets and Limitations on Retention.

a. Definitions.

i. " Affiliated Company " means any organization controlling, controlled by or under common control with the Company.

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

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

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

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

c. No Interference with Customers or Suppliers . In partial consideration for the award of these Performance Shares, in order to forestall the disclosure or use of Confidential Information as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company and to promote fair competition, the Grantee agrees that the Grantee's right to the Shares upon settlement of the Performance Shares is contingent upon the Grantee refraining, for a period of one (1) year after the date of settlement of the Performance Shares, for himself/herself or any third party, directly or indirectly, from using Confidential Information to (1) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (2) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or to interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the term of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee breaches his/her obligation not to Interfere, the Grantee's right to the Shares upon settlement of the Performance Shares shall not have been earned and the Performance Shares, whether vested or not, will be immediately cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE PERFORMANCE SHARES AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS "NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS" PROVISION DURING THE TERM OF THE PERFORMANCE PERIOD OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT DATE.

d. <u>No Solicitation of Employees</u>. In partial consideration for the award of these Performance Shares, in order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Shares upon settlement of the Performance Shares is contingent upon the Grantee refraining, for a period of one (1) year after the date of settlement of the Performance Shares, for himself/herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of one (1) year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively "Solicit"). If, during the term of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee breaches his/her obligation not to Solicit, the Grantee's right to the Shares upon settlement of the Performance Shares shall not have been earned and the Performance Shares, whether vested or not, will be immediately cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. <u>THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE PERFORMANCE SHARES AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS NON-SOLICITATION OF EMPLOYEES PROVISION DURING THE TERM OF THE PERFORMANCE PERIOD OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT DATE.</u>

e. <u>Injunctive and Other Available Relief</u>. By acceptance of these Performance Shares, the Grantee acknowledges that, if the Grantee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit or not to disclose or use any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity. To the extent not prohibited by law, any cancellation of the Performance Shares pursuant to any of Sections 9(b) through 9(d) above shall not restrict, abridge or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable or other appropriate remedies to which the Company may be entitled under any other agreement with the Grantee, any other plan, program, policy or arrangement of the Company (or any Affiliated Company) under which the Grantee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

10. <u>Right to Retain Shares Contingent on Continuing Non-Conflicting Employment</u>. In partial consideration for the award of these Performance Shares, in order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to the Shares upon settlement of the Performance Shares is contingent upon the Grantee refraining, during the term of the Performance Period and for a period of one (1) year after the Settlement Date, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Performance Period or at any time within one (1) year after the Settlement Date, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Grantee's right to the Shares upon settlement of the Performance Shares shall not have been earned and the Performance Shares, whether vested or not, will be immediately cancelled, and the Grantee shall immediately return to the Company the Shares or the pre-tax income derived from any disposition of the Shares. <u>THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE CANCELLATION OF THE PERFORMANCE SHARES AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE TERM OF THE PERFORMANCE PERIOD OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT DATE.</u>

11. Repayment Obligation. In the event that (1) the Company issues a restatement of financial results to correct a material error and (2) the Committee determines, in good faith, that the Grantee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (3) some or all of the Performance Shares that were granted and/or vested prior to such restatement would not have been granted and/or vested, as applicable, based upon the restated financial results, the Grantee shall immediately return to the Company the Performance Shares or any Shares or the pre-tax income derived from any disposition of the Shares previously received in settlement of the Performance Shares that would not have been granted and/or vested based upon the restated financial results (the "Repayment Obligation"). The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to the Grantee.

12. Miscellaneous Provisions.

   a. Rights as a Stockholder. Neither the Grantee nor the Grantee's transferee or representative shall have any rights as a stockholder with respect to any Shares subject to this Award until the Performance Shares have been settled and Share certificates have been issued to the Grantee, transferee or representative, as the case may be.

   b. Choice of Law, Exclusive Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. **The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware.** Accordingly, the Grantee agrees that any claim of any type relating to this Agreement must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. The Grantee hereby consents to the jurisdiction over the Grantee of any such courts and waives all objections based on venue or inconvenient forum.

   c. Modification or Amendment. This Agreement may be modified or amended by the Board or the Committee at any time; provided, however, no modification or amendment to this Agreement shall be made which would materially and adversely affect the rights of the Grantee, without such Grantee's written consent.

d. Severability . In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.

e. References to Plan . All references to the Plan shall be deemed references to the Plan as may be amended.

f. Headings . The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

g. Interpretation . Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and the Grantee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between the Grantee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Performance Shares set forth in this Agreement.

h. Section 409A Compliance . To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service ("Section 409A"). Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

Notwithstanding any provision of the Plan to the contrary, if the Grantee is a "specified employee" (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) at the time of the Grantee's "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Department Regulations), and a payment to the Grantee under this Agreement is subject to Section 409A and is being made to the Grantee on account of the Grantee's separation from service, then to the extent not paid on or before March 15 of the calendar year following the calendar year in which the separation from service occurred, such payment shall be delayed until the earlier of the date which is six (6) months after the date of the Grantee's separation from service or the date of death of the Grantee. Any payments that were scheduled to be paid during the six (6) month period following the Grantee's separation from service, but which were delayed pursuant to this Section 12 (h), shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Grantee's separation from service (or, if earlier, the date of the Grantee's death). Any payments that were originally scheduled to be paid following the six (6) months after the Grantee's separation from service shall continue to be paid in accordance with their predetermined schedule.

i. Agreement with Terms . Receipt of any benefits under this Agreement by the Grantee shall constitute the Grantee's acceptance of and agreement with all of the provisions of this Agreement and of the Plan that are applicable to this Agreement, and the Company shall administer this Agreement accordingly.

THE CLOROX COMPANY

By: Don Knauss

Its: Chairman of the Board and CEO

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

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

Dated: ______________________ Signed: ______________________

Grantee

Residence Address:

____

____

CEC RSU Agreement

THE CLOROX COMPANY

2005 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
(US Employees)

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

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

TERMS OF AGREEMENT

1. Grant of Units . The Company hereby grants to the Grantee the Units set forth above, subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Units set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. Nature and Settlement of Award . The Units represent an unfunded, unsecured promise by the Company to issue Shares. Units will be settled in Shares on a one Share for one Unit basis, rounded down to the nearest whole Share, less any Shares withheld in accordance with the provisions of Section 4 of this Agreement. Settlement shall occur as soon as practicable after the Period of Restriction lapses as provided in the Summary of Restricted Stock Unit Award above, but in any event, within the period ending on the later to occur of the date that is 2 ½ months from the end of (1) the Grantee's tax year that includes the date of the lapse of the Period of Restriction, or (2) the Company's tax year that includes the date of the lapse of the Period of Restriction (which payment schedule is intended to comply with the "short-term deferral" exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")). Although the Units shall be vested within the meaning of Section 83 of the Internal Revenue Code since no substantial risk of forfeiture exists after the Period of Restriction lapses, the Units will not be earned until the Grantee has fulfilled all of the conditions precedent set forth in this Agreement, including, but not limited to, the obligations set forth in Section 9(b), 9(c), 9(d), 9(e) and Section 10, and the Grantee shall have no right to retain the Shares or the value thereof upon vesting or settlement of the Units until all such conditions precedent have been satisfied.

3. Dividend Equivalents . No Dividend Equivalents shall be paid to the Grantee prior to the lapse of the Period of Restriction. Rather, such Dividend Equivalent payments will accrue and be notionally credited to the Grantee's RSU account and paid out in the form of additional Shares after the lapse of the Period of Restriction, within the time period described in Section 2 above.

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

5. Termination of Employment or Service .

   a. If the Grantee's employment or service with the Company and its Subsidiaries is terminated for any reason, any Units (the "Unvested Units") for which the Period of Restriction has not lapsed before such termination of employment or service and/or any Dividend Equivalents related thereto shall be forfeited. Notwithstanding the above, if the Grantee's termination of employment or service is due to death or Disability, the Units shall become 100% vested and the Period of Restriction on the Units shall lapse and all Dividend Equivalents related thereto shall become immediately vested and payable as of such termination date.

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

6. Authorization to Return Forfeited Units . The Grantee authorizes the Company or its designee to return to the Company all Units and related Dividend Equivalents and Shares subject thereto which are forfeited along with any cash or other property held with respect to or in substitution of such Units, related Dividend Equivalents and/or Shares. Any such action shall comply with all applicable provisions of this Agreement or the Plan.

7. Transferability of Units . Unless otherwise determined by the Committee, Units shall not be transferable by the Grantee other than by will or by the laws of descent or distribution. For avoidance of doubt, Shares issued to the Grantee in settlement of Units pursuant to Section 2 of this Agreement shall not be subject to any of the foregoing transferability restrictions.

8. Change in Control . Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under Applicable Laws or by the rules and regulations of any governing governmental agencies or national securities exchanges, any Unvested Units and related Dividend Equivalents shall become 100% vested and the Period of Restriction for the Units and related Dividend Equivalents shall lapse, unless the Units are assumed, converted or replaced by the continuing entity; provided, however, that in the event the Grantee's employment is terminated without Cause or by the Grantee for Good Reason upon or within twenty-four (24) months following consummation of a Change in Control, the Period of Restriction on any replacement awards shall lapse and all Dividend Equivalents related thereto shall become immediately payable. For purposes of this Agreement, the term "Good Reason" shall have the meaning set forth in any employment agreement or severance agreement or policy applicable to the Grantee. If the Grantee is not a party to any agreement or covered by a policy in which a definition of "Good Reason" is provided, then the following definition shall apply:

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

   a. The assignment to the Grantee of any duties inconsistent in any material respect with the Grantee's position (including offices, titles and reporting requirements), authority, duties or responsibilities as they existed at any time during the 120-day period immediately preceding the Change in Control, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Grantee; or

   b. Any material reduction by the Company of the Grantee's Base Salary or bonus target, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Grantee; or

   c. The Company requires the Grantee to be based at any office or location which increases his commute by more than 50 miles from his commute immediately prior to the Change in Control.

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

9. Protection of Trade Secrets and Limitations on Exercise .

a. Definitions .

i. " Affiliated Company " means any organization controlling, controlled by or under common control with the Company.

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

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

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

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

c. No Interference with Customers or Suppliers . In partial consideration for the award of these Units, in order to forestall the disclosure or use of Confidential Information as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company and to promote fair competition, the Grantee agrees that the Grantee's right to receive the Shares upon settlement of the Units is contingent upon the Grantee refraining, during the Period of Restriction and for a period of one (1) year after the settlement of any of the Units, for himself/herself or any third party, directly or indirectly, from using Confidential Information to (1) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (2) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the Period of Restriction or at any time within one (1) year after the settlement of any of the Units, the Grantee breaches his/her obligation not to Interfere, the Grantee's right to the Shares upon settlement of the Units shall not have been earned and the Units, whether vested or not, will be immediately cancelled, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE UNITS AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS "NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS" PROVISION DURING THE PERIOD OF RESTRICTION OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT OF ANY OF THE UNITS.

d. No Solicitation of Employees . In partial consideration for the award of these Units, in order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to receive the Shares upon settlement of the Units is contingent upon the Grantee refraining, during the Period of Restriction and for a period of one (1) year after the settlement of any of the Units, for himself/herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of one (1) year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively "Solicit"). If, during the term of the Period of Restriction or at any time within one (1) year after the settlement of any of the Units, the Grantee breaches his/her obligation not to Solicit, the Grantee's right to the Shares upon settlement of the Units shall not have been earned and the Units, whether vested or not, will be immediately cancelled, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE UNITS AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO VIOLATE THIS NON-SOLICITATION OF EMPLOYEES PROVISION DURING THE PERIOD OF RESTRICTION OR WITHIN ONE (1) YEAR AFTER THE SETTLEMENT OF ANY OF THE UNITS.

e. Injunctive and Other Available Relief . By acceptance of these Units and any Shares issued in settlement thereof, the Grantee acknowledges that, if the Grantee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit or not to disclose or use any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity. To the extent not prohibited by law, any cancellation of the Units pursuant to any of Sections 9(b) through 9(d) above shall not restrict, abridge or otherwise limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable or other appropriate remedies to which the Company may be entitled under any other agreement with the Grantee, any other plan, program, policy or arrangement of the Company (or any Affiliated Company) under which the Grantee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

10. Right to Retain Units/Shares Contingent on Continuing Non-Conflicting Employment . In partial consideration for the award of these Units in order to forestall the disclosure or use of Confidential Information, as well as to deter the Grantee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Grantee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Grantee agrees that the Grantee's right to receive the Shares upon settlement of the Units is contingent upon the Grantee refraining, during the Period of Restriction and for a period of one (1) year after the settlement of any of the Units, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Grantee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Grantee and the Conflicting Organization that the Grantee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Period of Restriction or at any time within one (1) year after the settlement of any of the Units, the Grantee shall render services to any Conflicting Organization other than as expressly permitted herein, the Grantee's right to the Shares upon settlement of the Units shall not have been earned and the Units, whether vested or not, will be immediately cancelled, and the Grantee shall immediately return to the Company the Shares issued in settlement of the Units or the pre-tax income derived from any disposition of such Shares. THE GRANTEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE GRANTEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE CANCELLATION OF THE UNITS AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF THE SHARES IF THE GRANTEE SHOULD CHOOSE TO RENDER SUCH SERVICES DURING THE PERIOD OF RESTRICTION OR WITHIN ONE YEAR AFTER THE SETTLEMENT OF ANY OF THE UNITS.

11. Repayment Obligation . In the event that (1) the Company issues a restatement of financial results to correct a material error and (2) the Committee determines, in good faith, that the Grantee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (3) some or all of the Units that were granted and/or vested prior to such restatement would not have been granted and/or vested, as applicable, based upon the restated financial results, the Grantee shall immediately return to the Company any Units or any Shares or the pre-tax income derived from any disposition of any Shares previously received in settlement of the Units that would not have been granted and/or vested based upon the restated financial results (the "Repayment Obligation"). The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to the Grantee.

12. Miscellaneous Provisions .

    a. Choice of Law, Exclusive Jurisdiction and Venue . This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. **The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware.** Accordingly, the Grantee agrees that any claim of any type relating to this Agreement must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. The Grantee hereby consents to the jurisdiction over the Grantee of any such courts and waives all objections based on venue or inconvenient forum.

b. Modification or Amendment . This Agreement may be modified or amended by the Board or the Committee at any time; provided, however, no modification or amendment to this Agreement shall be made which would materially and adversely affect the rights of the Grantee, without such Grantee's written consent.

c. Severability . In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.

d. References to Plan . All references to the Plan shall be deemed references to the Plan as may be amended.

e. Headings . The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

f. Interpretation . Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and the Grantee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between the Grantee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Units set forth in this Agreement.

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

Notwithstanding any provision of the Plan to the contrary, if the Grantee is a "specified employee" (as defined in Section 1.409A-1(i) of the Treasury Department Regulations) at the time of the Grantee's "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Department Regulations), and a payment to the Grantee under this Agreement is subject to Section 409A and is being made to the Grantee on account of the Grantee's separation from service, then to the extent not paid on or before March 15 of the calendar year following the calendar year in which the separation from service occurred, such payment shall be delayed until the earlier of the date which is six (6) months after the date of the Grantee's separation from service or the date of death of the Grantee. Any payments that were scheduled to be paid during the six (6) month period following the Grantee's separation from service, but which were delayed pursuant to this Section 12(g), shall be paid without interest on, or as soon as administratively practicable after, the first day following the six (6) month anniversary of the Grantee's separation from service (or, if earlier, the date of the Grantee's death). Any payments that were originally scheduled to be paid following the six (6) months after the Grantee's separation from service shall continue to be paid in accordance with their predetermined schedule.

h. Agreement with Terms . Receipt of any benefits under this Agreement by the Grantee shall constitute the Grantee's acceptance of and agreement with all of the provisions of this Agreement and of the Plan that are applicable to this Agreement, and the Company shall administer this Agreement accordingly.

THE CLOROX COMPANY

By: Don Knauss

Its: Chairman of the Board and CEO

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

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

Dated: ______________________ Signed: ______________________

Grantee

Residence Address:

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____

US SO agreement CEC

THE CLOROX COMPANY 2005

STOCK INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AWARD AGREEMENT

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

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

AGREEMENT

1. Grant of Option . The Company hereby grants to the Optionee the Option to purchase the Shares at the Exercise Price, subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Option set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. Exercise of Option .

   a. Right to Exercise . This Option shall be exercisable prior to the expiration date set forth above (the "Expiration Date"), in accordance with the vesting schedule set forth above (the "Vesting Schedule") and with the applicable provisions of the Plan and this Agreement. Except as otherwise specifically provided in this Agreement, in no event may this Option be exercised after the Expiration Date. Although vested within the meaning of Section 83 of the Internal Revenue Code since no substantial risk of forfeiture exists once the options become exercisable according to the Vesting Schedule above, the Options will not be earned until the Optionee has fulfilled all of the conditions precedent set forth in this Agreement, including, but not limited to, the obligations set forth in Sections 7(b), 7(c), 7(d), 7(e) and Section 8, and the Optionee shall have no right to retain the Shares or the value thereof upon vesting or exercise of the Options until all conditions precedent have been satisfied.

   b. Method of Exercise . This Option shall be exercisable only by delivery of an exercise notice (printable from the Clorox Web at http://CLOROXWEB.clorox.com/hr/stock or available from the Company's designee) (the "Exercise Notice") which shall state the election to exercise the Option, the whole number of vested Shares in respect of which the Option is being exercised and such other provisions as may be required by the Committee. Such Exercise Notice shall be signed by the Optionee and shall be delivered by mail or fax, to the Company's designee accompanied by payment of the Exercise Price. The Company may require the Optionee to furnish or execute such other documents as the Company shall reasonably deem necessary (1) to evidence such exercise and (2) to comply with or satisfy the requirements of the Securities Act of 1933, as amended, the Exchange Act, or any Applicable Laws. The Option shall be deemed to be exercised upon receipt by the Company's designee of such written notice accompanied by the Exercise Price.

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

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

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

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

a. Termination of Employment or Service. If the Optionee's employment or service with the Company and its Subsidiaries is terminated, the Optionee may exercise all or part of this Option prior to the expiration dates set forth in paragraph (b) herein, but only to the extent that the Option had become vested before the Optionee's employment or service terminated. Notwithstanding the above, if the Optionee's termination of employment or service (1) is due to Retirement and is more than 12 months from the Date of Grant set forth in this Agreement, or (2) is due to death or Disability, the Option shall become 100% vested and shall remain exercisable until the expiration dates determined pursuant to paragraph (b) of this Section.

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

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

i. The Expiration Date;

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

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

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

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

c. Definition of "Retirement." For purposes of this Agreement, the Optionee's employment or service shall be deemed to have terminated due to "Retirement" if the Optionee terminates employment or service as an Employee for any reason, including Disability (but other than for Cause) after (1) twenty (20) or more years of "vesting service" as defined in The Clorox Company Pension Plan ("Vesting Service"), or (2) attaining age fifty-five (55) with ten (10) or more years of Vesting Service.

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

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

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

a. The assignment to the Optionee of any duties inconsistent in any material respect with the Optionee's position (including offices, titles and reporting requirements), authority, duties or responsibilities as they existed at any time during the 120-day period immediately preceding the Change in Control, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Optionee; or

b. Any material reduction by the Company of the Optionee's Base Salary or bonus target, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Optionee; or

c. The Company requires the Optionee to be based at any office or location which increases his commute by more than 50 miles from his commute immediately prior to the Change in Control.

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

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

7. Protection of Trade Secrets and Limitations on Exercise.

a. Definitions.

i. "Affiliated Company" means any organization controlling, controlled by or under common control with the Company.

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

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

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

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

c. <u>No Interference with Customers or Suppliers</u>. In partial consideration for the award of this Option, in order to forestall the disclosure or use of Confidential Information as well as to avoid the Optionee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Optionee's intentional interference with prospective economic advantage of the Company or any Affiliated Company and to promote fair competition, the Optionee agrees that the Optionee's right to exercise this Option is contingent upon the Optionee refraining, prior to the expiration of the Option and for a period of one (1) year after the date of exercise, for himself/herself or any third party, directly or indirectly, from using Confidential Information to (1) divert or attempt to divert from the Company (or any Affiliated Company) any business of any kind in which it is engaged, or (2) intentionally solicit its customers with which it has a contractual relationship as to Conflicting Products, or interfere with the contractual relationship with any of its suppliers or customers (collectively, "Interfere"). If, during the term of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee breaches his/her obligation not to Interfere, the Optionee's right to the Shares upon exercise of the Option shall not have been earned and the unexercised portion of the Option, whether vested or not, will be immediately cancelled, and the Optionee shall immediately return to the Company any Shares acquired upon exercise of the Option or the pre-tax income derived from any disposition of such Shares. For avoidance of doubt, the term "Interfere" shall not include any advertisement of Conflicting Products through the use of media intended to reach a broad public audience (such as television, cable or radio broadcasts, or newspapers or magazines) or the broad distribution of coupons through the use of direct mail or through independent retail outlets. <u>THE OPTIONEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE UNEXERCISED PORTION OF THE OPTION AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF SHARES ISSUED UPON AN EXERCISE OF THE OPTION IF THE OPTIONEE SHOULD CHOOSE TO VIOLATE THIS "NO INTERFERENCE WITH CUSTOMERS OR SUPPLIERS" PROVISION PRIOR TO THE EXPIRATION OF THE OPTION OR WITHIN ONE (1) YEAR AFTER EXERCISE.</u>

d. <u>No Solicitation of Employees</u>. In partial consideration for the award of this Option, in order to forestall the disclosure or use of Confidential Information, as well as to deter the Optionee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Optionee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Optionee agrees that the Optionee's right to exercise this Option is contingent upon the Optionee refraining, prior to the expiration of the Option and for a period of one (1) year after the date of exercise, for himself/herself or any third party, directly or indirectly, from soliciting for employment any person employed by the Company, or by any Affiliated Company, during the period of the solicited person's employment and for a period of one (1) year after the termination of the solicited person's employment with the Company or any Affiliated Company (collectively "Solicit"). If, during the term of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee breaches his/her obligation not to Solicit, the Optionee's right to the Shares upon exercise of the Option shall not have been earned and the unexercised portion of the Option, whether vested or not, will be immediately cancelled, and the Optionee shall immediately return to the Company any Shares acquired upon exercise of the Option or the pre-tax income derived from any disposition of such Shares. <u>THE OPTIONEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE UNEXERCISED PORTION OF THE OPTION AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF SHARES ISSUED UPON AN EXERCISE OF THE OPTION IF THE OPTIONEE SHOULD CHOOSE TO VIOLATE THIS NON-SOLICITATION OF EMPLOYEES PROVISION PRIOR TO THE EXPIRATION OF THE OPTION OR WITHIN ONE (1) YEAR AFTER EXERCISE.</u>

e. <u>Injunctive and Other Available Relief</u>. By acceptance of this Option, the Optionee acknowledges that, if the Optionee were to breach or threaten to breach his/her obligation hereunder not to Interfere or Solicit or not to disclose or use any Confidential Information other than in the course of performing authorized services for the Company (or any Affiliated Company), the harm caused to the Company by such breach or threatened breach would be, by its nature, irreparable because, among other things, damages would be significant and the monetary harm that would ensue would not be able to be readily proven, and that the Company would be entitled to injunctive and other appropriate relief to prevent threatened or continued breach and to such other remedies as may be available at law or in equity. To the extent not prohibited by law, any cancellation of the Option pursuant to any of Sections 7(b) through 7(d) above shall not restrict, abridge or limit in any fashion the types and scope of injunctive and other available relief to the Company. Notwithstanding any provision of this Agreement to the contrary, nothing under this Agreement shall limit, abridge, modify or otherwise restrict the Company (or any Affiliated Company) from pursuing any or all legal, equitable or other appropriate remedies to which the Company may be entitled under any other agreement with the Optionee, any other plan, program, policy or arrangement of the Company (or any Affiliated Company) under which the Optionee is covered or participates, or any applicable law, all to the fullest extent not prohibited under applicable law.

8. <u>Right to Retain Shares Contingent on Continuing Non-Conflicting Employment</u>. In partial consideration for the award of this Option in order to forestall the disclosure or use of Confidential Information, as well as to deter the Optionee's intentional interference with the contractual relations of the Company or any Affiliated Company, the Optionee's intentional interference with prospective economic advantage of the Company or any Affiliated Company, and to promote fair competition, the Optionee agrees that the Optionee's right to exercise this Option is contingent upon the Optionee refraining, prior to the expiration of the Option and for a period of one (1) year after the date of exercise, from rendering services, directly or indirectly, as director, officer, employee, agent, consultant or otherwise, to any Conflicting Organization except a Conflicting Organization whose business is diversified and that, as to that part of its business to which the Optionee renders services, is not a Conflicting Organization, provided that the Company shall receive separate written assurances satisfactory to the Company from the Optionee and the Conflicting Organization that the Optionee shall not render services during such period with respect to a Conflicting Product. If, prior to the expiration of the Option or at any time within one (1) year after the date of exercise of all or any portion of the Option, the Optionee shall render services to any Conflicting Organization other than as expressly permitted herein, the Optionee's right to the Shares upon exercise of the Option shall not have been earned and the unexercised portion of the Option, whether vested or not, will be immediately cancelled, and the Optionee shall immediately return to the Company any Shares acquired upon exercise of the Option or the pre-tax income derived from any disposition of such Shares. <u>THE OPTIONEE UNDERSTANDS THAT THIS PARAGRAPH IS NOT INTENDED TO AND DOES NOT PROHIBIT THE OPTIONEE FROM RENDERING SERVICES TO A CONFLICTING ORGANIZATION, BUT PROVIDES FOR THE CANCELLATION OF THE UNEXERCISED PORTION OF THE OPTION AND A RETURN TO THE COMPANY OF THE SHARES OR THE GROSS TAXABLE PROCEEDS OF SHARES ISSUED UPON AN EXERCISE OF THE OPTION IF THE OPTIONEE SHOULD CHOOSE TO RENDER SUCH SERVICES PRIOR TO THE EXPIRATION OF THE OPTION OR WITHIN ONE (1) YEAR AFTER EXERCISE.</u>

9. Repayment Obligation. In the event that (1) the Company issues a significant restatement of financial results and (2) the Committee determines, in good faith, that the Optionee's fraud or misconduct was a significant contributing factor to such restatement and (3) some or all of the Option that was granted and/or vested prior to such restatement would not have been granted and/or vested, as applicable, based upon the restated financial results, the Optionee shall immediately return to the Company the unexercised portion of the Option and any Shares or the pre-tax income derived from any disposition of the Shares previously received in upon exercise of the Option that would not have been granted and/or vested based upon the restated financial results. Notwithstanding anything herein to the contrary, in no event shall the Repayment Obligation apply to any portion of the Option that vested more than four years prior to the date the applicable restatement is announced. The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums owed by the Company to the Optionee.

10. Miscellaneous Provisions.

   a. Rights as a Stockholder. Neither the Optionee nor the Optionee's transferee or representative shall have any rights as a stockholder with respect to any Shares subject to this Option until the Option has been exercised and Share certificates have been issued to the Optionee, transferee or representative, as the case may be.

   b. Choice of Law, Exclusive Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. **The courts of the State of Delaware shall have exclusive jurisdiction over any disputes or other proceedings relating to this Agreement, and venue shall reside with the courts in New Castle County, Delaware, including if jurisdiction shall so permit, the U.S. District Court for the District of Delaware.** Accordingly, the Optionee agrees that any claim of any type relating to this Agreement must be brought and maintained in the appropriate court located in New Castle County, Delaware, including if jurisdiction will so permit, in the U.S. District Court for the State of Delaware. The Optionee hereby consents to the jurisdiction over the Optionee of any such courts and waives all objections based on venue or inconvenient forum.

   c. Modification or Amendment. This Agreement may be modified or amended by the Board or the Committee at any time; provided, however, no modification or amendment to this Agreement shall be made which would materially and adversely affect the rights of the Optionee, without such Optionee's written consent.

   d. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced to reflect the intent of the parties to the fullest extent not prohibited by law, and in the event that such provision is not able to be so construed and enforced, then this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. In amplification of the preceding sentence, in the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall have the power to reduce the time period or scope to the maximum time period or scope permitted by law.

   e. References to Plan. All references to the Plan shall be deemed references to the Plan as may be amended.

   f. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Option for construction or interpretation.

   g. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Optionee or by the Company forthwith to the Board or the Committee, which shall review such dispute at its next regular meeting. The resolution of such dispute by the Board or the Committee shall be final and binding on all persons. It is the intention of the Company and the Optionee to make the promises contained in this Agreement reasonable and binding only to the extent that it may be lawfully done under existing applicable laws. This Agreement and the Plan constitute the entire and exclusive agreement between the Optionee and the Company, and it supersedes all prior agreements or understandings, whether written or oral, with respect to the grant of Options set forth in this Agreement.

h. Section 409A Compliance . To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service (“Section 409A”). Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

i. Agreement with Terms . Receipt of any benefits under this Agreement by the Optionee shall constitute the Optionee’s acceptance of and agreement with all of the provisions of this Agreement and of the Plan that are applicable to this Agreement, and the Company shall administer this Agreement accordingly.

THE CLOROX COMPANY

By: Don Knauss

Its: Chairman of the Board and CEO

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

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

Dated: ______________________________ Signed: ______________________________

Optionee

Residence Address:

____

____

Exhibit 21.1

Name of Company	Jurisdiction of Incorporation
1221 Olux, LLC	Delaware
6570 Donlon Group, LLP	Delaware
A & M Products Manufacturing Company	Delaware
Andover Properties, Inc.	Delaware
Aplicare, Inc.	Connecticut
Bees International Corporation	Japan
Brita Canada Corporation	Nova Scotia
Brita Canada Holdings Corporation	Nova Scotia
Brita GP	Ontario
Brita LP	Ontario
Brita Manufacturing Company	Delaware
The Brita Products Company	Delaware
BGP (Switzerland) S. a. r. l.	Switzerland
Burt’s Bees, Inc.	Delaware
Burt's Bees Australia Pty Ltd.	Australia
Burt’s Bees International Holdings	Delaware
Burt’s Bees Licensing, LLC	Delaware
Caltech Industries, Inc.	Michigan
CBee (Europe) Limited	United Kingdom
Chesapeake Assurance Limited	Hawaii
Clorox Africa (Proprietary) Ltd.	South Africa
Clorox Africa Holdings (Proprietary) Ltd.	South Africa
Clorox Argentina S.A.	Argentina
Clorox Australia Pty. Ltd.	Australia
Clorox Brazil Holdings LLC	Delaware
Clorox (Cayman Islands) Ltd.	Cayman Islands
Clorox Chile S.A.	Chile
Clorox China (Guangzhou) Ltd.	Guangzhou, P.R.C.
Clorox Commercial Company	Delaware
The Clorox Company of Canada Ltd.	Canada (Federal)
Clorox de Centro America, S.A.	Costa Rica
Clorox de Colombia S.A.	Colombia
Clorox de Mexico, S.A. de C.V.	Mexico
Clorox de Panama S.A.	Panama
Clorox del Ecuador S.A. Ecuaclorox	Ecuador
Clorox Diamond Production Company	Delaware
Clorox Dominicana S.R.L.	Dominican Republic
Clorox (Europe) Financing S.a.r.l.	Luxembourg
Clorox Germany GmbH	Germany
Clorox Healthcare Holdings, LLC	Delaware
Clorox Holdings Pty. Limited	Australia
Clorox Hong Kong Limited	Hong Kong
Clorox Hungary Liquidity Management Kft	Hungary
The Clorox International Company	Delaware
Clorox International Philippines, Inc.	The Philippines
Clorox Luxembourg S.a.r.l.	Luxembourg

Name of Company	Jurisdiction of Incorporation
Clorox (Malaysia) Sdn. Bhd.	Malaysia
Clorox Manufacturing Company	Delaware
Clorox Manufacturing Company of Puerto Rico, Inc.	Puerto Rico
Clorox Mexicana S. de R.L. de C.V.	Mexico
Clorox New Zealand Limited	New Zealand
The Clorox Outdoor Products Company	Delaware
Clorox Peru S.A.	Peru
The Clorox Pet Products Company	Texas
Clorox Professional Products Company	Delaware
The Clorox Sales Company	Delaware
Clorox Services Company	Delaware
Clorox Servicios Corporativos S. de R.L. de C.V.	Mexico
Clorox Spain, S.L.	Spain
Clorox (Switzerland) S.a.r.l.	Switzerland
Clorox Uruguay S.A.	Uruguay
The Consumer Learning Center, Inc.	Delaware
Corporacion Clorox de Venezuela, S.A.	Venezuela
CLX Realty Co.	Delaware
Evolution Sociedad S.A.	Uruguay
Fabricante de Productos Plasticos, S.A. de C.V.	Mexico
First Brands (Bermuda) Limited	Bermuda
First Brands Corporation	Delaware
First Brands do Brasil Ltda.	Brazil
First Brands Mexicana, S.A. de C.V.	Mexico
Fully Will Limited	Hong Kong
Gazoontite, LLC	Delaware
Glad Manufacturing Company	Delaware
The Glad Products Company	Delaware
The Household Cleaning Products Company of Egypt Ltd.	Egypt
The HV Food Products Company	Delaware
HV Manufacturing Company	Delaware
Invermark S.A.	Argentina
Jingles LLC	Delaware
Kaflex S.A.	Argentina
Kingsford Manufacturing Company	Delaware
The Kingsford Products Company, LLC	Delaware
Lerwood Holdings Limited	British Virgin Islands
The Mexco Company	Delaware
National Cleaning Products Company Limited	Saudi Arabia
Paulsboro Packaging Inc.	New Jersey
Petroplus Produtos Automotivos S.A.	Brazil
Petroplus Sul Comercio Exterior S.A.	Brazil
Round Ridge Production Company	Delaware
Soy Vay Enterprises, Inc.	California
STP do Brasil Ltda.	Brazil
United Cleaning Products Manufacturing Company Limited	Yemen
Yuhan-Clorox Co., Ltd.	Korea

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Form S-3 Nos. 333-177931, 333-75455, 333-137974, and 333-146472) and in the related Prospectuses of The Clorox Company, and

(2) Registration Statements (Form S-8 Nos. 33-41131, including post effective amendments No. 1 and No. 2, 33-56565, 33-56563, 333-29375, 333-16969, 333-44675, 333-86783, 333-131487, 333-69455, including post effective amendment No. 1, and 333-90386) of The Clorox Company;

of our reports dated August 23, 2013, with respect to the consolidated financial statements and schedule of The Clorox Company and subsidiaries, and the effectiveness of internal control over financial reporting of The Clorox Company and subsidiaries, included in this Annual Report (Form 10-K) for the year ended June 30, 2013.

/s/ Ernst & Young LLP

San Francisco, California

August 23, 2013

CERTIFICATION

I, Donald R. Knauss, certify that:

1. I have reviewed this annual report on Form 10-K of The Clorox Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 23, 2013

/s/ Donald R. Knauss

Donald R. Knauss
Chairman and Chief Executive Officer

CERTIFICATION

I, Stephen M. Robb, certify that:

1. I have reviewed this annual report on Form 10-K of The Clorox Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 23, 2013

/s/ Stephen M. Robb

Stephen M. Robb
Senior Vice President - Chief Financial Officer

Exhibit 32.1

CERTIFICATION

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-K for the period ended June 30, 2013, as filed with the Securities and Exchange Commission (the "Report"), we, Donald R. Knauss, Chief Executive Officer of the Company, and Stephen M. Robb, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: August 23, 2013

/s/ Donald R. Knauss

Donald R. Knauss
Chairman and Chief Executive Officer

/s/ Stephen M. Robb

Stephen M. Robb
Senior Vice President – Chief Financial Officer

Exhibit 99.1

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 Clorox Company's (the Company or Clorox) 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. 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. This section should be read in conjunction with the Consolidated Financial Statements and Supplementary Data included in this Annual Report on Form 10-K. The following sections are included herein:

- Executive Overview
- Results of Operations
- Financial Position and Liquidity
- Contingencies
- Quantitative and Qualitative Disclosures about Market Risk
- Recently Issued Accounting Pronouncements
- Critical Accounting Policies and Estimates
- Summary of Non-GAAP Financial Measures

EXECUTIVE OVERVIEW

Clorox is a leading multinational manufacturer and marketer of consumer and professional products with approximately 8,400 employees worldwide as of June 30, 2013, and fiscal year 2013 net sales of $5,623. Clorox sells its products primarily through mass merchandisers, retail outlets, e-commerce channels, distributors and medical supply providers. Clorox markets some of the most trusted and recognized brand names, including its namesake bleach and cleaning products, Clorox Healthcare™, HealthLink ®, Aplicare ® and Dispatch ® products, Green Works ® naturally derived products, Pine-Sol ® cleaners, Poett ® home care products, Fresh Step ® cat litter, Glad ® bags, wraps and containers, Kingsford ® charcoal, Hidden Valley ® and KC Masterpiece ® dressings and sauces, Brita ® water-filtration products, and Burt's Bees ® and güd ® natural personal care products. The Company manufactures products in more than two dozen countries and markets them in more than 100 countries.

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

The Company operates through strategic business units that are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International.

- *Cleaning* consists of laundry, home care and professional products marketed and sold in the United States. Products within this segment include laundry additives, including bleach products under the Clorox ® brand and Clorox 2 ® stain fighter and color booster; home care products, primarily under the Clorox ®, Formula 409 ®, Liquid-Plumr ®, Pine-Sol ®, S.O.S ® and Tilex ® brands; naturally derived products under the Green Works ® brand; and professional cleaning and disinfecting products under the Clorox ®, Dispatch ®, Aplicare ®, HealthLink ® and Clorox Healthcare ™ brands.

- *Household* consists of charcoal, cat litter and plastic bags, wraps and container products marketed and sold in the United States. Products within this segment include plastic bags, wraps and containers under the Glad ® brand; cat litter products under the Fresh Step ®, Scoop Away ® and Ever Clean ® brands; and charcoal products under the Kingsford ® and Match Light ® brands.

- *Lifestyle* consists of food products, water-filtration systems and filters, and natural personal care products marketed and sold in the United States. Products within this segment include dressings and sauces, primarily under the Hidden Valley ®, KC Masterpiece ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® and güd ® brands.

- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration, charcoal and cat litter products, dressings and sauces, plastic bags, wraps and containers and natural personal care products, primarily under the Clorox ®, Javex ®, Glad ®, PinoLuz ®, Ayudin ®, Limpido ®, Clorinda ®, Poett ®, Mistolin ®, Lestoil ®, Bon Bril ®, Nevex ®, Brita ®, Green Works ®, Pine-Sol ®, Agua Jane ®, Chux ®, Kingsford ®, Fresh Step ®, Scoop Away ®, Ever Clean ®, KC Masterpiece ®, Hidden Valley ® and Burt's Bees ® brands.

Non-GAAP Financial Measures

This Executive Overview, the succeeding sections of MD&A and Exhibit 99.3 include certain financial measures that are not defined by accounting principles generally accepted in the United States of America (U.S. GAAP). These measures, which are referred to as non-GAAP measures, are listed below.

- *Economic profit (EP)*
- *Free cash flow and free cash flow as a percentage of net sales*
- *Earnings from continuing operations before interest and taxes (EBIT) margin (the ratio of EBIT to net sales)*
- *Debt to earnings from continuing operations before interest, taxes, depreciation and amortization ratio (EBITDA ratio)*

Where indicated, each of the following non-GAAP financial measures excludes the fiscal year 2011 noncash goodwill impairment charge:

- *Adjusted diluted net earnings per share from continuing operations*
- *Earnings from continuing operations before income taxes and noncash goodwill impairment charge*

For a discussion of these measures and the reasons management believes they are useful to investors, refer to "Summary of Non-GAAP Financial Measures" below. For a discussion of the EBITDA ratio, please refer to " *Credit Arrangements* " below. This MD&A and Exhibit 99.3 include reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Fiscal Year 2013 Financial Highlights

In fiscal year 2013, Clorox reported earnings from continuing operations of $574. The Company delivered solid results, including 3% net sales growth, $4.31 diluted net earnings per share from continuing operations and free cash flow of $583 million, which was approximately 10% of net sales. This compares to earnings from continuing operations of $543 and diluted net earnings per share from continuing operations of $4.10 in fiscal year 2012.

Key fiscal year 2013 financial results are summarized as follows:

- The Company's fiscal year 2013 net sales grew 3%, with gains in all four segments, reflecting strong product innovation and the benefit of price increases, partially offset by unfavorable foreign currency exchange rates.

- Gross margin increased 80 basis points to 42.9% in fiscal year 2013 from 42.1% in fiscal year 2012, reflecting the benefit of cost savings and price increases, partially offset by higher manufacturing and logistics costs.

- EP increased to $426 in fiscal year 2013 compared to $402 in fiscal year 2012 (refer to the reconciliation of EP to earnings from continuing operations before income taxes in Exhibit 99.3).

- The Company delivered diluted net earnings per share from continuing operations in fiscal year 2013 of $4.31, an increase of approximately 5% from fiscal year 2012 diluted net earnings per share of $4.10.

- Free cash flow was $583 or 10% of net sales in fiscal year 2013, an increase from $428 or 8% of net sales in fiscal year 2012 (refer to "Free cash flow" below).

- The Company returned $335 in dividends to stockholders and in May 2013 announced an increase of nearly 11% in the annual cash dividend to $2.84 per share from $2.56 per share. In fiscal year 2013, the Company repurchased a total of 1.5 million shares of its common stock at a cost of approximately $128.

Strategic Goals and Initiatives

Since 2007, Clorox has been operating under its Centennial Strategy, which has guided its strategic choices and financial goals to drive growth through fiscal year 2013. The Company delivered solid results, including 3% compounded annual growth rate for net sales and 6% compounded annual growth rate for EP in the past five-year period. In October of this year, the Company will unveil its 2020 strategy, which builds on the success of the Centennial Strategy and directs the Company to the highest value opportunities for long-term, profitable growth and strong stockholder returns.

The Company's long-term financial goals include sales growth of 3-5%, EBIT margin growth between 25-50 basis points and free cash flow as a percentage of net sales of about 10-12%, which Clorox anticipates using to invest in the business, maintain debt leverage within its target range and return excess cash to stockholders. With a commitment to maintaining a healthy dividend, the Company's goal is to continue delivering total stockholder returns in the top third of its peer group.

Clorox is also focused on addressing the competitive intensity it continues to anticipate in disinfecting wipes and laundry additives in fiscal year 2014, with demand-building plans that include an increase in merchandising activity as well as product innovation. In addition, the Company is focused on managing the challenges that continue to pressure its margins, particularly in Venezuela and Argentina, as well as the recent changes in the economy impacting foreign currencies and commodity costs.

Clorox will continue to reshape its portfolio toward businesses aligned with the four consumer megatrends of health & wellness, sustainability, the multicultural marketplace and affordability/value. The Company is also focused on the growth pillars of U.S. retail, professional products and international businesses: growing U.S. retail through execution of its "3D" demand creation model; growing professional products by expanding its healthcare business organically and through bolt-on acquisitions; and growing international businesses by focusing on existing markets where the Company has significant scale and competitive advantage.

Clorox also will continue enhancing its capabilities in the "3Ds": Desire, Decide and Delight, as a means of increasing consumer loyalty. 3D capabilities include targeted marketing communications to drive consumer *desire* , stand-out product packaging and in-store promotions to compel purchase decisions at the point of *decide* and superior-quality products to *delight* consumers. Moreover, Clorox continues to drive its product innovation efforts, with an annual target of 3 percentage points of incremental sales growth from new products.

Looking forward, the Company will continue to execute against its strategy to deliver profitable growth and long-term stockholder value.

RESULTS OF OPERATIONS

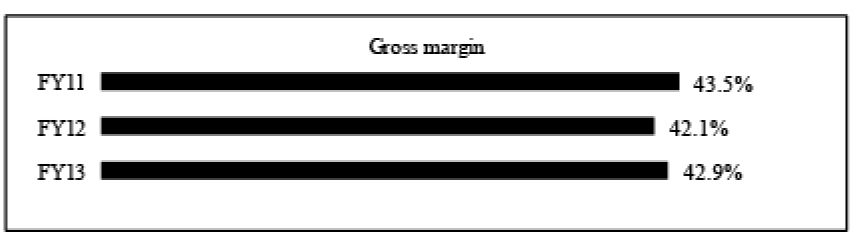
Management's discussion and analysis of the Company's results of operations, unless otherwise noted, compares fiscal year 2013 to fiscal year 2012, and fiscal year 2012 to fiscal year 2011, using percentage and basis point changes calculated on a rounded basis, except as noted.

CONSOLIDATED RESULTS

Continuing operations

Net sales in fiscal year 2013 increased 3%. Volume was flat, driven by higher shipments in the professional products business, primarily due to base healthcare and cleaning business strength and the benefit of acquisitions in fiscal year 2012; higher shipments of Glad ® premium trash bags, primarily due to new product innovation and increased merchandising events; higher shipments of Clorox ® disinfecting wipes behind strong merchandising activities and a heightened flu season; higher shipments of Hidden Valley ® products behind strong merchandising activity and innovation; higher shipments of Burt's Bees ® natural personal care products, primarily driven by new product innovation and promotional events; and higher shipments of the new concentrated Clorox ® liquid bleach. These increases were offset by lower shipments of charcoal products, primarily due to poor weather conditions and price increases; the exit from international nonstrategic export businesses; lower shipments of Brita ® water-filtration products, primarily due to decreased merchandising activities, price increases and a comparison to strong volume in the prior year behind the launch of the Brita ® Bottle; lower shipments of Glad ® base trash bags, primarily due to decreased merchandising and a shift to premium trash products, and Glad ® food storage products, primarily due to distribution losses; lower shipments of Clorox 2 ® stain fighter and color booster, primarily due to category softness and distribution losses; and lower shipments in Canada. Net sales growth outpaced volume primarily due to the benefit of price increases (approximately 270 basis points), partially offset by unfavorable foreign currency exchange rates (approximately 60 basis points).

Net sales in fiscal year 2012 increased 5%. Volume increased 2%, driven by higher shipments in the professional products business, primarily due to the acquisitions of HealthLink and Aplicare, Inc.; higher shipments of Clorox ® disinfecting wipes behind strong merchandising activities; higher shipments in Argentina; higher shipments of Fresh Step ® cat litter behind new product innovation; higher shipments of Burt's Bees ® natural personal care products, primarily driven by increased merchandising and new products, including the launch of the güd ® natural personal care line; and higher shipments of the Brita ® Bottle. These increases were partially offset by lower shipments of Clorox ® laundry additives, primarily due to price increases; the fiscal year 2012 exit from international nonstrategic export business; lower shipments of Glad ® base trash bags due to price increases; lower shipments in Venezuela, primarily driven by the Venezuelan government's price control law; and lower shipments of Pine-Sol ® cleaners, primarily due to price increases. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 480 basis points), partially offset by unfavorable product mix (approximately 110 basis points) and higher trade-promotion spending (approximately 60 basis points).



Gross profit increased 5% in fiscal year 2013, from $2,304 to $2,412, and gross margin, defined as gross profit as a percentage of net sales, increased 80 basis points to 42.9%. Gross margin expansion in fiscal year 2013 reflects 160 basis points from cost savings and 120 basis points from the benefit of price increases. These factors were partially offset by 170 basis points from higher manufacturing and logistics costs, including the impact of inflationary pressures in Argentina and Venezuela.

Gross profit increased 1% in fiscal year 2012, from $2,273 to $2,304, and gross margin decreased 140 basis points to 42.1%. Gross margin contraction in fiscal year 2012 reflects 220 basis points from higher commodity costs, 180 basis points from higher manufacturing and logistics costs and 90 basis points from unfavorable product mix. These factors were partially offset by 220 and 160 basis points from the benefits of price increases and cost savings, respectively.

Expenses

				% Change		% of Net sales		
	2013	**2012**	**2011**	**2013 to 2012**	**2012 to 2011**	**2013**	**2012**	**2011**
Selling and administrative expenses	**$ 807**	$ 798	$ 735	**1%**	9%	**14.4%**	14.6%	14.1%
Advertising costs	**500**	482	502	**4**	(4)	**8.9**	8.8	9.6
Research and development costs	**130**	121	115	**7**	5	**2.3**	2.2	2.2

Selling and administrative expenses increased slightly in fiscal year 2013, primarily driven by higher wages and employee benefits, largely due to international inflation, as well as investments made in systems and processes to support the long-term growth of the Burt’s Bees business. These increases were largely offset by prior year non-repeating advisory fees related to a withdrawn proxy contest, as well as fiscal year 2013 lower employee incentive compensation costs and cost savings.

Selling and administrative expenses increased in fiscal year 2012, driven by higher employee incentive compensation costs, non-repeating advisory fees related to a withdrawn proxy contest in fiscal year 2012, and fiscal year 2012 investments in IT systems and the new Pleasanton facility, partially offset by cost savings.

Advertising costs as a percentage of sales increased slightly during fiscal year 2013. Activity was primarily in support of new products, including the launch of new concentrated Clorox ® liquid bleach and Burt’s Bees ® natural personal care products.

Advertising costs as a percentage of sales decreased during fiscal year 2012, primarily driven by reduced media spending.

Research and development costs increased slightly as a percentage of net sales in fiscal year 2013, primarily driven by costs related to the investment in and transition to the Company’s new Pleasanton research and development facility.

Research and development costs as a percentage of net sales remained flat in fiscal year 2012 as the Company continued to support its new products and established brands with an emphasis on innovation.

Goodwill impairment, interest expense, other (income) expense, net, and the effective tax rate on income from continuing operations

	2013	**2012**	**2011**
Goodwill impairment	**$ -**	$ -	$ 258
Interest expense	**122**	125	123
Other (income) expense, net	**-**	(13)	(23)
Income taxes on continuing operations	**279**	248	276

Goodwill impairment

During fiscal year 2011, the Company recorded a noncash goodwill impairment charge related to the Burt’s Bees business of $258, of which $164 and $94 was reflected in the Lifestyle and International reportable segments, respectively. There was no substantial tax benefit associated with this noncash charge (see Note 7 of the Notes to Consolidated Financial Statements).

Interest expense decreased $3 in fiscal year 2013, primarily due to a lower weighted-average interest rate on long-term debt resulting from the issuance of senior notes in September 2012 and the maturities of senior notes in October 2012 and March 2013. Interest expense in fiscal year 2012 increased by $2, primarily due to higher average commercial paper balances.

Other (income) expense, net , of $0 in fiscal year 2013 included $(12) of income from equity investees, $(4) from gains on fixed asset sales, net, and $(4) of low-income housing partnership gains; partially offset by $11 of foreign currency exchange losses and $9 of amortization of trademarks and other intangible assets.

Other (income) expense, net, of $(13) in fiscal year 2012 included $(11) of income from equity investees and $(6) of income from transition services related to the Company's sale of its global auto care businesses (Auto Businesses); partially offset by $9 of amortization of trademarks and other intangible assets.

Other (income) expense, net, of $(23) in fiscal year 2011 included $(13) of low-income housing partnership gains, $(9) of income from transition services related to the Company's sale of its Auto Businesses and $(8) of income from equity investees; partially offset by $9 of amortization of trademarks and other intangible assets.

The effective tax rate on earnings from continuing operations was 32.7%, 31.4% and 49.0% in fiscal years 2013, 2012 and 2011, respectively. The increase in the fiscal year 2013 effective tax rate was primarily due to lower tax on foreign earnings and higher uncertain tax position releases in fiscal year 2012. The current and prior year periods also reflect benefits from tax settlements. The substantially lower tax rate in fiscal year 2012 as compared to fiscal year 2011 was primarily due to the non-deductible noncash goodwill impairment charge of $258 in fiscal year 2011 related to the Burt's Bees reporting unit, as there was no substantial tax benefit associated with this noncash charge. Also contributing to the decrease in fiscal year 2012 was lower tax on foreign earnings, favorable tax settlements and a decrease in the blended state tax rate, partially offset by higher uncertain tax position releases in fiscal year 2011.

Diluted net earnings per share from continuing operations

The following table presents a reconciliation of diluted net earnings per share from continuing operations to adjusted diluted net earnings per share from continuing operations for fiscal year 2011 , which excludes the then-recorded noncash goodwill impairment charge:

				% Change	
	2013	**2012**	**2011**	**2013 to 2012**	**2012 to 2011**
Diluted net earnings per share from continuing operations	**$ 4.31**	$ 4.10	$ 2.07	**5.1**%	98.1%
Add back: Noncash goodwill impairment per share	**-**	-	1.86	**-**	(100)
Adjusted diluted net earnings per share from continuing operations	**$ 4.31**	$ 4.10	$ 3.93	**5.1**	4.3

Diluted net earnings per share from continuing operations increased $0.21 in fiscal year 2013, driven by the benefit of price increases and strong cost savings. These factors were partially offset by higher manufacturing and logistics costs and other supply chain costs, including the impact of inflationary pressures in Argentina and Venezuela, unfavorable foreign currency exchange rates and a higher effective tax rate. Government imposed price controls in Argentina and Venezuela also had a negative impact on net sales, gross margin and diluted net earnings per share from continuing operations.

Diluted net earnings per share from continuing operations increased $2.03 in fiscal year 2012, driven primarily by the noncash goodwill impairment charge of $258 recognized in fiscal year 2011. Excluding the fiscal year 2011 noncash goodwill impairment charge, the Company's adjusted diluted net earnings per share from continuing operations increased $0.17 in fiscal year 2012, driven by price increases implemented across the portfolio, higher volume, strong cost savings, share repurchases and a lower effective tax rate. These factors were partially offset by higher commodity costs; inflationary pressures impacting manufacturing and logistics costs; and higher selling and administrative costs, primarily due to higher employee incentive compensation costs and investments in the Company's information technology (IT) systems and a new facility located in Pleasanton, Calif.

Free cash flow

	2013	2012	2011
Net cash provided by continuing operations	**$ 777**	$ 620	$ 690
Less: capital expenditures	**(194)**	(192)	(228)
Free cash flow	**$ 583**	$ 428	$ 462
Free cash flow as a percentage of net sales	**10.4%**	7.8%	8.8%

Free cash flow as a percentage of net sales increased in fiscal year 2013, primarily due to favorable changes in working capital, the prior year settlement of interest rate forward contracts and higher earnings.

Free cash flow as a percentage of net sales decreased in fiscal year 2012, primarily due to lower tax payments in fiscal year 2011, resulting from favorable tax depreciation rules, and the timing of tax payments in fiscal year 2012.

Discontinued operations

In September 2010, the Company entered into a definitive agreement to sell its Auto Businesses to an affiliate of Avista Capital Partners in an all-cash transaction. In November 2010, the Company completed the sale pursuant to the terms of a Purchase and Sale Agreement (Purchase Agreement) and received cash consideration of $755. The Company also received cash flows of approximately $30 related to net working capital that was retained by the Company as part of the sale. Included in earnings from discontinued operations for the fiscal year ended June 30, 2011, was an after-tax gain on the transaction of $247.

The following table includes financial results attributable to the Auto Businesses as of June 30, 2011:

Net sales	$ 95
Earnings before income taxes	$ 34
Income tax expense on earnings	(11)
Gain on sale, net of tax	247
Earnings from discontinued operations, net of tax	$ 270

SEGMENT RESULTS FROM CONTINUING OPERATIONS

The following presents the results from continuing operations of the Company’s reportable segments and certain unallocated costs reflected in Corporate (see Note 20 of the Notes to Consolidated Financial Statements for a reconciliation of segment results to consolidated results):

Cleaning

				% Change	
	2013	2012	2011	2013 to 2012	2012 to 2011
Net sales	**$ 1,783**	$ 1,692	$ 1,619	**5%**	5%
Earnings from continuing operations before income taxes	**420**	381	356	**10**	7

Fiscal year 2013 versus fiscal year 2012: Net sales, volume and earnings from continuing operations before income taxes increased during fiscal year 2013. Cleaning segment volume growth was 3%, driven by higher shipments in the professional products business, primarily due to base healthcare and cleaning business strength and the benefit of acquisitions in fiscal year 2012; higher shipments of Clorox ® disinfecting wipes behind strong merchandising activities and a heightened flu season; and higher shipments of the new concentrated Clorox ® liquid bleach. These increases were partially offset by lower shipments of Clorox ® 2 stain fighter and color booster due to category softness and distribution losses and lower shipments of Pine-Sol ® cleaners, primarily due to price increases. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 170 basis points). The increase in earnings from continuing operations before income taxes was primarily due to higher net sales and $35 of cost savings, primarily related to the new concentrated Clorox ® liquid bleach and package redesign. These increases were partially offset by $24 of higher manufacturing and logistics and other supply chain costs; $13 of higher selling and administrative costs, primarily related to the acquisitions in fiscal year 2012 and costs associated with the transition to new concentrated Clorox ® liquid bleach; and $10 of higher advertising and sales promotion expenses, primarily in support of new concentrated Clorox ® liquid bleach.

Fiscal year 2012 versus fiscal year 2011: Net sales, volume and earnings from continuing operations before income taxes increased during fiscal year 2012. Cleaning segment volume growth was 2%, driven by higher shipments in the professional products business, primarily due to the acquisitions of HealthLink and Aplicare, Inc. and distribution gains in health care channels; higher shipments of Clorox ® disinfecting wipes behind strong merchandising activities; and higher shipments of Clorox ® disinfecting bathroom cleaner due to product innovation. These increases were partially offset by lower shipments of Clorox ® laundry additives, primarily due to price increases. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 450 basis points), partially offset by unfavorable product mix (approximately 190 basis points). The increase in earnings from continuing operations before income taxes was primarily due to higher net sales, $22 of cost savings due to various manufacturing efficiencies and $10 of lower advertising and sales promotion expenses. These increases were partially offset by $30 of higher commodity costs, primarily resin, $14 of unfavorable product mix and $14 of higher manufacturing and logistics costs.

Household

				% Change	
	2013	**2012**	**2011**	**2013 to 2012**	**2012 to 2011**
Net sales	**$ 1,693**	$ 1,676	$ 1,611	**1%**	4%
Earnings from continuing operations before income taxes	**336**	298	278	**13**	7

Fiscal year 2013 versus fiscal year 2012: Net sales and earnings from continuing operations before income taxes increased while volume decreased during fiscal year 2013. Household segment volume decline was 3%, driven by lower shipments of charcoal products due to poor weather conditions and price increases, and lower shipments of Glad ® base trash bags, primarily due to decreased merchandising and a shift to premium trash products, and Glad ® food storage products, primarily due to distribution losses. These decreases were partially offset by higher shipments of Glad ® premium trash bags primarily due to new product innovation and increased merchandising events. The variance between net sales and volume was primarily due to the benefit of price increases (approximately 340 basis points). The increase in earnings from continuing operations before income taxes was driven by $31 of cost savings, primarily related to various manufacturing efficiencies, and $26 from the benefit of price increases; partially offset by $15 of higher manufacturing and logistics and other supply chain costs.

Fiscal year 2012 versus fiscal year 2011: Net sales, volume and earnings from continuing operations before income taxes increased during fiscal year 2012. Household segment volume growth was 1%, driven by higher shipments of Fresh Step ® cat litter behind new product innovation and higher shipments of Glad ® OdorShield ® trash bags with Febreze ® ; partially offset by lower shipments of Glad ® base trash bags due to price increases. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 530 basis points). The increase in earnings from continuing operations before income taxes was primarily due to higher net sales and $35 of cost savings related to various manufacturing efficiencies. These increases were partially offset by $44 of higher commodity costs, primarily resin, and $30 of higher manufacturing and logistics costs.

Lifestyle

	2013	2012	2011	% Change 2013 to 2012	% Change 2012 to 2011
Net sales	**$ 929**	$ 901	$ 849	**3%**	6%
Earnings from continuing operations before income taxes	**259**	265	91	**(2)**	191
Noncash goodwill impairment	**-**	-	164	**-**	(100)
Earnings from continuing operations before income taxes and noncash goodwill impairment charge	**$ 259**	$ 265	$ 255	**(2)**	4

Fiscal year 2013 versus fiscal year 2012: Net sales and volume increased while earnings from continuing operations before income taxes decreased during fiscal year 2013. Lifestyle segment volume growth was 2%, driven by higher shipments of Hidden Valley ® products behind strong merchandising activity and innovation, and higher shipments of Burt's Bees ® natural personal care products, primarily driven by new product innovation and promotional events. These increases were partially offset by lower shipments of Brita ® water-filtration products, primarily due to decreased merchandising activities, price increases and a comparison to strong volume in the prior year behind the launch of the Brita ® Bottle; and lower shipments of KC Masterpiece ® sauces, primarily due to competitive activity. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 120 basis points). The decline in earnings from continuing operations before income taxes was primarily due to approximately $12 of higher other supply chain costs and $8 of higher selling and administrative expenses, both driven, in part, by investments in systems and processes to support the long-term growth of the Burt's Bees business, and $7 of higher advertising and sales promotion expenses in support of new products. These increases were partially offset by higher net sales and $10 of cost savings, primarily related to various manufacturing efficiencies.

Fiscal year 2012 versus fiscal year 2011: Net sales, volume, earnings from continuing operations before income taxes and earnings from continuing operations before income taxes and noncash goodwill impairment charge increased during fiscal year 2012. Lifestyle segment volume growth was 3%, driven by higher shipments of Burt's Bees ® natural personal care products, due to increased merchandising and new products, including the launch of the güd ® natural personal care line, higher shipments of the Brita ® Bottle and the acquisition of Soy Vay Enterprises, Inc. These increases were partially offset by lower shipments of bottled Hidden Valley ® salad dressings due to price increases and lower shipments of Brita ® pour through water-filtration products. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 360 basis points). The increase in earnings from continuing operations before income taxes was primarily driven by the noncash goodwill impairment charge of $164 in fiscal year 2011. The increase in earnings from continuing operations before income taxes and noncash goodwill impairment charge was primarily due to higher net sales and $10 of cost savings related to various manufacturing efficiencies, partially offset by $20 of higher commodity costs, primarily soybean oil.

International

	2013	2012	2011	% Change 2013 to 2012	% Change 2012 to 2011
Net sales	**$ 1,218**	$ 1,199	$ 1,152	**2%**	4%
Earnings from continuing operations before income taxes	**96**	119	55	**(19)**	116
Noncash goodwill impairment	**-**	-	94	**-**	(100)
Earnings from continuing operations before income taxes and noncash goodwill impairment charge	**$ 96**	$ 119	$ 149	**(19)**	(20)

Fiscal year 2013 versus fiscal year 2012: Net sales increased while volume and earnings from continuing operations before income taxes decreased during fiscal year 2013. International segment volume decline was 2%, driven by the exit from nonstrategic export businesses and lower shipments in Canada, partially offset by higher shipments in Asia and certain regions in Latin America. The variance between net sales and volume was primarily due to the benefit of price increases (approximately 450 basis points) and favorable product mix (approximately 160 basis points), partially offset by unfavorable foreign currency exchange rates (approximately 290 basis points). The decrease in earnings from continuing operations before income taxes was primarily due to $55 of higher manufacturing and logistics and other supply chain costs and $12 of higher selling and administrative costs, both factors reflecting the impact of inflationary pressures in Argentina and Venezuela; $24 of unfavorable foreign currency exchange rates; and other smaller items. These decreases were partially offset by $53 from the benefit of price increases; $15 of cost savings, primarily related to various manufacturing efficiencies; and $11 of favorable product mix. Government imposed price controls in Argentina and Venezuela also had a negative impact on International segment net sales, gross margin and earnings from continuing operations before income taxes.

Fiscal year 2012 versus fiscal year 2011: Net sales, volume and earnings from continuing operations before income taxes increased while earnings from continuing operations before income taxes and the noncash goodwill impairment charge decreased during fiscal year 2012. International segment volume growth was 2%, driven by higher shipments in Argentina, partially offset by the exit from nonstrategic export businesses, and lower shipments in Venezuela, primarily as a result of the Venezuelan government's price control law. Net sales growth outpaced volume growth, primarily due to the benefit of price increases (approximately 530 basis points), partially offset by unfavorable foreign currency exchange rates (approximately 110 basis points). The increase in earnings from continuing operations before income taxes was primarily driven by the noncash goodwill impairment charge of $94 in fiscal year 2011. The decrease in earnings from continuing operations before income taxes and noncash goodwill impairment charge was primarily due to $37 of higher manufacturing and logistics costs due to the impact of inflationary pressures in Argentina and Venezuela; $25 of higher selling and administrative costs associated with investments in IT systems; and $19 of higher commodity costs, primarily resin. These decreases were partially offset by higher net sales and $14 of cost savings, primarily related to various manufacturing efficiencies.

Venezuela

The financial statements of the Company's subsidiary in Venezuela are consolidated under the rules governing the preparation of financial statements in a highly inflationary economy. As such, the subsidiary's non-U.S. dollar (non-USD) monetary assets and liabilities are remeasured into USD each reporting period with the resulting gains and losses reflected in other (income) expense, net.

On February 8, 2013, the Venezuelan government announced a devaluation of the official currency exchange rate (CADIVI) from 4.3 to 6.3 bolívares fuertes (VEF) per USD and the elimination of the alternative currency exchange system, SITME. Prior to February 8, 2013, the Company had been utilizing the rate at which it had been obtaining USD through SITME to remeasure its Venezuelan financial statements, which was 5.7 VEF per USD at the announcement date. In response to these developments, the Company began utilizing the CADIVI rate of 6.3 VEF per USD. The Company recorded a remeasurement loss of $4 related to the devaluation in fiscal year 2013, which was reflected in other (income) expense, net.

In March 2013, the Venezuelan government announced the creation of a new alternative currency exchange system (SICAD), which is intended to complement CADIVI. Based on a number of factors, including the limited number of SICAD auctions held to date, restrictions placed on eligible participants, the amount of USD available to purchase through the auction process, and the lack of official information about the resulting exchange rate, the Company does not believe it is appropriate to use the SICAD rate as the official remeasurement rate at this time.

As a measure of sensitivity given the uncertainty of exchange rates in Venezuela, based on the VEF-denominated net monetary position as of June 30, 2013, a hypothetical additional 10% VEF devaluation would result in an additional remeasurement loss of $3.

Price Control Laws

In fiscal years 2013 and 2012, government imposed price control laws in Argentina and Venezuela negatively impacted the net selling prices of certain products sold in those countries. The Company's ability to grow net sales and net earnings in Argentina and Venezuela will be affected by a number of factors, including the government imposed price controls, possible future currency devaluations, local economic conditions, inflation rates and the availability of raw materials and utilities.

Corporate

	2013	2012	2011	% Change 2013 to 2012	% Change 2012 to 2011
Losses from continuing operations before income taxes	**$ (258)**	$ (272)	$ (217)	**(5)%**	25%

Corporate includes certain non-allocated administrative costs, interest income, interest expense and certain other non-operating income and expenses. Corporate assets include cash and cash equivalents, property and equipment, other investments and deferred taxes.

Fiscal year 2013 versus fiscal year 2012: The decrease in losses from continuing operations before income taxes was primarily due to prior year non-repeating advisory fees related to a withdrawn proxy contest, as well as lower employee incentive compensation costs in fiscal year 2013. These factors were partially offset by higher wages and employee benefit costs in fiscal year 2013.

Fiscal year 2012 versus fiscal year 2011: The increase in losses from continuing operations before income taxes was primarily due to higher employee incentive compensation and benefit costs, higher low-income housing partnership gains in fiscal year 2011 and non-repeating advisory fees related to a withdrawn proxy contest in fiscal year 2012; partially offset by lower IT expenses reflected in Corporate.

FINANCIAL POSITION AND LIQUIDITY

Management's discussion and analysis of the Company's financial position and liquidity describes its consolidated operating, investing and financing activities, contractual obligations and off-balance sheet arrangements.

The following table summarizes cash activities as of June 30:

	2013	2012	2011
Net cash provided by continuing operations	**$ 777**	$ 620	$ 690
Net cash (used for) provided by investing activities	**(55)**	(277)	544
Net cash used for financing activities	**(685)**	(321)	(1,078)

The Company's cash position includes amounts held by foreign subsidiaries, and as a result the repatriation of certain cash balances from some of the Company's foreign subsidiaries could result in additional tax costs. However, these cash balances are generally available without legal restriction to fund local business operations. In addition, a portion of the Company's cash balance is held in U.S. dollars by foreign subsidiaries, whose functional currency is their local currency. Such U.S. dollar balances are reported on the foreign subsidiaries' books, in their functional currency, with the impact from foreign currency exchange rate differences recorded in other (income) expense, net. The Company's cash holdings were as follows as of June 30:

	2013	2012	2011
Non-U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	**$ 115**	$ 81	$ 98
U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	**36**	35	15
Non-U.S. dollar balances held by U.S. dollar functional currency subsidiaries	**18**	20	26
U.S. dollar balances held by U.S. dollar functional currency subsidiaries	**130**	131	120
Total	**$ 299**	$ 267	$ 259

The Company's total cash balance was $299 as of June 30, 2013, as compared to $267 as of June 30, 2012. The increase of $32 was primarily attributable to $777 of net cash provided by continuing operations, $593 of net proceeds from the September 2012 long-term debt issuance, $135 of proceeds from the sale-leaseback of the Company's general office building in Oakland, Calif. and former Technical and Data Center in Pleasanton, Calif., and $133 of proceeds from the issuance of common stock for employee stock plans and other. These increases were partially offset by $850 of repayments of long-term debt, $335 of dividend payments, $194 of capital expenditures, $128 of share repurchases and $98 of repayments of commercial paper borrowings.

The Company’s total cash balance remained essentially flat as of June 30, 2012, as compared to June 30, 2011.

As of June 30, 2013, total current assets exceeded total current liabilities by $286, and, as of June 30, 2012, total current liabilities exceeded total current assets by $685. The year-over-year change was primarily attributable to $850 of current maturities of long-term debt as of June 30, 2012.

Operating Activities

Net cash provided by continuing operations increased to $777 in fiscal year 2013 from $620 in fiscal year 2012. The increase was primarily due to favorable changes in working capital, driven by lower tax payments in fiscal year 2013 as a result of favorable tax settlements; the prior year settlement of interest rate forward contracts; and higher earnings.

Net cash provided by continuing operations decreased to $620 in fiscal year 2012 from $690 in fiscal year 2011. The decrease was primarily due to lower tax payments in fiscal year 2011, resulting from favorable tax depreciation rules and the timing of tax payments in the current year; and the settlement of interest rate forward contracts.

Investing Activities

Capital expenditures were $194, $192 and $228, respectively, in fiscal years 2013, 2012 and 2011. Capital spending as a percentage of net sales was 3.5%, 3.5% and 4.4% for fiscal years 2013, 2012 and 2011, respectively. The increase in fiscal year 2013 capital spending was driven by investments in the Company’s new Pleasanton, Calif. facility. The decrease in fiscal year 2012 capital spending was primarily associated with higher spending for manufacturing efficiencies in the prior fiscal year.

In fiscal year 2013, the Company completed sale-leaseback transactions under which it sold its general office building in Oakland, Calif. and former Technical and Data Center in Pleasanton, Calif. to unrelated parties for combined net proceeds of $135. The Company entered into operating lease agreements with the respective buyers for portions of the buildings for up to 15 years, all of which contain renewal options.

In December 2011, the Company acquired HealthLink, Aplicare, Inc. and Soy Vay Enterprises, Inc., including each business’ workforce, for purchase prices aggregating $97, funded through commercial paper borrowings. The cash amount paid of $93 represents the aggregate purchase prices less cash acquired. Results for HealthLink and Aplicare, Inc., providers of infection control products for the health care industry, are reflected in the Cleaning reportable segment. Results for Soy Vay Enterprises, Inc., a California-based operation that provides the Company a presence in the market for Asian sauces, are reflected in the Lifestyle reportable segment. These acquisitions added a modest benefit of approximately 1% to the Company’s net sales and volume, respectively, for the fiscal years ended June 30, 2013 and 2012.

In fiscal year 2011, investing activities included $747 of proceeds from the sale of the Auto Businesses, net of transaction costs.

Financing Activities

Capital Resources and Liquidity

Net cash used for financing activities was $685 in fiscal year 2013, as compared to $321 in fiscal year 2012. The change was primarily due to a reduction in total debt and higher dividends paid during fiscal year 2013, partially offset by fewer share repurchases and an increase in employee stock option exercises.

Net cash used for financing activities was $321 in fiscal year 2012, as compared to $1,078 in fiscal year 2011. The decrease in net cash used for financing activities was primarily due to the use of proceeds from the sale of the Auto Businesses to repay commercial paper in fiscal year 2011.

In March 2013, $500 in senior notes with an annual fixed interest rate of 5.00% became due and were repaid. The repayment was funded in part with commercial paper borrowings and in part with a portion of the proceeds from the sale-leaseback transaction of the Company’s Oakland, Calif. general office building.

In October 2012, $350 in senior notes with an annual fixed interest rate of 5.45% became due and were repaid. The repayment was funded with a portion of the proceeds from the September 2012 issuance of $600 in senior notes with an annual fixed interest rate of 3.05%, payable semi-annually in March and September, and a maturity date of September 15, 2022. The remaining proceeds from notes were used to repay commercial paper.

In November 2011, the Company issued $300 in senior notes with an annual fixed interest rate of 3.80%, payable semi-annually in May and November, and a maturity date of November 15, 2021. Proceeds from the notes were used to repay commercial paper.

The senior notes issued in September 2012 and November 2011 rank equally and ratably in right of payment with all of the Company’s existing and future senior unsecured indebtedness and senior to any future subordinated unsecured indebtedness. These notes were issued under the Company’s shelf registration statement filed in November 2011, which allows the Company to offer and sell an unlimited amount of its senior unsecured indebtedness from time to time and expires in November 2014.

In fiscal year 2011, $300 in senior notes became due and were repaid. The Company funded the debt repayments with commercial paper borrowings and operating cash flows.

Credit Arrangements

As of June 30, 2013, the Company had a $1.1 billion revolving credit agreement with an expiration date of May 2017. There were no borrowings under the agreement, and the Company believes that borrowings under the revolving credit agreement are and will continue to be available for general corporate purposes. The agreement includes certain restrictive covenants and limitations. The primary restrictive covenant is a maximum ratio of total debt to earnings before interest, taxes, depreciation and amortization (EBITDA) for the trailing four quarters (EBITDA ratio), as defined in the Company’s revolving credit agreement, of 3.50. The following table sets forth the calculation of the EBITDA ratio as of June 30, using EBITDA for the trailing four quarters, as contractually defined:

	2013	2012
Earnings from continuing operations	**$ 574**	$ 543
Add back:		
Interest expense	**122**	125
Income tax expense	**279**	248
Depreciation and amortization	**182**	178
Deduct:		
Interest income	**3**	3
EBITDA	**$ 1,154**	$ **1,091**
Total debt	**$ 2,372**	$ 2,721
EBITDA ratio	**2.06**	2.49

The Company is in compliance with all restrictive covenants and limitations in the credit agreement as of June 30, 2013, and anticipates being in compliance with all restrictive covenants for the foreseeable future. The Company continues to monitor the financial markets and assess its ability to fully draw on its revolving credit agreement, and currently expects that any drawing on the agreement will be fully funded.

The Company had $45 of foreign and other credit lines as of June 30, 2013, of which $3 was outstanding and $42 was available for borrowing.

Based on the Company's working capital requirements, anticipated ability to generate positive cash flows from operations in the future, investment-grade credit ratings, demonstrated access to long- and short-term credit markets and current borrowing availability under credit agreements, the Company believes it will have the funds necessary to meet its financing requirements and other fixed obligations as they become due. Should the Company undertake other transactions requiring funds in excess of its current cash levels and available credit lines, it would consider the issuance of additional debt or other securities to finance acquisitions, repurchase shares, refinance debt or fund other activities for general business purposes. The Company's access to or cost of such additional funds could be adversely affected by any decrease in credit ratings, which were the following as of June 30:

	2013		2012	
	Short-term	**Long-term**	Short-term	Long-term
Standard and Poor's	**A-2**	**BBB+**	A-2	BBB+
Moody's	**P-2**	**Baa1**	P-2	Baa1

Share Repurchases and Dividend Payments

On May 13, 2013, the Company's board of directors terminated the share repurchase programs previously authorized on May 13, 2008 and May 18, 2011, and authorized a share repurchase program for an aggregate purchase amount of up to $750. This reduces the total dollar value of shares that the Company can repurchase under its open market share repurchase program from $821 to $750. This open market share repurchase program is in addition to the Company's evergreen repurchase program (Evergreen Program), the purpose of which is to offset the impact of share dilution related to share-based awards. The Evergreen Program has no authorization limit as to amount or timing of repurchases.

Share repurchases under authorized programs were as follows during the fiscal years ended June 30:

	2013		2012		2011	
	Amount	**Shares (000)**	**Amount**	**Shares (000)**	**Amount**	**Shares (000)**
Open-market purchase programs	$ -	-	$ 158	2,429	$ 521	7,654
Evergreen Program	128	1,500	67	990	134	2,122
Total	$ 128	1,500	$ 225	3,419	$ 655	9,776

During fiscal years 2013, 2012 and 2011, the Company declared dividends per share of $2.63, $2.44 and $2.25, respectively. During fiscal years 2013, 2012 and 2011, the Company paid dividends per share of $2.56, $2.40 and $2.20, respectively, equivalent to $335, $315 and $303, respectively.

Contractual Obligations

The Company had contractual obligations as of June 30, 2013, payable or maturing in the following fiscal years:

	2014	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Long-term debt maturities including interest payments (See Note 9)	$ 93	$ 668	$ 359	$ 53	$ 442	$ 1,022	$ 2,637
Notes and loans payable (See Note 9)	202	-	-	-	-	-	202
Purchase obligations (1)	357	141	62	46	41	24	671
Operating leases (See Note 16)	45	38	36	33	29	117	298
Contributions to non-qualified supplemental postretirement plans (2)	17	15	15	17	17	76	157
Venture Agreement terminal obligation (See Note 11)	-	-	-	-	-	284	284
Total	$ 714	$ 862	$ 472	$ 149	$ 529	$ 1,523	$ 4,249

(1) Purchase obligations are defined as purchase agreements that are enforceable and legally binding and that contain specified or determinable significant terms, including quantity, price and the approximate timing of the transaction. For purchase obligations subject to variable price and/or quantity provisions, an estimate of the price and/or quantity has been made. Examples of the Company's purchase obligations include contracts to purchase raw materials, commitments to contract manufacturers, commitments for information technology and related services, advertising contracts, utility agreements, capital expenditure agreements, software acquisition and license commitments, and service contracts. Approximately 19% of the Company's purchase obligations relate to service contracts for information technology that have been outsourced. The raw material contracts included above are entered into during the regular course of business based on expectations of future purchases. Many of these raw material contracts are flexible to allow for changes in the Company's business and related requirements. If such changes were to occur, the Company believes its exposure could differ from the amounts listed above. Any amounts reflected in the consolidated balance sheets as accounts payable and accrued liabilities are excluded from the table above.

(2) Represents expected payments through 2023. Based on the accounting rules for retirement and postretirement benefit plans, the liabilities reflected in the Company's consolidated balance sheets differ from these expected future payments (see Note 19 of the Notes to Consolidated Financial Statements).

As of June 30, 2013, the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately $69. In the twelve months succeeding June 30, 2013, audit resolutions could potentially reduce total unrecognized tax benefits by up to $2, primarily as a result of cash settlement payments. Since the ultimate amount and timing of further cash settlements cannot be predicted due to the high degree of uncertainty, liabilities for uncertain tax positions are excluded from the contractual obligations table (see Note 18 of the Notes to Consolidated Financial Statements).

Off-Balance Sheet Arrangements

In conjunction with divestitures and other transactions, the Company may provide typical indemnifications (e.g., indemnifications for representations and warranties and retention of previously existing environmental, tax and employee liabilities) that have terms that vary in duration and in the potential amount of the total obligation and, in many circumstances, are not explicitly defined. The Company has not made, nor does it believe that it is probable that it will make, any payments relating to its indemnifications, and believes that any reasonably possible payments would not have a material adverse effect, individually or in the aggregate, on the Company's consolidated financial statements taken as a whole.

As of June 30, 2013, the Company was a party to a letter of credit of $14, related to one of its insurance carriers, of which $0 had been drawn upon.

The Company had not recorded any liabilities on any of the aforementioned guarantees as of June 30, 2013.

CONTINGENCIES

The Company is involved in certain environmental matters, including response actions at various locations. The Company had a recorded liability of $13 and $14 as of June 30, 2013 and 2012, respectively, for its share of aggregate future remediation costs related to these matters. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounted for a substantial majority of the recorded liability as of both June 30, 2013 and 2012. The Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs for this matter pursuant to a cost-sharing arrangement with a third party. With the assistance of environmental consultants, the Company maintains an undiscounted liability representing its current best estimate of its share of the capital expenditures, maintenance and other costs that may be incurred over an estimated 30-year remediation period. Currently, the Company cannot accurately predict the timing of future payments that may be made under this obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the future availability of alternative clean-up technologies. Although it is reasonably possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

In October 2012, a Brazilian appellate court issued an adverse decision in a lawsuit pending in Brazil against the Company and one of its wholly-owned subsidiaries, The Glad Products Company (Glad). The lawsuit was initially filed in a Brazilian lower court in 2002 by two Brazilian companies and one Uruguayan company (collectively Petroplus) related to joint venture agreements for the distribution of STP auto-care products in Brazil with three companies that became subsidiaries of the Company as a result of the Company's merger with First Brands Corporation in January 1999 (collectively, Clorox Subsidiaries). The pending lawsuit seeks indemnification for damages and losses for alleged breaches of the joint venture agreements and abuse of economic power by the Company and Glad. Petroplus had previously unsuccessfully raised the same claims and sought damages from the Company and the Clorox Subsidiaries in an International Chamber of Commerce (ICC) arbitration proceeding in Miami filed in 2001. The ICC arbitration panel unanimously ruled against Petroplus in a final decision in November 2003 (Final ICC Arbitration Award). The Final ICC Arbitration Award was ratified by the Superior Court of Justice of Brazil in May 2007 (Foreign Judgment), and the United States District Court for the Southern District of Florida subsequently confirmed the Final ICC Arbitration Award and recognized and adopted the Foreign Judgment as a judgment of the United States District Court for the Southern District of Florida (U.S. Judgment). Despite this, in March 2008 a Brazilian lower court ruled against the Company and Glad in the pending lawsuit and awarded Petroplus R$23 ($13) plus interest. The value of that judgment, including interest and foreign exchange fluctuations as of June 30, 2013, was approximately $35.

Among other defenses, because the Final ICC Arbitration Award, the Foreign Judgment and the U.S. Judgment relate to the same claims as those in the pending lawsuit, the Company believes that Petroplus is precluded from re-litigating these claims. Based on the unfavorable appellate court decision, the Company believes that it is reasonably possible that a loss could be incurred in this matter in excess of amounts accrued, and that the estimated range of such loss in this matter is from $0 to $29. The Company continues to believe that its defenses are meritorious, and has appealed the decision to the highest courts of Brazil, which could take years to resolve. Expenses related to this litigation and any potential additional loss would be reflected in discontinued operations, consistent with the Company's classification of expenses related to its discontinued Brazil operations.

In a separate action filed in 2004 by Petroplus, a lower Brazilian court in January 2013 nullified the Final ICC Arbitration Award. The Company believes this judgment is inconsistent with the Foreign Judgment and the U.S. Judgment and that it is without merit. The Company has appealed this decision.

Glad and the Clorox Subsidiaries have also filed separate lawsuits against Petroplus alleging misuse of the STP trademark and related matters, which are currently pending before Brazilian courts, and have taken other legal actions against Petroplus, which are pending.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a multinational company, the Company is exposed to the impact of foreign currency fluctuations, changes in commodity prices, interest-rate risk and other types of market risk.

In the normal course of business, where available at a reasonable cost, the Company manages its exposure to market risk using contractual agreements and a variety of derivative instruments. The Company's objective in managing its exposure to market risk is to limit the impact of fluctuations on earnings and cash flow through the use of swaps, forward purchases and futures contracts. Derivative contracts are entered into for non-trading purposes with major credit-worthy institutions, thereby decreasing the risk of credit loss.

The Company uses different methodologies, when necessary, to estimate the fair value of its derivative contracts. The estimated fair values of the majority of the Company's contracts are based on quoted market prices, traded exchange market prices, or broker price quotations, and represent the estimated amounts that the Company would pay or receive to terminate the contracts.

Sensitivity Analysis for Derivative Contracts

For fiscal years 2013 and 2012, the Company's exposure to market risk was estimated using sensitivity analyses, which illustrate the change in the fair value of a derivative financial instrument assuming hypothetical changes in foreign exchange rates, commodity prices or interest rates. The results of the sensitivity analyses for foreign currency derivative contracts, commodity derivative contracts and interest rate contracts are summarized below. Actual changes in foreign exchange rates, commodity prices or interest rates may differ from the hypothetical changes, and any changes in the fair value of the contracts, real or hypothetical, would be partly to fully offset by an inverse change in the value of the underlying hedged items.

The changes in the fair value of derivatives are recorded as either assets or liabilities in the consolidated balance sheets with an offset to net earnings or other comprehensive income, depending on whether or not, for accounting purposes, the derivative is designated and qualified as a cash flow hedge. During the fiscal years ended June 30, 2013, 2012 and 2011, the Company had no hedging instruments designated as fair value hedges. In the event the Company has contracts not designated as hedges for accounting purposes, the Company recognizes the changes in the fair value of these contracts in other (income) expense, net.

Foreign Currency Risk

The Company seeks to minimize the impact of certain foreign currency fluctuations by hedging transactional exposures with foreign currency forward contracts. As of June 30, 2013, the Company's foreign currency transactional exposures pertaining to derivative contracts existed with the Canadian, Australian and New Zealand dollars. As of June 30, 2012, the Company's foreign-currency transactional exposure pertaining to derivative contracts existed with the Canadian dollar. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Canadian, Australian, and New Zealand dollars as of June 30, 2013, the estimated fair value of the Company's then-existing foreign currency derivative contracts would decrease or increase by $4, with the corresponding impact included in accumulated other comprehensive net losses. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Canadian dollar as of June 30, 2012, the estimated fair value of the Company's then-existing foreign currency derivative contracts would decrease or increase by $1, with the corresponding impact included in accumulated other comprehensive net losses or other (income) expense, net, as appropriate.

Commodity Price Risk

The Company is exposed to changes in the price of commodities used as raw materials in the manufacturing of its products. The Company uses various strategies to manage cost exposures on certain raw material purchases with the objective of obtaining more predictable costs for these commodities, including long-term commodity purchase contracts and commodity derivative contracts, where available at a reasonable cost. During fiscal years 2013 and 2012, the Company's raw materials exposures pertaining to derivative contracts existed with jet fuel, soybean oil and crude oil. Based on a hypothetical decrease or increase of 10% in these commodity prices as of June 30, 2013 and June 30, 2012, the estimated fair value of the Company's then-existing commodity derivative contracts would decrease or increase by $5 and $4, respectively, with the corresponding impact included in accumulated other comprehensive net losses.

Interest Rate Risk

The Company is exposed to interest rate volatility with regard to existing and anticipated future issuances of debt. Primary exposures related to existing debt include movements in U.S. commercial paper rates. Weighted average interest rates for commercial paper have been less than 1% during fiscal years 2013 and 2012. Assuming average variable rate debt levels during fiscal years 2013 and 2012, a 100 basis point increase in interest rates would increase interest expense from commercial paper by approximately $2 and $4, respectively. Assuming average variable rate debt levels in fiscal years 2013 and 2012, a decrease in interest rates to zero percent would decrease interest expense from commercial paper by approximately $1 and $2, respectively.

The Company is also exposed to interest rate volatility with regard to anticipated future issuances of debt. Primary exposures include movements in U.S. Treasury rates. The Company used interest rate forward contracts to reduce interest rate volatility on fixed rate long-term debt during fiscal years 2013 and 2012. The Company had no outstanding interest rate forward contracts as of June 30, 2013. Based on a hypothetical decrease or increase of 100 basis points on the underlying U.S. Treasury rates as of June 30, 2012, the estimated fair value of the Company's then-existing interest rate derivative contracts would have decreased or increased by $21, with the corresponding impact included in accumulated other comprehensive net losses.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On February 5, 2013, the Financial Accounting Standards Board (FASB) issued an update to current accounting standards to improve disclosures related to reclassifications out of accumulated other comprehensive income. Substantially all of the information that these amendments require already is required to be disclosed elsewhere in the financial statements. The amendments require an entity to report the effect of significant reclassifications on respective line items in net earnings or cross-reference other required disclosures, depending on the nature of the reclassification. The presentation requirements will be adopted by the Company beginning the first quarter of fiscal year 2014, as required.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The methods, estimates, and judgments the Company uses in applying its most critical accounting policies have a significant impact on the results the Company reports in its consolidated financial statements. Specific areas requiring the application of management’s estimates and judgment include, among others, assumptions pertaining to accruals for consumer and trade-promotion programs, share-based compensation costs, pension and post-employment benefit costs, future cash flows associated with impairment testing of goodwill and other long-lived assets, credit worthiness of customers, uncertain tax positions, tax valuation allowances and legal, environmental and insurance matters. Accordingly, a different financial presentation could result depending on the judgments, estimates, or assumptions that are used. The most critical accounting policies are those that are most important to the portrayal of the Company’s financial condition and results, and require the Company to make the most difficult and subjective judgments, often estimating the outcome of future events that are inherently uncertain. The Company’s most critical accounting policies are: revenue recognition; valuation of intangible assets and property, plant and equipment; employee benefits, including estimates related to share-based compensation; and income taxes. The Company’s critical accounting policies have been reviewed with the Audit Committee of the Board of Directors. A summary of the Company’s significant accounting policies is contained in Note 1 of the Notes to Consolidated Financial Statements.

Revenue Recognition

Sales are recognized as revenue when the risk of loss and title pass to the customer and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed or determinable, and collection is reasonably assured. Sales are recorded net of allowances for trade-promotions and other discounts. The Company routinely commits to one-time or ongoing trade-promotion programs with customers. Programs include shelf-price reductions, end-of-aisle or in-store displays of the Company’s products and graphics and other trade-promotion activities conducted by the customer. Costs related to these programs are recorded as a reduction of sales. The Company’s estimated costs of trade-promotions incorporate historical sales and spending trends by customer and category. The determination of these estimated costs requires judgment and may change in the future as a result of changes in customer promotion participation, particularly for new programs and for programs related to the introduction of new products. Final determination of the total cost of a promotion is dependent upon customers providing information about proof of performance and other information related to the promotional event. This process of analyzing and settling trade-promotion programs with customers could impact the Company’s results of operations and trade spending accruals depending on how actual results of the programs compare to original estimates. If the Company’s trade spending accrual estimates as of June 30, 2013, were to differ by 10%, the impact on net sales would be approximately $11.

Valuation of Intangible Assets and Property, Plant and Equipment

The Company tests its goodwill and other indefinite-lived intangible assets for impairment annually in the fiscal fourth quarter unless there are indications during a different interim period that these assets may have become impaired.

Goodwill

Consistent with the prior year, the Company’s reporting units for goodwill impairment testing purposes are its domestic Strategic Business Units (SBUs), Canada, Latin America and Rest of World. These reporting units are components of the Company’s business that are either operating segments or one level below an operating segment and for which discrete financial information is available that is reviewed by the managers of the respective operating segments. No instances of impairment were identified during the fiscal year 2013 impairment review and all of the Company’s reporting units had fair values that significantly exceeded recorded values. However, future changes in the judgments, assumptions and estimates that are used in the impairment testing for goodwill and indefinite-lived intangible assets as described below could result in significantly different estimates of the fair values.

In its evaluation of goodwill impairment, the Company performs either an initial qualitative or quantitative evaluation for each of its reporting units. Factors considered in the qualitative test include reporting unit operating results as well as new events and circumstances impacting the operations. If the result of a qualitative test indicates a potential for impairment, a quantitative test is also performed. The quantitative test is a two-step process. In the first step, the Company compares the estimated fair value of each reporting unit to its carrying value. If the estimated fair value of any reporting unit is less than its carrying value, the Company performs a second step to determine the implied fair value of the reporting unit's goodwill. If the carrying amount of a reporting unit’s goodwill exceeds its implied fair value, an impairment charge is recorded for the difference between the carrying amount and the implied fair value of the reporting unit’s goodwill.

To determine the fair value of a reporting unit as part of its quantitative test, the Company uses a discounted cash flow (DCF) approach, as it believes that this approach is the most reliable indicator of the fair value of its businesses and the fair value of their future earnings and cash flows. Under this approach, the Company estimates the future cash flows of each reporting unit and discounts these cash flows at a rate of return that reflects their relative risk. The cash flows used in the DCF are consistent with the Company’s three-year long-range plan, which is presented to the Board and gives consideration to actual business trends experienced, and the broader business strategy for the long term. The other key estimates and factors used in the DCF include, but are not limited to, future sales volumes, revenue and expense growth rates, changes in working capital, foreign exchange rates, currency devaluation, inflation, and a perpetuity growth rate. Changes in such estimates or the application of alternative assumptions could produce different results.

Trademarks and Other Indefinite-Lived Intangible Assets

For trademarks and other intangible assets with indefinite lives, the Company performs either a qualitative or quantitative analysis to test for impairment. When a quantitative test is performed, the estimated fair value of an asset is compared to its carrying amount. If the carrying amount of such asset exceeds its estimated fair value, an impairment charge is recorded for the difference between the carrying amount and the estimated fair value. The Company uses an income approach, the relief-from-royalty method, to estimate the fair value of its trademarks and other intangible assets with indefinite lives. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. The determination of the fair values of trademarks and other intangible assets with indefinite lives requires significant judgments in determining both the assets’ estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value. Changes in such estimates or the application of alternative assumptions could produce different results. There were no instances of impairment identified during fiscal years 2013, 2012 and 2011.

Property, Plant and Equipment and Finite-Lived Intangible Assets

Property, plant and equipment and finite-lived intangible assets are reviewed for possible impairment whenever events or changes in circumstances occur that indicate that the carrying amount of an asset (or asset group) may not be recoverable. The Company’s impairment review requires significant management judgment, including estimating the future success of product lines, future sales volumes, revenue and expense growth rates, alternative uses for the assets and estimated proceeds from the disposal of the assets. The Company conducts quarterly reviews of idle and underutilized equipment, and reviews business plans for possible impairment indicators. Impairment occurs when the carrying amount of the asset (or asset group) exceeds its estimated future undiscounted cash flows and the impairment is viewed as other than temporary. When impairment is indicated, an impairment charge is recorded for the difference between the asset’s book value and its estimated fair value. Depending on the asset, estimated fair value may be determined either by use of a DCF model or by reference to estimated selling values of assets in similar condition. The use of different assumptions would increase or decrease the estimated fair value of assets and would increase or decrease any impairment measurement.

Employee Benefits

The Company has various individual and group compensation and retirement income programs.

Incentive Compensation and 401(k) Programs

The Clorox Company 401(k) Plan provides for both a matching contribution that is paid every pay period and a fixed and non-discretionary contribution paid annually in the third quarter.

The Company’s payouts under the annual incentive compensation program are based on the Company achieving certain financial targets.

The Company accrues for the 401(k) contributions and annual incentive compensation program costs quarterly. Annual incentive compensation is based on estimated annual results versus targets established by the Company’s board of directors and is adjusted to actual results at the end of the fiscal year. As of June 30, 2013 and 2012, the Company accrued $14 and $15, respectively, for the 401(k) contribution; and $57 and $65, respectively, for the annual incentive compensation program.

Share-Based Compensation

The Company grants various nonqualified stock-based compensation awards, including stock options, performance units and restricted stock. The share-based compensation expense and related income tax benefit recognized in the consolidated statement of earnings in fiscal year 2013 were $35 and $13, respectively. As of June 30, 2013, there was $44 of unrecognized compensation costs related to non-vested stock options, restricted stock, and performance unit awards, which is expected to be recognized over a weighted average remaining vesting period of two years.

The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes valuation model, which requires management to make estimates regarding expected option life, stock price volatility and other assumptions. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The Company estimates stock option forfeitures based on historical data for each employee grouping and the estimated forfeiture rate is adjusted to reflect actual forfeitures upon vesting of such grouping. The adjustment of the forfeiture rate will result in a cumulative catch-up adjustment in the period the forfeiture estimate is changed. During fiscal year 2013, adjustments totaled less than $1.

The use of different assumptions in the Black-Scholes valuation model could lead to a different estimate of the fair value of each stock option. The expected volatility is based on implied volatility from publicly traded options on the Company’s stock at the date of grant, historical implied volatility of the Company’s publicly traded options and other factors. If the Company’s assumption for the volatility rate increased by one percentage point, the fair value of options granted in fiscal year 2013 would have increased by $1. The expected life of the stock options is based on observed historical exercise patterns. If the Company’s assumption for the expected life increased by one year, the fair value of options granted in fiscal year 2013 would have increased by less than $1.

The Company’s performance unit grants provide for the issuance of common stock to certain managerial staff and executive management if the Company achieves specified performance targets. The performance period is three years and the payout determination is made at the end of the three-year performance period. The fair value of each grant issued is estimated on the date of grant based on the current market price of the stock. The total amount of compensation expense recognized reflects estimated forfeiture rates and the initial assumption that performance goals will be achieved. Compensation expense is adjusted based on management’s assessment of the probability that performance goals will be achieved. If such goals are not met or it is determined that achievement of performance goals is not probable, previously recognized compensation expense is trued-up in the current period to reflect the expected payout level. If it is determined that the performance goals will be exceeded, additional compensation expense is recognized, subject to a cap of 150% of target.

Retirement Income Plans

The determination of net periodic pension cost is based on actuarial assumptions including a discount rate to reflect the time value of money, the long-term rate of return on plan assets, employee compensation rates and demographic assumptions to determine the probability and timing of benefit payments. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation. The long-term rate of return on plan assets assumption is based on historical returns for similar classes of assets for each asset class and the current asset allocation. The rate is a summation of the estimated return of each asset class weighted by each class’ proportion to the total plan assets. The actual net periodic pension cost could differ from the expected results because actuarial assumptions and estimates are used. In the calculation of pension expense related to domestic plans for 2013, the Company used a beginning-of-year discount rate assumption of 3.8% and a long-term rate of return on plan assets assumption of 7.6%. The use of a different discount rate or long-term rate of return on domestic plan assets can significantly impact pension expense. For example, as of June 30, 2013, a decrease of 100 basis points in the discount rate would increase pension liability by approximately $58, and decrease fiscal year 2013 pension expense by $1. A 100 basis point decrease in the long-term rate of return on plan assets would increase fiscal year 2013 pension expense by $4. At the end of fiscal year 2013, the long-term rate of return is assumed to be 6.7% for the domestic plan assets. This change is a result of the change in the plan’s target investment allocation. The Company also has defined benefit pension plans for eligible international employees, including Canadian and Australian employees, and different assumptions are used in the determination of pension expense for those plans, as appropriate. Refer to Note 19 of the Notes to Consolidated Financial Statements for further discussion of pension and other retirement plan obligations.

Income Taxes

The Company’s effective tax rate is based on income by tax jurisdiction, statutory tax rates and tax planning opportunities available to the Company in the various jurisdictions in which the Company operates. Significant judgment is required in determining the Company’s effective tax rate and in evaluating its tax positions.

The Company maintains valuation allowances where it is likely that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in the Company’s income tax provision in the period of change. In determining whether a valuation allowance is warranted, the Company takes into account such factors as prior earnings history, expected future earnings, unsettled circumstances that, if unfavorably resolved, would adversely affect utilization of a deferred tax asset, statutory carry-back and carry-forward periods, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset. Valuation allowances maintained by the Company relate mostly to deferred tax assets arising from the Company’s currently anticipated inability to use net operating losses in certain foreign countries.

In addition to valuation allowances, the Company provides for uncertain tax positions when such tax positions do not meet certain recognition thresholds or measurement standards. Amounts for uncertain tax positions are adjusted in quarters when new information becomes available or when positions are effectively settled.

United States income taxes and foreign withholding taxes are not provided when foreign earnings are indefinitely reinvested. The Company determines whether its foreign subsidiaries will invest their undistributed earnings indefinitely and reassesses this determination on a periodic basis. A change to the Company’s determination may be warranted based on the Company’s experience as well as plans regarding future international operations and expected remittances. Changes in the Company's determination would likely require an adjustment to the income tax provision in the quarter in which the determination is made.

SUMMARY OF NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures included in this MD&A and Exhibit 99.3 and the reasons management believes they are useful to investors are described below. These measures should be considered supplemental in nature and are not intended to be a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, these measures may not be the same as similarly named measures presented by other companies.

Where indicated, each of the following non-GAAP financial measures excludes the fiscal year 2011 noncash goodwill impairment charge:

- *Adjusted diluted net earnings per share from continuing operations*
- *Earnings from continuing operations before income taxes and noncash goodwill impairment charge*

The Company’s management believes measures excluding the fiscal year 2011 noncash goodwill impairment charge are reflective of its sustainable results and trends and that this non-GAAP information provides investors with a more comparable measure of year-over-year financial performance. Refer to “Executive Summary,” “Diluted net earnings per share from continuing operations,” “Segment results from continuing operations – Lifestyle” and “Segment results from continuing operations – International” for reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Free cash flow is calculated as net cash provided by continuing operations less capital expenditures. The Company’s management uses this measure and *free cash flow as a percentage of net sales* to help assess the cash generation ability of the business and 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 does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. Refer to “Free cash flow” and “Free cash flow as a percentage of net sales” above for a reconciliation of these non-GAAP measures.

Economic profit (EP) is defined by the Company as earnings from continuing operations before income taxes, noncash restructuring related and asset impairment costs, noncash goodwill impairment and interest expense; less an amount of tax based on the effective tax rate before any noncash goodwill impairment charge, and less a charge equal to average capital employed multiplied by the weighted-average cost of capital. The Company's management uses EP to evaluate business performance and allocate resources, and is a component in determining management's incentive compensation. The Company's management believes 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. Refer to Exhibit 99.3 for a reconciliation of EP to earnings from continuing operations before income taxes.

EBIT represents earnings from continuing operations before income taxes, interest income and interest expense. *EBIT margin* is the ratio of EBIT to net sales. The Company's management believes these measures provide useful additional information to investors about trends in the Company's operations and are useful for period-over-period comparisons.

CAUTIONARY STATEMENT

This Annual Report on Form 10-K for the fiscal year ended June 30, 2013 (this Report), including the exhibits hereto and the information incorporated by reference herein, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such forward-looking statements involve risks and uncertainties. Except for historical information, matters discussed below, including statements about future volume, sales, costs, cost savings, earnings, cash flows, plans, objectives, expectations, growth or profitability, are forward-looking statements based on management’s estimates, assumptions and projections. Words such as “will,” “could,” “may,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and variations on such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed below. Important factors that could affect performance and cause results to differ materially from management’s expectations are described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Report, as updated from time to time in the Company’s Securities and Exchange Commission (SEC) filings. These factors include, but are not limited to:

- worldwide, regional and local economic conditions and financial market volatility;
- risks related to international operations, including political instability, foreign currency exchange rate fluctuations and government-imposed price controls or other regulations, particularly in Venezuela and Argentina;
- intense competition in the Company’s markets;
- volatility and increases in commodity costs such as resin, sodium hypochlorite and agricultural commodities, and increases in energy or transportation costs;
- the ability of the Company to drive sales growth, increase market share, grow its product categories and achieve favorable product and geographic mix;
- dependence on key customers and risks related to customer ordering patterns;
- the ability of the Company to implement and generate anticipated cost savings and efficiencies;
- costs resulting from government regulations;
- the ability of the Company to successfully manage global political, legal, tax and regulatory risks;
- the impact of product liability claims and other legal proceedings, including in foreign jurisdictions;
- the success of the Company’s business strategies;
- the ability of the Company to develop and introduce commercially successful products;
- risks relating to acquisitions, new ventures and divestitures, and associated costs;
- supply disruptions and other risks inherent in reliance on a limited base of suppliers;
- the Company’s ability to attract and retain key personnel;
- the Company’s ability to maintain its business reputation and the reputation of its brands;
- environmental matters including costs associated with the remediation of past contamination and the handling and/or transportation of hazardous substances;
- the impact of natural disasters and other events beyond the Company’s control;
- the Company’s ability to maximize, assert and defend its intellectual property rights;
- any infringement by the Company of third-party intellectual property rights;
- the effect of the Company’s indebtedness on its operations and financial results;
- changes to the Company’s credit rating;
- the sufficiency of the Company’s cash flow;
- the Company’s ability to maintain an effective system of internal controls;
- risks related to reliance on information technology systems, including potential security breaches or service interruptions;
- uncertainties relating to tax positions, tax disputes and changes in the Company’s tax rate;
- the accuracy of the Company’s estimates and assumptions on which its financial statement projections are based; and
- the Company’s ability to declare dividends or repurchase its stock in the future.

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* published in 1992. Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2013 and concluded that it is effective.

The Company's independent registered public accounting firm, Ernst & Young LLP has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of The Clorox Company and subsidiaries

We have audited the accompanying consolidated balance sheets of The Clorox Company and subsidiaries as of June 30, 2013 and 2012, and the related consolidated statements of earnings, comprehensive income, stockholders’ equity (deficit) and cash flows for each of the three years in the period ended June 30, 2013. Our audits also included the financial statement schedule in Exhibit 99.2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Clorox Company and subsidiaries at June 30, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Clorox Company's internal control over financial reporting as of June 30, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated August 23, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, CA
August 23, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of The Clorox Company and subsidiaries

We have audited The Clorox Company and subsidiaries internal control over financial reporting as of June 30, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). The Clorox Company and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, The Clorox Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013, based on the COSO criteria.

We also have audited, accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Clorox Company and subsidiaries as of June 30, 2013 and 2012, and the related consolidated statements of earnings, comprehensive income, stockholders' equity (deficit), and cash flows for each of the three years in the period ended June 30, 2013 of The Clorox Company and subsidiaries and our report dated August 23, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, CA
August 23, 2013

CONSOLIDATED STATEMENTS OF EARNINGS
The Clorox Company

Years ended June 30 Dollars in millions, except per share amounts	2013	2012	2011
Net sales	$ 5,623	$ 5,468	$ 5,231
Cost of products sold	3,211	3,164	2,958
Gross profit	2,412	2,304	2,273
Selling and administrative expenses	807	798	735
Advertising costs	500	482	502
Research and development costs	130	121	115
Goodwill impairment	-	-	258
Interest expense	122	125	123
Other (income) expense, net	-	(13)	(23)
Earnings from continuing operations before income taxes	853	791	563
Income taxes on continuing operations	279	248	276
Earnings from continuing operations	574	543	287
(Losses) earnings from discontinued operations, net of tax	(2)	(2)	270
Net earnings	$ 572	$ 541	$ 557
Net earnings (losses) per share			
Basic			
Continuing operations	$ 4.38	$ 4.15	$ 2.09
Discontinued operations	(0.01)	(0.01)	1.97
Basic net earnings per share	$ 4.37	$ 4.14	$ 4.06
Diluted			
Continuing operations	$ 4.31	$ 4.10	$ 2.07
Discontinued operations	(0.01)	(0.01)	1.95
Diluted net earnings per share	$ 4.30	$ 4.09	$ 4.02
Weighted average shares outstanding (in thousands)			
Basic	131,075	130,852	136,699
Diluted	132,969	132,310	138,101

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
The Clorox Company

Years ended June 30 Dollars in millions	2013	2012	2011
Net earnings	$ 572	$ 541	$ 557
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of tax of $8, $5 and $12, respectively	(11)	(41)	54
Net unrealized gains (losses) on derivatives, net of tax of $1, $4 and $3, respectively	3	(37)	5
Pension and postretirement benefit adjustments, net of tax of $22, $37 and $39, respectively	37	(68)	64
Other	-	-	(2)
Total other comprehensive income (loss), net of tax	29	(146)	121
Comprehensive income	$ 601	$ 395	$ 678

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS
The Clorox Company

As of June 30 Dollars in millions, except per share amounts	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 299	$ 267
Receivables, net	580	576
Inventories, net	394	384
Other current assets	147	149
Total current assets	1,420	1,376
Property, plant and equipment, net	1,021	1,081
Goodwill	1,105	1,112
Trademarks, net	553	556
Other intangible assets, net	74	86
Other assets	138	144
Total assets	$ 4,311	$ 4,355
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Notes and loans payable	$ 202	$ 300
Current maturities of long-term debt	-	850
Accounts payable	413	412
Accrued liabilities	490	494
Income taxes payable	29	5
Total current liabilities	1,134	2,061
Long-term debt	2,170	1,571
Other liabilities	742	739
Deferred income taxes	119	119
Total liabilities	4,165	4,490
Commitments and contingencies		
Stockholders' equity (deficit)		
Preferred stock: $1.00 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Common stock: $1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued at June 30, 2013 and 2012; and 130,366,911 and 129,562,082 shares outstanding at June 30, 2013 and 2012, respectively	159	159
Additional paid-in capital	661	633
Retained earnings	1,561	1,350
Treasury shares, at cost: 28,374,550 and 29,179,379 shares at June 30, 2013 and 2012, respectively	(1,868)	(1,881)
Accumulated other comprehensive net loss	(367)	(396)
Stockholders' equity (deficit)	146	(135)
Total liabilities and stockholders' equity (deficit)	$ 4,311	$ 4,355

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

The Clorox Company

Dollars in millions	Common Stock Shares (000)	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares Shares (000)	Treasury Shares Amount	Accumulated Other Comprehensive Net (Loss) Income	Total
Balance at June 30, 2010	158,741	$ 159	$ 617	$ 920	(19,977)	$ (1,242)	$ (371)	$ 83
Net earnings				557				557
Other comprehensive income							121	121
Accrued dividends				(306)				(306)
Share-based compensation			32					32
Other employee stock plan activities			(17)	(28)	2,078	127		82
Treasury stock purchased					(9,776)	(655)		(655)
Balance at June 30, 2011	158,741	159	632	1,143	(27,675)	(1,770)	(250)	(86)
Net earnings				541				541
Other comprehensive loss							(146)	(146)
Accrued dividends				(320)				(320)
Share-based compensation			27					27
Other employee stock plan activities			(26)	(14)	1,915	114		74
Treasury stock purchased					(3,419)	(225)		(225)
Balance at June 30, 2012	158,741	159	633	1,350	(29,179)	(1,881)	(396)	(135)
Net earnings				572				572
Other comprehensive income							29	29
Accrued dividends				(348)				(348)
Share-based compensation			35					35
Other employee stock plan activities			(7)	(13)	2,304	141		121
Treasury stock purchased					(1,500)	(128)		(128)
Balance at June 30, 2013	158,741	$ 159	$ 661	$ 1,561	(28,375)	$ (1,868)	$ (367)	$ 146

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
The Clorox Company

Years ended June 30 Dollars in millions	2013	2012	2011
Operating activities:			
Net earnings	$ 572	$ 541	$ 557
Deduct: (Losses) earnings from discontinued operations, net of tax	(2)	(2)	270
Earnings from continuing operations	574	543	287
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	182	178	173
Share-based compensation	35	27	32
Deferred income taxes	(11)	(12)	73
Goodwill impairment	-	-	258
Other	20	(36)	12
Changes in:			
Receivables, net	(8)	(52)	(33)
Inventories, net	(11)	1	(37)
Other current assets	11	(3)	21
Accounts payable and accrued liabilities	(30)	10	(52)
Income taxes payable	15	(36)	(44)
Net cash provided by continuing operations	777	620	690
Net cash (used for) provided by discontinued operations	(2)	(8)	8
Net cash provided by operations	775	612	698
Investing activities:			
Capital expenditures	(194)	(192)	(228)
Proceeds from sale of businesses, net of transaction costs	-	-	747
Proceeds from sale-leasebacks, net of transaction costs	135	-	-
Businesses acquired, net of cash acquired	-	(93)	-
Other	4	8	25
Net cash (used for) provided by investing activities	(55)	(277)	544
Financing activities:			
Notes and loans payable, net	(98)	(164)	87
Long-term debt borrowings, net of issuance costs	593	297	-
Long-term debt repayments	(850)	-	(300)
Treasury stock purchased	(128)	(225)	(655)
Cash dividends paid	(335)	(315)	(303)
Issuance of common stock for employee stock plans and other	133	86	93
Net cash used for financing activities	(685)	(321)	(1,078)
Effect of exchange rate changes on cash and cash equivalents	(3)	(6)	8
Net increase in cash and cash equivalents	32	8	172
Cash and cash equivalents:			
Beginning of year	267	259	87
End of year	$ 299	$ 267	$ 259
Supplemental cash flow information:			
Interest paid	$ 129	$ 123	$ 131
Income taxes paid, net of refunds	263	292	295
Noncash financing activities:			
Cash dividends declared and accrued, but not paid	93	85	80

See Notes to Consolidated Financial Statements

(Dollars in millions, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation

The Company is principally engaged in the production, marketing and sales of consumer products through mass merchandisers, retail outlets, e-commerce channels, distributors and medical supply providers. The consolidated financial statements include the statements of the Company and its wholly-owned and controlled subsidiaries. All significant intercompany transactions and accounts were eliminated in consolidation. Certain prior year reclassifications were made in the consolidated financial statements and related notes to consolidated financial statements to conform to the current year presentation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Specific areas requiring the application of management's estimates and judgments include assumptions pertaining to accruals for consumer and trade-promotion programs, share-based compensation costs, pension and post-employment benefit costs, future cash flows associated with impairment testing of goodwill and other long-lived assets, the credit worthiness of customers, uncertain tax positions, tax valuation allowances and legal, environmental and insurance matters. Actual results could materially differ from estimates and assumptions made.

Recently Issued Accounting Pronouncements

On February 5, 2013, the Financial Accounting Standards Board (FASB) issued an update to current accounting standards to improve disclosures related to reclassifications out of accumulated other comprehensive income. Substantially all of the information that these amendments require already is required to be disclosed elsewhere in the financial statements. The amendments require an entity to report the effect of significant reclassifications on respective line items in net earnings or cross-reference other required disclosures, depending on the nature of the reclassification. The presentation requirements will be adopted by the Company beginning the first quarter of fiscal year 2014, as required.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid instruments, time deposits and money market funds with an initial maturity at purchase of three months or less. The fair value of cash and cash equivalents approximates the carrying amount.

The Company's cash position includes amounts held by foreign subsidiaries, and, as a result, the repatriation of certain cash balances from some of the Company's foreign subsidiaries could result in additional tax costs. However, these cash balances are generally available without legal restriction to fund local business operations. In addition, a portion of the Company's cash balance is held in U.S. dollars by foreign subsidiaries, whose functional currency is their local currency. Such U.S. dollar balances are reported on the foreign subsidiaries' books, in their functional currency, with the impact from foreign currency exchange rate differences recorded in other (income) expense, net. The Company's cash holdings were as follows as of June 30:

	2013	2012
Non-U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	$ 115	$ 81
U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	36	35
Non-U.S. dollar balances held by U.S. dollar functional currency subsidiaries	18	20
U.S. dollar balances held by U.S. dollar functional currency subsidiaries	130	131
Total	$ 299	$ 267

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost or market. When necessary, the Company provides allowances to adjust the carrying value of its inventory to the lower of cost or market, including any costs to sell or dispose. Appropriate consideration is given to obsolescence, excessive inventory levels, product deterioration and other factors in evaluating net realizable value for the purposes of determining the lower of cost or market.

Property, Plant and Equipment and Finite-Lived Intangible Assets

Property, plant and equipment and finite-lived intangible assets are stated at cost. Depreciation and amortization expense are calculated by the straight-line method using the estimated useful lives of the related assets. The table below provides estimated useful lives of property, plant and equipment by asset classification.

	Estimated Useful Lives
Buildings	10 - 40 years
Land improvements	10 - 30 years
Machinery and equipment	3 - 15 years
Computer equipment	3 years
Capitalized software costs	3 - 7 years

Property, plant and equipment and finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances occur that indicate that the carrying amount of an asset (or asset group) may not be recoverable. The Company’s impairment review is based on an estimate of the undiscounted cash flows at the lowest level for which identifiable cash flows exist. Impairment occurs when the book value of the asset exceeds the estimated future undiscounted cash flows generated by the asset and the impairment is viewed as other than temporary. When an impairment is indicated, an impairment charge is recorded for the difference between the book value of the asset and its estimated fair market value. Depending on the asset, estimated fair market value may be determined either by use of a discounted cash flow model, or by reference to estimated selling values of assets in similar condition.

Capitalization of Software Costs

The Company capitalizes certain significant costs incurred in the acquisition and development of software for internal use, including the costs of the software, materials, consultants, interest and payroll and payroll-related costs for employees during the application development stage. Costs incurred prior to the application development stage, costs incurred once the application is substantially complete and ready for its intended use, and other costs not qualifying for capitalization, including training and maintenance costs, are charged to expense. Capitalized software amortization was $21, $18 and $19, in fiscal years 2013, 2012 and 2011, respectively.

Impairment Review of Goodwill and Indefinite-Lived Intangible Assets

The Company tests its goodwill, trademarks with indefinite lives and other indefinite-lived intangible assets annually in the fiscal fourth quarter unless there are indications during a different interim period that these assets may have become impaired. With respect to goodwill, the Company performs either a qualitative or quantitative evaluation for each of its reporting units. Factors considered in the qualitative test include reporting unit specific operating results as well as new events and circumstances impacting the operations at the reporting unit level. If the result of a qualitative test indicates a potential for impairment, a quantitative test is performed. The quantitative test is a two-step process. In the first step, the Company compares the estimated fair value of each reporting unit to its carrying value. If the estimated fair value of any reporting unit is less than its carrying value, the Company performs a second step to determine the implied fair value of the reporting unit's goodwill. If the carrying amount of a reporting unit’s goodwill exceeds its implied fair value, an impairment charge is recorded for the difference between the carrying amount and the implied fair value of the reporting unit’s goodwill. For trademarks and other intangible assets with indefinite lives, the Company performs either a qualitative or quantitative analysis to test for impairment. When a quantitative test is performed, the estimated fair value of an asset is compared to its carrying amount. If the carrying amount of such asset exceeds its estimated fair value, an impairment charge is recorded for the difference between the carrying amount and the estimated fair value. The Company’s estimates of fair value are based primarily on a discounted cash flow approach that requires significant management judgment with respect to future sales volumes, revenue and expense growth rates, changes in working capital, foreign exchange rates, currency devaluation, inflation, and a perpetuity growth rate.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Compensation

The Company grants various nonqualified stock-based compensation awards, including stock options and performance units.

For stock options, the Company estimates the fair value of each award on the date of grant using the Black-Scholes valuation model, which requires management to make estimates regarding expected option life, stock price volatility and other assumptions. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The Company estimates stock option forfeitures based on historical data for each employee grouping and the estimated forfeiture rate is adjusted to reflect actual forfeitures upon vesting of such grouping. The adjustment of the forfeiture rate will result in a cumulative catch-up adjustment in the period the forfeiture estimate is changed. The expense is recorded by amortizing the grant date fair values on a straight-line basis over the vesting period, adjusted for estimated forfeitures.

The Company’s performance unit grants provide for the issuance of common stock to certain managerial staff and executive management if the Company achieves specified performance targets. The performance period is three years and the payout determination is made at the end of the three-year performance period. The fair value of each grant issued is estimated on the date of grant based on the current market price of the stock. The total amount of compensation expense recognized reflects estimated forfeiture rates and the initial assumption that performance goals will be achieved. Compensation expense is adjusted based on management’s assessment of the probability that performance goals will be achieved. If such goals are not met or it is determined that achievement of performance goals is not probable, previously recognized compensation expense is trued-up in the current period to reflect the expected payout level. If it is determined that the performance goals will be exceeded, additional compensation expense is recognized, subject to a cap of 150% of target.

Cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for share-based payment arrangements (excess tax benefits) are primarily classified as financing cash flows.

Employee Benefits

The Company accounts for its defined benefit retirement income and retirement health care plans using actuarial methods . These methods use an attribution approach that generally spreads “plan events” over the service lives of plan participants. Examples of plan events are plan amendments and changes in actuarial assumptions such as the expected return on plan assets, discount rate, rate of compensation increase, and certain employee-related factors, such as retirement age and mortality. The principle underlying the attribution approach is that employees render service over their employment period on a relatively “smooth” basis, and, therefore, the statement of earnings effects of retirement income and retirement health care plans are recognized in the same pattern.

One of the principal assumptions used in the net periodic benefit cost calculation is the expected return on plan assets. The required use of an expected return on plan assets may result in recognized pension expense or income that differs from the actual returns of those plan assets in any given year. Over time, however, the goal is for the expected long-term returns to approximate the actual returns and, therefore, the expectation is that the pattern of income and expense recognition should closely match the pattern of the services provided by the participants. The Company uses a market-related value method for calculating plan assets for purposes of determining the amortization of actuarial gains and losses. This method employs an asset smoothing approach. The differences between actual and expected returns are recognized in the net periodic benefit cost calculation over the average remaining service period of the plan participants using the corridor approach. Under this approach, only actuarial gains (losses) that exceed 5% of the greater of the projected benefit obligation or the market-related value of assets are amortized to pension expense by the Company. In developing its expected return on plan assets, the Company considers the long-term actual returns relative to the mix of investments that comprise its plan assets and also develops estimates of future investment returns by considering external sources.

The Company recognizes an actuarial-based obligation at the onset of disability for certain benefits provided to individuals after employment, but before retirement, that include medical, dental, vision, life and other benefits.

Environmental Costs

The Company is involved in certain environmental remediation and ongoing compliance activities. Accruals for environmental matters are recorded on a site-by-site basis when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. The Company's accruals reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of the relevant costs. These accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. The aggregate accrual for environmental matters is included in other liabilities in the Company's consolidated balance sheets on an undiscounted basis due to uncertainty regarding the timing of future payments.

Revenue Recognition

Sales are recognized as revenue when the risk of loss and title pass to the customer and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed or determinable, and collection is reasonably assured. Sales are recorded net of allowances for returns, trade-promotions, coupons and other discounts. The Company routinely commits to one-time or ongoing trade-promotion programs with customers and consumer coupon programs that require the Company to estimate and accrue the expected costs of such programs. Programs include shelf price reductions, end-of-aisle or in-store displays of the Company's products and graphics and other trade-promotion activities conducted by the customer. Coupons are recognized as a liability when distributed based upon expected consumer redemptions. The Company maintains liabilities at the end of each period for the estimated expenses incurred, but unpaid for these programs. Trade-promotion and coupon costs are recorded as a reduction of sales. The Company provides an allowance for doubtful accounts based on its historical experience and ongoing assessment of its customers' credit risk. Receivables were presented net of an allowance for doubtful accounts of $5 and $7 as of June 30, 2013 and 2012, respectively. The Company's provision for doubtful accounts was $0, $3 and $0 in fiscal years 2013, 2012 and 2011, respectively.

Receivables, net, included non-customer receivables of $13 and $25 as of June 30, 2013 and 2012, respectively.

Cost of Products Sold

Cost of products sold represents the costs directly related to the manufacture and distribution of the Company's products and primarily includes raw materials, packaging, contract packer fees, shipping and handling, warehousing, package design, depreciation, amortization and direct and indirect labor and operating costs for the Company's manufacturing facilities including salary, benefit costs and incentive compensation.

Costs associated with developing and designing new packaging are expensed as incurred and include design, artwork, films and labeling. Expenses for fiscal years ended June 30, 2013, 2012 and 2011 were $10, $10, and $11, respectively, of which $10 were classified as cost of products sold each fiscal year, with the remainder classified as selling and administrative expenses.

Selling and Administrative Expenses

Selling and administrative expenses represent costs incurred by the Company in generating revenues and managing the business and include market research, commissions and certain administrative expenses. Administrative expenses include salary, benefits, incentive compensation, professional fees and services, software and licensing fees and other operating costs associated with the Company's non-manufacturing, non-research and development staff, facilities and equipment.

Advertising and Research and Development Costs

The Company expenses advertising and research and development costs in the period incurred.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. Management reviews the Company's deferred tax assets to determine whether their value can be realized based upon available evidence. A valuation allowance is established when management believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company's tax provision in the period of change. In addition to valuation allowances, the Company provides for uncertain tax positions when such tax positions do not meet certain recognition thresholds or measurement standards. Amounts for uncertain tax positions are adjusted in quarters when new information becomes available or when positions are effectively settled.

U.S. income tax expense and foreign withholding taxes are provided on unremitted foreign earnings that are not indefinitely reinvested at the time the earnings are generated. Where foreign earnings are indefinitely reinvested, no provision for U.S. income or foreign withholding taxes is made. When circumstances change and the Company determines that some or all of the undistributed earnings will be remitted in the foreseeable future, the Company accrues an expense in the current period for U.S. income taxes and foreign withholding taxes attributable to the anticipated remittance.

Foreign Currency Transactions and Translation

Local currencies are the functional currencies for substantially all of the Company's foreign operations. When the transactional currency is different than the functional currency, transaction gains and losses are included as a component of other (income) expense, net. In addition, certain assets and liabilities denominated in currencies different than a foreign subsidiary's functional currency are reported on the subsidiary's books in its functional currency, with the impact from exchange rate differences recorded in other (income) expense, net. Assets and liabilities of foreign operations are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average monthly exchange rates during the year. Gains and losses on foreign currency translations are reported as a component of other comprehensive income. Deferred taxes are not provided on cumulative translation adjustments where the Company expects earnings of a foreign subsidiary to be indefinitely reinvested. The income tax effect of currency translation adjustments related to foreign subsidiaries and joint ventures for which earnings are not considered indefinitely reinvested is recorded as a component of deferred taxes with an offset to other comprehensive income.

Venezuela

The financial statements of the Company's subsidiary in Venezuela are consolidated under the rules governing the preparation of financial statements in a highly inflationary economy. As such, the subsidiary's non-U.S. dollar (non-USD) monetary assets and liabilities are remeasured into USD each reporting period with the resulting gains and losses reflected in other (income) expense, net.

On February 8, 2013, the Venezuelan government announced a devaluation of the official currency exchange rate (CADIVI) from 4.3 to 6.3 bolívares fuertes (VEF) per USD and the elimination of the alternative currency exchange system, SITME. Prior to February 8, 2013, the Company had been utilizing the rate at which it had been obtaining USD through SITME to remeasure its Venezuelan financial statements, which was 5.7 VEF per USD at the announcement date. In response to these developments, the Company began utilizing the CADIVI rate of 6.3 VEF per USD. The Company recorded a remeasurement loss of $4 related to the devaluation in fiscal year 2013, which was reflected in other (income) expense, net.

In March 2013, the Venezuelan government announced the creation of a new alternative currency exchange system (SICAD), which is intended to complement CADIVI. Based on a number of factors, including the limited number of SICAD auctions held to date, restrictions placed on eligible participants, the amount of USD available to purchase through the auction process, and the lack of official information about the resulting exchange rate, the Company does not believe it is appropriate to use the SICAD rate as the official remeasurement rate at this time.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments

The Company's use of derivative instruments, principally swaps, futures and forward contracts, is limited to non-trading purposes and is designed to partially manage exposure to changes in commodity prices, interest rates and foreign currencies. The Company's contracts are hedges for transactions with notional amounts and periods consistent with the related exposures and do not constitute investments independent of these exposures.

Most commodity, interest rate and foreign exchange derivative contracts are designated as cash flow hedges of certain forecasted raw material purchases, interest payments and finished goods inventory purchases, based on certain hedge criteria. The criteria used to determine if hedge accounting treatment is appropriate are: (a) whether the designation of the hedge is to an underlying exposure and (b) whether there is sufficient correlation between the value of the derivative instrument and the underlying obligation. The changes in the fair value of derivatives are recorded as either assets or liabilities in the balance sheet with an offset to net earnings or other comprehensive income depending on whether, for accounting purposes, the derivative is designated and qualifies as a hedge. The Company de-designates cash flow hedge relationships when it determines that the hedge relationships are no longer highly effective or that the forecasted transaction is no longer probable. Upon de-designation of a hedge, the portion of gains or losses on the derivative instrument that was previously accumulated in other comprehensive income remains in accumulated other comprehensive income until the forecasted transaction is recognized in net earnings, or is recognized in net earnings immediately if the forecasted transaction is no longer probable. From time to time, the Company may have contracts not designated as hedges for accounting purposes, for which it recognizes changes in the fair value in other (income) expense, net. Cash flows from hedging activities are classified as operating activities in the consolidated statements of cash flows.

The Company uses different methodologies, when necessary, to estimate the fair value of its derivative contracts. The estimated fair values of the majority of the Company's contracts are based on quoted market prices, traded exchange market prices, or broker price quotations, and represent the estimated amounts that the Company would pay or receive to terminate the contracts.

NOTE 2. SALE OF GLOBAL AUTO CARE BUSINESSES

In September 2010, the Company entered into a definitive agreement to sell its global auto care businesses (Auto Businesses) to an affiliate of Avista Capital Partners in an all-cash transaction. In November 2010, the Company completed the sale pursuant to the terms of a Purchase and Sale Agreement (Purchase Agreement) and received cash consideration of $755. The Company also received cash flows of approximately $30 related to net working capital that was retained by the Company as part of the sale. Included in earnings from discontinued operations for the fiscal year ended June 30, 2011, was an after-tax gain on the transaction of $247.

The following table includes financial results included in discontinued operations for the fiscal year ended June 30, 2011:

Net sales	$	95
Earnings before income taxes	$	34
Income tax expense on earnings		(11)
Gain on sale, net of tax		247
Earnings from discontinued operations, net of tax	$	270

NOTE 3. BUSINESSES ACQUIRED

In December 2011, the Company acquired HealthLink, Aplicare, Inc. and Soy Vay Enterprises, Inc., including each business' workforce, for purchase prices aggregating $97, funded through commercial paper borrowings. The cash amount paid of $93 represents the aggregate purchase prices less cash acquired. Results for HealthLink and Aplicare, Inc., providers of infection control products for the health care industry, are reflected in the Cleaning reportable segment. Results for Soy Vay Enterprises, Inc., a California-based operation that provides the Company a presence in the market for Asian sauces, are reflected in the Lifestyle reportable segment. Pro forma results reflecting the acquisitions were not presented because the acquisitions were not significant, individually or when aggregated, to the Company's consolidated financial results.

NOTE 4. INVENTORIES, NET

Inventories, net, consisted of the following as of June 30:

	2013	2012
Finished goods	$ 321	$ 307
Raw materials and packaging	121	120
Work in process	3	4
LIFO allowances	(40)	(37)
Allowances for obsolescence	(11)	(10)
Total	$ 394	$ 384

The last-in, first-out (LIFO) method was used to value approximately 37% and 39% of inventories as of June 30, 2013 and 2012, respectively. The carrying values for all other inventories, including inventories of all international businesses, are determined on the first-in, first-out (FIFO) method. The effect on earnings of the liquidation of LIFO layers was a benefit of $3, $2 and $1 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively.

During fiscal years 2013, 2012 and 2011, the Company's inventory obsolescence expense was $12, $13 and $15, respectively.

NOTE 5. OTHER CURRENT ASSETS

Other current assets consisted of the following as of June 30:

	2013	2012
Deferred tax assets	$ 87	$ 92
Prepaid expenses	41	43
Other	19	14
Total	$ 147	$ 149

As of June 30, 2013 and 2012, Other in the table above included $13 and $9 of restricted cash, respectively. As of June 30, 2013 and 2012, restricted cash of $10 and $3, respectively, was held by a foreign subsidiary as a prepayment received for intercompany services. Restrictions on this balance are being released as those services are performed. As of June 30, 2013 and 2012, $0 and $10, respectively, of related restricted cash was included in other assets (long-term). Additionally, as of June 30, 2013 and 2012, the Company had restricted cash of $3 and $6, respectively, held in escrow related to prior year acquisitions. As of June 30, 2013 and 2012, $0 and $2, respectively, of related restricted cash was included in other assets (long-term).

As of June 30, 2013 and 2012, Other in the table above included assets held for sale of $2 and $1, respectively. The assets held for sale as of June 30, 2013 related to two manufacturing facilities and a warehouse expected to be sold in fiscal year 2014.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT, NET

The components of property, plant and equipment, net, consisted of the following as of June 30:

	2013	2012
Machinery and equipment	$ 1,590	$ 1,533
Buildings	485	646
Capitalized software costs	362	328
Land and improvements	119	142
Construction in progress	96	149
Computer equipment	80	87
	2,732	2,885
Less: accumulated depreciation and amortization	(1,711)	(1,804)
Total	$ 1,021	$ 1,081

Depreciation and amortization expense related to property, plant and equipment, net, was $162, $158 and $153 in fiscal years 2013, 2012 and 2011, respectively.

NOTE 7. GOODWILL, TRADEMARKS AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill, trademarks and other intangible assets for the fiscal years ended June 30, 2013 and 2012, were as follows:

	Goodwill				
	Cleaning	Lifestyle	Household	International	Total
Balance June 30, 2011	$ 275	$ 235	$ 85	$ 475	$ 1,070
Acquisitions	48	8	-	-	56
Translation adjustments and other	-	1	-	(15)	(14)
Balance June 30, 2012	$ 323	$ 244	$ 85	$ 460	$ 1,112
Translation adjustments and other	-	-	-	(7)	(7)
Balance June 30, 2013	$ 323	$ 244	$ 85	$ 453	$ 1,105

	Trademarks			Other intangible assets subject to amortization		
	Subject to amortization	Not subject to amortization	Total	Technology and Product formulae	Other	Total
Balance June 30, 2011	$ 23	$ 527	$ 550	$ 31	$ 52	$ 83
Acquisitions	-	10	10	-	18	18
Amortization	(3)	-	(3)	(8)	(6)	(14)
Translation adjustments and other	(1)	-	(1)	-	(1)	(1)
Balance June 30, 2012	19	537	556	23	63	86
Amortization	(3)	-	(3)	(9)	(6)	(15)
Translation adjustments and other	-	-	-	5	(2)	3
Balance June 30, 2013	$ 16	$ 537	$ 553	$ 19	$ 55	$ 74

Intangible assets subject to amortization were net of total accumulated amortization of $275 and $257 as of June 30, 2013 and 2012, respectively, of which $21 and $18, respectively, related to trademarks. Total accumulated amortization included $136 and $131 as of June 30, 2013 and 2012, respectively, related to intangible assets subject to amortization that were fully amortized, of which $13 and $7, respectively, related to trademarks. Estimated amortization expense for these intangible assets is $16, $12, $7, $7 and $6 for fiscal years 2014, 2015, 2016, 2017 and 2018.

During the fourth quarter of fiscal year 2013 and 2012, the Company completed its annual impairment test of goodwill and indefinite-lived intangible assets and no instances of impairment were identified.

During fiscal year 2011, the Company identified challenges in increasing sales for the Burt’s Bees business in certain international markets in accordance with projections. Additionally, during fiscal year 2011, the Company initiated its process for updating the three-year long-range financial and operating plan for the Burt’s Bees business. In addition to slower than projected growth of international sales and challenges in the timing of certain international expansion plans, the domestic natural personal care category had not recovered in accordance with the Company’s projections. Following a comprehensive reevaluation, the Company recognized a noncash goodwill impairment charge of $258 during fiscal year 2011, of which $164 and $94 was reflected in the Lifestyle and International reportable segments, respectively.

NOTE 7. GOODWILL, TRADEMARKS AND OTHER INTANGIBLE ASSETS (Continued)

The impairment charge was a result of changes in the assumptions used to determine the fair value of the Burt's Bees business based on slower than forecasted category growth as well as challenges in international expansion plans, which adversely affected the original assumptions for international growth and the estimates of expenses necessary to achieve that growth. The revised assumptions reflected somewhat higher cost levels than previously projected. As a result of this assessment, the Company determined that the book value of the Burt's Bees reporting unit exceeded its fair value, resulting in a noncash goodwill impairment charge of $258 recognized in fiscal year 2011. The noncash goodwill impairment charge was based on the Company's estimates regarding the future financial performance of the Burt's Bees business and macroeconomic factors. There was no substantial tax benefit associated with this noncash charge.

To determine the fair value of the Burt's Bees reporting unit, the Company used a discounted cash flow (DCF) approach, as it believed this approach was the most reliable indicator of the fair value of the business. Under this approach, the Company estimated the future cash flows of the Burt's Bees reporting unit and discounted these cash flows at a rate of return that reflected its relative risk.

The Company's trademarks and indefinite-lived intangible assets for the Burt's Bees reporting unit were tested for impairment in fiscal year 2011, and the Company concluded that these assets were not impaired. No other instances of impairment were identified during fiscal year 2011.

NOTE 8. ACCRUED LIABILITIES

Accrued liabilities consisted of the following as of June 30:

	2013	2012
Compensation and employee benefit costs	$ 152	$ 165
Trade and sales promotion	116	105
Dividends	96	85
Interest	27	34
Other	99	105
Total	$ 490	$ 494

NOTE 9. DEBT

Notes and loans payable, which mature in less than one year, included the following as of June 30:

	2013	2012
Commercial paper	$ 200	$ 289
Foreign borrowings	2	11
Total	$ 202	$ 300

The weighted average interest rates incurred on average outstanding notes and loans payable during the fiscal years ended June 30, 2013, 2012 and 2011, including fees associated with the Company's revolving credit facilities, were 1.68%, 0.85% and 0.73%, respectively. The weighted average effective interest rates on commercial paper balances as of June 30, 2013 and 2012 were 0.31% and 0.46%, respectively. The carrying value of notes and loans payable as of June 30, 2013 and 2012 approximated its fair value due to its short maturity.

NOTE 9. DEBT (Continued)

Long-term debt, carried at face value net of unamortized discounts or premiums, included the following as of June 30:

	2013	2012
Senior unsecured notes and debentures:		
5.45%, $350 due October 2012	$ -	$ 350
5.00%, $500 due March 2013	-	500
5.00%, $575 due January 2015	575	575
3.55%, $300 due November 2015	300	300
5.95%, $400 due October 2017	399	399
3.80%, $300 due November 2021	298	297
3.05%, $600 due September 2022	598	-
Total	2,170	2,421
Less: Current maturities of long-term debt	-	(850)
Long-term debt	$ 2,170	$ 1,571

The weighted average interest rates incurred on average outstanding long-term debt during the fiscal years ended June 30, 2013, 2012 and 2011, were 4.76%, 5.21% and 5.22%, respectively. The weighted average effective interest rates on long-term debt balances as of June 30, 2013 and 2012 were 4.56% and 5.18%, respectively. The estimated fair value of long-term debt, including current maturities, was $2,263 and $2,606 as of June 30, 2013 and 2012, respectively. The fair value of long-term debt was determined using secondary market prices quoted by corporate bond dealers, and was classified as Level 2.

In March 2013, $500 in senior notes with an annual fixed interest rate of 5.00% became due and were repaid. The repayment was funded in part with commercial paper borrowings and in part with a portion of the proceeds from the sale-leaseback transaction of the Company's Oakland, Calif. general office building (Note 11).

In October 2012, $350 in senior notes with an annual fixed interest rate of 5.45% became due and were repaid. The repayment was funded with a portion of the proceeds from the September 2012 issuance of $600 in senior notes with an annual fixed interest rate of 3.05%, payable semi-annually in March and September, and a maturity date of September 15, 2022. The remaining proceeds from notes were used to repay commercial paper.

In November 2011, the Company issued $300 in senior notes with an annual fixed interest rate of 3.80%, payable semi-annually in May and November, and a maturity date of November 15, 2021. Proceeds from the notes were used to repay commercial paper.

The senior notes issued in September 2012 and November 2011 rank equally and ratably in right of payment with all of the Company's existing and future senior unsecured indebtedness and senior to any future subordinated unsecured indebtedness. These notes were issued under the Company's shelf registration statement filed in November 2011, which allows the Company to offer and sell an unlimited amount of its senior unsecured indebtedness from time to time and expires in November 2014.

In fiscal year 2011, $300 in senior notes became due and were repaid. The Company funded the debt repayments with commercial paper borrowings and operating cash flows.

The Company's borrowing capacity under other financing arrangements as of June 30 was as follows:

	2013	2012
Revolving credit facility	$ 1,100	$ 1,100
Foreign credit lines	32	31
Other credit lines	13	13
Total	$ 1,145	$ 1,144

NOTE 9. DEBT (Continued)

During fiscal year 2012, the Company entered into a new $1.1 billion revolving credit agreement, which expires in May 2017 and concurrently terminated its prior $1.1 billion revolving credit agreement, which was due to mature in April 2013. No termination fees or penalties were incurred by the Company in connection with the termination of the prior credit agreement. As of June 30, 2013, there were no borrowings under the agreement, and the Company believes that borrowings under the revolving credit facility are and will continue to be available for general corporate purposes. The agreement includes certain restrictive covenants and limitations, with which the Company was in compliance as of June 30, 2013.

Of the $45 of foreign and other credit lines as of June 30, 2013, $3 was outstanding and the remainder of $42 was available for borrowing.

Long-term debt maturities as of June 30, 2013, are $0, $575, $300, $0, $400 and $900 in fiscal years 2014, 2015, 2016, 2017, 2018 and thereafter, respectively.

NOTE 10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Financial assets and liabilities carried at fair value in the consolidated balance sheets are required to be classified and disclosed in one of the following three categories:

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

As of both June 30, 2013 and 2012, the Company’s financial assets and liabilities that were measured at fair value on a recurring basis during the year included derivative financial instruments, which were all classified as Level 2.

Financial Risk Management and Derivative Instruments

The Company is exposed to certain commodity, interest rate and foreign currency risks related to its ongoing business operations and uses derivative instruments to mitigate its exposure to these risks.

Commodity Price Risk Management

The Company may use commodity exchange traded futures and over-the-counter swap contracts to fix the price of a portion of its forecasted raw material requirements. Contract maturities, which are generally no longer than 18 months, are matched to the length of the raw material purchase contracts. Commodity purchase contracts are measured at fair value using market quotations obtained from commodity derivative dealers.

As of June 30, 2013, the notional amount of commodity derivatives was $51, of which $32 related to jet fuel and $19 related to soybean oil. As of June 30, 2012, the notional value of commodity derivatives was $39, of which $22 related to jet fuel, $14 related to soybean oil, and $3 related to crude oil.

Interest Rate Risk Management

The Company may enter into over-the-counter interest rate forward contracts to fix a portion of the benchmark interest rate prior to the anticipated issuance of fixed rate debt. These interest rate forward contracts generally have durations of less than 12 months. The interest rate contracts are measured at fair value using information quoted by U.S. government bond dealers. During fiscal years 2013 and 2012, the Company paid $4 and $36 to settle interest rate forward contracts, respectively, which were reflected in operating cash flows.

As of June 30, 2013 and 2012, the notional amount of interest rate forward contracts was $0 and $250, respectively. The contracts outstanding as of June 30, 2012 were related to the anticipated issuance of long-term debt issued in September 2012.

Foreign Currency Risk Management

The Company may also enter into certain over-the-counter foreign currency-related derivative contracts to manage a portion of the Company’s foreign exchange risk associated with the purchase of inventory and certain intercompany transactions. These foreign currency contracts generally have durations of no longer than 20 months. The foreign exchange contracts are measured at fair value using information quoted by foreign exchange dealers.

The notional amount of outstanding foreign currency forward contracts used by the Company’s subsidiaries in Canada, Australia and New Zealand to hedge forecasted purchases of inventory were $18, $22 and $4, respectively, as of June 30, 2013, and $28, $0 and $0, respectively, as of June 30, 2012. The notional amount of outstanding foreign currency forward contracts used by the Company to economically hedge foreign exchange risk associated with certain intercompany transactions was $0 and $17 as of June 30, 2013 and 2012, respectively.

Counterparty Risk Management

Certain terms of the agreements governing the Company’s over-the-counter derivative instruments require the Company or the counterparty to post collateral when the fair value of the derivative instruments exceeds contractually defined counterparty liability position limits. The $3 and $4 of derivative instruments reflected in accrued liabilities as of June 30, 2013 and 2012, respectively, contained such terms. As of June 30, 2013, the Company was not required to post any collateral.

Certain terms of the agreements governing the Company’s over-the-counter derivative instruments require the credit ratings, as assigned by Standard & Poor’s and Moody’s to the Company and its counterparties, to remain at a level equal to or better than the minimum of an investment grade credit rating. If the Company’s credit ratings were to fall below investment grade, the counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. As of June 30, 2013, the Company and each of its counterparties had been assigned investment grade ratings with both Standard & Poor’s and Moody’s.

NOTE 10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair Value of Derivative Instruments

The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as an accounting hedge, and, if so, on the type of hedging relationship. For those derivative instruments designated and qualifying as hedging instruments, the Company must designate the hedging instrument as a fair value hedge or a cash flow hedge. The Company designates its commodity forward and future contracts for forecasted purchases of raw materials, interest rate forward contracts for forecasted interest payments, and foreign currency forward contracts for forecasted purchases of inventory as cash flow hedges. The Company does not designate its foreign currency forward contracts for intercompany transactions as accounting hedges. During the fiscal years ended June 30, 2013, 2012 and 2011, the Company had no hedging instruments designated as fair value hedges.

The Company's derivative instruments designated as hedging instruments were recorded at fair value in the consolidated balance sheets as of June 30 as follows:

	Balance sheet classification	2013	2012
Assets			
Foreign exchange contracts	Other current assets	$ 4	$ 1
Liabilities			
Commodity purchase contracts	Accrued liabilities	$ 3	$ 1
Interest rate contracts	Accrued liabilities	-	3
		$ 3	$ 4

For derivative instruments designated and qualifying as cash flow hedges, the effective portion of gains or losses is reported as a component of other comprehensive income (OCI) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The estimated amount of the existing net loss in OCI as of June 30, 2013, expected to be reclassified into earnings within the next twelve months is $2. Gains and losses on derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. During each of the fiscal years ended June 30, 2013, 2012 and 2011, hedge ineffectiveness was not material.

The effects of derivative instruments designated as hedging instruments on OCI and the consolidated statements of earnings were as follows during the fiscal years ended June 30:

	Gains (losses) recognized in OCI			Gains (losses) reclassified from OCI and recognized in earnings		
	2013	2012	2011	2013	2012	2011
Commodity purchase contracts	$ (1)	$ (1)	$ 8	$ -	$ 4	$ 3
Interest rate contracts	(1)	(39)	3	(3)	(2)	-
Foreign exchange contracts	3	3	(4)	-	2	(3)
Total	$ 1	$ (37)	$ 7	$ (3)	$ 4	$ -

The gains (losses) reclassified from OCI and recognized in earnings during the fiscal years ended June 30, 2012 and 2011 for commodity purchase contracts and foreign exchange contracts were included in cost of products sold.

The losses reclassified from OCI and recognized in earnings during the fiscal years ended June 30, 2013 and 2012 for interest rate contracts were included in interest expense.

The gain or loss from derivatives not designated as accounting hedges was $0 for each of the fiscal years ended June 30, 2013, 2012 and 2011. Changes in the value of derivative instruments after de-designation were included in other (income) expense, net, and amounted to $0, $0 and $6 for fiscal years 2013, 2012 and 2011, respectively.

NOTE 10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Other

During fiscal year 2011, the Company determined that the book value of the Burt's Bees reporting unit exceeded its fair value and recognized a noncash goodwill impairment charge of $258 (Note 7). The implied fair value was based on significant unobservable inputs, and as a result, the fair value measurement was classified as Level 3. During the fiscal years ended June 30, 2013, 2012 and 2011, the Company did not recognize any other significant fair value measurements classified as Level 3.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values as of June 30, 2013 and 2012, due to their short maturity and nature.

NOTE 11. OTHER LIABILITIES

Other liabilities consisted of the following as of June 30:

	2013	2012
Employee benefit obligations	$ 270	$ 312
Venture agreement net terminal obligation	284	281
Taxes	74	82
Other	114	64
Total	$ 742	$ 739

Venture Agreement

The Company has an agreement with The Procter & Gamble Company (P&G) for its Glad ® plastic bags, wraps and containers business. The Company maintains a net terminal obligation liability, which reflects the estimated value of the contractual requirement to repurchase P&G's interest at the termination of the agreement. As of June 30, 2013 and 2012, P&G had a 20% interest in the venture. The Company pays a royalty to P&G for its interest in the profits, losses and cash flows, as contractually defined, of the Glad ® business, which is included in cost of products sold.

The agreement, entered into in 2003, has a 20-year term, with a 10-year renewal option and can be terminated under certain circumstances, including at P&G's option upon a change in control of the Company, or, at either party's option, upon the sale of the Glad ® business by the Company. Upon termination of the agreement, the Company will purchase P&G's interest for cash at fair value as established by predetermined valuation procedures. Following termination, the Glad ® business will retain the exclusive core intellectual property licenses contributed by P&G on a royalty free basis for the licensed products marketed.

Deferred Gain on Sale-leaseback Transaction

In December 2012, the Company completed a sale-leaseback transaction under which it sold its general office building in Oakland, Calif. to an unrelated party for net proceeds of $108 and entered into a 15-year operating lease agreement with renewal options with the buyer for a portion of the building. In December 2012, the Company recorded a liability of $52 ($3 of which was included in accrued liabilities) for the portion of the total gain on the sale that is equivalent to the present value of the lease payments and will continue to amortize such amount to earnings ratably over the lease term. The Company recorded a gain upon sale in December 2012 of $(6), which was included in other (income) expense, net, in the consolidated statements of earnings. As of June 30, 2013, the total deferred gain was $50, of which $47 was included in Other in the table above and $3 was included in accrued liabilities.

NOTE 12. OTHER CONTINGENCIES AND GUARANTEES

Contingencies

The Company is involved in certain environmental matters, including response actions at various locations. The Company had a recorded liability of $13 and $14 as of June 30, 2013 and 2012, respectively, for its share of aggregate future remediation costs related to these matters. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounted for a substantial majority of the recorded liability as of both June 30, 2013 and 2012. The Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs for this matter pursuant to a cost-sharing arrangement with a third party. With the assistance of environmental consultants, the Company maintains an undiscounted liability representing its current best estimate of its share of the capital expenditures, maintenance and other costs that may be incurred over an estimated 30-year remediation period. Currently, the Company cannot accurately predict the timing of future payments that may be made under this obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the future availability of alternative clean-up technologies. Although it is reasonably possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time. In October 2012, a Brazilian appellate court issued an adverse decision in a lawsuit pending in Brazil against the Company and one of its wholly-owned subsidiaries, The Glad Products Company (Glad). The lawsuit was initially filed in a Brazilian lower court in 2002 by two Brazilian companies and one Uruguayan company (collectively Petroplus) related to joint venture agreements for the distribution of STP auto-care products in Brazil with three companies that became subsidiaries of the Company as a result of the Company's merger with First Brands Corporation in January 1999 (collectively, Clorox Subsidiaries). The pending lawsuit seeks indemnification for damages and losses for alleged breaches of the joint venture agreements and abuse of economic power by the Company and Glad. Petroplus had previously unsuccessfully raised the same claims and sought damages from the Company and the Clorox Subsidiaries in an International Chamber of Commerce (ICC) arbitration proceeding in Miami filed in 2001. The ICC arbitration panel unanimously ruled against Petroplus in a final decision in November 2003 (Final ICC Arbitration Award). The Final ICC Arbitration Award was ratified by the Superior Court of Justice of Brazil in May 2007 (Foreign Judgment), and the United States District Court for the Southern District of Florida subsequently confirmed the Final ICC Arbitration Award and recognized and adopted the Foreign Judgment as a judgment of the United States District Court for the Southern District of Florida (U.S. Judgment). Despite this, in March 2008 a Brazilian lower court ruled against the Company and Glad in the pending lawsuit and awarded Petroplus R$23 ($13) plus interest. The value of that judgment, including interest and foreign exchange fluctuations as of June 30, 2013, was approximately $35.

Among other defenses, because the Final ICC Arbitration Award, the Foreign Judgment and the U.S. Judgment relate to the same claims as those in the pending lawsuit, the Company believes that Petroplus is precluded from re-litigating these claims. Based on the unfavorable appellate court decision, the Company believes that it is reasonably possible that a loss could be incurred in this matter in excess of amounts accrued, and that the estimated range of such loss in this matter is from $0 to $29. The Company continues to believe that its defenses are meritorious, and has appealed the decision to the highest courts of Brazil, which could take years to resolve. Expenses related to this litigation and any potential additional loss would be reflected in discontinued operations, consistent with the Company's classification of expenses related to its discontinued Brazil operations.

In a separate action filed in 2004 by Petroplus, a lower Brazilian court in January 2013 nullified the Final ICC Arbitration Award. The Company believes this judgment is inconsistent with the Foreign Judgment and the U.S. Judgment and that it is without merit. The Company has appealed this decision.

Glad and the Clorox Subsidiaries have also filed separate lawsuits against Petroplus alleging misuse of the STP trademark and related matters, which are currently pending before Brazilian courts, and have taken other legal actions against Petroplus, which are pending.

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

Guarantees

In conjunction with divestitures and other transactions, the Company may provide typical indemnifications (e.g., indemnifications for representations and warranties and retention of previously existing environmental, tax and employee liabilities) that have terms that vary in duration and in the potential amount of the total obligation and, in many circumstances, are not explicitly defined. The Company has not made, nor does it believe that it is probable that it will make, any payments relating to its indemnifications, and believes that any reasonably possible payments would not have a material adverse effect, individually or in the aggregate, on the Company's consolidated financial statements taken as a whole.

As of June 30, 2013, the Company was a party to a letter of credit of $14, related to one of its insurance carriers, of which $0 had been drawn upon.

The Company had not recorded any liabilities on the aforementioned guarantees as of June 30, 2013.

NOTE 13. STOCKHOLDERS' EQUITY (DEFICIT)

On May 13, 2013, the Company's board of directors terminated the share repurchase programs previously authorized on May 13, 2008 and May 18, 2011, and authorized a share repurchase program for an aggregate purchase amount of up to $750. This reduces the total dollar value of shares that the Company can repurchase under its open market share repurchase program from $821 to $750. This open market share repurchase program is in addition to the Company's evergreen repurchase program (Evergreen Program), the purpose of which is to offset the impact of share dilution related to share-based awards. The Evergreen Program has no authorization limit as to amount or timing of repurchases.

Share repurchases under authorized programs were as follows during the fiscal years ended June 30:

	2013		2012		2011	
	Amount	Shares (000)	Amount	Shares (000)	Amount	Shares (000)
Open-market purchase programs	$ -	-	$ 158	2,429	$ 521	7,654
Evergreen Program	128	1,500	67	990	134	2,122
Total	$ 128	1,500	$ 225	3,419	$ 655	9,776

During fiscal year 2013, 2012 and 2011, the Company declared dividends per share of $2.63, $2.44 and $2.25, respectively, and paid dividends per share of $2.56, $2.40 and $2.20, respectively.

Accumulated other comprehensive net losses as of June 30, 2013, 2012 and 2011 included the following (losses) gains, net of tax:

	2013	2012	2011
Foreign currency translation adjustments	$ (209)	$ (198)	$ (157)
Net derivative unrealized (losses) gains	(30)	(33)	4
Pension and postretirement benefit adjustments	(128)	(165)	(97)
Total	$ (367)	$ (396)	$ (250)

NOTE 14. NET EARNINGS PER SHARE

The following is the reconciliation of net earnings to net earnings applicable to common stock:

	2013	2012	2011
Earnings from continuing operations	$ 574	$ 543	$ 287
(Losses) earnings from discontinued operations, net of tax	(2)	(2)	270
Net earnings	572	541	557
Less: Earnings allocated to participating securities	-	-	2
Net earnings applicable to common stock	$ 572	$ 541	$ 555

The following is the reconciliation of the weighted average number of shares outstanding (in thousands) used to calculate basic net earnings per share (EPS) to those used to calculate diluted net EPS:

	2013	2012	2011
Basic	131,075	130,852	136,699
Dilutive effect of stock options and other	1,894	1,458	1,402
Diluted	132,969	132,310	138,101

During fiscal year 2013, the Company included all stock options to purchase shares of the Company's common stock in the calculation of diluted net EPS because the average market price of all outstanding grants was greater than the exercise price.

During fiscal years 2012 and 2011, the Company did not include stock options to purchase approximately 1.8 million and 2.0 million shares, respectively, of the Company's common stock in the calculations of diluted net EPS because their exercise price was greater than the average market price, making them anti-dilutive.

NOTE 15. SHARE-BASED COMPENSATION PLANS

In November 2012, the Company's stockholders voted to approve the amended and restated 2005 Stock Incentive Plan (Plan). The Plan permits the Company to grant various nonqualified, share-based compensation awards, including stock options, restricted stock, performance units, deferred stock units, restricted stock units, stock appreciation rights and other stock-based awards. The primary amendment reflected in the Plan is an increase of approximately 3 million in the number of common shares that may be issued under the Plan. As of June 30, 2013, the Company is authorized to grant up to approximately 7 million common shares under the Plan, and, as of June 30, 2013, approximately 6 million common shares were available for grant under the Plan.

Compensation cost and the related income tax benefit recognized for share-based compensation plans were classified as indicated below in the fiscal years ended June 30.

	2013	2012	2011
Cost of products sold	$ 4	$ 3	$ 4
Selling and administrative expenses	28	22	26
Research and development costs	3	2	2
Total compensation cost	$ 35	$ 27	$ 32
Related income tax benefit	$ 13	$ 10	$ 12

Cash received during fiscal years 2013, 2012 and 2011 from stock options exercised under all share-based payment arrangements was $121, $79 and $84, respectively. The Company issues shares for share-based compensation plans from treasury stock. The Company may repurchase shares under its Evergreen Program to offset the estimated impact of share dilution related to share-based awards (Note 13).

Details regarding the valuation and accounting for stock options, restricted stock awards, performance units and deferred stock units for non-employee directors follow.

NOTE 15. SHARE-BASED COMPENSATION PLANS (Continued)

Stock Options

The fair value of each stock option award granted during fiscal years 2013, 2012 and 2011 was estimated on the date of grant using the Black-Scholes valuation model and assumptions noted in the following table:

	2013	2012	2011
Expected life	5.7 years	4.9 - 5.7 years	4.9 - 5.9 years
Weighted-average expected life	5.7 years	5.7 years	5.4 years
Expected volatility	18.7% to 19.2%	21.9% to 25.9%	20.6% to 21.0%
Weighted-average volatility	19.1%	23.5%	20.6%
Risk-free interest rate	0.6% to 0.8%	0.9% to 1.1%	1.5%
Weighted-average risk-free interest rate	0.70%	0.9%	1.5%
Dividend yield	3.2%-3.6%	3.5%-3.8%	3.4%-3.6%
Weighted-average dividend yield	3.6%	3.5%	3.4%

The expected life of the stock options is based on observed historical exercise patterns. Groups of employees having similar historical exercise behavior are considered separately for valuation purposes. The Company estimates stock option forfeitures based on historical data for each separate employee grouping, and adjusts the rate to expected forfeitures periodically. The adjustment of the forfeiture rate will result in a cumulative catch-up adjustment in the period the forfeiture estimate is changed. The expected volatility is based on implied volatility from publicly traded options on the Company’s stock at the date of grant, historical implied volatility of the Company’s publicly traded options and other factors. The risk-free interest rate is based on the implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The dividend yield is based on the projected annual dividend payment per share, divided by the stock price at the date of grant. Details of the Company’s stock option plan as of June 30 are summarized below:

	Number of Shares	Weighted-Average Exercise Price per Share	Average Remaining Contractual Life	Aggregate Value Intrinsic
	(In thousands)			
Outstanding as of June 30, 2012	10,104	$ 62	6 years	$ 108
Granted	2,644	72		
Exercised	(2,119)	57		
Cancelled	(372)	68		
Outstanding as of June 30, 2013	10,257	$ 65	7	$ 184
Options vested as of June 30, 2013	5,401	$ 62	5	$ 116

The weighted-average fair value per share of each option granted during fiscal years 2013, 2012, and 2011, estimated at the grant date using the Black-Scholes option pricing model, was $6.96, $9.24 and $8.27, respectively. The total intrinsic value of options exercised in fiscal years 2013, 2012 and 2011 was $45, $29 and $38, respectively.

Stock option awards outstanding as of June 30, 2013, have been granted at prices that are either equal to or above the market value of the stock on the date of grant. Stock option grants generally vest over four years and expire no later than ten years after the grant date. The Company recognizes compensation expense ratably over the vesting period. As of June 30, 2013, there was $18 of total unrecognized compensation cost related to non-vested options, which is expected to be recognized over a remaining weighted-average vesting period of two years, subject to forfeiture changes.

NOTE 15. SHARE-BASED COMPENSATION PLANS (Continued)

Restricted Stock Awards

The fair value of restricted stock awards is estimated on the date of grant based on the market price of the stock and is amortized to compensation expense on a straight-line basis over the related vesting periods, which are generally three to four years. The total number of restricted stock awards expected to vest is adjusted by estimated forfeiture rates. Restricted stock grants receive dividend distributions earned during the vesting period upon vesting.

As of June 30, 2013, there was less than $1 of total unrecognized compensation cost related to non-vested restricted stock awards, which is expected to be recognized over a remaining weighted-average vesting period of one year. The total fair value of the shares that vested in fiscal years 2013, 2012 and 2011 was $1, $3 and $4, respectively. The weighted-average grant-date fair value of awards granted was $72.28, $68.52 and $67.58 per share for fiscal years 2013, 2012 and 2011, respectively.

A summary of the status of the Company's restricted stock awards as of June 30 is presented below:

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
	(In thousands)	
Restricted stock awards as of June 30, 2012	22	$ 65
Granted	1	72
Vested	(11)	63
Forfeited	(1)	68
Restricted stock awards as of June 30, 2013	11	$ 68

Performance Units

The Company's performance unit grants provide for the issuance of common stock to certain managerial staff and executive management if the Company achieves certain performance targets. The performance period is three years and the payout determination is made at the end of the three-year performance period. Performance unit grants receive dividends earned during the vesting period upon vesting.

The fair value of each grant issued is estimated on the date of grant based on the current market price of the stock. The total amount of compensation expense recognized reflects estimated forfeiture rates, and the initial assumption that performance goals will be achieved. Compensation expense is adjusted, as necessary, on a quarterly basis based on management's assessment of the probability that performance goals will be achieved. If such goals are not met or it is determined that achievement of performance goals is not probable, any previously recognized compensation expense is trued-up in the current period to reflect the expected payout level. If it is determined that the performance goals will be exceeded, additional compensation expense is recognized, subject to a cap of 150% of target.

The number of shares issued will be dependent upon vesting and the achievement of specified performance targets. As of June 30, 2013, there was $26 in unrecognized compensation cost related to non-vested performance unit grants that is expected to be recognized over a remaining weighted-average performance period of two years. The weighted-average grant-date fair value of awards granted was $72.11, $68.17 and $66.48 per share for fiscal years 2013, 2012 and 2011, respectively.

NOTE 15. SHARE-BASED COMPENSATION PLANS (Continued)

A summary of the status of the Company's performance unit awards as of June 30 is presented below:

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
	(In thousands)	
Performance unit awards as of June 30, 2012	1,370	$ 62
Granted	416	72
Distributed	(238)	57
Forfeited	(213)	62
Performance unit awards as of June 30, 2013	1,335	$ 66
Perfomance units vested and deferred as of June 30, 2013	219	$ 53

The non-vested performance units outstanding as of June 30, 2013 and 2012 were 1,116,000 and 1,160,000, respectively, and the weighted average grant date fair value was $69.01 and $64.04 per share, respectively. Total shares vested during fiscal year 2013 were 246,000, which had a weighted average grant date fair value per share of $57.25. The total fair value of shares vested was $14, $34 and $27 during fiscal years 2013, 2012 and 2011, respectively. Upon vesting, the recipients of the grants receive the distribution as shares or, if previously elected by eligible recipients, as deferred stock. During fiscal years 2013 and 2012, $13 and $33, respectively, of the vested awards were paid by the issuance of shares. During both fiscal years 2013 and 2012, $1 of the vested awards was deferred. Deferred shares continue to earn dividends, which are also deferred.

Deferred Stock Units for Nonemployee Directors

Nonemployee directors receive annual grants of deferred stock units under the Company's director compensation program and can elect to receive all or a portion of their annual retainers and fees in the form of deferred stock units. The deferred stock units receive dividend distributions, which are reinvested as deferred stock units, and are recognized at their fair value on the date of grant. Each deferred stock unit represents the right to receive one share of the Company's common stock following the termination of a director's service.

During fiscal year 2013, the Company granted 18,000 deferred stock units, reinvested dividends of 7,000 units and distributed 15,000 shares, which had a weighted-average fair value on grant date of $74.52, $78.16 and $62.14 per share, respectively. As of June 30, 2013, 233,000 units were outstanding, which had a weighted-average fair value on the grant date of $60.43 per share.

NOTE 16. LEASES AND OTHER COMMITMENTS

The Company leases transportation equipment, certain information technology equipment and various manufacturing, warehousing, and office facilities. The Company's leases are classified as operating leases, and the Company's existing contracts will expire by 2027. The Company expects that, in the normal course of business, existing contracts will be renewed or replaced by other leases. Rental expense for all operating leases was $71, $68 and $62 in fiscal years 2013, 2012 and 2011, respectively. The future minimum rental payments required under the Company's existing non-cancelable lease agreements as of June 30, 2013, are expected to be $45, $38, $36, $33, $29 and $117 in fiscal years 2014, 2015, 2016, 2017, 2018 and thereafter, respectively.

In the fourth quarter of fiscal year 2012, the Company began the process of relocating certain employees from its general office building in Oakland, Calif. to a new facility located in Pleasanton, Calif., which the Company has leased since 2011. Employees from its Technical and Data Center in Pleasanton, Calif. were also relocated to this new facility in fiscal year 2013. The facility consists of approximately 343,000 square feet of leased space and houses the Company's research and development group, as well as other administrative and operational support personnel. The future minimum rental payments required under the Company's existing non-cancelable lease agreement for the Pleasanton facility as of June 30, 2013, are expected to be $6, $6, $6, $7, $7 and $36 in fiscal years 2014, 2015, 2016, 2017, 2018 and thereafter, respectively. These amounts are included in the Company's future minimum rental payments disclosed above.

NOTE 16. LEASES AND OTHER COMMITMENTS (Continued)

The Company is also a party to certain purchase obligations, which are defined as purchase agreements that are enforceable and legally binding and that contain specified or determinable significant terms, including quantity, price and the approximate timing of the transaction. Examples of the Company's purchase obligations include contracts to purchase raw materials, commitments to contract manufacturers, commitments for information technology and related services, advertising contracts, utility agreements, capital expenditure agreements, software acquisition and license commitments, and service contracts. The raw material contracts are entered into during the regular course of business based on expectations of future purchases. Approximately 19% of the Company's purchase obligations relate to service contracts for information technology that have been outsourced. As of June 30, 2013, the Company's purchase obligations, including the services related to information technology, totaled $357, $141, $62, $46, $41 and $24 for fiscal years 2014 through 2018, and thereafter, respectively.

NOTE 17. OTHER (INCOME) EXPENSE, NET

The major components of other (income) expense, net, for the fiscal years ended June 30 were:

	2013	2012	2011
Income from equity investees	$ (12)	$ (11)	$ (8)
Gains on fixed asset sales, net	(4)	(2)	(1)
Low-income housing partnership gains	(4)	(2)	(13)
Income from transition and related services	(3)	(6)	(9)
Interest income	(3)	(3)	(3)
Foreign exchange transaction losses (gains), net (Note 1)	11	1	(2)
Amortization of trademarks and other intangible assets (Note 7)	9	9	9
Other, net	6	1	4
Total	$ -	$ (13)	$ (23)

Investment in Low-Income Housing Partnerships

The Company owns, directly or indirectly, limited partnership interests of up to 99% in 20 low-income housing partnerships, which are accounted for on the equity basis. The Company's investment balance as of June 30, 2013 and 2012 was $6 and $5, respectively. The purpose of the partnerships is to develop and operate low-income housing rental properties. The general partners, who typically hold 1% of the partnership interests, are third parties unrelated to the Company and its affiliates, and are responsible for controlling and managing the business and financial operations of the partnerships. The partnerships provided the Company with tax benefits from low-income housing tax credits through fiscal year 2012. As a limited partner, the Company is not responsible for any of the liabilities and obligations of the partnerships nor do the partnerships or their creditors have any recourse to the Company other than for the capital requirements. Recovery of the Company's investments in the partnerships is accomplished through the tax benefits of partnership losses and proceeds from the disposition of the properties. The risk that previously claimed low-income housing tax credits might be recaptured or otherwise retroactively invalidated is considered very low. The Company does not consolidate the investment in low-income housing partnerships.

NOTE 18. INCOME TAXES

The provision for income taxes on continuing operations, by tax jurisdiction, consisted of the following as of June 30:

	2013	2012	2011
Current			
Federal	$ 247	$ 200	$ 139
State	23	12	19
Foreign	20	48	45
Total current	290	260	203
Deferred			
Federal	(10)	-	71
State	(2)	1	2
Foreign	1	(13)	-
Total deferred	(11)	(12)	73
Total	$ 279	$ 248	$ 276

The components of earnings from continuing operations before income taxes, by tax jurisdiction, consisted of the following as of June 30:

	2013	2012	2011
United States	$ 731	$ 655	$ 446
Foreign	122	136	117
Total	$ 853	$ 791	$ 563

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate on continuing operations follows as of June 30:

	2013	2012	2011
Statutory federal tax rate	35.0%	35.0%	35.0%
State taxes (net of federal tax benefits)	1.7	1.1	2.3
Tax differential on foreign earnings	(1.3)	(2.5)	(1.0)
Domestic manufacturing deduction	(2.3)	(2.2)	(3.5)
Noncash goodwill impairment	-	-	16.0
Other differences	(0.4)	-	0.2
Effective tax rate	32.7%	31.4%	49.0%

The lower effective tax rate for fiscal year 2012 compared to fiscal year 2013 was primarily due to lower taxes on foreign earnings and higher uncertain tax position releases. The effective tax rates for fiscal years 2013 and 2012 also reflected benefits from tax settlements. The substantially different effective tax rate in fiscal year 2011 primarily resulted from the 16.0% impact of the non-deductible noncash goodwill impairment charge of $258 related to the Burt's Bees reporting unit as there was no substantial tax benefit associated with this noncash charge.

Applicable U.S. income taxes and foreign withholding taxes have not been provided on approximately $158 of undistributed earnings of certain foreign subsidiaries as of June 30, 2013, because these earnings are considered indefinitely reinvested. The net federal income tax liability that would arise if these earnings were not indefinitely reinvested is approximately $42. Applicable U.S. income and foreign withholding taxes are provided on these earnings in the periods in which they are no longer considered indefinitely reinvested.

Tax benefits resulting from share-based payment arrangements that are in excess of the tax benefits recorded in net earnings over the vesting period of those arrangements (excess tax benefits) are recorded as increases to additional paid-in capital. Excess tax benefits of approximately $11, $10, and $9, were realized and recorded to additional paid-in capital for the fiscal years 2013, 2012 and 2011, respectively.

NOTE 18. INCOME TAXES (Continued)

The components of deferred tax assets (liabilities) as of June 30 are shown below:

	2013	2012
Deferred tax assets		
Compensation and benefit programs	$ 176	$ 203
Basis difference related to Venture Agreement	30	30
Accruals and reserves	55	49
Inventory costs	20	22
Net operating loss and tax credit carryforwards	33	21
Other	51	23
Subtotal	365	348
Valuation allowance	(36)	(20)
Total deferred tax assets	329	328
Deferred tax liabilities		
Fixed and intangible assets	(273)	(268)
Low-income housing partnerships	(23)	(29)
Unremitted foreign earnings	(18)	(4)
Other	(24)	(28)
Total deferred tax liabilities	(338)	(329)
Net deferred tax liabilities	$ (9)	$ (1)

The Company periodically reviews its deferred tax assets for recoverability. A valuation allowance is established when the Company believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Valuation allowances have been provided to reduce deferred tax assets to amounts considered recoverable. Details of the valuation allowance were as follows as of June 30:

	2013	2012
Valuation allowance at beginning of year	$ (20)	$ (14)
Net decrease in realizability of foreign deferred tax assets	(9)	(3)
Net increase in foreign net operating loss carryforward and other	(7)	(3)
Valuation allowance at end of year	$ (36)	$ (20)

As of June 30, 2013, the Company had no foreign tax credit carryforwards for U.S. income tax purposes. Tax credit carryforwards in foreign jurisdictions of $13 have expiration dates between fiscal years 2016 and 2022. Tax benefits from foreign net operating loss carryforwards of $15 have expiration dates between fiscal years 2014 and 2023. Tax benefits from foreign net operating loss carryforwards of $5 may be carried forward indefinitely.

The Company files income tax returns in the U.S. federal and various state, local and foreign jurisdictions. In the first quarter of fiscal year 2011, certain issues relating to 2003, 2004 and 2006 were effectively settled by the Company and the IRS Appeals Division. Tax and interest payments of $18 were made with respect to these issues in the second quarter of fiscal year 2011. Interest payments of $4 were made with respect to these issues in the third quarter of fiscal year 2011. No tax benefits had previously been recognized for the issues related to the 2003, 2004 and 2006 tax settlements. The federal statute of limitations has expired for all tax years through June 30, 2009. Various income tax returns in state and foreign jurisdictions are currently in the process of examination.

NOTE 18. INCOME TAXES (Continued)

Certain issues relating to fiscal years 1996 through 2000 were effectively settled by the Company and the Canadian Revenue Agency in the first quarter of fiscal year 2012, resulting in a net benefit of tax and interest of $7. No tax benefits had previously been recognized for these issues in the Company's consolidated financial statements.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of June 30, 2013 and 2012, the total balance of accrued interest and penalties related to uncertain tax positions was $8 and $7, respectively. Interest and penalties included in income tax expense resulted in a net expense of $1, a net benefit of $3, and a net benefit of $3 in fiscal years 2013, 2012 and 2011, respectively. The following is a reconciliation of the beginning and ending amounts of the Company's gross unrecognized tax benefits:

	2013	2012	2011
Unrecognized tax benefits - July 1	$ 80	$ 97	$ 84
Gross increases - tax positions in prior periods	3	4	3
Gross decreases - tax positions in prior periods	(19)	(17)	(9)
Gross increases - current period tax positions	7	5	45
Gross decreases - current period tax positions	-	(1)	-
Lapse of applicable statute of limitations	(2)	(2)	-
Settlements	-	(6)	(26)
Unrecognized tax benefits - June 30	$ 69	$ 80	$ 97

Included in the balance of unrecognized tax benefits as of June 30, 2013, 2012 and 2011, are potential benefits of $56, $56 and $68, respectively, which if recognized, would affect the effective tax rate on earnings.

In the twelve months succeeding June 30, 2013, audit resolutions could potentially reduce total unrecognized tax benefits by up to $2, primarily as a result of cash settlement payments. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

NOTE 19. EMPLOYEE BENEFIT PLANS

Retirement Income Plans

Effective July 1, 2011, and as part of a set of long-term, cost-neutral enhancements to the Company's overall employee benefit plans, the domestic qualified plan was frozen for service accrual and eligibility purposes for most participants, however, interest credits have continued to accrue on participant balances. As of June 30, 2013 and 2012, the benefits of the domestic qualified plan are based on either employee years of service and compensation or a stated dollar amount per years of service. The Company is the sole contributor to the plan in amounts deemed necessary to provide benefits and to the extent deductible for federal income tax purposes. Assets of the plan consist primarily of investments in cash equivalents, mutual funds and common collective trusts.

The Company did not make any contributions to its domestic qualified retirement income plan during fiscal years 2013 and 2012, and contributed $15 in fiscal year 2011. Contributions made to the domestic non-qualified retirement income plans were $11, $11 and $8 in fiscal years 2013, 2012 and 2011, respectively. The Company has also contributed $1 to its foreign retirement income plans in each of the fiscal years ended June 30, 2013, 2012 and 2011. The Company's funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit tax laws plus additional amounts as the Company may determine to be appropriate.

Retirement Health Care

The Company provides certain health care benefits for employees who meet age, participation and length of service requirements at retirement. The plans pay stated percentages of covered expenses after annual deductibles have been met. Benefits paid take into consideration payments by Medicare for the domestic plan. The plans are funded as claims are paid, and the Company has the right to modify or terminate certain plans.

The assumed domestic health care cost trend rate used in measuring the accumulated postretirement benefit obligation (APBO) was 7.6% for medical and 8.2% for prescription drugs for fiscal year 2013. These rates have been assumed to gradually decrease each year until an assumed ultimate trend of 4.5% is reached in 2028. The health care cost trend rate assumption has an effect on the amounts reported. The effect of a hypothetical 100 basis point increase or decrease in the assumed domestic health care cost trend rate on the total service and interest cost components, and the postretirement benefit obligation would have been $0, $1, $0 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively.

Financial Information Related to Retirement Income and Retirement Health Care

Summarized information for the Company’s retirement income and retirement health care plans at and for the fiscal years ended June 30 is as follows:

	Retirement Income		Retirement Health Care	
	2013	2012	2013	2012
Change in benefit obligations:				
Projected benefit obligation at beginning of year	$ 646	$ 566	$ 63	$ 58
Service cost	4	-	1	1
Interest cost	24	29	2	3
Employee contributions to deferred compensation plans	-	5	-	-
Actuarial (gain) loss	(27)	82	(9)	3
Plan amendments	-	-	(5)	-
Translation adjustment	-	-	-	(1)
Benefits paid	(35)	(36)	(1)	(1)
Projected benefit obligation at end of year	612	646	51	63
Change in plan assets:				
Fair value of assets at beginning of year	394	410	-	-
Actual return on plan assets	37	9	-	-
Employer contributions to nonqualified plans	12	12	1	1
Translation adjustment	-	(1)	-	-
Benefits paid	(35)	(36)	(1)	(1)
Fair value of plan assets at end of year	408	394	-	-
Accrued benefit cost, net funded status	$ (204)	$ (252)	$ (51)	$ (63)
Amount recognized in the balance sheets consists of:				
Current accrued benefit liability	$ (17)	$ (14)	$ (4)	$ (6)
Non-current accrued benefit liability	(187)	(238)	(47)	(57)
Accrued benefit cost, net	$ (204)	$ (252)	$ (51)	$ (63)

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

Retirement income plans with an accumulated benefit obligation (ABO) in excess of plan assets as of June 30 were as follows:

	Pension Plans		Other Retirement Plans	
	2013	2012	2013	2012
Projected benefit obligation	$ 529	$ 561	$ 80	$ 84
Accumulated benefit obligation	528	561	80	84
Fair value of plan assets	405	393	-	-

The ABO for all pension plans was $530, $561 and $490 as of June 30, 2013, 2012 and 2011, respectively. The ABO for all retirement income plans decreased by $35 in fiscal year 2013, primarily due to an increase in the discount rate.

The net costs of the retirement income and health care plans for the fiscal years ended June 30 included the following components:

	Retirement Income			Retirement Health Care		
	2013	2012	2011	2013	2012	2011
Service cost	$ 4	$ -	$ 12	$ 1	$ 1	$ 2
Interest cost	24	29	29	2	3	4
Expected return on plan assets	(29)	(31)	(33)	-	-	-
Curtailment gain	-	-	(1)	-	-	-
Amortization of unrecognized items	12	8	17	(2)	(3)	(2)
Total	$ 11	$ 6	$ 24	$ 1	$ 1	$ 4

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

Items not yet recognized as a component of postretirement expense as of June 30, 2013, consisted of:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain)	$ 239	$ (29)
Prior service cost (benefit)	1	(8)
Net deferred income tax (assets) liabilities	(89)	14
Accumulated other comprehensive loss (income)	$ 151	$ (23)

Net actuarial loss (gain) recorded in accumulated other comprehensive net losses for the fiscal year ended June 30, 2013, included the following:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain) at beginning of year	$ 286	$ (22)
Amortization during the year	(12)	2
Gain during the year	(35)	(9)
Net actuarial loss (gain) at end of year	$ 239	$ (29)

The Company uses the straight-line amortization method for unrecognized prior service costs and benefits. In fiscal year 2014, the Company expects to recognize, on a pre-tax basis, approximately $0 of the prior service cost and $9 of the net actuarial loss as a component of net periodic benefit cost for the retirement income plans; and approximately $1 of the prior service credit and $2 of the net actuarial gain as a component of net periodic benefit cost for the retirement health care plans.

Weighted-average assumptions used to estimate the actuarial present value of benefit obligations as of June 30 were as follows:

	Retirement Income		Retirement Health Care	
	2013	2012	2013	2012
Discount rate	4.39%	3.87%	4.33%	3.86%
Rate of compensation increase	3.44%	3.71%	n/a	n/a

Weighted-average assumptions used to estimate the net periodic pension and other postretirement benefit costs as of June 30 were as follows:

	Retirement Income		
	2013	2012	2011
Discount rate	3.87%	5.31%	5.34%
Rate of compensation increase	3.71%	3.93%	4.20%
Expected return on plan assets	7.50%	8.12%	8.11%

	Retirement Health Care		
	2013	2012	2011
Discount rate	3.86%	5.29%	5.36%

The expected long-term rate of return assumption is based on an analysis of historical experience of the portfolio and the summation of prospective returns for each asset class in proportion to the fund’s current asset allocation.

Expected benefit payments for the Company’s pension and other postretirement plans as of June 30, 2013 were as follows:

	Retirement Income	Retirement Health Care
2014	$ 37	$ 4
2015	37	4
2016	37	3
2017	38	3
2018	39	3
Fiscal years 2019 — 2023	194	14

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

Expected benefit payments are based on the same assumptions used to measure the benefit obligations and include estimated future employee service.

The target allocations and weighted average asset allocations by asset category of the investment portfolio for the Company's domestic retirement income plans as of June 30 were:

	% Target Allocation		% of Plan Assets	
	2013	2012	2013	2012
U.S. equity	20%	29%	20%	29%
International equity	21	30	21	29
Fixed income	54	36	54	37
Other	5	5	5	5
Total	100%	100%	100%	100%

The target asset allocation is determined based on the optimal balance between risk and return and, at times, may be adjusted to achieve the plan's overall investment objective to generate sufficient resources to pay current and projected plan obligations over the life of the domestic qualified retirement income plan.

The following table sets forth by level within the fair value hierarchy, the retirement income plans' assets carried at fair value as of June 30:

	2013		
	Level 1	Level 2	Total
Cash equivalents	$ 3	$ -	$ 3
Common collective trusts			
Bond funds	-	217	217
International equity funds	-	93	93
Domestic equity funds	-	77	77
Real Estate fund	-	18	18
Total common collective trusts	-	405	405
Total assets at fair value	$ 3	$ 405	$ 408

	2012		
	Level 1	Level 2	Total
Cash equivalents	$ 2	$ -	$ 2
Common collective trusts			
Bond funds	-	149	149
International equity funds	-	116	116
Domestic equity funds	-	106	106
Real Estate fund	-	21	21
Total common collective trusts	-	392	392
Total assets at fair value	$ 2	$ 392	$ 394

The carrying value of cash equivalents approximates its fair value as of June 30, 2013 and 2012.

Common collective trust funds are not publicly traded and, therefore, are classified as Level 2. They are valued at a net asset value unit price determined by the portfolio's sponsor based on the fair value of underlying assets held by the common collective trust fund on June 30, 2013 and 2012.

The common collective trusts are invested in various trusts that attempt to achieve their investment objectives by investing primarily in other collective investment funds which have characteristics consistent with each trust's overall investment objective and strategy.

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

Defined Contribution Plans

The Company has defined contribution plans for most of its domestic employees. The plans include The Clorox Company 401(k) Plan. Effective July 1, 2011, The Clorox Company 401(k) Plan was amended to enhance the matching of employee contributions and to provide for a fixed and non-discretionary annual contribution in place of the profit sharing component. Prior to July 1, 2011, Company contributions to the profit sharing component above 3% of employee eligible earnings were discretionary and were based on certain Company performance targets for eligible employees. The aggregate cost of the defined contribution plans was $40, $46, and $21 in fiscal years 2013, 2012 and 2011, respectively. Included in the fiscal year 2011 costs was $17 of profit sharing contributions. The Company also has defined contribution plans for certain international employees. The aggregate cost of these foreign plans was $1 for each of the fiscal years ended June 30, 2013, 2012 and 2011.

NOTE 20. SEGMENT REPORTING

The Company operates through strategic business units that are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International.

- *Cleaning* consists of laundry, home care and professional products marketed and sold in the United States. Products within this segment include laundry additives, including bleach products under the Clorox ® brand and Clorox 2 ® stain fighter and color booster; home care products, primarily under the Clorox ® , Formula 409 ® , Liquid-Plumr ® , Pine-Sol ® , S.O.S ® and Tilex ® brands; naturally derived products under the Green Works ® brand; and professional cleaning and disinfecting products under the Clorox ® , Dispatch ® , Aplicare ® , HealthLink ® and Clorox Healthcare ™ brands.

- *Household* consists of charcoal, cat litter and plastic bags, wraps and container products marketed and sold in the United States. Products within this segment include plastic bags, wraps and containers under the Glad ® brand; cat litter products under the Fresh Step ® , Scoop Away ® and Ever Clean ® brands; and charcoal products under the Kingsford ® and Match Light ® brands.

- *Lifestyle* consists of food products, water-filtration systems and filters, and natural personal care products marketed and sold in the United States. Products within this segment include dressings and sauces, primarily under the Hidden Valley ® , KC Masterpiece ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® and güd ® brands.

- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration, charcoal and cat litter products, dressings and sauces, plastic bags, wraps and containers and natural personal care products, primarily under the Clorox ® , Javex ® , Glad ® , PinoLuz ® , Ayudin ® , Limpido ® , Clorinda ® , Poett ® , Mistolin ® , Lestoil ® , Bon Bril ® , Nevex ® , Brita ® , Green Works ® , Pine-Sol ® , Agua Jane ® , Chux ® , Kingsford ® , Fresh Step ® , Scoop Away ® , Ever Clean ® , KC Masterpiece ® , Hidden Valley ® and Burt's Bees ® brands.

Certain non-allocated administrative costs, interest income, interest expense and various other non-operating income and expenses are reflected in Corporate. Corporate assets include cash and cash equivalents, property and equipment, other investments and deferred taxes.

NOTE 20. SEGMENT REPORTING (Continued)

	Fiscal Year	Cleaning	Household	Lifestyle	International	Corporate	Total Company
Net sales	2013	$ 1,783	$ 1,693	$ 929	$ 1,218	$ -	$ 5,623
	2012	1,692	1,676	901	1,199	-	5,468
	2011	1,619	1,611	849	1,152	-	5,231
Earnings (losses) from continuing operations before income taxes	2013	420	336	259	96	(258)	853
	2012	381	298	265	119	(272)	791
	2011	356	278	91	55	(217)	563
Income from equity investees	2013	-	-	-	12	-	12
	2012	-	-	-	11	-	11
	2011	-	-	-	8	-	8
Total assets	2013	905	799	878	1,202	527	4,311
	2012	942	818	887	1,219	489	4,355
Capital expenditures	2013	57	72	19	28	18	194
	2012	63	79	18	32	-	192
	2011	72	95	24	37	-	228
Depreciation and amortization	2013	52	69	19	28	14	182
	2012	45	73	18	25	17	178
	2011	44	73	18	22	16	173
Significant noncash charges included in earnings before income taxes:							
Share-based compensation	2013	10	9	5	1	10	35
	2012	13	12	6	1	(5)	27
	2011	14	13	6	2	(3)	32
Noncash goodwill impairment	2013	-	-	-	-	-	-
	2012	-	-	-	-	-	-
	2011	-	-	164	94	-	258

Fiscal year 2011 earnings from continuing operations before income taxes for the Lifestyle and International reportable segments included a noncash goodwill impairment charge of $164 and $94, respectively, related to the Burt’s Bees business. Fiscal year 2011 diluted net earnings per share from continuing operations included the impact of $1.86 from this noncash goodwill impairment charge.

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

NOTE 20. SEGMENT REPORTING (Continued)

Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26%, 26% and 27% for the fiscal years ended 2013, 2012 and 2011, respectively, of consolidated net sales and occurred in each of the Company's reportable segments. No other customers accounted for more than 10% of consolidated net sales in any of these fiscal years. During fiscal years 2013, 2012 and 2011, the Company's five largest customers accounted for 45%, 44% and 44% of its net sales, respectively.

The Company has three product lines that have accounted for 10% or more of consolidated net sales during each of the past three fiscal years. Sales of liquid bleach represented approximately 14% of the Company's consolidated net sales in each of the fiscal years 2013, 2012 and 2011, approximately 26%, 26% and 27% of net sales in the Cleaning segment and approximately 28%, 27% and 27% of net sales in the International segment, respectively. Sales of trash bags represented approximately 13% of the Company's consolidated net sales in each of the fiscal years 2013, 2012 and 2011, approximately 37%, 35% and 34% of net sales in the Household segment and approximately 10%, 10% and 11% of net sales in the International segment, respectively. Sales of charcoal represented approximately 10%, 11% and 11% of the Company's consolidated net sales and approximately 32%, 35% and 34% of net sales in the Household segment in fiscal years 2013, 2012 and 2011, respectively.

Net sales and property, plant and equipment, net, by geographic area as of and for the fiscal years ended June 30 were as follows:

	Fiscal Year	United States	Foreign	Total Company
Net sales	2013	$ 4,448	$ 1,175	$ 5,623
	2012	4,316	1,152	5,468
	2011	4,125	1,106	5,231
Property, plant and equipment, net	2013	$ 860	$ 161	$ 1,021
	2012	906	175	1,081

NOTE 21. RELATED PARTY TRANSACTIONS

The Company holds various equity investments with ownership percentages of up to 50% in a number of consumer products businesses. Transactions with the Company's equity investees typically represent payments for contract manufacturing and purchases of raw materials. Payments to equity investees for such transactions during the fiscal years ended June 30, 2013, 2012 and 2011 were $50, $49 and $47, respectively. Receipts from and ending accounts receivable and payable balances related to the Company's equity investees were not significant during and as of each of the fiscal years presented.

NOTE 22. UNAUDITED QUARTERLY DATA

	September 30	December 31	March 31	June 30	Total Year
Fiscal year ended June 30, 2013					
Net sales	$ 1,338	$ 1,325	$ 1,413	$ 1,547	$ 5,623
Cost of products sold	$ 764	$ 762	$ 818	$ 867	$ 3,211
Earnings from continuing operations	$ 133	$ 123	$ 134	$ 184	$ 574
Losses from discontinued operations, net of tax	$ -	$ -	$ (1)	$ (1)	$ (2)
Net earnings	$ 133	$ 123	$ 133	$ 183	$ 572
Per common share:					
Basic					
Continuing operations	$ 1.02	$ 0.94	$ 1.01	$ 1.40	$ 4.38
Discontinued operations	-	-	-	(0.01)	(0.01)
Basic net earnings per share	$ 1.02	$ 0.94	$ 1.01	$ 1.39	$ 4.37
Diluted					
Continuing operations	$ 1.01	$ 0.93	$ 1.00	$ 1.38	$ 4.31
Discontinued operations	-	-	-	(0.01)	(0.01)
Diluted net earnings per share	$ 1.01	$ 0.93	$ 1.00	$ 1.37	$ 4.30
Dividends declared per common share	$ 0.64	$ 0.64	$ 0.64	$ 0.71	$ 2.63
Market price (NYSE)					
High	$ 73.65	$ 76.74	$ 88.63	$ 90.10	$ 90.10
Low	69.67	71.00	73.50	81.12	69.67
Year-end					83.14
Fiscal year ended June 30, 2012					
Net sales	$ 1,305	$ 1,221	$ 1,401	$ 1,541	$ 5,468
Cost of products sold	$ 759	$ 714	$ 808	$ 883	$ 3,164
Earnings from continuing operations	$ 130	$ 105	$ 134	$ 174	$ 543
Losses from discontinued operations, net of tax	$ -	$ -	$ (2)	$ -	$ (2)
Net earnings	$ 130	$ 105	$ 132	$ 174	$ 541
Per common share:					
Basic					
Continuing operations	$ 0.99	$ 0.79	$ 1.03	$ 1.34	$ 4.15
Discontinued operations	-	-	(0.01)	-	(0.01)
Basic net earnings per share	$ 0.99	$ 0.79	$ 1.02	$ 1.34	$ 4.14
Diluted					
Continuing operations	$ 0.98	$ 0.79	$ 1.02	$ 1.32	$ 4.10
Discontinued operations	-	-	(0.01)	-	(0.01)
Diluted net earnings per share	$ 0.98	$ 0.79	$ 1.01	$ 1.32	$ 4.09
Dividends declared per common share	$ 0.60	$ 0.60	$ 0.60	$ 0.64	$ 2.44
Market price (NYSE)					
High	$ 75.44	$ 69.61	$ 70.89	$ 73.54	$ 75.44
Low	63.56	63.06	66.37	66.72	63.06
Year-end					72.46

FIVE-YEAR FINANCIAL SUMMARY

The Clorox Company

Dollars in millions, except share data	2013	2012	2011 (1)(2)	2010 (1)	2009 (1)
OPERATIONS					
Net sales	$ 5,623	$ 5,468	$ 5,231	$ 5,234	$ 5,158
Gross profit	2,412	2,304	2,273	2,319	2,204
Earnings from continuing operations	$ 574	$ 543	$ 287	$ 526	$ 472
(Losses) earnings from discontinued operations, net of tax	(2)	(2)	270	77	65
Net earnings	$ 572	$ 541	$ 557	$ 603	$ 537
COMMON STOCK					
Earnings per share					
Continuing operations					
Basic	$ 4.38	$ 4.15	$ 2.09	$ 3.73	$ 3.36
Diluted	4.31	4.10	2.07	3.69	3.33
Dividends declared per share	$ 2.63	$ 2.44	$ 2.25	$ 2.05	$ 1.88
OTHER DATA					
Total assets	$ 4,311	$ 4,355	$ 4,163	$ 4,548	$ 4,569
Long-term debt	2,170	1,571	2,125	2,124	2,151

(1) In November 2010, the Company completed the sale of the Auto Businesses pursuant to the terms of a Purchase and Sale Agreement and received cash consideration of $755. Included in earnings from discontinued operations for fiscal year ended June 30, 2011, is an after-tax gain on the transaction of $247.

(2) Earnings from continuing operations and net earnings included the $258 noncash goodwill impairment charge recognized in fiscal year 2011 related to the Burt's Bees business. Diluted net earnings per share from continuing operations included the impact of $1.86 from this noncash goodwill impairment charge.

Exhibit 99.2

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES (Dollars in millions)

Column A	Column B	Column C	Column D		Column E
		Additions	Deductions		
Description	Balance at beginning of period	Charged to costs and expenses	Credited to costs and expenses	Credited to other accounts	Balance at end of period
Allowance for doubtful accounts					
Year ended June 30, 2013	$ (7)	$ -	$ 2	$ -	$ (5)
Year ended June 30, 2012	(5)	(3)	1	-	(7)
Year ended June 30, 2011	(6)	-	1	-	(5)
LIFO allowance					
Year ended June 30, 2013	$ (37)	$ (3)	$ -	$ -	$ (40)
Year ended June 30, 2012	(29)	(8)	-	-	(37)
Year ended June 30, 2011	(28)	(1)	-	-	(29)
Valuation allowance on deferred tax assets					
Year ended June 30, 2013	$ (20)	$ (16)	$ -	$ -	$ (36)
Year ended June 30, 2012	(14)	(6)	-	-	(20)
Year ended June 30, 2011	(12)	(2)	-	-	(14)
Allowance for inventory obsolescence					
Year ended June 30, 2013	$ (10)	$ (12)	$ -	$ 11	$ (11)
Year ended June 30, 2012	(11)	(13)	-	14	(10)
Year ended June 30, 2011	(10)	(15)	-	14	(11)

Exhibit 99.3

THE CLOROX COMPANY
RECONCILIATION OF ECONOMIC PROFIT

Dollars in millions	FY13	FY12	FY11
Earnings from continuing operations before income taxes	**$ 853**	**$ 791**	**$ 563**
Noncash restructuring-related and asset impairment costs		4	6
Noncash goodwill impairment	-	-	258
Interest expense	122	125	123
Earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense	$ 975	$ 920	$ 950
Income taxes on earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense [(2)]	319	289	321
Adjusted after tax profit	**$ 656**	**$ 631**	**$ 629**
Average capital employed [(3)]	2,552	2,544	2,618
Capital charge [(4)]	**230**	**229**	**236**
Economic profit [(1)] **(Adjusted after tax profit less capital charge)**	**$ 426**	**$ 402**	**$ 393**
% change over prior year	+6.0%	+2.3%	+0.3%

(1) Economic profit (EP), a non-GAAP measure, is defined by the Company as earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense; less an amount of tax based on the effective tax rate before any noncash goodwill impairment charge, and less a charge equal to average capital employed multiplied by the weighted-average cost of capital. Management uses EP to evaluate business performance and allocate resources, and it is a component in determining management's incentive compensation. Management believes 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.

(2) The tax rate applied is the effective tax rate on continuing operations before any noncash goodwill impairment charge, which was 32.7%, 31.4% and 33.8% in fiscal years 2013, 2012 and 2011, respectively. The difference between the fiscal year 2011 effective tax rate on continuing operations before the noncash goodwill impairment charge and the effective tax rate on continuing operations of 49.0% is (16.0)% related to the non-deductible noncash goodwill impairment charge and 0.8% for other tax effects related to excluding this charge.

(3) Total capital employed represents total assets less non-interest bearing liabilities. Adjusted capital employed represents total capital employed adjusted to add back current year noncash restructuring-related and asset impairment costs and noncash goodwill impairment. Average capital employed represents a two-point average of adjusted capital employed for the current year and total capital employed for the prior year, based on year-end balances. See below for details of the average capital employed calculation:

	FY13	FY12	FY11
Total assets	$ 4,311	$ 4,355	$ 4,163
Less:			
Accounts payable	413	412	423
Accrued liabilities	490	494	442
Income taxes payable	29	5	41
Other liabilities	742	739	619
Deferred income taxes	119	119	140
Non-interest bearing liabilities	1,793	1,769	1,665
Total capital employed	**2,518**	**2,586**	**2,498**
Noncash restructuring-related and asset impairment costs	-	4	6
Noncash goodwill impairment	-	-	258
Adjusted capital employed	**$ 2,518**	**$ 2,590**	**$ 2,762**
Average capital employed	**$ 2,552**	**$ 2,544**	**$ 2,618**

(4) Capital charge represents average capital employed multiplied by the weighted-average cost of capital. The weighted-average cost of capital used to calculate capital charge was 9% for all fiscal years presented.