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, 2017

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 (§229.405 of this chapter) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 as of December 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $15.4 billion.

As of July 28, 2017, there were 129,068,511 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

Portions of the registrant's definitive proxy statement for the 2017 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days after June 30, 2017 , 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, 2017
TABLE OF CONTENTS

PART I

This Annual Report on Form 10-K for the fiscal year ended June 30, 2017 (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, statements about future volume, sales, foreign currencies, costs, cost savings, margin, earnings, earnings per share, diluted earnings per share, foreign currency exchange rates, cash flows, plans, objectives, expectations, growth or profitability are forward-looking statements based on management’s estimates, assumptions and projections. Words such as “could,” “may,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts” and variations on such words, and similar expressions that reflect our current views with respect to future events and operational and financial performance, 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 the date when made. 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,” “Clorox,” “we,” “us” and “our” 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 fiscal year 2017 net sales of $6.0 billion and approximately 8,100 employees worldwide as of June 30, 2017 . Clorox sells its products primarily through mass retail and grocery outlets, warehouse clubs, dollars stores, e-commerce channels, military stores and other retail outlets, and medical supply distributors. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products, Pine-Sol ® cleaners, Liquid-Plumr ® clog removers, Poett ® home care products, Fresh Step ® cat litter, Glad ® bags, wraps and container products, Kingsford ® and Match Light ® charcoal, RenewLife ® digestive health products, Hidden Valley ® dressings and sauces, Brita ® water-filtration products, and Burt’s Bees ® natural personal care products. The Company also markets to professional services channels, including infection control products for the healthcare industry with the Clorox Healthcare ® brand and Clorox Commercial Solutions ® brand. More than 80% of the Company’s sales are generated from brands that hold the No. 1 or No. 2 market share positions in their categories. The Company was founded in Oakland, California in 1913 and is incorporated in Delaware.

The Company’s 2020 strategy focuses on delivering long-term, profitable growth and total shareholder return. The Company’s long-term financial goals include annual net sales growth of 3-5%, annual EBIT margin growth of 25-50 basis points and annual free cash flow of 10-12% of net sales.

In May 2016, the Company acquired 100 percent of the digestive health company RenewLife for $290 million. Results for RenewLife’s domestic business are reflected in the Household reportable segment and results for RenewLife’s international business are reflected in the International reportable segment. Included in the Company’s results for fiscal year 2017 and 2016 was $130 million and $21 million, respectively, of RenewLife’s global net sales.

In fiscal year 2017 , the Company delivered strong results including 4% net sales growth and a 9% increase in diluted earnings per share (EPS) from continuing operations, despite high levels of competition in select categories, increasingly competitive retail dynamics and rising commodity costs and inflationary pressures globally, as well as a difficult macro-economic environment in international markets, including slowing economies and unfavorable foreign exchange rates.

The Company focused on driving profitable sales growth in its United States (U.S.) business, leveraging incremental demand building investments, including product innovation to support category and market share growth. The Company launched new products in many categories in fiscal year 2017 , including the Brita ® Stream ™ pitcher, Burt's Bees ® gloss lip crayon and Burt's Bees ® flavor crystals ® lip balm, Clorox Scentiva ® line of sprays and wipes, Clorox ® Healthcare Fuzion ™ cleaner disinfectant, Clorox ® Total 360 ™ electrostatic disinfection system, Fresh Step ® Extreme with the power of Febreze ® Hawaiian Aloha ™ 1 itter and Fresh Step ® Extreme with the power of Febreze ® lightweight litter, Glad Kitchen Pro™ trash bags, Hidden Valley ® Simply Ranch ® dressing, and Kingsford ® BBQ sauces and Kingsford ® long-burning charcoal.

In international markets, the Company focused on executing its Go Lean Strategy, which emphasizes driving the long-term profitability of its International business. Continued currency declines across the majority of countries and high inflation in several markets were more than offset by price increases and cost savings initiatives. Despite these challenges, the Company's international business continues to play an important strategic role, with No. 1 and No. 2 brands in multiple countries.

In fiscal year 2017 , the Company repurchased approximately 1.5 million shares of its common stock for $189 million, paid $412 million in dividends to stockholders and announced a 5% increase in its quarterly dividend from prior year, payable in August 2017.

Finally, in fiscal year 2017, the Company remained committed to corporate responsibility by maintaining strong and transparent environmental, social and governance practices. As part of its 2020 sustainability goals, it continued to work to reduce water and energy use, solid waste to landfill and greenhouse gas emissions as well as improve the sustainability of its product portfolio. The Company's achievements were acknowledged through multiple external recognitions, including a No. 12 ranking on the annual list of top corporate citizens by Corporate Responsibility magazine and the EPA Safer Choice Partner of the Year award, presented for the second straight year by the U.S. Environmental Protection Agency (EPA). The Company also earned the top rating of 100 percent on the Human Rights Campaign's Corporate Equality Index and was named one of the Best Places to Work in the U.S. by Glassdoor based on employee reviews. In fiscal year 2017 , The Clorox Company Foundation and The Burt's Bees Greater Good Foundation together awarded approximately $5 million in cash grants, and the Company donated products with a fair market value of approximately $5 million and contributed more than $1 million to deserving nonprofits through cause marketing programs for charitable causes.

In fiscal year 2018, the Company anticipates ongoing challenges that may impact its sales and margins, including continued high levels of competition in select categories, a more competitive retail environment, rising commodity costs and the continuation of a difficult macro-economic environment in many international markets.

For additional information on recent business developments, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Exhibit 99.1, 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, bags, wraps and containers, cat litter, and digestive health products marketed and sold in the United States. Products within this segment include charcoal products under the Kingsford ® and Match Light ® brands; bags, wraps and containers under the Glad ® brand; cat litter products under the Fresh Step ® , Scoop Away ® and Ever Clean ® brands; and digestive health products under the RenewLife ® brand.
- *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 ® , Kingsford ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® brand.
- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration, digestive health products, charcoal and cat litter products, food products, bags, wraps and containers, natural personal care products and professional cleaning and disinfecting products primarily under the Clorox ® , Glad ® , PinoLuz ® , Ayudin ® , Limpido ® , Clorinda ® , Poett ® , Mistolin ® , Lestoil ® , Bon Bril ® , Brita ® , Green Works ® , Pine-Sol ® , Agua Jane ® , Chux ® , RenewLife ® , Kingsford ® , Fresh Step ® , Scoop Away ® , Ever Clean ® , KC Masterpiece ® , Hidden Valley ® , Burt's Bees ® brands and Clorox Healthcare ® brands.

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 amounts, is set forth below. Certain non-allocated administrative costs, interest income, interest expense and various other non-operating income and expenses are reflected in Corporate. 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," in Exhibit 99.1.

(Dollars in millions)	Fiscal Year	Cleaning	Household	Lifestyle	International	Corporate	Total Company
Net Sales	2017	$ 2,002	$ 1,961	$ 1,000	$ 1,010	$ —	$ 5,973
	2016	1,912	1,862	990	997	—	5,761
	2015	1,824	1,794	950	1,087	—	5,655
Earnings (losses) from continuing operations before Income taxes	2017	523	419	244	81	(234)	1,033
	2016	511	428	251	66	(273)	983
	2015	445	375	257	79	(235)	921
Total assets [(1)]	2017	881	1,103	902	1,060	627	4,573
	2016	883	1,092	880	1,057	598	4,510

[(1)] Prior year amounts have been retrospectively adjusted to conform to the current year presentation of debt issuance costs required by Accounting Standards Update (ASU) No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." Refer to the Notes to Consolidated Financial Statements for further details.

The Company's product lines that accounted for 10% or more of consolidated net sales (U.S. and international) for the fiscal years ended June 30 were as follows:

	2017	2016	2015
Home Care products	25%	24%	24%
Bags, wraps and containers	18%	19%	19%
Laundry additives	15%	16%	17%
Charcoal products	11%	11%	11%
Food products	10%	10%	10%

Principal Markets and Methods of Distribution

In the U.S., most of the Company's products are nationally advertised and sold to mass retail and grocery outlets, warehouse clubs, dollar stores, military stores and other retail outlets 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. The Company sells institutional, janitorial, and food-service versions of many of its products through distributors using a network of brokers, and sells healthcare products through a direct sales force and medical supply distributors. Outside the U.S., 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 e-commerce.

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 the Notes to Consolidated Financial Statements in Exhibit 99.1.

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, corrugated cardboard, soybean oil and other agricultural commodities. Sufficient raw materials were available during fiscal year 2017. Costs for resin and other commodity costs increased in fiscal year 2017. Additionally, costs for many other materials continued to increase amid volatility and inflation in some key geographic and commodity markets. The Company expects commodity increases to continue in fiscal year 2018. The Company generally utilizes supply contracts to help ensure availability and a number of forward-purchase contracts to help reduce the volatility of the pricing of raw materials needed in its operations. However, the

Company is highly exposed 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 99.1 and "Risk Factors – Volatility and increases in the costs of raw materials, energy, transportation, labor and other necessary supplies or services have negatively impacted, and in the future may negatively impact, the Company's net earnings and cash flow" in Item 1.A.

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 back half of the fiscal year. The volume and sales of charcoal products may be affected by weather conditions.

Customers

Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26% , 27% and 26% of consolidated net sales for each of the fiscal years ended June 30, 2017 , 2016 and 2015 , respectively, and occurred across all of the Company's reportable segments. No other individual customer accounted for 10% or more of the Company's consolidated net sales in any of these fiscal years. The Company's five largest customers accounted for nearly half of the Company's consolidated net sales for each of the fiscal years 2017 , 2016 and 2015 .

Competition

The markets for consumer products are highly competitive. The Company's products compete with other nationally advertised brands and with "private label" brands within each category. 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. The Company's products generally compete on the basis of product performance, brand recognition, and price. 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 typically requires continued advertising and promotional support and ongoing product improvements to maintain its relative market position. For further information regarding the intense competition the Company faces, see "Risk Factors – The Company faces intense competition in its markets, which could lead to reduced net sales, net earnings and cash flow" in Item 1.A.

Research and Development

The Company conducts research and development primarily at its facility located in Pleasanton, CA, which the Company has leased since 2011. The Pleasanton facility consists of approximately 357,000 square feet of leased space, utilizing advanced labs and open work spaces to encourage creativity, collaboration and innovation. In addition to the leased facility in Pleasanton, CA, the Company conducts research and development activities in Buenos Aires, Argentina; Meriden, CT; Willowbrook, IL; Durham, NC; and Cincinnati, OH.

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 $135 million, $141 million and $136 million in fiscal years 2017 , 2016 and 2015 , respectively, on research activities relating to the product innovation and cost savings. In addition, the Company obtains technologies from third parties for use in its products. Royalties relating to such technologies are reflected in the Company's Cost of products sold. For further information regarding the Company's research and development costs, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 99.1.

Environmental Matters

For information regarding noncapital expenditures related to environmental matters, see the discussions below under "Risk Factors – Environmental matters create potential liabilities that could adversely affect the Company's results of operations or financial condition" in Item 1.A. No material capital expenditures relating to environmental compliance are presently anticipated.

Number of Persons Employed

As of June 30, 2017 , the Company employed approximately 8,100 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 Information/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 for the Management Development and Compensation Committee, the Audit Committee, and the Nominating and Governance Committee, is available at TheCloroxCompany.com under Who We Are//Corporate Governance or https://www.thecloroxcompany.com/who-we-are/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.

The Company faces intense competition in its markets, which could lead to reduced net sales, net earnings and cash flow.

The Company faces intense competition from consumer product companies both in the U.S. and in its international markets. Most of the Company's products compete with other widely advertised brands within each product category. The Company also faces competition from retailers, including club stores, grocery stores, dollar stores, mass merchandisers, e-commerce retailers and subscription services, which are increasingly offering "private label" brands that are typically sold at lower prices and compete with the Company's products in certain categories. Increased purchases of "private label" products could reduce net sales of the Company's higher-margin products or there could be a shift in product mix to lower-margin offerings, which would negatively impact our margins.

The Company's products generally compete on the basis of product performance, brand recognition, and price. 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 typically 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 net sales may be negatively 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 net earnings and adversely affect growth.

Volatility and increases in the costs of raw materials, energy, transportation, labor and other necessary supplies or services have negatively impacted, and in the future may negatively impact, the Company's net earnings and cash flow.

Volatility and increases in the costs of raw materials, including resin, sodium hypochlorite, linerboard, soybean oil, solvent, corrugated cardboard and other chemicals and agricultural commodities, or increases in the cost of energy, transportation, labor and other necessary supplies or services have harmed, and in the future may harm, the Company's profits and operating results. We distribute our products and receive raw materials primarily by rail and truck. Reduced availability of rail or trucking could cause us to incur unanticipated expenses and impair our ability to distribute our products or receive our raw materials in a timely manner.

The Company believes commodity and other cost increases are possible in the future. 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 commodity costs decline, the Company may not be able to sustain its price increases. Sustained price increases may lead to declines in volume as 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. 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.

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 executes 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. For further information regarding the Company's use of derivative instruments, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 99.1.

Sales growth objectives may be difficult to achieve, the Company may not be able to successfully implement price increases, and 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 2017 , 83% of the Company's net sales were generated in U.S. markets. The Company's ability to achieve sales growth depends on its ability to drive growth through innovation, expansion into new products and categories, channels and countries, 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/or develop, acquire or successfully launch new products or brands, it may not achieve its sales growth objectives. Even when the Company is successful in increasing market share within particular product categories, a decline in the markets for such product categories has had and can continue to 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 net sales, profitability and cash flow.

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% , 27% and 26% of consolidated net sales for each of the fiscal years ended June 30, 2017 , 2016 and 2015 , respectively, and occurred across all of the Company's reportable segments. No other individual customer accounted for 10% or more of the Company's consolidated net sales in any of these fiscal years. The Company's five largest customers accounted for nearly half of the Company's consolidated net sales for each of the fiscal years 2017 , 2016 and 2015 and a significant portion of the Company's future revenues may 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, a shift of shelf space to "private label" or competitors' products or a decision to lower pricing of consumer products, including branded products, may harm the Company's net sales or margins, and reduce the ability of the Company to offer new innovative and improved products to consumers. In addition, the use of the latest technology by our customers regarding pricing may lead to category pricing pressures. Furthermore, any loss of a key customer or a significant reduction in net sales to a key customer, even if such loss or reduction relates to a key customer of a business unit of the Company, could have a material adverse effect on the Company's business, financial condition and results of operations.

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, 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 net sales and net earnings to decline. Furthermore, unfavorable market conditions or competitive pressures may cause the Company's customers to reevaluate the number and mix of brands they sell, resulting in lower purchases of the Company's products by these customers.

The Company continues to see retailer consolidation both in the U.S. and internationally. This trend has resulted in the increased size and influence of large consolidated retailers, who have in the past changed, and may in the future change, their business strategies, demand lower pricing or special packaging or impose other burdensome requirements on product suppliers. These business demands may relate to inventory practices, transportation and storage, a shift in focus away from branded products toward "private label" or other aspects of the customer-supplier relationship. These large consolidated companies could also exert additional competitive pressure on the Company's other customers, which could in turn lead to such customers demanding lower pricing or special packaging or imposing other onerous requirements on the Company. 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.

The changing retail environment could affect the Company's business, financial condition and results of operations.

The Company's sales are largely concentrated in the traditional retail grocery, mass retail outlet, warehouse club and dollar store channels. However, alternative retail channels, including hard discounters, e-commerce retailers and subscription services, have become more prevalent and consumer products are increasingly being sold through such alternative retail channels. Although the Company is engaged in e-commerce with respect to many of its products, if we are not successful in expanding sales in such alternative retail channels, our business, financial condition and results of operations may be negatively impacted. In addition, the growth of the alternative retail channels that are focused on limiting the number of items they sell and selling predominantly "private label" products may reduce the Company's ability to market and sell its products through such retailers. The retail environment is changing with the growth of alternative retail channels and this could significantly change the way traditional retailers do business. If these alternative retail channels were to take significant market share away from traditional retailers and/or the Company is not successful in these alternative retail channels, our margins and results of operations may be negatively impacted.

Cyber-attacks, privacy breaches, data breaches or 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, many 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 customers, consumers, vendors, investors and 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 financial reporting, regulatory, legal and tax requirements and implementing other processes involved in managing the business. Although the Company has made progress with its implementation of enterprise-wide upgrades to its hardware, software and operating systems, legacy systems still remain. If the Company's existing and/or future technology systems, third-party service providers and processes do not adequately support the future growth of the Company's business, the Company's business may be adversely impacted. In addition, the Company from time to time may need to upgrade its information technology systems. If a new system does not function properly, it could affect the Company's ability to process and deliver customer orders and process and receive payments for its products. This could adversely impact the Company's results of operations and cash flows.

Although the Company has a broad array of network and information security measures in place, the information technology systems may be vulnerable to computer viruses or other malicious codes, security breaches and other disruptions from unauthorized uses or system failures, including Internet outages. 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 or as a result of legacy systems, and if the business continuity plans do not effectively resolve such issues on a timely basis, the Company may suffer interruptions in its ability to manage or conduct business, which may adversely impact the Company's business. In addition, such incidents could result in unauthorized disclosure of material confidential information. The Company cannot guarantee that its security efforts will prevent attacks and resulting breaches or breakdowns of the Company's, or its third-party service providers', databases or systems. Cyber threats are constantly evolving and this increases the difficulty of detecting and successfully defending against them. In addition, although the Company has policies and procedures in place governing the secure storage of personal information collected by the Company and its third-party service providers, as well as protection of company information and assets, data breaches or theft of such information assets may occur in the future. Furthermore, the Company sells its Burt's Bees ® natural personal care products, RenewLife ® digestive health products and other products directly to consumers online and through websites, mobile apps and connected devices, and the Company offers promotions, rebates, customer loyalty and other programs through which it may receive personal information, and it or its vendors could experience cyber-attacks, privacy breaches, data breaches or other incidents that may result in unauthorized disclosure of consumer, customer, employee, vendor or Company information.

If the Company suffers a loss as a result of a breach or other breakdown in its technology, including cyber-attack, privacy breaches, data breaches or other incident involving the Company or any of the Company's vendors, that result in unauthorized disclosure or significant unavailability of business, financial, personal or stakeholder information, the Company's reputation, competitiveness and/or business may be harmed and the Company may be exposed to legal liability, which may adversely affect the Company's results of operations and/or financial condition. In addition, if the Company's service providers, suppliers or customers experience a breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in the Company's supply chain or reduced customer orders or other business operations, which would adversely affect the Company.

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 U.S., 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, among other regulatory agencies. Most states have agencies that regulate in parallel to these federal agencies. The Company's international operations are also subject to regulation in each of the foreign jurisdictions in which it manufactures or distributes its products. There is also a risk of potentially higher incidence of fraud or corruption in certain foreign jurisdictions and related difficulties in maintaining effective internal controls. Additionally, the Company could be subject to inquiries or investigations by governmental and other regulatory bodies. Any determination that the Company's operations or activities are not in compliance with applicable law could expose the Company to future impairment charges or significant fines, penalties or other sanctions that may result in a reduction in net income or otherwise adversely impact the business and reputation of the Company.

In particular, because of the Company's extensive international operations, we could be adversely affected by violations of the Foreign Corrupt Practices Act and similar worldwide anti-bribery laws. The Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to government officials or other third parties for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, we cannot provide assurance that our internal controls policies and procedures will always protect us from reckless or criminal acts committed by our employees, joint-venture partners or agents. Violations of these laws, or allegations of such violations, could disrupt our business and adversely affect our reputation and our business, results of operations, cash flows and financial condition.

It is expected that federal, state and foreign governments will continue to introduce new and expanded legislation affecting the Company's operations, which may require the Company to increase its resources, capabilities and expertise in such areas. For example, the Company is subject to regulations regarding the transportation, storage or use of certain chemicals to protect the environment, including as a result of evolving climate change standards, and new and increased regulation in other areas, such as with respect to "conflict minerals." Such regulation could negatively impact the Company's ability to obtain raw materials or could increase its acquisition and compliance costs. In addition, the Company is subject to laws of various countries where it operates or does business related to solicitation, collection, processing or use of consumer, customer, vendor or employee information or related data. Furthermore, pending legislative initiatives and adopted legislation in the areas of healthcare reform and other areas, such as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Foreign Account Tax Compliance 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 fiscal year 2016 acquisition of RenewLife, which manufactures products subject to additional regulations.

Additionally, recent reform proposals have introduced greater uncertainty with respect to tax and trade policies, tariffs and government regulations affecting trade between the U.S. and other countries. Major developments in tax policy or trade relations could have a material effect on our balance sheet and results of operations.

If the Company is found to be noncompliant with applicable laws and regulations in these or other areas, including the evolving regulations related to privacy and data security and protection, it could be subject to civil remedies, including fines, import detentions, injunctions, product withdrawals or 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. As the Company expands its natural personal care and healthcare businesses such as through Burt's Bees ®, HealthLink ®, Aplicare ® and Caltech Industries, an increasing number of its products have and will become subject to regulations and laws relating to drugs and medical devices. In addition, the Company's digestive health space business resulting from its acquisition of RenewLife ® has products that are subject to regulations relating to dietary supplements. In order to comply with these laws and regulations, the Company may be required to make changes to product formulation, labeling or marketing claims, perform additional testing to substantiate its product claims, make costly changes in its manufacturing processes or supply chain or stop selling certain products until corrective actions have been taken.

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

In connection with the Company's strategy, the Company expects to continue to seek acquisition opportunities, such as the fiscal year 2016 acquisition of RenewLife, which competes in the digestive health category. However, the Company may not be able to identify and successfully negotiate suitable strategic acquisitions at attractive prices. In addition, all acquisitions and investments entail 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 operations;
- maintain uniform standards, controls, procedures and policies throughout acquired companies, including effective integration of acquired companies into the Company's internal controls over financial reporting;
- 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;
- achieve distribution expansion related to products, categories and markets from acquisitions; and
- retain key relationships with employees, customers, partners and suppliers of acquired companies.

Acquired companies or operations or joint ventures may not be profitable or may not achieve sales levels and profitability and cash flow expectations. 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 subject the Company to local regulations and could potentially lead to risks related to, among other things, increased exposure to foreign exchange rate changes, tax or labor laws, government price control, repatriation of profits and liabilities relating to the Foreign Corrupt Practices Act. 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 and/or net earnings per share.

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 or sales resulting from such sale or the costs or liabilities that are not assumed by the acquirer that may negatively impact profitability and cash flow subsequent to any divestiture. The Company may also be required to recognize impairment charges as a result of a divestiture.

In addition, any potential future acquisitions, new ventures or divestitures may divert the attention of management and resources from matters that are core or critical to the Company's business.

Uncertain worldwide, regional and local economic and financial market conditions may negatively impact the Company and consumers of its products, which would negatively affect the Company's financial performance and liquidity.

Although the Company continues to devote significant resources to support its brands, uncertain economic conditions have negatively affected, and may continue to negatively affect, consumer demand for the Company's products. Consumers may also be sensitive to economic uncertainty or unfavorable economic conditions and reduce discretionary spending, which may lead to reduced net sales 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 "private label" products, and the Company's competitors may increase levels of advertising and promotional activity for lower-priced products as they seek to maintain sales volumes during uncertain economic times, which may negatively impact the Company's net sales.

Global markets continued to face threats and uncertainty during fiscal year 2017 . Uncertain economic and financial market conditions may also adversely affect the financial condition of the Company's customers, suppliers and other business partners. If customers' financial conditions are adversely affected, customers may reduce their purchases of the Company's products or the Company may not be able to collect accounts receivable, each of which could have a material adverse impact on the Company's business operations or financial results.

The Company is subject to risks related to its international operations and international trade.

In fiscal year 2017 , 17% of the Company's net sales were generated in international markets. The Company faces and will continue to face substantial risks associated with its foreign operations, including the following:

- economic or political instability;
- price controls and related government actions;
- foreign currency fluctuations, currency controls and inflation, which may adversely affect the Company's ability to do business in certain markets and reduce the U.S. dollar value of revenues, profits or cash flows it generates in non-U.S. markets;
- continued high levels of inflation in Argentina, which may result in the Company adopting hyperinflationary accounting treatment for Argentina's operations;
- difficulty in obtaining non-local currency (e.g., U.S. dollars) to pay for the raw materials needed to manufacture the Company's products and contract-manufactured products;
- restrictions on or costs related to the repatriation of foreign profits to the U.S., including possible taxes or withholding obligations on any repatriations;
- the imposition of tariffs, trade restrictions, price, profit or other government controls, labor laws, travel or immigration restrictions, import and export laws or other government actions generating a negative impact on the Company's business, including changes in trade policies that may be implemented and the impact of geopolitical events generally;
- difficulties in hiring and retaining qualified employees;
- civil unrest, work stoppages and labor disputes;

- employment litigation related to employees, contractors and suppliers, particularly in Argentina;
- difficulties in obtaining or unavailability of raw materials;
- potential loss of distribution channels as a result of retailer consolidation;
- increased credit risk of customers, suppliers and distributors;
- potential harm to third parties, the Company’s employees and/or surrounding communities, and related liabilities and damages to the Company’s reputation, from the use, storage and transportation of chlorine in certain international markets where chlorine is used in the production of bleach, whether such actions are undertaken by the Company or by the Company’s business partners;
- difficulties in enforcing intellectual property and contractual rights;
- lack of well-established or reliable, and impartial legal systems in certain countries where the Company operates;
- challenges relating to enforcement of or compliance with local laws and regulations and with U.S. laws affecting operations outside of the U.S., including without limitation, the Foreign Corrupt Practices Act;
- the possibility of nationalization, expropriation of assets or other similar government actions; and
- risks related to the Company’s discontinued operations in Venezuela.

In addition, changes as result of the United Kingdom's decision to exit the European Union could subject the Company to heightened risks in that region, including disruptions to trade and free movement of goods, services and people to and from the United Kingdom, increased foreign exchange volatility with respect to the British pound and additional legal and economic uncertainty. Moreover, as a result of the 2016 U.S. presidential and Congressional elections, there may be shifts in U.S. foreign trade, economic and other policies that may negatively impact our foreign operations and our ability to market our products in certain international markets. All of the foregoing 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 condition. 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 risks with respect to its net sales, net earnings and cash flow driven by movements of the U.S. dollar relative to other currencies. A weakening of the currencies in which sales are generated relative to the currencies in which costs are denominated would decrease net earnings and cash flow. 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, the Company’s reported net earnings may be negatively affected by changes in foreign exchange rates.

Inflation is another risk associated with the Company’s international operations. For example, Argentina could in the future be designated as a highly inflationary economy. 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. Other countries in which the Company operates may also become highly inflationary or such countries’ currencies may be devalued, or both, which may negatively impact the Company’s business operations and financial results.

For further information regarding Argentina, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Exhibit 99.1.

The Company may not successfully achieve its innovation goals, or develop and introduce new products and line extensions or expand into adjacent categories and countries, which could adversely impact its financial results.

The Company’s future performance and growth depends on innovation and its ability to successfully develop or license capabilities to introduce new products, brands, line extensions and product improvements or enter into or expand into adjacent product categories, sales channels or countries. The Company's ability to quickly innovate in order to adapt its products to meet changing consumer demands is essential, especially in light of e-commerce significantly reducing the barriers for even small competitors to quickly introduce new brands and products directly to consumers. This risk is further heightened by the continued evolution of consumer needs, habits and preferences as a result of shifts in U.S. demographics, reflecting various factors including cultural and socioeconomic changes. 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 and development and demand creation expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. In addition, effective and integrated systems are required for the Company to gather and use consumer data and information to successfully market its products. 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, brands and line extensions to achieve anticipated levels of market acceptance. If product introductions or new or expanded adjacencies are not successful, costs associated with these efforts may not be fully recouped and the Company's net earnings could be adversely affected. In addition, if sales generated by new products cause a decline in sales of the Company's existing products, the Company's financial condition and results of operations could be materially adversely affected.

Profitability and cash flow could suffer if the Company is unable to generate anticipated cost savings, successfully implement its strategies, 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 cost savings will result from reducing material costs and manufacturing inefficiencies and realizing productivity gains, distribution efficiencies and overhead reductions. 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 its financial results or its long-term strategies, such as the 2020 Strategy, which includes financial goals such as annual net sales growth of 3-5%, annual EBIT margin growth between 25-50 basis points and annual free cash flow as a percentage of net sales of about 10-12%. The Company also continues to seek to penetrate new markets and introduce new products and product improvements. These goals and strategies may not be implemented or may fail to achieve desired results, and the Company may fail to achieve one or more of the financial goals for one or more of the relevant fiscal years. In addition, the Company expects to continue to restructure its operations as necessary to improve operational efficiency, including occasionally opening or closing offices, facilities or plants. Gaining additional efficiencies may become increasingly difficult over time, there may be one-time costs relating to facility closures or other restructurings and anticipated cost savings and the Company's strategies may not be implemented or may fail to achieve desired results. If the Company is unable to generate anticipated costs savings, successfully implement its strategies or efficiently manage its supply chain and manufacturing processes, the Company's financial results could suffer. These plans and strategies 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.

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, setting sustainability goals and product safety and quality initiatives. Despite these efforts, negative publicity about the Company, including product safety, quality, efficacy and sustainability or similar concerns, whether real or perceived, could occur, and the Company may not meet its sustainability goals. As a result, the Company's products could face withdrawal, recall or other quality issues. The Company also licenses certain of its brands to third parties, which creates additional exposure for those brands to product safety, quality, sustainability and other concerns. In addition, widespread use of social media and networking sites by consumers has greatly increased the speed and accessibility of information dissemination. Negative publicity, posts or comments on social media or network sites about the Company or its brands, whether accurate or inaccurate, or disclosure of non-public sensitive information about the Company, could be widely disseminated through the use of social media. Such events, if they were to occur, could harm the Company's image and adversely affect its business, as well as require resources to rebuild the Company's reputation.

An increase in the value of the Company's Glad ® business would result in an increase in the Company's purchase obligation for The Procter & Gamble Company's, P&G's, 20% interest in that business, which may adversely affect the Company's net earnings and cash flow. Additionally, it is uncertain whether the Company's net earnings and cash flow would be adversely affected more by an extension or a termination of the agreement related to the Glad ® business.

In January 2003, the Company entered into a venture agreement with P&G related to the Company's Glad ® bags, wraps and containers business. In connection with this agreement, P&G provides research and development support to the Glad ® business. The agreement with P&G will expire in January 2023 unless the parties agree, on or prior to January 2018, to extend the term of the agreement for another 10 years or agree to take some other relevant action.

Unless extended, the agreement will require the Company to purchase P&G's 20% interest in January 2023 for cash at fair value as established by predetermined valuation procedures. As of June 30, 2017 , the estimated fair value of P&G's interest was $458 million , of which $ 317 million has been recognized by the Company and is reflected in Other liabilities in the Company's June 30, 2017 Consolidated Balance Sheet. The difference between the estimated fair value and the amount recognized, and any future changes in the fair value of P&G's interest, is charged to Cost of products sold in accordance with the effective interest method over the remaining life of the agreement. The estimated fair value of P&G's interest increased significantly over the past several years and may continue to change up until any such purchase by the Company of P&G's

interest. Any additional significant increases in the fair value of such interest may adversely affect the Company’s net earnings and future cash flow.

If the Company and P&G decide not to extend the term of the agreement, this decision may harm the terms on which the Company has access to innovation from P&G. Alternatively, if the Company and P&G decide to extend the term of the agreement, there can be no assurance that any future innovation will result. In either case, net earnings and cash flow may be negatively impacted. For additional information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 9 to the Consolidated Financial Statements in Exhibit 99.1.

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 have to be qualified under Company standards and may also have to be qualified under governmental and industry standards, and any relevant standards of the Company's customers, which can require additional investment and time. The Company could experience disruptions in production and its financial results and relationships with customers could be adversely affected 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 financial distress or if any environmental, economic or other outside factors impact its operations.

Product liability, commercial claims or other legal proceedings could adversely affect the Company’s net sales and operating results, including cash flow.

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, have defective packaging, fail to perform as advertised, or damage property or persons. Product liability claims could result in negative publicity that could harm the Company’s reputation, sales and operating results and the reputation of the Company's brands. In addition, if any of the Company’s products is found to be defective, the Company may recall it, which could result in adverse publicity and significant expenses. Although the Company maintains product liability insurance coverage, insurance recovery for product liability claims may be subject to a retention, exceed the amount of insurance coverage or be excluded under the terms of the policies.

In addition, the Company is, and may in the future become, the subject of, or party to, various pending or threatened legal actions, government investigations and proceedings from time to time, including advertising disputes with competitors, consumer class actions, including those related to advertising claims, labor claims, breach of contract claims, antitrust litigation, securities litigation, premises liability claims and litigation in foreign jurisdictions. In general, claims made by or against the Company in litigation, investigations, disputes or other proceedings have been and can in the future 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, investigations, 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Notes to Consolidated Financial Statements in Exhibit 99.1 for additional information related to these matters.

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. In addition, the Company's employees may be targeted and recruited by other companies. As the Company expands into new categories or markets, including more regulated businesses, it will also require personnel with relevant training and experience in such categories or markets. 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 the Company.

Environmental matters create potential liabilities that could adversely affect the Company’s results of operations or financial condition.

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, handling and disposal of solid and hazardous wastes, remediation of contamination associated with the use and disposal of hazardous substances and climate change. The Company has incurred, and will continue to incur, significant 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 current and former facilities. In addition, some of its present and former facilities have or had been in operation for many years and, over that time, some of those 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 be identified and become the subject of remediation. The Company could also 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 $28 million and $14 million as of June 30, 2017 and 2016 , respectively, for its share of aggregate future remediation costs related to certain environmental matters, including response actions at various locations. One matter, which accounted for $14 million and less than $1 million of the recorded liability as of June 30, 2017 and 2016, respectively, relates to environmental costs associated with one of the Company's former operations at a site located in Alameda County, California. Another matter, in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounted for $12 million and $11 million of the recorded liability as of June 30, 2017 and 2016 , respectively. The Company's estimated losses related to these matters are sensitive to a variety of uncertain factors, including the efficacy of any remediation efforts, changes in any remediation requirements, and the future availability of alternative clean-up technologies, and the Company's exposure may exceed the amount recorded for these matters. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to Consolidated Financial Statements in Exhibit 99.1 for additional information related to these liabilities.

The Company also handles and/or transports hazardous substances, including but not limited to chlorine, at some of its international production facilities. 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 and business disruptions.

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

Operations at facilities of the Company, its suppliers, service providers 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 primary research and development facility are located near major earthquake fault lines in California. If a major disruption were to occur, it could result in injury to people, damages to 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 and its financial results.

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, products, packaging for its products, inventions and confidential information. 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 and product improvements. 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 U.S., 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 U.S. If other parties infringe the Company's intellectual property rights, they may dilute or diminish the value of the Company's brands and products in the marketplace, which could diminish the value that consumers associate with the Company's brands and harm its net sales. The failure to perfect and protect 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 marks, ideas or technologies, such a finding could result in the need to cease use of such trademark, trade secret, copyrighted work or patented invention in the Company's business and the obligation to pay for past infringement. If holders are willing to permit the Company to continue to use such intellectual property rights, they could require a payment of a substantial amount for continued use of those rights. Either ceasing use or paying such amounts could cause the Company to become less competitive and could have a material adverse impact on the Company's business, operating results and financial condition.

Even if the Company is not found to infringe a third party's intellectual property rights, claims of infringement could adversely affect the Company's business. For example, if the Company seeks proposals from multiple vendors for a new product or innovation and chooses to partner with a particular vendor, another vendor may claim the Company infringed its intellectual property rights by using information gathered from the vendor proposals. The Company could incur material legal costs and related expenses to defend against such claims and the Company could incur significant costs associated with discontinuing to use, provide or manufacture certain products, services or trademarks even if it is ultimately found not to have infringed such rights.

The Company's indebtedness could adversely affect its business 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.

As of June 30, 2017 , the Company had over $2 billion of debt. The Company's indebtedness could have important consequences. For example, it could:

- 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, future acquisitions, dividends and for 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 industries 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 debt documents, its ability to borrow additional funds.

Additionally, failure by the Company to comply with the financial and other restrictive covenants in its debt documents could result in an event of default that, if not cured or waived, could have a significant adverse effect on the Company. Further, 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, to remain at a level equal to or better than the minimum of an investment grade credit rating. As of June 30, 2017 , the Company 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 incur substantial additional indebtedness in the future to fund acquisitions, repurchase shares or fund other activities for general business purposes, subject to compliance with the Company's existing debt covenants. As of June 30, 2017 , the Company could add approximately $4 billion in incremental debt and remain in compliance with its debt covenants, although the actual amount that the Company may be able to borrow in the future may not 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 rising interest rates, possible downgrades in the Company's credit rating, economic conditions or otherwise. In this regard, failure to maintain the Company's credit ratings could adversely affect the interest rate in future financings, liquidity, competitive position and access to capital markets.

The Company may not continue to pay dividends or repurchase its stock.

Although the Company has historically declared and paid quarterly cash dividends on its common stock and has been authorized to repurchase its shares subject to certain limitations under its share repurchase programs, any determinations by the board of directors to continue to declare and pay cash dividends on the Company's common stock or to repurchase the Company's 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 programs and the declaration and payment 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. The Company's ability to continue to declare and pay cash dividends will depend upon, among other things, its cash balances and future cash requirements, results of operations, financial condition and net earnings, all of which are subject to general economic, financial, competitive, legislative, regulatory and other factors beyond the Company's control. In the event the Company does not declare and pay a quarterly dividend or discontinues its share repurchases, the Company's stock price could be adversely affected.

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 designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with generally accepted accounting principles in the U.S. Because of its inherent limitations, internal control over financial reporting cannot 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, such as its acquisition of RenewLife, may 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 injects 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 and could expose it to regulatory enforcement action and shareholder claims.

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

Significant judgment is required to determine the Company's effective tax rate and evaluate 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 in any of the jurisdictions in which we operate could increase the effective tax rate, which would have an adverse effect on the Company's operating results. Any resolution of a tax issue may require the use of cash in the year of resolution. For additional information, see the information set forth in the Notes to Consolidated Financial Statements in Exhibit 99.1.

The estimates and assumptions on which the Company's financial 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 future profitability, cash flows and stock price.

The Company's financial projections are dependent on certain estimates and assumptions related to, among other things, category growth, development and launch of innovative new products, market share projections, product pricing, volume and product mix, foreign exchange rates and volatility, commodity prices, distribution, cost savings, accruals for estimated liabilities, including litigation reserves, goodwill, 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 financial 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 projections. Any material variation between the Company's financial projections and its actual results may adversely affect the Company's future profitability, cash flows and stock price.

The Company is subject to risks related to its discontinued operations in Venezuela.

On September 22, 2014, the Company's Venezuela subsidiary announced that it was discontinuing its operations, effective immediately, and seeking to sell its assets. On September 26, 2014, the Company reported that Venezuelan Vice President Jorge Arreaza announced, with endorsement by President Nicolás Maduro, that the Venezuelan government had occupied the production facilities of the Company's Venezuela subsidiary. On November 6, 2014, the Company reported that the Venezuelan government had published a resolution granting a government-sponsored Special Administrative Board full authority to restart and operate the business formerly operated by the Company's Venezuela subsidiary, thereby reaffirming the government's expropriation of its assets. Further, President Nicolás Maduro announced the government's intention to facilitate the resumed production of bleach and other cleaning products at the Venezuela plants. The Venezuelan government's actions raise grave concerns, as the production of cleaning products, in particular bleach, is a highly specialized and technical process. Any restarting of operations in Venezuela is or would be without the consent or involvement of the Company and its affiliates, and any resumed production processes would be outside the Company's control. The Company has advised repeatedly that it and its affiliates cannot be responsible for the safety of any workers and the surrounding communities or for the safety, quality or effectiveness of any product that may be produced under the Venezuelan government's takeover or any use of the names and trademarks of the Company and its affiliates. Nevertheless, the Company may face liabilities or costs associated with any such unauthorized resumption of operations by the Venezuelan government or others.

The Company’s business could be negatively impacted as a result of stockholder activism or an unsolicited takeover proposal or a proxy contest.

In recent years, proxy contests and other forms of stockholder activism have been directed against numerous public companies, including the Company. During fiscal years 2012 and 2011, the Company was the target of an unsolicited takeover proposal from a stockholder activist, which resulted in significant costs to the Company. If such a proposal were to be made again, the Company would incur significant costs, which would have an adverse effect on the Company’s financial results. Stockholder activists may also seek to involve themselves in the governance, strategic direction and operations of the Company. Such proposals may disrupt the Company’s business and divert the attention of the Company’s management and employees, and any perceived uncertainties as to the Company’s future direction resulting from such a situation could result in the loss of potential business opportunities, the perception that the Company needs a change in the direction of its business, or the perception that the Company is unstable or lacks continuity, which may be exploited by our competitors, cause concern to our current or potential customers, and may make it more difficult for the Company to attract and retain qualified personnel and business partners, which could adversely affect the Company’s business. In addition, actions of activist stockholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

ITEM 1.B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Production and Distribution Facilities

The Company owns or leases and operates 22 manufacturing facilities in North America and owns or leases and operates 13 manufacturing facilities outside North America. The Company also leases 6 regional distribution centers in North America and several other warehouse facilities in the U.S. and international markets. Management believes the Company’s owned and leased production and distribution facilities 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 to seek to reduce operating costs.

Offices and Research and Development Facilities

Since 2011, the Company has leased a facility located in Pleasanton, CA, which houses the Company’s primary research and development group as well as other administrative and operational support personnel. The facility features state-of-the-art labs and open work spaces to encourage creativity, collaboration and innovation. The Company leases office space in Oakland, CA for its corporate headquarters. The Company owns a research and development facility located at its plant in Buenos Aires, Argentina. The Company also conducts research and development activities and engineering research in leased facilities in Meriden, CT; Willowbrook, IL; Durham, NC; and Cincinnati, OH. 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 United States and in international locations, including various lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, commercial, administrative, employment antitrust, securities, consumer class actions and other matters. Although the results of claims and litigation cannot be predicted with certainty, based on management’s analysis, 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, 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 August 15, 2017 , are set forth below:

Name	Age	Year First Elected Executive Officer	Title
Benno Dorer	53	2009	Chairman and Chief Executive Officer
James Foster	54	2009	Executive Vice President – Product Supply, Enterprise Performance and IT
Stephen M. Robb	52	2011	Executive Vice President – Chief Financial Officer
Laura Stein	55	2005	Executive Vice President – General Counsel and Corporate Affairs
Dawn Willoughby	48	2013	Executive Vice President – Chief Operating Officer
William S. Bailey	51	2016	Senior Vice President – Corporate Business Development
Jon Balousek	48	2013	Senior Vice President – General Manager, Specialty Division
Michael R. Costello	51	2011	Senior Vice President – International
Denise Garner	54	2015	Senior Vice President – Chief Innovation Officer
Matthew Laszlo	47	2015	Senior Vice President – Chief Customer Officer
Kirsten Marriner	44	2016	Senior Vice President – Chief People Officer
Linda Rendle	39	2016	Senior Vice President – General Manager, Cleaning Division
Eric Reynolds	47	2015	Senior Vice President – Chief Marketing Officer
Manjit Singh	48	2016	Senior Vice President – Chief Information Officer

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.

Benno Dorer is the chairman and chief executive officer of the Company, a position he has held since August 2016. Prior to this role, he served as chief executive officer of the Company from November 2014 until August 2016. From January 2013 until November 2014, he served as executive vice president – chief operating officer, cleaning, international and corporate strategy. 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. Mr. Dorer joined the Company in 2005 and has served in various roles.

James Foster is the executive vice president – product supply, enterprise performance and IT of the Company, a position he has held since November 2014. Prior to this role, he served as senior vice president – chief product supply officer from June 2009 to November 2014. Mr. Foster joined the Company in 1997 and has served in various roles.

Stephen M. Robb is the executive vice president – chief financial officer of the Company, a position he has held since November 2014. Prior to this role, he served as senior vice president – chief financial officer from November 2011 to November 2014. 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. Mr. Robb joined the Company in 1989 and has served in various roles.

Laura Stein is the executive vice president – general counsel and corporate affairs of the Company, having served as executive vice president – general counsel since February 2015, and having taken on responsibility for corporate affairs in February 2016. She served as senior vice president – general counsel from January 2005 to February 2015. From January 2000 through January 2005, Ms. Stein was senior vice president – general counsel for H.J. Heinz Company. Immediately prior to that, she spent eight years working for the Company, lastly as its assistant general counsel – regulatory affairs.

Dawn Willoughby is the executive vice president – chief operating officer of the Company, a position she has held since April 2017. Prior to this role, she served as executive vice president – chief operating officer, cleaning, international and corporate strategy of the Company, having taken on responsibility for corporate strategy in August 2016; and cleaning and international in September 2014 and for the professional products division in November 2014. Prior to this role, she served as senior vice president – general manager, cleaning division from January 2013 to September 2014. 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. Ms. Willoughby joined the Company in 2001 and has served in various roles.

William S. Bailey is the senior vice president – corporate business development of the Company, a position he has held since January 2016. Prior to joining the Company, he served as vice president – corporate and business development at TripAdvisor, from June 2012 to January 2016. He served as vice president – corporate development at Ancestry.com, from June 2011 to June 2012. From August 2009 to June 2011, he served as vice president – corporate and business development at Check Point Software Technologies Inc.

Jon Balousek is the senior vice president – general manager, specialty division of the Company, a position he has held since January 2013. Prior to this role, 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. Mr. Balousek joined the Company in 1991 and has served in various roles.

Michael R. Costello is the senior vice president – international of the Company, a position he has held since September 2013. Prior to this role, he served as vice president – general manager, international, from March 2011 to August 2013. From July 2009 through March 2011, he served as vice president – general manager, Latin America and Europe. Mr. Costello joined the Company in 1988 and has served in various roles.

Denise Garner is the senior vice president – chief innovation officer of the Company, a position she has held since January 2015. Prior to this role, she served as vice president, R&D – global cleaning & international, from January 2010 to December 2014. Ms. Garner joined the Company in 1988 and has served in various roles.

Matthew Laszlo is the senior vice president – chief customer officer of the Company, a position he has held since October 2014. Prior to this role, he served as vice president – general manager, professional products division, from October 2013 to October 2014. From January 2012 to October 2013 he served as vice president – sales, professional products division. From January 2010 to January 2012 he served as director – field sales, professional products division. Mr. Laszlo joined the Company in 2005 and has served in various roles.

Kirsten Marriner is the senior vice president – chief people officer of the Company, a position she has held since March 2016. Prior to joining the Company, she served as senior vice president and chief human resources officer at Omnicare, from March 2013 to August 2015. She served in various leadership roles, including as senior vice president, director of talent management and development at Fifth Third Bank, from October 2004 to March 2013.

Linda Rendle is the senior vice president – general manager, cleaning division of the Company, a position she has held since August 2016, having taken on responsibility for the professional products division in April 2017. Prior to this role, she served as vice president – general manager, home care from October 2014 to August 2016. From April 2012 to October 2014, she served as vice president – sales, cleaning division. From August 2011 to April 2012, she served as director of sales planning – litter, food & charcoal. From January 2010 to August 2011, she served as director of sales – supply chain. Ms. Rendle joined the Company in 2003 and has served in various roles.

Eric Reynolds is the senior vice president – chief marketing officer of the Company, a position he has held since January 2015. Prior to this role, he served as vice president – general manager, Europe, Middle East, Africa and Asia from May 2012 to January 2015. From May 2011 to April 2012 he was director, International business development. From June 2008 to April 2011 he was general manager, Caribbean. Mr. Reynolds joined the Company in 1998 and has served in various roles.

Manjit Singh is the senior vice president – chief information officer of the Company, a position he has held since December 2014. In August 2016, he joined the Company's executive committee. Prior to joining the Company, he served as head of vertical consulting at Box, Inc., from February 2014 to November 2014. From September 2010 to January 2013, he served as global chief information officer at Las Vegas Sands Corp.

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 the Notes to Consolidated Financial Statements in Exhibit 99.1, incorporated herein by reference.

Holders

The number of record holders of the Company’s common stock as of July 28, 2017 , was 10,736 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 the Notes to Consolidated Financial Statements in Exhibit 99.1, 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 2017 .

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
April 1 to 30, 2017	—	$ —	—	(2)
May 1 to 31, 2017	—	—	—	(2)
June 1 to 30, 2017	50,000	133.72	50,000	(2)
	50,000	$ 133.72	50,000	

(1) Shares purchased in June 2017 were acquired pursuant to the Company’s share repurchase program to offset the impact of share dilution related to share-based awards (the Evergreen Program).

(2) The Company has two share repurchase programs: an open-market purchase program with an authorized aggregate purchase amount of up to $750 million, all of which was available for share repurchases as of June 30, 2017 , and the Evergreen Program, the purpose of which is to offset the anticipated impact of share dilution related to share-based awards and which has no authorization limit as to the amount or timing of repurchases.

ITEM 6. SELECTED FINANCIAL DATA

This information appears under “Five-Year Financial Summary” in Exhibit 99.1, 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,” in Exhibit 99.1, 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,” in Exhibit 99.1, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

These statements and data appear in Exhibit 99.1, incorporated herein by reference.

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

None.

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 Exchange Act 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 in Exhibit 99.1, 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, 2017 . See "Report of Independent Registered Public Accounting Firm," which appears in Exhibit 99.1.

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, 2017 , 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 principal accounting officer, among others. The Code of Conduct is located on the Company's website at TheCloroxCompany.com under Who We Are//Corporate Governance/Code of Conduct or https://www.thecloroxcompany.com/who-we-are/corporate-governance/codes-of-conduct/. 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 securities authorized for issuance under equity compensation plans 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 and director independence set forth in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting 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, incorporated herein by reference.

Reports of Independent Registered Public Accounting Firm.

Consolidated Statements of Earnings for the fiscal years ended June 30, 2017 , 2016 and 2015 .

Consolidated Statements of Comprehensive Income for the fiscal years ended June 30, 2017 , 2016 and 2015 .

Consolidated Balance Sheets as of June 30, 2017 and 2016 .

Consolidated Statements of Stockholders' Equity for the fiscal years ended June 30, 2017 , 2016 and 2015 .

Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2017 , 2016 and 2015 .

Notes to Consolidated Financial Statements.

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

(b) Exhibits:

		Incorporated by Reference			
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation.	10-Q	001-07151	3(iii)	February 14, 2000
3.2	Bylaws (amended and restated).	8-K	001-07151	3.2	September 15, 2016
3.3	Certificate of Designations for The Clorox Company Series A Junior Participating Preferred Stock.	8-K	001-07151	3.1	July 19, 2011
4.1	Indenture, dated as of December 3, 2004, between the Company and The Bank of New York Trust Company N.A., as trustee.	8-K	001-07151	4.1	December 3, 2004
4.2	Indenture, dated as of October 9, 2007, between the Company and The Bank of New York Trust Company N.A., as trustee.	S-3ASR	333-200722	4.1	December 4, 2014
4.3	First 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.	S-3ASR	333-200722	4.2	December 4, 2014
4.4	Second Supplemental Indenture, dated as of November 9, 2009, between the Company and Wells Fargo Bank, National Association, as trustee.	S-3ASR	333-200722	4.3	December 4, 2014
4.5	Third Supplemental Indenture, dated as of November 17, 2011, between the company and Wells Fargo Bank, National Association, as trustee.	S-3ASR	333-200722	4.4	December 4, 2014
4.6	Fourth Supplemental Indenture, dated as of September 13, 2012, between the Company and Wells Fargo Bank, National Association, as trustee.	S-3ASR	333-200722	4.5	December 4, 2014
4.7	Fifth Supplemental Indenture, dated as of December 9, 2014, between the Company and Wells Fargo Bank, National Association, as trustee	8-K	001-07151	4.1	December 9, 2014
10.1*	The Clorox Company Amended and Restated Independent Directors' Deferred Compensation Plan, effective as of November 16, 2005, and amended and restated as of February 7, 2008.	10-Q	001-07151	10.55	May 2, 2008

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date
10.2*	The Clorox Company Non-Qualified Deferred Compensation Plan, adopted as of January 1, 1996, and amended and restated as of July 20, 2004.	10-K	001-07151	10(x)	August 27, 2004
10.3*	Amendment No.1 to The Clorox Company Non-Qualified Deferred Compensation Plan.	10-K	001-07151	10.3	August 16, 2016
10.4*	The Clorox Company Annual Incentive Plan, amended and restated as of September 17, 2013.	10-K	001-07151	10.8	August 25, 2014
10.5*	The Clorox Company 2005 Stock Incentive Plan, amended and restated as of November 14, 2012.	10-Q	001-07151	10.1	February 5, 2013
10.6*	Form of Performance Share Award Agreement under the Company’s 2005 Stock Incentive Plan for awards made in 2014.	10-K	001-07151	10.9	August 21, 2015
10.7*	Form of Performance Share Award Agreement under the Company’s 2005 Stock Incentive Plan for awards made in 2015.	10-Q	001-07151	10.1	November 2, 2015
10.8*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan for awards made in 2016.	10-Q	001-07151	10.1	November 2, 2016
10.9*	Form of Restricted Stock Unit Award Agreement under the Company’s 2005 Stock Incentive Plan.	10-K	001-07151	10.13	August 23, 2013
10.10*	Form of Nonqualified Stock Option Award Agreement under the Company’s 2005 Stock Incentive Plan.	10-Q	001-07151	10.2	November 2, 2016
10.11*	The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan, effective January 1, 2008.	10-K	001-07151	10.18	August 19, 2008
10.12*	Amendment No. 1 to The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.18	August 26, 2011
10.13*	Amendment No. 2 to The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.13	August 16, 2016
10.14*	The Clorox Company Supplemental Executive Retirement Plan, as restated effective January 5, 2005, as revised August 13, 2009.	10-Q	001-07151	10.17	November 3, 2009
10.15*	Amendment No. 1 to The Clorox Company Supplemental Executive Retirement Plan, effective as of July 29, 2011.	10-Q	001-07151	10.21	November 3, 2011
10.16*	Amendment No. 2 to The Clorox Company Supplemental Executive Retirement Plan, effective as of September 11, 2012.	10-Q	001-07151	10.2	November 2, 2012
10.17*	The Clorox Company Executive Incentive Compensation Plan, amended and restated as of February 7, 2008.	10-Q	001-07151	10.58	May 2, 2008
10.18*	Form of Indemnification Agreement.	10-Q	001-07151	10.27	May 4, 2010
10.19*	First Amended and Restated Executive Change in Control Severance Plan, effective November 20, 2014.	10-Q	001-07151	10.1	February 5, 2015
10.20*	Severance Plan for Clorox Executive Committee Members, amended and restated effective November 20, 2014.	10-Q	001-07151	10.2	February 5, 2015
10.21*	The Clorox Company Executive Retirement Plan, effective as of July 1, 2011.	10-Q	001-07151	10.27	May 4, 2011
10.22*	Amendment No. 1 to The Clorox Company Executive Retirement Plan.	10-K	001-07151	10.22	August 16, 2016
10.23*	The Clorox Company 2011 Nonqualified Deferred Compensation Plan, effective as of July 1, 2011.	10-K	001-07151	10.29	August 26, 2011
10.24*	Amendment No. 1 to The Clorox Company 2011 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.24	August 16, 2016
10.25	Credit Agreement dated as of February 8, 2017, 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.	8-K	001-07151	10.1	February 10, 2017

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date
10.26	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.	10-K/A	001-07151	10.26	September 30, 2016
21.0	Subsidiaries.				
23.0	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.				
32.0	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 (Unaudited).				
101	The following materials from The Clorox Company's Annual Report on Form 10-K for the year ended June 30, 2017 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, (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.

ITEM 16. FORM 10-K SUMMARY

None.

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 15, 2017

By: /s/ Benno Dorer
Benno Dorer
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/ A. Banse A. Banse	Director	August 15, 2017
/s/ R. H. Carmona R. H. Carmona	Director	August 15, 2017
/s/ S. C. Fleischer S. C. Fleischer	Director	August 15, 2017
/s/ E. Lee E. Lee	Director	August 15, 2017
/s/ A.D.D. Mackay A.D.D. Mackay	Director	August 15, 2017
/s/ R. W. Matschullat R. W. Matschullat	Director	August 15, 2017
/s/ J. Noddle J. Noddle	Director	August 15, 2017
/s/ P. Thomas-Graham P. Thomas-Graham	Director	August 15, 2017
/s/ C. M. Ticknor C. M. Ticknor	Director	August 15, 2017
/s/ R.J. Weiner R.J. Weiner	Director	August 15, 2017
/s/ C. J. Williams C. J. Williams	Director	August 15, 2017
/s/ B. Dorer B. Dorer	Chairman and Chief Executive Officer (Principal Executive Officer)	August 15, 2017
/s/ S. M. Robb S. M. Robb	Executive Vice President — Chief Financial Officer (Principal Financial Officer)	August 15, 2017
/s/ J. Baker J. Baker	Vice President – Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)	August 15, 2017

INDEX OF EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation.	10-Q	001-07151	3(iii)	February 14, 2000
3.2	Bylaws (amended and restated).	8-K	001-07151	3.2	September 15, 2016
3.3	Certificate of Designations for The Clorox Company Series A Junior Participating Preferred Stock.	8-K	001-07151	3.1	July 19, 2011
4.1	Indenture, dated as of December 3, 2004, between the Company and The Bank of New York Trust Company N.A., as trustee.	8-K	001-07151	4.1	December 3, 2004
4.2	Indenture, dated as of October 9, 2007, between the Company and The Bank of New York Trust Company N.A., as trustee.	S-3ASR	333-200722	4.1	December 4, 2014
4.3	First 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.	S-3ASR	333-200722	4.2	December 4, 2014
4.4	Second Supplemental Indenture, dated as of November 9, 2009, between the Company and Wells Fargo Bank, National Association, as trustee.	S-3ASR	333-200722	4.3	December 4, 2014
4.5	Third Supplemental Indenture, dated as of November 17, 2011, between the company and Wells Fargo Bank, National Association, as trustee.	S-3ASR	333-200722	4.4	December 4, 2014
4.6	Fourth Supplemental Indenture, dated as of September 13, 2012, between the Company and Wells Fargo Bank, National Association, as trustee.	S-3ASR	333-200722	4.5	December 4, 2014
4.7	Fifth Supplemental Indenture, dated as of December 9, 2014, between the Company and Wells Fargo Bank, National Association, as trustee	8-K	001-07151	4.1	December 9, 2014
10.1*	The Clorox Company Amended and Restated Independent Directors' Deferred Compensation Plan, effective as of November 16, 2005, and amended and restated as of February 7, 2008.	10-Q	001-07151	10.55	May 2, 2008
10.2*	The Clorox Company Non-Qualified Deferred Compensation Plan, adopted as of January 1, 1996, and amended and restated as of July 20, 2004.	10-K	001-07151	10(x)	August 27, 2004
10.3*	Amendment No.1 to The Clorox Company Non-Qualified Deferred Compensation Plan.	10-K	001-07151	10.3	August 16, 2016
10.4*	The Clorox Company Annual Incentive Plan, amended and restated as of September 17, 2013.	10-K	001-07151	10.8	August 25, 2014
10.5*	The Clorox Company 2005 Stock Incentive Plan, amended and restated as of November 14, 2012.	10-Q	001-07151	10.1	February 5, 2013
10.6*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan for awards made in 2014.	10-K	001-07151	10.9	August 21, 2015
10.7*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan for awards made in 2015.	10-Q	001-07151	10.1	November 2, 2015
10.8*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan for awards made in 2016.	10-Q	001-07151	10.1	November 2, 2016
10.9*	Form of Restricted Stock Unit Award Agreement under the Company's 2005 Stock Incentive Plan.	10-K	001-07151	10.13	August 23, 2013
10.10*	Form of Nonqualified Stock Option Award Agreement under the Company's 2005 Stock Incentive Plan.	10-Q	001-07151	10.2	November 2, 2016
10.11*	The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan, effective January 1, 2008.	10-K	001-07151	10.18	August 19, 2008
10.12*	Amendment No. 1 to The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.18	August 26, 2011

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date
10.13*	Amendment No. 2 to The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.13	August 16, 2016
10.14*	The Clorox Company Supplemental Executive Retirement Plan, as restated effective January 5, 2005, as revised August 13, 2009.	10-Q	001-07151	10.17	November 3, 2009
10.15*	Amendment No. 1 to The Clorox Company Supplemental Executive Retirement Plan, effective as of July 29, 2011.	10-Q	001-07151	10.21	November 3, 2011
10.16*	Amendment No. 2 to The Clorox Company Supplemental Executive Retirement Plan, effective as of September 11, 2012.	10-Q	001-07151	10.2	November 2, 2012
10.17*	The Clorox Company Executive Incentive Compensation Plan, amended and restated as of February 7, 2008.	10-Q	001-07151	10.58	May 2, 2008
10.18*	Form of Indemnification Agreement.	10-Q	001-07151	10.27	May 4, 2010
10.19*	First Amended and Restated Executive Change in Control Severance Plan, effective November 20, 2014.	10-Q	001-07151	10.1	February 5, 2015
10.20*	Severance Plan for Clorox Executive Committee Members, amended and restated effective November 20, 2014.	10-Q	001-07151	10.2	February 5, 2015
10.21*	The Clorox Company Executive Retirement Plan, effective as of July 1, 2011.	10-Q	001-07151	10.27	May 4, 2011
10.22*	Amendment No. 1 to The Clorox Company Executive Retirement Plan.	10-K	001-07151	10.22	August 16, 2016
10.23*	The Clorox Company 2011 Nonqualified Deferred Compensation Plan, effective as of July 1, 2011.	10-K	001-07151	10.29	August 26, 2011
10.24*	Amendment No. 1 to The Clorox Company 2011 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.24	August 16, 2016
10.25	Credit Agreement dated as of February 8, 2017 among The Clorox Company, the lenders listed therein, JPMorgan Chase Bank, N.A., Citibank, N.A. and Wells Fargo Bank, National Association, as Adminstrative Agents, and Citibank, N.A. as Servicing Agent.	8-K	001-07151	10.1	February 10, 2017
10.26	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.	10-K/A	001-07151	10.26	September 30, 2016
21.0	Subsidiaries.				
23.0	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.				
32.0	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 (Unaudited).				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
101	The following materials from The Clorox Company's Annual Report on Form 10-K for the year ended June 30, 2017 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, (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.

Exhibit 21

Name of Company	Jurisdiction of Incorporation
1221 Olux, LLC	Delaware
6570 Donlon Group, LLC	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
The Burt’s Bees Products Company	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 Australasia Holdings, Inc.	Delaware
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 Healthcare Holdings, LLC	Delaware
Clorox Holdings Pty. Limited	Australia
Clorox Hong Kong Limited	Hong Kong
Clorox Hungary Liquidity Management Kft	Hungary

Name of Company	Jurisdiction of Incorporation
The Clorox International Company	Delaware
Clorox International Holdings, LLC	Delaware
Clorox International Philippines, Inc.	The Philippines
Clorox Luxembourg S.a.r.l.	Luxembourg
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 Spain Holdings, S.L.	Spain
Clorox Sub-Sahara Africa Limited	Kenya
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
Mohamed Ali Abudawood for Industry and Partners for Industry Company Ltd.	Saudi Arabia

Name of Company	Jurisdiction of Incorporation
National Cleaning Products Company Limited	Saudi Arabia
Paulsboro Packaging Inc.	New Jersey
Petroplus Productos Automotivos S.A.	Brazil
Petroplus Sul Comercio Exterior S.A.	Brazil
ReNew Life Canada Inc.	Ontario
ReNew Life Formulas, LLC	Delaware
ReNew Life Holdings Corporation	Delaware
Round Ridge Production Company	Delaware
Soy Vay Enterprises, Inc.	California
STP do Brasil Ltda.	Brazil
Yuhan-Clorox Co., Ltd.	Korea

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

(1) Registration Statement (Form S-3 No. 333-200722) 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, 333-90386, including the post effective amendment No. 1, 333-193913 and 333-213161) of The Clorox Company;

of our reports dated August 15, 2017 , with respect to the consolidated financial statements and schedule of The Clorox Company and the effectiveness of internal control over financial reporting of The Clorox Company included in this Annual Report (Form 10-K) of The Clorox Company for the year ended June 30, 2017 .

/s/ Ernst & Young LLP

San Francisco, CA
August 15, 2017

Exhibit 31.1

CERTIFICATION

I, Benno Dorer, 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 U.S. 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 15, 2017

/s/ Benno Dorer

Benno Dorer
Chairman and Chief Executive Officer

Exhibit 31.2

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 U.S. 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 15, 2017

/s/ Stephen M. Robb

Stephen M. Robb
Executive Vice President - Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-K for the period ended June 30, 2017 , as filed with the Securities and Exchange Commission (the "Report"), we, Benno Dorer, Chairman and 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 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 15, 2017

/s/ Benno Dorer

Benno Dorer
Chairman and Chief Executive Officer

/s/ Stephen M. Robb

Stephen M. Robb
Executive 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 share and per share data)

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 Standards
- 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 8,100 employees worldwide as of June 30, 2017 and fiscal year 2017 net sales of $5,973 . Clorox sells its products primarily through mass retail and grocery outlets, warehouse clubs, dollar stores, e-commerce channels, military stores and other retail outlets, and medical supply distributors. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products, Pine-Sol ® cleaners, Liquid-Plumr ® clog removers, Poett ® home care products, Fresh Step ® cat litter, Glad ® bags, wraps and container products, Kingsford ® and Match Light ® charcoal, RenewLife ® digestive health products, Hidden Valley ® dressings and sauces, Brita ® water-filtration products and Burt's Bees ® natural personal care products. The Company also markets to professional services channels, including infection control products for the healthcare industry with Clorox Healthcare ® brand and commercial cleaning products with Clorox Commercial Solutions ® brand. The Company has operations in more than 25 countries or territories and sells its products in more than 100 markets.

The Company primarily markets its leading brands in midsized categories considered to be financially attractive. 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 the following four reportable segments based on the economics and nature of the products sold:

- *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, bags, wraps and containers, cat litter, and digestive health products marketed and sold in the United States. Products within this segment include charcoal products under the Kingsford ® and Match Light ® brands; bags, wraps and containers under the Glad ® brand; cat litter products under the Fresh Step ®, Scoop Away ® and Ever Clean ® brands; and digestive health products under the RenewLife ® brand.
- *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 ®, Kingsford ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® brand.
- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration, digestive health products, charcoal and cat litter products, food products, bags, wraps and

containers, natural personal care products and professional cleaning and disinfecting products primarily under the Clorox ®, Glad ®, PinoLuz ®, Ayudin ®, Limpido ®, Clorinda ®, Poett ®, Mistolin ®, Lestoil ®, Bon Bril ®, Brita ®, Green Works ®, Pine-Sol ®, Agua Jane ®, Chux ®, RenewLife ®, Kingsford ®, Fresh Step ®, Scoop Away ®, Ever Clean ®, KC Masterpiece ®, Hidden Valley ®, Burt's Bees ® brands and Clorox Healthcare ® 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.

- *Free cash flow and free cash flow as a percentage of net sales.* Free cash flow is calculated as net cash provided by continuing operations less capital expenditures related to continuing operations.
- *Earnings from continuing operations before interest and taxes (EBIT) margin (the ratio of EBIT to net sales)*
- *Earnings from continuing operations before interest, taxes, depreciation and amortization and non-cash asset impairment charges (Consolidated EBITDA) to interest expense ratio (Interest Coverage ratio)*
- *Economic profit (EP)* is defined by the Company as earnings from continuing operations before income taxes, excluding non-cash U.S. GAAP restructuring and intangible asset impairment charges, and interest expense; less income taxes (calculated utilizing the Company's effective tax rate), and less a capital charge (calculated as average capital employed multiplied by a cost of capital percentage rate).

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. This MD&A and Exhibit 99.3 include reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Fiscal Year 2017 Financial Highlights

A detailed discussion of strategic goals, key initiatives and results of operations is included below. Key fiscal year 2017 financial results are summarized as follows:

- The Company's fiscal year 2017 net sales increased by 4%, from $5,761 in fiscal year 2016 to $5,973 in fiscal year 2017 , reflecting higher volume and the benefit of price increases, partially offset by unfavorable mix and foreign currency exchange rates.
- Gross margin decreased 40 basis points to 44.7% in fiscal year 2017 from 45.1% in fiscal year 2016 , reflecting higher manufacturing and logistics costs and unfavorable mix, partially offset by cost savings and the benefit of price increases.
- The Company reported earnings from continuing operations of $703 in fiscal year 2017 compared to $648 in fiscal year 2016 . The Company reported earnings from continuing operations before income taxes of $1,033 in fiscal year 2017 , compared to $983 in fiscal year 2016 .
- The Company delivered diluted net EPS from continuing operations in fiscal year 2017 of $5.35 , an increase of approximately 9% from fiscal year 2016 diluted net EPS of $4.92 .
- EP increased by 7% to $525 in fiscal year 2017 compared to $490 in fiscal year 2016 (refer to the reconciliation of EP to earnings from continuing operations before income taxes in Exhibit 99.3).
- The Company's net cash flows provided by continuing operations were $871 in fiscal year 2017 , compared to $768 in fiscal year 2016 reflecting higher earnings, excluding non-cash charges. Free cash flow was $640 or 10.7% of net sales in fiscal year 2017 , an increase from $596 or 10.3% of net sales in fiscal year 2016 .
- The Company paid $412 in cash dividends to stockholders in fiscal year 2017 compared to $398 in cash dividends in fiscal year 2016 . In May 2017, the Company announced an increase of 5% in the quarterly cash dividend from prior year. In fiscal year 2017 , the Company repurchased approximately 1.5 million shares of its common stock at a cost of $189 .

Strategic Goals and Initiatives

The Clorox Company's 2020 Strategy serves as its strategic growth plan, directing the Company to the highest value opportunities for long-term, profitable growth and total stockholder return.

The long-term financial goals reflected in the Company's 2020 Strategy include annual net sales growth of 3-5%, annual EBIT margin growth of 25-50 basis points and annual free cash flow of 10-12% of net sales. The Company anticipates using free cash flow to invest in the business, maintain appropriate debt levels and return excess cash to stockholders.

In fiscal year 2018, the Company anticipates ongoing challenges that may impact its sales and margins, including continued high levels of competition in select categories, a more competitive retail environment, rising commodity costs and the continuation of a difficult macro-economic environment in many international markets.

The Company's priority in fiscal year 2018 is to continue delivering superior consumer value by investing strongly behind our brands and differentiated, high-quality products with a strong focus on product and commercial innovation. Importantly, the Company will work to improve its margins by driving cost savings, implementing price increases where appropriate, as well as improving the efficiency and productivity across all addressable spend.

Looking forward, the Company will continue to execute against its 2020 Strategy and seek to achieve its goals to deliver long-term profitable growth.

RESULTS OF OPERATIONS

Unless otherwise noted, management's discussion and analysis compares results of continuing operations from fiscal year 2017 to fiscal year 2016 , and fiscal year 2016 to fiscal year 2015 , with percentage and basis point calculations based on rounded numbers, except for per share data and the effective tax rate.

CONSOLIDATED RESULTS

Continuing operations

				% Change	
	2017	**2016**	**2015**	**2017 to 2016**	**2016 to 2015**
Net sales	$ 5,973	$ 5,761	$ 5,655	**4%**	2%

Net sales in fiscal year 2017 increased 4%. Volume increased 6% reflecting higher shipments in all reportable segments, most significantly in the Cleaning and Household reportable segments. Higher shipments in the Cleaning reportable segment were primarily driven by Home Care and Professional Products, partially offset by Laundry. Higher shipments in the Household reportable segment included the benefit from the RenewLife acquisition in May 2016 and increased shipments in Cat Litter and Glad ®. Volume outpaced net sales primarily due to unfavorable mix and foreign currency exchange rates, partially offset by the benefit of price increases.

Net sales in fiscal year 2016 increased 2%. Volume increased 4% reflecting higher shipments in all reportable segments and most significantly in Cleaning, Household and Lifestyle. Higher shipments in the Cleaning reportable segment were driven by Home Care and Professional Products, partially offset by Laundry; higher shipments in the Household reportable segment were primarily due to the acquisition of the RenewLife business, Charcoal, and Bags and Wraps, partially offset by Cat Litter; and higher shipments in the Lifestyle reportable segment primarily were due to Natural Personal Care and Dressing and Sauces. Volume outpaced net sales primarily due to unfavorable foreign currency exchange rates and higher trade promotion spending, partially offset by the benefit of price increases.

				% Change	
	2017	**2016**	**2015**	**2017 to 2016**	**2016 to 2015**
Gross profit	$ 2,671	$ 2,598	$ 2,465	**3%**	5%
Gross margin	44.7%	45.1%	43.6%		

Gross margin , defined as gross profit as a percentage of net sales, in fiscal year 2017 decreased 40 basis points from 45.1% to 44.7%. The decrease was primarily driven by higher manufacturing and logistics costs and unfavorable mix, partially offset by cost savings and the benefit of price increases.

Gross margin, defined as gross profit as a percentage of net sales, in fiscal year 2016 increased 150 basis points from 43.6% to 45.1%. Gross margin expansion in fiscal year 2016 was driven by the benefits of favorable commodity costs, strong cost savings and price increases, partially offset by higher manufacturing and logistics costs, increased trade promotion spending and the impact of unfavorable foreign currency exchange rates.

Expenses

				% Change		% of Net sales		
	2017	**2016**	**2015**	**2017 to 2016**	**2016 to 2015**	**2017**	**2016**	**2015**
Selling and administrative expenses	**$ 810**	$ 806	$ 798	**— %**	1%	**13.6%**	14.0%	14.1%
Advertising costs	**599**	587	523	**2**	12	**10.0**	10.2	9.2
Research and development costs	**135**	141	136	**(4)**	4	**2.3**	2.4	2.4

Selling and administrative expenses, as a percentage of net sales, decreased 40 basis points in fiscal year 2017 due to lower incentive compensation costs in the current period. Selling and administrative expenses were relatively flat in fiscal year 2016.

Advertising costs, as a percentage of net sales, decreased slightly during fiscal year 2017. The Company's U.S. retail advertising spend was approximately 11% of net sales during the year.

Advertising costs, as a percentage of net sales, increased during fiscal year 2016 mainly to drive awareness and trial behind innovation and maintain the health of the Company's core business. The Company's U.S. retail advertising spend was approximately 11% of net sales during the year.

Research and development costs, as a percentage of net sales, were essentially flat in fiscal years 2017 and 2016. The Company continues to focus on product innovation and cost savings.

Interest expense, Other (income) expense, net, and the effective tax rate on earnings

	2017	**2016**	**2015**
Interest expense	**$ 88**	$ 88	$ 100
Other (income) expense, net	**6**	(7)	(13)
Effective tax rate on earnings	**31.9%**	34.1%	34.2%

Interest expense was flat in fiscal year 2017.

Interest expense decreased $12 in fiscal year 2016, primarily due to a lower weighted-average interest rate on total debt.

Other (income) expense, net , of $6 in fiscal year 2017 included a $21 non-cash charge related to impairing certain assets of the Aplicare business, $14 of projected environmental costs associated with the Company's former operation at a site in Alameda County, California and $10 of amortization of trademarks and other intangible assets. These were partially offset by $19 of income from equity investees and a gain of $10 from the sale of an Australian distribution facility. See Notes to Consolidated Financial Statements for more information.

Other (income) expense, net, of $(7) in fiscal year 2016 included $15 of income from equity investees and an $11 gain on the sale of the Los Angeles bleach manufacturing facility, partially offset by $9 of non-cash asset impairment charges and $8 of amortization of trademarks and other intangible assets.

Other (income) expense, net, of $(13) in fiscal year 2015 included $14 of income from equity investees, $13 gain on the sale of real estate assets by a low-income housing partnership and $4 of interest income, partially offset by $9 of foreign currency exchange losses, $8 of amortization of trademarks and other intangible assets and $3 of non-cash asset impairment charges.

The effective tax rate on earnings was 31.9% , 34.1% and 34.2% in fiscal years 2017 , 2016 and 2015 , respectively. The lower effective tax rate in fiscal year 2017 compared to fiscal year 2016 was primarily due to the recognition of excess tax benefits from share-based compensation upon the adoption of Accounting Standards Update No. 2016-09 in the first quarter of fiscal year 2017. The effective tax rate in fiscal year 2016 compared to 2015 was essentially flat. See Notes to Consolidated Financial Statements for further information.

Diluted net earnings per share

				% Change	
	2017	**2016**	**2015**	**2017 to 2016**	**2016 to 2015**
Diluted net EPS from continuing operations	**$ 5.35**	$ 4.92	$ 4.57	**9%**	8%

Diluted net earnings per share (EPS) from continuing operations increased $0.43 primarily due to the benefit of higher net sales and a lower effective tax rate, partially offset by gross margin declines and the non-cash impairment charge for the Aplicare business (See Notes to Consolidated Financial Statements).

Diluted EPS from continuing operations increased $0.35 in fiscal year 2016, driven by the benefits of higher sales and gross margin expansion, partially offset by increased advertising investments.

Discontinued Operations

On September 22, 2014, Clorox Venezuela announced that it was discontinuing its operations, effective immediately, and seeking to sell its assets. Since fiscal year 2012, Clorox Venezuela was required to sell more than two thirds of its products at prices frozen by the Venezuelan government. During this same period, Clorox Venezuela experienced successive years of hyperinflation resulting in significant sustained increases in its input costs, including packaging, raw materials, transportation and wages. As a result, Clorox Venezuela had been selling its products at a loss, resulting in ongoing operating losses. Clorox Venezuela repeatedly met with government authorities in an effort to help them understand the rapidly declining state of the business, including the need for immediate, significant and ongoing price increases and other critical remedial actions to address these adverse impacts. Based on the Venezuelan government’s representations, Clorox Venezuela had expected significant price increases would be forthcoming much earlier; however, the price increases subsequently approved were insufficient and would have caused Clorox Venezuela to continue operating at a significant loss into the foreseeable future. As such, Clorox Venezuela was no longer financially viable and was forced to discontinue its operations.

On September 26, 2014, the Company reported that Venezuelan Vice President Jorge Arreaza announced, with endorsement by President Nicolás Maduro, that the Venezuelan government had occupied the Santa Lucía and Guacara production facilities of Clorox Venezuela. On November 6, 2014, the Company reported that the Venezuelan government had published a resolution granting a government-sponsored Special Administrative Board full authority to restart and operate the business of Clorox Venezuela, thereby reaffirming the government's expropriation of Clorox Venezuela’s assets. Further, President Nicolás Maduro announced the government's intention to facilitate the resumed production of bleach and other cleaning products at Clorox Venezuela plants. He also announced his approval of a financial credit to invest in raw materials and production at the plants. These actions by the Venezuelan government were taken without the consent or involvement of Clorox Venezuela, its parent Clorox Spain S.L. (Clorox Spain) or any of their affiliates. Clorox Venezuela, Clorox Spain and their affiliates reserved their rights under all applicable laws and treaties. Since the exit of Clorox Venezuela in the first quarter of fiscal year 2015, the Company has recognized $51 in after-tax exit costs and other related expenses within discontinued operations related to the exit of Clorox Venezuela. The Company believes it is reasonably possible that it will recognize an additional $0 to $5 in after-tax exit costs and other related expenses in discontinued operations for Clorox Venezuela, resulting in total costs of $51 to $56.

See Notes to Consolidated Financial Statements for more information regarding discontinued operations of Clorox Venezuela.

Unrelated to Clorox Venezuela, in the fiscal year ended June 30, 2015, the Company recognized $32 of previously unrecognized tax benefits relating to other discontinued operations upon the expiration of the applicable statute of limitations. Recognition of these previously disclosed tax benefits had no impact on the Company’s cash flows or earnings from continuing operations for the fiscal year ended June 30, 2015.

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 Notes to Consolidated Financial Statements for a reconciliation of segment results to consolidated results):

Cleaning

	2017	2016	2015	% Change 2017 to 2016	% Change 2016 to 2015
Net sales	**$ 2,002**	$ 1,912	$ 1,824	**5%**	5%
Earnings from continuing operations before income taxes	**523**	511	445	**2**	15

Fiscal year 2017 versus fiscal year 2016: Volume, net sales and earnings from continuing operations before income taxes increased by 10%, 5% and 2%, respectively, during fiscal year 2017. Both volume and net sales growth were driven primarily by higher shipments across several Clorox ® branded products within Home Care, primarily Clorox ® disinfecting wipes and toilet cleaning products due to expanded club distribution and increasing merchandising support, and the new product launch of Scentiva ™ wipes and sprays. There were also higher shipments in Professional Products, mainly in cleaning products. These increases were partially offset by lower shipments in Laundry, primarily due to continued category softness. Volume outpaced net sales due to unfavorable mix. The increase in earnings from continuing operations before income taxes was due to cost savings and net sales growth, partially offset by a $21 non-cash impairment charge for the Aplicare business in the second quarter of fiscal year 2017 (See Notes to Consolidated Financial Statements for more information) and higher manufacturing and logistics costs.

Fiscal year 2016 versus fiscal year 2015: Volume, net sales and earnings from continuing operations before income taxes increased by 6%, 5% and 15%, respectively, during fiscal year 2016. Both volume and net sales growth were driven primarily by higher shipments across several Home Care brands, including Clorox ® disinfecting wipes resulting from increased merchandising support and expanded warehouse club distribution, and in Professional Products mainly in cleaning products. These increases were partially offset by lower shipments in Laundry, primarily due to the impact of the February 2015 price increase on Clorox ® liquid bleach. Volume outpaced net sales due to unfavorable product mix. The increase in earnings from continuing operations before income taxes was mainly due to net sales growth, the benefit of favorable commodity costs, strong cost savings, and the gain on the sale of the Company's Los Angeles bleach manufacturing facility, partially offset by higher manufacturing and logistics costs and increased advertising investments.

Household

	2017	2016	2015	% Change 2017 to 2016	% Change 2016 to 2015
Net sales	**$ 1,961**	$ 1,862	$ 1,794	**5 %**	4%
Earnings from continuing operations before income taxes	**419**	428	375	**(2)**	14

Fiscal year 2017 versus fiscal year 2016: Volume and net sales increased by 8% and 5%, respectively, while earnings from continuing operations before income taxes decreased by 2% during fiscal year 2017. Both volume and net sales growth were driven by the acquisition of RenewLife in May 2016 and higher shipments in Cat Litter and Glad ®, primarily due to increased innovation and merchandising support. These increases were partially offset by lower shipments of Charcoal. Volume outpaced net sales, primarily due to unfavorable mix. The decrease in earnings from continuing operations before income taxes was mainly due to higher manufacturing and logistics costs and higher operating expenses due to the acquisition of RenewLife, partially offset by net sales growth and cost savings.

Fiscal year 2016 versus fiscal year 2015: Volume, net sales and earnings from continuing operations before income taxes increased by 3%, 4% and 14%, respectively, during fiscal year 2016. Both volume growth and net sales growth were driven by the acquisition of the RenewLife business, higher shipments of Charcoal resulting from increased merchandising support and increased shipments across several Glad ® products, including continued strength in premium trash bags. These increases were partially offset by lower shipments of Cat Litter, largely due to continuing competitive activity. Net sales growth outpaced volume growth, primarily due to favorable product mix and the benefit of price increases, partially offset by higher trade promotion spending, mainly in Bags and Wraps. The increase in earnings from continuing operations before income taxes was mainly due to net sales growth, the benefit of favorable commodity costs and strong cost savings, partially offset by higher manufacturing and logistics costs and increased advertising investments.

Lifestyle

							% Change	
		2017		**2016**		**2015**	**2017 to 2016**	**2016 to 2015**
Net sales	**$**	**1,000**	$	990	$	950	**1 %**	4 %
Earnings from continuing operations before income taxes		**244**		251		257	**(3)**	(2)

Fiscal year 2017 versus fiscal year 2016: Volume and net sales each increased by 1%, while earnings from continuing operations before income taxes decreased by 3% during fiscal year 2017. Both volume and net sales growth were primarily driven by higher shipments within Burt's Bees ® Natural Personal Care largely due to lip care. The decrease in earnings from continuing operations before income taxes was primarily due to higher manufacturing and logistics costs, partially offset by cost savings and net sales growth.

Fiscal year 2016 versus fiscal year 2015: Volume and net sales increased by 5% and 4%, respectively, while earnings from continuing operations before income taxes decreased by 2% during fiscal year 2016. Both volume growth and net sales growth were primarily driven by higher shipments of Burt's Bees ® Natural Personal Care largely due to innovation in lip and face care and higher shipments of Hidden Valley ® bottled salad dressings due to innovation. Volume growth outpaced net sales growth primarily due to increased trade promotion spending. The decrease in earnings from continuing operations before income taxes was primarily due to increased advertising investments to support new products and increased selling and administrative expenses to support innovation and growth, partially offset by net sales growth and cost savings.

International

							% Change	
		2017		**2016**		**2015**	**2017 to 2016**	**2016 to 2015**
Net sales	**$**	**1,010**	$	997	$	1,087	**1%**	(8)%
Earnings from continuing operations before income taxes		**81**		66		79	**23**	(16)

Fiscal year 2017 versus fiscal year 2016: Volume, net sales and earnings from continuing operations before income taxes increased by 1%, 1% and 23%, respectively, during fiscal year 2017. Volume grew primarily due to higher shipments, mainly in Canada, which included the benefit of the RenewLife acquisition in May 2016, and Asia, partially offset by lower shipments in certain Latin American countries, mainly Argentina. The increase in earnings from continuing operations before income taxes was primarily due to net sales growth, namely the benefit of price increases, cost savings and a gain from the sale of an Australian distribution facility, partially offset by inflationary pressure on manufacturing and logistics costs and unfavorable foreign currency exchange rates.

Fiscal year 2016 versus fiscal year 2015: Volume increased by 1%, while net sales and earnings from continuing operations before income taxes decreased by 8% and 16%, respectively, during fiscal year 2016. Volume grew primarily due to higher shipments, mainly in Canada, which included the benefit of the RenewLife acquisition, Mexico, and Europe, partially offset by lower shipments in certain other Latin American countries largely due to the impact of price increases taken to offset inflationary pressures. The decline in net sales was primarily due to unfavorable foreign currency exchange rates across multiple countries, including the impact of the significant devaluation of the Argentine peso, partially offset by the benefit of price increases. The decrease in earnings from continuing operations before income taxes was primarily due to lower net sales, unfavorable foreign currency exchange rates, inflationary pressure on manufacturing and logistics costs and higher advertising costs, offset by the benefits of price increases and cost savings.

Argentina

The Company operates in Argentina through certain wholly owned subsidiaries (collectively, Clorox Argentina). Net sales from Clorox Argentina represented approximately 3%, 3% and 4% of the Company's consolidated net sales for the fiscal years ended June 30, 2017, 2016 and 2015, respectively. The operating environment in Argentina continues to present business challenges, including continuing devaluation of Argentina's currency and high inflation.

Clorox Argentina manufactures products at three plants that it owns and operates across Argentina and markets those products to consumers throughout the country. Products are advertised nationally and sold to consumers through wholesalers and retail outlets located throughout Argentina. Sales are made primarily through the use of Clorox Argentina’s sales force. Small amounts of products produced in Argentina are exported each year, including sales to the Company’s other subsidiaries located primarily in Latin America. Clorox Argentina obtains its raw materials almost entirely from local sources. The Company also conducts research and development activities at its owned facility in Buenos Aires, Argentina. Additionally, Clorox Argentina performs marketing, legal, and various other shared service activities to support the Company’s Latin American operations. Clorox Argentina in turn benefits from shared service activities performed within other geographic locations, such as information technology support and manufacturing technical assistance.

The value of the Argentine peso (ARS) relative to the U.S. dollar declined 9% and 39% for the fiscal year ended June 30, 2017 and 2016, respectively. As of June 30, 2017, using the exchange rate of 16.5 ARS per U.S. dollar (USD), Clorox Argentina had total assets of $69, including cash and cash equivalents of $10, net receivables of $17, inventories of $14, net property, plant and equipment of $20 and intangible assets excluding goodwill of $3. Goodwill for Argentina is aggregated and assessed for impairment at the Latin America reporting unit level, which is part of the Company’s International reportable segment. Based on the results of the annual impairment test performed in the fourth quarter of fiscal year 2017, the fair value of the Latin America reporting unit exceeded its carrying value by more than 40% and reflected unfavorable foreign currency exchange rates across several countries and the Company’s expectations of continued challenges from the Latin America region. Although Argentina is not currently designated as a highly inflationary economy for accounting purposes, further volatility and declines in the exchange rate are expected in the future, which, along with competition and changes in the retail and macro-economic environment, would have an additional adverse impact on Clorox Argentina’s net sales, net earnings, and net monetary asset position.

The Company is closely monitoring developments in Argentina and continues to take steps intended to mitigate the adverse conditions, but there can be no assurances that these actions will be able to mitigate these conditions as they may occur.

Corporate

				% Change	
	2017	**2016**	**2015**	**2017 to 2016**	**2016 to 2015**
Losses from continuing operations before income taxes	**$ (234)**	$ (273)	$ (235)	**(14)%**	16%

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

Fiscal year 2017 versus fiscal year 2016: The decrease in losses from continuing operations before income taxes was primarily driven by lower employee incentive compensation costs and lower spending across several functions, partially offset by an increase in projected environmental costs associated with the Company's former operations at a site in Alameda County, California in fiscal year 2017 (See Notes to Consolidated Financial Statements for more information).

Fiscal year 2016 versus fiscal year 2015: The increase in losses from continuing operations before income taxes was primarily due to higher current year benefits and performance-based employee incentive costs including the prior year change in the Company’s long-term disability plan to bring it more in line with the marketplace, absence of the prior year’s gain on the sale of real estate assets by a low-income housing partnership and increased current year information technology spending to support the Company’s initiatives. This was partially offset by lower current year interest expense primarily due to a lower weighted-average interest rate on total debt.

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 from continuing operations, contractual obligations and off-balance sheet arrangements.

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 in the United States and in certain foreign jurisdictions. 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 following table summarizes cash activities from continuing operations for the years ended June 30:

	2017	2016	2015
Net cash provided by continuing operations	**$ 871**	$ 768	$ 858
Net cash used for investing activities	**(205)**	(430)	(106)
Net cash used for financing activities	**(645)**	(316)	(696)

Operating Activities

The Company's financial condition and liquidity remained strong as of June 30, 2017. Net cash provided by continuing operations was $871 in fiscal year 2017, compared with $768 in fiscal year 2016. The year-over-year increase was primarily related to higher earnings, excluding non-cash charges.

Net cash provided by continuing operations decreased to $768 in fiscal year 2016 from $858 in fiscal year 2015. The decrease reflected higher payments in the prior year for both taxes and performance-based employee incentive compensation related to the Company’s strong 2015 fiscal year results. These factors were partially offset by higher earnings from continuing operations in fiscal year 2016 and $25 in prior year payments to settle interest-rate hedges related to the Company’s issuance of long-term debt.

Investing Activities

Capital expenditures were $231 , $172 and $125 , respectively, in fiscal years 2017 , 2016 and 2015 . Capital spending as a percentage of net sales was 3.9%, 3.0% and 2.2% for fiscal years 2017 , 2016 and 2015 , respectively. The increases in fiscal year 2017 and 2016 were due to additional investments in capital to drive cost savings and to support innovation and growth.

In January 2017, the Company sold an Australian distribution facility, previously reported in the International reportable segment, which resulted in $23 in cash proceeds from investing activities and a gain of $10 recorded in Other (income) expense, net, on the consolidated statement of earnings for the year ended June 30, 2017.

In April 2016, the Company sold its Los Angeles bleach manufacturing facility, previously reported in the Cleaning reportable segment, which resulted in $20 in cash proceeds from investing activities and a gain of $11 recorded in Other (income) expense, net, on the consolidated statement of earnings for the year ended June 30, 2016. In September 2015, the Company sold its corporate jet to an unrelated party for cash proceeds of $11 which had an insignificant impact on Other (income) expense, net.

In April 2015, a low-income housing partnership, in which the Company was a limited partner, sold its real estate holdings. The real property sale resulted in $15 in cash proceeds from investing activities and a net gain of $13 recorded in Other (income) expense, net, on the consolidated statement of earnings for the year ended June 30, 2015.

Acquisition

On May 2, 2016, the Company acquired RenewLife, a leading brand in digestive health. The amount paid was $290 funded through commercial paper.

Free cash flow

		2017		2016		2015
Net cash provided by continuing operations		**871**		768		858
Less: capital expenditures		**(231)**		(172)		(125)
Free cash flow	**$**	**640**	$	596	$	733
Free cash flow as a percentage of net sales		10.7%		10.3%		13.0%

Financing Activities

Net cash used for financing activities was $645 in fiscal year 2017, as compared to $316 in fiscal year 2016. Net cash used for financing activities was higher in fiscal year 2017, mainly due to higher net borrowings in fiscal year 2016 to fund the RenewLife acquisition in May 2016, a decline in proceeds from the issuance of stock for employee stock plans and higher cash dividends paid in the current year, partially offset by a reduction in treasury stock purchases.

Net cash used for financing activities was $316 in fiscal year 2016, as compared to $696 in fiscal year 2015. Net cash used for financing activities was lower in fiscal year 2016, mainly driven by the increase in net borrowings to fund the RenewLife acquisition.

Capital Resources and Liquidity

The Company believes it will have the funds necessary to meet its financing requirements and other fixed obligations as they become due based on its 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 may consider other transactions that may require the issuance of additional long- and/or short-term debt or other securities to finance acquisitions, repurchase shares, refinance debt or fund other activities for general business purposes. Such transactions could require funds in excess of the Company's current cash levels and available credit lines, and 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:

	2017		2016	
	Short-term	**Long-term**	Short-term	Long-term
Standard and Poor's	**A-2**	**A-**	A-2	BBB+
Moody's	**P-2**	**Baa1**	P-2	Baa1

Credit Arrangements

On February 8, 2017, the Company entered into a new $1,100 revolving credit agreement (the Credit Agreement) that matures in February 2022. The Credit Agreement replaced a prior $1,100 revolving credit agreement in place since October 2014. No termination fees or penalties were incurred in connection with the Company's debt modification. There were no borrowings under the Credit Agreement as of June 30, 2017 and 2016 and the Company believes that borrowings under the Credit Agreement are and will continue to be available for general business purposes. The Credit Agreement includes certain restrictive covenants and limitations. The primary restrictive covenant is a minimum ratio of 4.0 calculated as total earnings before interest, taxes, depreciation and amortization and non-cash asset impairment charges (Consolidated EBITDA) to total interest expense for the trailing four quarters (Interest Coverage ratio), as defined and described in the Credit Agreement.

The following table sets forth the calculation of the Interest Coverage ratio as of June 30, 2017, using Consolidated EBITDA for the trailing four quarters, as contractually defined:

		2017
Earnings from continuing operations	$	703
Add back:		
Interest expense		88
Income tax expense		330
Depreciation and amortization		163
Non-cash asset impairment charges		23
Less:		
Interest income		(4)
Consolidated EBITDA	$	1,303
Interest expense	$	88
Interest Coverage ratio		**14.8**

The Company was in compliance with all restrictive covenants and limitations in the Credit Agreement as of June 30, 2017 , 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 maintained $29 of foreign and other credit lines as of June 30, 2017, of which $5 was outstanding and the remainder of $24 was available for borrowing.

The Company maintained $28 of foreign and other credit lines as of June 30, 2016, of which $5 was outstanding and the remainder of $23 was available for borrowing.

Short-term Borrowings

The Company's notes and loans payable include U.S. commercial paper issued by the parent company and a short-term loan held by a non-U.S. subsidiary. These short-term borrowings have stated maturities of less than one year and provide supplemental funding for supporting operations. The level of U.S. commercial paper borrowings generally fluctuates depending upon the amount and timing of operating cash flows and payments for items such as dividends, income taxes, share repurchases and pension contributions. The average balance of U.S. commercial paper borrowings outstanding was $624 and $371 for the fiscal year ended June 30, 2017 and 2016 , respectively.

Long-term Borrowings

In October 2017, $400 of the Company's senior notes with an annual fixed interest rate of 5.95%, are due for repayment.

In November 2015, $300 of the Company's senior notes with an annual fixed interest rate of 3.55%, became due and were repaid using commercial paper borrowings and cash on hand.

In January 2015, $575 of the Company's senior notes with an annual fixed interest rate of 5.00%, became due and were repaid using the net proceeds from the December 2014 debt issuance and commercial paper borrowings.

In December 2014, the Company issued $500 of senior notes with an annual fixed interest rate of 3.50%. The notes carry an effective interest rate of 4.10% , which includes the impact from the settlement of interest rate forward contracts in December 2014 (see Notes 10). The notes rank equally with all of the Company's existing senior indebtedness.

Share Repurchases and Dividend Payments

The Company has two share repurchase programs: an open-market purchase program with an authorized aggregate purchase amount of up to $750, all of which was available for share repurchases as of both June 30, 2017 and 2016 , and a program to offset the anticipated impact of share dilution related to share-based awards (the Evergreen Program), which has no authorization limit as to amount or timing of repurchases. There were no share repurchases under the open-market purchase program during the fiscal years ended June 30, 2017, 2016 and 2015.

Share repurchases under the Evergreen Program were as follows during the fiscal years ended June 30:

	2017		2016		2015	
	Amount	Shares (000)	Amount	Shares (000)	Amount	Shares (000)
Evergreen Program	$ 189	1,505	$ 254	2,151	$ 434	4,016

Dividends per share and total dividends paid were as follows during the fiscal years ended June 30:

	2017	2016	2015
Dividends per share declared	$ 3.24	$ 3.11	$ 2.99
Dividends per share paid	3.20	3.08	2.96
Total dividends paid	412	398	385

Contractual Obligations

The Company had contractual obligations as of June 30, 2017 , payable or maturing in the following fiscal years:

	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt maturities including interest payments	$ 460	$ 48	$ 48	$ 48	$ 342	1,153	$ 2,099
Notes and loans payable	404	—	—	—	—	—	404
Purchase obligations (1)	158	70	36	20	13	21	318
Capital leases	2	1	—	—	—	—	3
Operating leases	52	46	41	37	32	137	345
Payments related to nonqualified retirement income and retirement health care plans (2)	18	16	16	14	14	72	150
Venture agreement terminal obligation (3)	—	—	—	—	—	458	458
Total	$ 1,094	$ 181	$ 141	$ 119	$ 401	$ 1,841	$ 3,777

(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, capital expenditure agreements, software acquisition and license commitments and service contracts. 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, as they are short-term in nature and expected to be paid within one year.

(2) These amounts represent expected payments through 2027. Based on the accounting rules for nonqualified retirement income and retirement health care plans, the liabilities reflected in the Company's consolidated balance sheets differ from these expected future payments (see Notes to Consolidated Financial Statements).

(3) The Company has a venture agreement with The Procter & Gamble Company (P&G) for the Company's Glad ® bags, wraps and containers business. As of June 30, 2017 , P&G had a 20% interest in the venture. The agreement with P&G will expire in January 2023, unless the parties agree, on or prior to January 2018, to extend the term of the agreement for another 10 years or agree to take some other relevant action. Upon termination of the agreement, the Company is required to purchase P&G's interest for cash at fair value as established by predetermined valuation procedures. As of June 30, 2017 , the estimated fair value of P&G's interest was $458, of which $317 has been recognized and is reflected in Other liabilities in the Company's June 30, 2017 Consolidated Balance Sheet. The difference between the estimated fair value and the amount recognized, and any future changes in the fair value of P&G's interest, is charged to Cost of products sold in accordance with the effective interest method over the remaining life of the agreement. The estimated fair value of P&G's interest may increase or decrease up until any such purchase by the Company of P&G's interest. The key estimates and factors used to arrive at the estimated fair value include, but are not limited to, commodity prices, revenue and expense growth rates and the rate at which future cash flows are discounted (discount rate). If the discount rate as of June 30, 2017 were to increase or decrease by 100 basis points, the estimated fair value of P&G's interest would decrease by approximately $40 or increase by approximately $50, respectively. Such changes would affect the amount of future charges to Cost of products sold. Refer to Notes to Consolidated Financial Statements for further details.

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.

The Company had not recorded any liabilities on the aforementioned indemnifications as of June 30, 2017 and 2016 .

The Company was a party to letters of credit of $10 as of both June 30, 2017 and 2016 , primarily related to one of its insurance carriers, of which $0 had been drawn upon.

CONTINGENCIES

A summary of contingencies is contained in the Notes to Consolidated Financial Statements.

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 2017 and 2016 , 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 (loss), depending on whether or not, for accounting purposes, the derivative is designated and qualified as an accounting hedge. For those derivative instruments designated and qualifying as hedging instruments, the Company must designate the hedging instrument either as a fair value hedge or as 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. During the fiscal years ended June 30, 2017 , 2016 and 2015 , 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 the consolidated statement of earnings.

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 2017 and 2016 , the Company's raw materials exposures pertaining to derivative contracts existed with jet fuel used for the charcoal business and soybean oil used for the food business. Based on a hypothetical decrease or increase of 10% in these commodity prices as of June 30, 2017 , and June 30, 2016 , the estimated fair value of the Company's then-existing commodity derivative contracts would decrease or increase by $3 for both fiscal years, with the corresponding impact included in Accumulated other comprehensive income (loss).

Foreign Currency Risk

The Company seeks to minimize the impact of certain foreign currency fluctuations by hedging transactional exposures with foreign currency forward contracts. Based on a hypothetical decrease of 10% in the value of the U.S. dollar as of June 30, 2017 and June 30, 2016 , the estimated fair value of the Company's then-existing foreign currency derivative contracts would decrease by $6 and $9, respectively, with the corresponding impact included in Accumulated other comprehensive income (loss). Based on a hypothetical increase of 10% in the value of the U.S. dollar as of June 30, 2017 and June 30, 2016 , the estimated fair value of the Company's then-existing foreign currency derivative contracts would increase by $5 and $7, respectively, with the corresponding impact included in Accumulated other comprehensive income (loss).

Interest Rate Risk

The Company is exposed to interest rate volatility with regard to existing short-term borrowings, primarily commercial paper, and anticipated future issuances of long-term debt. Weighted average interest rates for commercial paper borrowings have been less than 1% during fiscal years 2017 and 2016 . Assuming average variable rate debt levels during fiscal years 2017 and 2016 , a 100 basis point increase in interest rates would increase interest expense from commercial paper by approximately $6 and $4, respectively. Assuming average variable rate debt levels in fiscal years 2017 and 2016 , a decrease in interest rates to zero percent would decrease interest expense from commercial paper by $6 and $3, 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 year 2015, but had no interest rate forward contract positions during fiscal year 2017 and 2016, and no outstanding contracts as of June 30, 2017 and 2016.

RECENTLY ISSUED ACCOUNTING STANDARDS

A summary of all recently issued accounting standards is contained in Note 1 of Notes to Consolidated Financial Statements.

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 judgments include, among others, assumptions pertaining to accruals for consumer and trade-promotion programs, stock-based compensation, retirement income plans, 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 and estimates 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 and estimates are related to: revenue recognition; valuation of goodwill and intangible assets; employee benefits, including estimates related to stock-based compensation and retirement income plans; and income taxes. The Company's critical accounting policies and estimates have been reviewed with the Audit Committee of the Board of Directors. A summary of the Company's significant accounting policies and estimates is contained in Note 1 of Notes to Consolidated Financial Statements.

Revenue Recognition

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 trade promotion accruals are primarily based on estimated volume and incorporate historical sales and spending trends by customer and category. The determination of these estimated accruals 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 promotion accruals depending on how actual results of the programs compare to original estimates. If the Company's trade promotion accrual estimates as of June 30, 2017 were to differ by 10%, the impact on net sales would be approximately $11.

Goodwill and Other Intangible Assets

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 fiscal year 2016 , the Company's reporting units for goodwill impairment testing purposes are its domestic Strategic Business Units (SBUs), Canada, Latin America and AMEA (Asia, Middle East, Europe and Australia, New Zealand, and South Africa). 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 2017 annual impairment review. All of the Company's reporting units had fair values that 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 has the option to first assess qualitative factors such as maturity and stability of the reporting unit, magnitude of excess fair value over carrying value from the prior year's impairment testing, other reporting unit 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. In all instances, the estimated fair value exceeded the carrying value of the reporting unit. If the estimated fair value of any reporting unit been less than its carrying value, the Company would have performed 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 had exceeded its implied fair value, an impairment charge would have been 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 those the Company uses in its internal planning, which gives consideration to actual business trends experienced, and the long-term business strategy. The other key estimates and factors used in the DCF include, but are not limited to, future volumes, net sales and expense growth rates, changes in working capital, foreign exchange rates, 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 a 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 the income approach to estimate the fair value of its trademarks and other intangible assets with indefinite lives. This approach requires significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and foreign exchange rates applied to those cash flows to determine fair value. Changes in such estimates or the use of alternative assumptions could produce different results.

During the second quarter of fiscal year 2017, the Company recognized $2 of intangible asset impairment charges related to trademarks within the International reportable segment. No significant impairments were identified as a result of the Company's fourth quarter annual impairment review.

Finite-Lived Intangible Assets

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 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 carrying 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’s critical accounting policies and estimates in this area relate to its stock-based compensation and retirement income programs.

Stock-based Compensation

The Company grants various nonqualified stock-based compensation awards to eligible employees, including stock options, performance units and restricted stock. 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. 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 were increased by 100 basis points, the fair value of options granted in fiscal year 2017 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 were to increase by one year, the fair value of options granted in fiscal year 2017 would increase 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 total amount of compensation expense recognized reflects estimated forfeiture rates and management’s assessment of the probability that performance goals will be achieved. A cumulative adjustment is recognized to compensation expense in the current period to reflect any changes in the probability of achievement of performance goals.

Retirement Income Plans

The Company has various retirement income plans for eligible domestic and international employees. The determination of net periodic benefit 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 expected long-term rate of return assumption is based on an analysis of current market and normative returns for each asset class in proportion to the fund’s current asset allocation. The actual net periodic benefit cost could differ from the expected results because actuarial assumptions and estimates are used. In the calculation of net periodic benefit cost related to the domestic qualified retirement income plan for 2017 , the Company used a beginning-of-year discount rate assumption of 3.4% and a long-term rate of return on domestic plan assets assumption of 4.7%. The use of a different discount rate or long-term rate of return on domestic plan assets can significantly impact the domestic net periodic benefit cost. For example, as of June 30, 2017 , a decrease of 100 basis points in the discount rate would increase the domestic retirement income plans’ liabilities by approximately $55, and decrease fiscal year 2017 domestic pension plans’ expense by $2. A 100 basis point decrease in the long-term rate of return on domestic plan assets would increase fiscal year 2017 domestic net periodic benefit cost by $4. Different assumptions are used in the determination of net periodic benefit cost related to plans for eligible international employees, as appropriate. See Notes to Consolidated Financial Statements for further discussion of the Company's retirement income 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 when 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 the 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.

As of June 30, 2017 , the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately $40. Since audit outcomes and the timing of audit settlements are subject to significant uncertainty, liabilities for uncertain tax positions are excluded from the contractual obligations table (see Notes to Consolidated Financial Statements).

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 quarterly 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.

Free cash flow is calculated as net cash provided by continuing operations less capital expenditures related to continuing operations. 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.

The Company uses the term *Consolidated EBITDA* because it is a term used in its revolving credit agreement. As defined in the credit agreement, Consolidated EBITDA represents earnings from continuing operations before interest, taxes, depreciation and amortization and non-cash asset impairment charges. *Interest Coverage ratio* is the ratio of Consolidated EBITDA to interest expense. The Company's management believes disclosure of Consolidated EBITDA provides useful information to investors because it is used in the primary restrictive covenant in the Company's credit agreement. For additional discussion of the Interest Coverage ratio, see " *Financial Position and Liquidity - Financing Activities - Credit Arrangements* " above.

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.

Economic profit (EP) is defined by the Company as earnings from continuing operations before income taxes, excluding non-cash U.S. GAAP restructuring and intangible asset impairment charges, and interest expense; less income taxes (calculated utilizing the Company's effective tax rate), and less a capital charge (calculated as average capital employed multiplied by a cost of capital percentage rate). EP is a key financial metric the Company’s management uses to evaluate business performance and allocate resources, and is a component in determining employee 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.

CAUTIONARY STATEMENT

This Annual Report on Form 10-K (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, and Section 21E of the Securities Exchange Act of 1934, as amended, and such forward-looking statements involve risks and uncertainties. Except for historical information, statements about future volume, sales, foreign currencies, costs, cost savings, margins, earnings, earnings per share, diluted earnings per share, foreign currency exchange rates, cash flows, plans, objectives, expectations, growth or profitability are forward-looking statements based on management’s estimates, assumptions and projections. Words such as “could,” “may,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “predicts” and variations on such words, and similar expressions that reflect our current views with respect to future events and operational and financial performance, 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. 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 filings. These factors include, but are not limited to:

- 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, transportation or other costs;
- the ability of the Company to drive sales growth, increase price and market share, grow its product categories and manage favorable product and geographic mix;
- dependence on key customers and risks related to customer consolidation and ordering patterns;
- the impact of increase in sales of consumer products through alternative retail channels;
- risks related to reliance on information technology systems, including potential security breaches, cyber-attacks, privacy breaches or data breaches that result in the unauthorized disclosure of consumer, customer, employee or Company information, or service interruptions;
- lower revenue or increased costs resulting from government actions and regulations, including with respect to the Aplicare business, despite the write down of Aplicare assets in the second quarter ended December 31, 2016;
- the ability of the Company to successfully manage global political, legal, tax and regulatory risks, including changes in regulatory or administrative activity;
- risks relating to acquisitions, new ventures and divestitures, and associated costs, including the potential for asset impairment charges related to, among others, intangible assets and goodwill;
- worldwide, regional and local economic and financial market conditions;
- risks related to international operations and international trade, including political instability; government-imposed price controls or other regulations; foreign currency exchange rate controls, including periodic changes in such controls, fluctuations and devaluations; changes in trade, tax or U.S. immigration policies, labor claims, labor unrest and inflationary pressures, particularly in Argentina; potential negative impact and liabilities from the use, storage and transportation of chlorine in certain international markets where chlorine is used in the production of bleach; and the possibility of nationalization, expropriation of assets or other government action;
- the ability of the Company to innovate and to develop and introduce commercially successful products;
- the ability of the Company to implement and generate cost savings and efficiencies;
- the success of the Company’s business strategies;
- the Company’s ability to maintain its business reputation and the reputation of its brands;
- risks related to the potential increase in the Company’s purchase price for P&G’s interest in the Glad ® business and the impact from the decision on whether or not to extend the term of the related agreement with P&G;
- supply disruptions and other risks inherent in reliance on a limited base of suppliers;
- the impact of product liability claims, labor claims and other legal or tax proceedings, including in foreign jurisdictions;
- the Company’s ability to attract and retain key personnel;
- environmental matters, including costs associated with the remediation and monitoring of past contamination, and possible increases in costs resulting from actions by relevant regulators, and the handling and/or transportation of hazardous substances;
- the impact of natural disasters, terrorism and other events beyond the Company’s control;
- the Company’s ability to maximize, assert and defend its intellectual property rights;
- any infringement or claimed infringement by the Company of third-party intellectual property rights;
- the effect of the Company’s indebtedness and credit rating on its business operations and financial results;
- the Company’s ability to pay and declare dividends or repurchase its stock in the future;
- the Company’s ability to maintain an effective system of internal controls;
- 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 projections are based;
- risks related to the Company’s discontinuation of operations in Venezuela; and
- the impacts of potential stockholder activism.

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 the date when made. 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.

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.

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 2013. 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 at June 30, 2017, 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, 2017 , as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of The Clorox Company

We have audited the accompanying consolidated balance sheets of The Clorox Company as of June 30, 2017 and 2016, and the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2017. 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 at June 30, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2017, 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, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 15, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, CA
August 15, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of The Clorox Company

We have audited The Clorox Company's internal control over financial reporting as of June 30, 2017, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Clorox Company's 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 maintained, in all material respects, effective internal control over financial reporting as of June 30, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2017 of The Clorox Company and our report dated August 15, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, CA
August 15, 2017

CONSOLIDATED STATEMENTS OF EARNINGS
The Clorox Company

Years ended June 30

Dollars in millions, except share and per share data	**2017**	**2016**	**2015**
Net sales	$ 5,973	$ 5,761	$ 5,655
Cost of products sold	3,302	3,163	3,190
Gross profit	2,671	2,598	2,465
Selling and administrative expenses	810	806	798
Advertising costs	599	587	523
Research and development costs	135	141	136
Interest expense	88	88	100
Other (income) expense, net	6	(7)	(13)
Earnings from continuing operations before income taxes	1,033	983	921
Income taxes on continuing operations	330	335	315
Earnings from continuing operations	703	648	606
Losses from discontinued operations, net of tax	(2)	—	(26)
Net earnings	$ 701	$ 648	$ 580
Net earnings (losses) per share			
Basic			
Continuing operations	$ 5.45	$ 5.01	$ 4.65
Discontinued operations	(0.02)	—	(0.20)
Basic net earnings per share	$ 5.43	$ 5.01	$ 4.45
Diluted			
Continuing operations	$ 5.35	$ 4.92	$ 4.57
Discontinued operations	(0.02)	—	(0.20)
Diluted net earnings per share	$ 5.33	$ 4.92	$ 4.37
Weighted average shares outstanding (in thousands)			
Basic	128,953	129,472	130,310
Diluted	131,566	131,717	132,776

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
The Clorox Company

Years ended June 30 Dollars in millions	2017	2016	2015
Earnings from continuing operations	$ 703	$ 648	$ 606
Losses from discontinued operations, net of tax	(2)	—	(26)
Net earnings	701	648	580
Other comprehensive income (losses):			
Foreign currency adjustments, net of tax	(3)	(53)	(54)
Net unrealized gains (losses) on derivatives, net of tax	7	9	(14)
Pension and postretirement benefit adjustments, net of tax	23	(24)	(17)
Total other comprehensive income (losses), net of tax	27	(68)	(85)
Comprehensive income	$ 728	$ 580	$ 495

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS
The Clorox Company

As of June 30 Dollars in millions, except share and per share data	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 418	$ 401
Receivables, net	565	569
Inventories, net	459	443
Prepaid expenses and other current assets	72	72
Total current assets	1,514	1,485
Property, plant and equipment, net	931	906
Goodwill	1,196	1,197
Trademarks, net	654	657
Other intangible assets, net	68	78
Other assets	210	187
Total assets	$ 4,573	$ 4,510
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes and loans payable	$ 404	$ 523
Current maturities of long-term debt	400	—
Accounts payable and accrued liabilities	1,005	1,035
Income taxes payable	—	—
Total current liabilities	1,809	1,558
Long-term debt	1,391	1,789
Other liabilities	770	784
Deferred income taxes	61	82
Total liabilities	4,031	4,213
Commitments and contingencies		
Stockholders' equity		
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 as of June 30, 2017 and 2016; and 129,014,172 and 129,355,263 shares outstanding as of June 30, 2017 and 2016, respectively	159	159
Additional paid-in capital	928	868
Retained earnings	2,440	2,163
Treasury shares, at cost: 29,727,289 and 29,386,198 shares as of June 30, 2017 and 2016, respectively	(2,442)	(2,323)
Accumulated other comprehensive net (losses) income	(543)	(570)
Stockholders' equity	542	297
Total liabilities and stockholders' equity	$ 4,573	$ 4,510

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Clorox Company

	Common Stock		Additional		Treasury Shares		Accumulated Other	
Dollars in millions	**Shares (000)**	**Amount**	**Paid-in Capital**	**Retained Earnings**	**Shares (000)**	**Amount**	**Comprehensive Net (Losses) Income**	**Total**
Balance as of June 30, 2014	158,741	$ 159	$ 709	$ 1,739	(29,945)	$ (2,036)	$ (417)	$ 154
Net earnings				580				580
Other comprehensive (loss) income							(85)	(85)
Accrued dividends				(391)				(391)
Stock-based compensation			32					32
Other employee stock plan activities			34	(5)	(4,198)	233		262
Treasury stock purchased					4,016	(434)		(434)
Balance as of June 30, 2015	158,741	159	775	1,923	(30,127)	(2,237)	(502)	118
Net earnings				648				648
Other comprehensive (loss) income							(68)	(68)
Accrued dividends				(406)				(406)
Stock-based compensation			45					45
Other employee stock plan activities			48	(2)	2,892	168		214
Treasury stock purchased					(2,151)	(254)		(254)
Balance as of June 30, 2016	158,741	159	868	2,163	(29,386)	(2,323)	(570)	297
Net earnings				701				701
Other comprehensive income (loss)							27	27
Accrued dividends				(421)				(421)
Stock-based compensation			51					51
Other employee stock plan activities			9	(3)	1,164	70		76
Treasury stock purchased					(1,505)	(189)		(189)
Balance as of June 30, 2017	158,741	$ 159	$ 928	$ 2,440	(29,727)	$ (2,442)	$ (543)	$ 542

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
The Clorox Company

Years ended June 30 Dollars in millions	2017	2016	2015
Operating activities:			
Net earnings	$ 701	$ 648	$ 580
Deduct: Losses from discontinued operations, net of tax	(2)	—	(26)
Earnings from continuing operations	703	648	606
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	163	165	169
Stock-based compensation	51	45	32
Deferred income taxes	(35)	5	(16)
Settlement of interest rate forward contracts	—	—	(25)
Other	36	1	(17)
Changes in:			
Receivables, net	(1)	(52)	6
Inventories, net	(19)	(45)	(25)
Prepaid expenses and other current assets	(5)	6	6
Accounts payable and accrued liabilities	(34)	57	93
Income taxes payable	12	(62)	29
Net cash provided by continuing operations	871	768	858
Net cash (used for) provided by discontinued operations	(3)	10	16
Net cash provided by operations	868	778	874
Investing activities:			
Capital expenditures	(231)	(172)	(125)
Business acquired, net of cash acquired	—	(290)	—
Other	26	32	19
Net cash used for investing activities	(205)	(430)	(106)
Financing activities:			
Notes and loans payable, net	(125)	426	(48)
Long-term debt borrowings, net of issuance costs	—	—	495
Long-term debt repayments	—	(300)	(575)
Treasury stock purchased	(183)	(254)	(434)
Cash dividends paid	(412)	(398)	(385)
Issuance of common stock for employee stock plans and other	75	210	251
Net cash used for financing activities	(645)	(316)	(696)
Effect of exchange rate changes on cash and cash equivalents	(1)	(13)	(19)
Net increase in cash and cash equivalents	17	19	53
Cash and cash equivalents:			
Beginning of year	401	382	329
End of year	$ 418	$ 401	$ 382
Supplemental cash flow information:			
Interest paid	$ 78	$ 79	$ 104
Income taxes paid, net of refunds	347	323	236
Non-cash financing activities:			
Cash dividends declared and accrued, but not paid	108	104	99

See Notes to Consolidated Financial Statements

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 retail and grocery outlets, warehouse clubs, dollar stores, e-commerce channels, military stores and other retail outlets, and medical supply distributors. 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 the consolidated financial statements to conform to the current year presentation.

Effective September 22, 2014, the Company's Venezuela affiliate, Corporación Clorox de Venezuela S.A. (Clorox Venezuela), discontinued its operations. Consequently, the Company presents the financial results of Clorox Venezuela as a discontinued operation in the consolidated financial statements for all periods presented herein.

Use of Estimates

The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to reach opinions as to estimates and assumptions that affect reported amounts and related disclosures. Specific areas requiring management's opinion on estimates and judgments include assumptions pertaining to accruals for consumer and trade-promotion programs, stock-based compensation, retirement income plans, 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.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid interest bearing accounts, time deposits held by financial institutions 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 income tax costs in the United States and in certain foreign jurisdictions. 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.

As of June 30, 2017 and 2016 , the Company had $2 and $4 of restricted cash, respectively, which is primarily related to fiscal year 2012 acquisitions and a cash margin deposit held for exchange-traded futures contracts. Restricted cash was included in Prepaid expenses and other current assets as of June 30, 2017 and in Other assets as of June 30, 2016 .

Inventories

Inventories are stated at the lower of cost or market. When necessary, the Company adjusts 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 or lives determined by lease contracts for the related assets. The table below provides estimated useful lives of property, plant and equipment by asset classification.

	Estimated Useful Lives
Buildings and leasehold improvements	7 - 40 years
Land improvements	10 - 30 years
Machinery and equipment	3 - 15 years
Computer equipment	3 - 5 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 fully recoverable. The risk of impairment is initially assessed based on an estimate of the undiscounted cash flows at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset exceeds the estimated future undiscounted cash flows generated by the asset. When impairment is indicated, an impairment charge is recorded for the difference between the carrying 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 qualifying 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. Internal and external costs incurred during the preliminary project stage and post implementation-operation stage, mainly training and maintenance costs, are expensed as incurred. Once the application is substantially complete and ready for its intended use, qualifying costs are amortized on a straight-line basis over the software's estimated useful life.

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 for impairment 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 has the option to first assess qualitative factors such as maturity and stability of the reporting unit, magnitude of excess fair value over carrying value from the prior year's impairment testing, other 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 of a reporting unit, 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 the reporting unit to its carrying value. In all instances, the estimated fair value exceeded the carrying value of the reporting unit. Had the estimated fair value of any reporting unit been less than its carrying value, the Company would have performed 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 had exceeded its implied fair value, an impairment charge would have been 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 those the Company uses in its internal planning, which 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 volumes, net sales and expense growth rates, changes in working capital, foreign exchange rates, inflation and a perpetuity growth rate. Changes in such estimates or the application of alternative assumptions could produce different results.

For trademarks and other intangible assets with indefinite lives, the Company performs a 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 the income approach to estimate the fair value of its trademarks and other intangible assets with indefinite lives. This approach requires significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and foreign exchange rates applied to those cash flows to determine fair value. Changes in such estimates or the use of alternative assumptions could produce different results.

Stock-based Compensation

The Company grants various nonqualified stock-based compensation awards to eligible employees, including stock options, restricted stock 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. The total number of stock options expected to vest is adjusted by actual and estimated forfeitures. Changes to the actual and estimated forfeitures will result in a cumulative adjustment in the period of change. Compensation 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 number of shares issued is dependent upon the achievement of specified 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 management's assessment of the probability that performance goals will be achieved. A cumulative adjustment is recognized to compensation expense in the current period to reflect any changes in the probability of achievement of performance goals.

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

Employee Benefits

The Company accounts for its 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 or expected lifetime (for frozen plans) 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 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. The differences between actual and expected returns are recognized in the net periodic benefit cost calculation over the average remaining service period or expected lifetime (for frozen plans) 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 the Company's net periodic benefit cost. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 based upon a reasonable estimate of the liability. 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 accrual for environmental matters is included in Accounts payable and accrued liabilities and 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 trade promotions, coupons, returns 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 related to these programs for the estimated expenses incurred, but not paid, at the end of each period.

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 $3 and $5 as of June 30, 2017 and 2016 , respectively. Receivables, net, included non-customer receivables of $3 and $9 as of June 30, 2017 and 2016 , 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 manufacturing fees, shipping and handling, warehousing, package design, depreciation, amortization, direct and indirect labor and operating costs for the Company's manufacturing and distribution facilities including salary, benefit costs and incentive compensation, and royalties and other charges related to the Company's Glad ® Venture Agreement (See Note 9).

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, 2017 , 2016 and 2015 were $13 , $11 and $11 , respectively, all of which were reflected in Cost of products sold or discontinued operations, as appropriate, in the consolidated statements of earnings.

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 basis. 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 income 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, while 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 (loss). 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 equity investees for which earnings are not considered indefinitely reinvested is recorded as a component of deferred taxes with an offset to Other comprehensive income (loss).

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.

The changes in the fair value (i.e., gains or losses) of a derivative instrument are recorded as either assets or liabilities in the consolidated balance sheets with an offset to net earnings or Other comprehensive income (loss) depending on whether, for accounting purposes, it has been designated and qualifies as an accounting hedge and, if so, on the type of hedging relationship. The criteria used to determine if hedge accounting treatment is appropriate are: (a) formal designation and documentation of the hedging relationship, the risk management objective and hedging strategy at hedge inception; (b) eligibility of hedged items, transactions and corresponding hedging instrument; and (c) effectiveness of the hedging relationship both at inception of the hedge and on an ongoing basis in achieving the hedging objectives. For those derivative instruments designated and qualifying as hedging instruments, the Company must designate the hedging instrument either as a fair value hedge or as 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. During the fiscal years ended June 30, 2017 , 2016 and 2015 , the Company had no hedging instruments designated as fair value hedges.

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 (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. 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 the consolidated statement of earnings in the current period. Cash flows from hedging activities are classified as operating activities in the consolidated statements of cash flows.

Recently Issued Accounting Standards

Recently Issued Accounting Standards not yet adopted

In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," which requires presenting the service cost component of net periodic benefit cost in the same income statement line items as other employee compensation costs arising from services rendered during the period. This standard also requires that other components of the net periodic benefit cost be presented separately from the line item(s) that includes service costs and outside of any subtotal of operating income, if one is presented, on a retrospective basis. Additionally, the new guidance limits the components that are eligible for capitalization in assets to only the service cost component. The new guidance is effective for the Company beginning in the first quarter of fiscal year 2019, with the option to early adopt in the first quarter of fiscal year 2018. The Company is currently evaluating the impact that adoption of this guidance will have on its consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2017, the FASB issued ASU No. 2017-04, “Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. The new guidance is effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842),” which requires lessees to recognize a right-of-use asset and a lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation will depend on the classification of a lease as either a finance or an operating lease. ASU 2016-02 also requires expanded disclosures about leasing arrangements. The new guidance is effective for the Company beginning in the first quarter of fiscal year 2020, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” which replaces most of the existing U.S. GAAP revenue recognition guidance and is intended to improve and converge with international standards on the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from contracts with customers, including information about significant judgments and changes in judgments. The guidance is effective for the Company beginning in the first quarter of fiscal year 2019 and is expected to be applied on a modified retrospective basis.

Based on the Company’s preliminary assessment, the adoption of the standard is not expected to have a significant impact on its annual consolidated financial statements; however, there may be an impact on the Company’s financial results in interim periods due to the timing of recognition for certain trade promotion spending. As the Company completes its overall assessment, it is also identifying potential changes to its accounting policies, business processes, systems and controls to align with the new revenue recognition guidance and disclosure requirements.

Recently Adopted Accounting Standards

In March 2016, the FASB issued ASU No. 2016-09, “Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,” which simplifies several aspects of the accounting for share-based payment transactions, including requiring excess tax benefits and tax deficiencies to be recognized as income tax benefits or expenses in the consolidated statement of earnings. Additionally, the standard requires cash flows from excess tax benefits and deficiencies, previously classified as a financing activity, to be classified as an operating activity in the consolidated statement of cash flows. The Company adopted this guidance in the first quarter of fiscal year 2017. Excess tax benefits of $22 were recognized in the consolidated statement of earnings and classified as an operating activity in the consolidated statement of cash flows during the year ended June 30, 2017. The prior period consolidated statement of cash flows has not been adjusted as permitted. The guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The Company did not make this election and will continue to account for forfeitures on an estimated basis.

In April 2015, the FASB issued ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Cost,” which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company adopted this standard in the first quarter of fiscal year 2017 and retrospectively applied the standard to the June 30, 2016 consolidated balance sheet, resulting in an $8 reduction in Other assets and Long-term debt. The adoption had no impact on the Company’s consolidated statement of earnings or consolidated statement of cash flows.

NOTE 2. DISCONTINUED OPERATIONS

On September 22, 2014, Clorox Venezuela announced that it was discontinuing its operations, effective immediately, and seeking to sell its assets. Since fiscal year 2012, Clorox Venezuela was required to sell more than two thirds of its products at prices frozen by the Venezuelan government. During this same period, Clorox Venezuela experienced successive years of hyperinflation resulting in significant sustained increases in its input costs, including packaging, raw materials, transportation and wages. As a result, Clorox Venezuela had been selling its products at a loss, resulting in ongoing operating losses. Clorox Venezuela repeatedly met with government authorities in an effort to help them understand the rapidly declining state of the business, including the need for immediate, significant and ongoing price increases and other critical remedial actions to address these adverse impacts. Based on the Venezuelan government’s representations, Clorox Venezuela had expected significant price increases would be forthcoming much earlier; however, the price increases subsequently approved were insufficient and would have caused Clorox Venezuela to continue operating at a significant loss into the foreseeable future. As such, Clorox Venezuela was no longer financially viable and was forced to discontinue its operations.

On September 26, 2014, the Company reported that Venezuelan Vice President Jorge Arreaza announced, with endorsement by President Nicolás Maduro, that the Venezuelan government had occupied the Santa Lucía and Guacara production facilities of Clorox Venezuela. On November 6, 2014, the Company reported that the Venezuelan government had published a resolution granting a government-sponsored Special Administrative Board full authority to restart and operate the business of Clorox Venezuela, thereby reaffirming the government's expropriation of Clorox Venezuela's assets. Further, President Nicolás Maduro announced the government's intention to facilitate the resumed production of bleach and other cleaning products at Clorox Venezuela plants. He also announced his approval of a financial credit to invest in raw materials and production at the plants. These actions by the Venezuelan government were taken without the consent or involvement of Clorox Venezuela, its parent Clorox Spain S.L. (Clorox Spain) or any of their affiliates. Clorox Venezuela, Clorox Spain and their affiliates reserved their rights under all applicable laws and treaties.

With this exit, the financial results of Clorox Venezuela are reflected as discontinued operations in the Company's consolidated financial statements. The results of Clorox Venezuela have historically been part of the International reportable segment.

Net sales for Clorox Venezuela were $0 , $0 and $11 for the fiscal years ended June 30, 2017 , 2016 and 2015 , respectively.

The following table provides a summary of Earnings (losses) from discontinued operations for Clorox Venezuela and Earnings (losses) from discontinued operations other than Clorox Venezuela for the years ended June 30:

	2017	2016	2015
Operating losses from Clorox Venezuela before income taxes	$ —	$ —	$ (6)
Exit costs and other related expenses for Clorox Venezuela	(4)	(2)	(78)
Total earnings (losses) from Clorox Venezuela before income taxes	(4)	(2)	(84)
Income tax benefit attributable to Clorox Venezuela	2	2	29
Total earnings (losses) from Clorox Venezuela, net of tax	(2)	—	(55)
Gains (losses) from discontinued operations other than Clorox Venezuela, net of tax	—	—	29
Losses from discontinued operations, net of tax	$ (2)	$ —	$ (26)

Unrelated to Clorox Venezuela, in the fiscal year ended June 30, 2015, $32 of gross unrecognized tax benefits relating to other discontinued operations for periods prior to fiscal year 2015 were recognized upon the expiration of the applicable statute of limitations. Recognition of these previously disclosed tax benefits had no impact on the Company's cash flow or earnings from continuing operations for the fiscal year ended June 30, 2015.

NOTE 2. DISCONTINUED OPERATIONS (Continued)

Summary of Operating Losses, Asset Charges and Other Costs

The following provides a breakdown of (losses) gains from discontinued operations for Clorox Venezuela and gains from discontinued operations other than Clorox Venezuela for the fiscal years ended June 30:

	2017	2016	2015
Operating losses from Clorox Venezuela before income taxes	$ —	$ —	$ (6)
Net asset charges:			
Inventories	—	—	(11)
Property, plant and equipment	—	—	(16)
Trademark and other intangible assets	—	—	(6)
Other assets	—	—	(2)
Other exit and business termination costs:			
Severance	—	—	(3)
Recognition of deferred foreign currency translation loss	—	—	(30)
Other	(4)	(2)	(10)
Total losses from Clorox Venezuela before income taxes	(4)	(2)	(84)
Income tax benefit attributable to Clorox Venezuela	2	2	29
Total losses from Clorox Venezuela, net of tax	(2)	—	(55)
Gains from discontinued operations other than Clorox Venezuela, net of tax	—	—	29
Losses from discontinued operations, net of tax	$ (2)	$ —	$ (26)

Financial Reporting: Hyperinflation and the Selection of Exchange Rates

Prior to Clorox Venezuela being consolidated under the rules governing the preparation of financial statements in a highly inflationary economy, cumulative translation gains (losses) were included as a component of Accumulated other comprehensive net (losses) income. The charge of $30 to discontinued operations in September 2014 represents the recognition of these losses as a result of Clorox Venezuela discontinuing its operations effective September 22, 2014.

Subsequent to Clorox Venezuela discontinuing operations in September 2014, the Venezuelan government has continued to evolve its currency exchange mechanisms; however, these changes have not had a material impact on the Company's financial results because the balance of net bolivar assets and liabilities on the local books of Clorox Venezuela was $0 as of both June 30, 2017 and 2016 . As of June 30, 2017 and 2016 , the local books of Clorox Venezuela carried a net asset position of $0 . In addition, as of both June 30, 2017 and 2016 , the Company held $0 of tax asset balances related to Clorox Venezuela in Corporate in the reconciliation of the results of the Company's reportable segments to consolidated results.

NOTE 3. BUSINESSES ACQUIRED

On May 2, 2016 , the Company acquired 100 percent of ReNew Life Holdings Corporation (RenewLife), a leading brand in digestive health. The amount paid was $290 funded through commercial paper. The amount paid of $290 represents the aggregate purchase price less cash acquired. The purchase of the RenewLife business reflects the Company's strategy to acquire leading brands with attractive margins in growth categories. Results for RenewLife's U.S. business are reflected in the Household reportable segment and results for RenewLife's international business are reflected in the International reportable segment. Included in the Company's results for fiscal year 2017 and 2016 was $130 and $21 , respectively, of RenewLife's global net sales.

The assets and liabilities of RenewLife were recorded at their respective estimated fair value as of the date of the acquisition using U.S. GAAP for business combinations. The excess of the purchase price over the fair value of the net identifiable assets acquired was allocated to goodwill. The recorded goodwill primarily reflects the value of expanding the Company's portfolio further into the health and wellness arena.

The following table summarizes the final purchase price allocation for the fair value of RenewLife's assets acquired and liabilities assumed and related deferred income taxes. The fair value of the assets acquired and liabilities assumed reflects the final insignificant measurement period adjustments related to deferred income taxes and income taxes payable. The weighted-average estimated useful life of intangible assets subject to amortization is 15 years .

NOTE 3. BUSINESSES ACQUIRED (Continued)

		RenewLife
Goodwill	$	137
Trademarks		134
Customer relationships		36
Property, plant and equipment		3
Working capital, net		40
Deferred income taxes		(60)
Purchase Price	$	290

Pro forma results reflecting the acquisition were not presented because the acquisition did not meet the threshold requirements for additional disclosure.

NOTE 4. INVENTORIES

Inventories consisted of the following as of June 30:

		2017		2016
Finished goods	$	363	$	361
Raw materials and packaging		119		111
Work in process		3		3
LIFO allowances		(26)		(32)
Total	$	459	$	443

The last-in, first-out (LIFO) method was used to value approximately 37% and 38% of inventories as of June 30, 2017 and 2016 , respectively. The carrying values for all other inventories are determined on the first-in, first-out (FIFO) method. The effect on earnings of the liquidation of LIFO layers was insignificant for each of the fiscal years ended June 30, 2017 , 2016 and 2015 .

NOTE 5. PROPERTY, PLANT AND EQUIPMENT, NET

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

		2017		2016
Machinery and equipment	$	1,696	$	1,607
Buildings		524		524
Capitalized software costs		371		368
Land and improvements		116		118
Construction in progress		130		112
Computer equipment		95		88
Total		2,932		2,817
Less: Accumulated depreciation and amortization		(2,001)		(1,911)
Property, plant and equipment, net	$	931	$	906

Included in Machinery and equipment above are $13 and $12 of capital leases as of June 30, 2017 and 2016 , respectively. Accumulated depreciation for assets under capital leases was $8 and $3 as of June 30, 2017 and 2016 , respectively.

Included in Land and improvements above are $3 and $3 of asset retirement obligations as of June 30, 2017 and 2016 , respectively, for two leased properties. The liability of $0 and $1 incurred in fiscal year 2017 and 2016 , respectively, was recorded in Other liabilities.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT, NET (Continued)

Depreciation and amortization expense related to property, plant and equipment, net, was $153 , $157 and $157 in fiscal years 2017 , 2016 and 2015 , respectively, which includes depreciation of assets under capital leases. This also includes amortization of capitalized software of $15 , $16 and $19 in fiscal years 2017 , 2016 and 2015 , respectively.

During the second quarter of fiscal year 2017, the Company recognized a $21 non-cash charge related to impairing certain assets of the Company's Aplicare business within the Cleaning reportable segment. The asset impairment charge primarily related to writing down Property, plant and equipment to fair value in connection with an updated valuation of the Aplicare business. Refer to Note 11 for further details.

Non-cash capital expenditures were $2 , $10 and $18 in fiscal years 2017 , 2016 and 2015 , respectively.

NOTE 6. GOODWILL, TRADEMARKS AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill by reportable segment for the fiscal years ended June 30, 2017 and 2016 were as follows:

	Goodwill				
	Cleaning	Household	Lifestyle	International	Total
Balance June 30, 2015	$ 323	$ 85	$ 244	$ 415	$ 1,067
Acquisition	—	122	—	15	137
Effect of foreign currency translation	—	—	—	(7)	(7)
Balance June 30, 2016	323	207	244	423	1,197
Effect of foreign currency translation	—	—	—	(1)	(1)
Balance June 30, 2017	$ 323	$ 207	$ 244	$ 422	$ 1,196

The changes in the carrying amount of trademarks and other intangible assets for the fiscal years ended June 30 were as follows:

	As of June 30, 2017			As of June 30, 2016		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Trademarks not subject to amortization	$ 645	$ —	$ 645	$ 647	$ —	$ 647
Trademarks subject to amortization	32	23	9	32	22	10
Other intangible assets	358	290	68	358	280	78
Total	$ 1,035	$ 313	$ 722	$ 1,037	$ 302	$ 735

Finite-lived intangible assets are amortized over their estimated useful lives, which range from 2 to 30 years. Amortization expense relating to the Company's intangible assets was $10 , $8 and $12 for the years ended June 30, 2017 , 2016 and 2015 , respectively. Estimated amortization expense for these intangible assets is $9 , $9 , $9 , $8 and $7 for fiscal years 2018 , 2019 , 2020 , 2021 and 2022 , respectively.

During fiscal year 2016, the Company recognized $9 of intangible asset impairment charges, of which $6 related to the Aplicare ® trademark within the Cleaning reportable segment. The Aplicare ® trademark impairment was recognized based on the anticipated impact on future results from a competitive market entrant.

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30:

	2017	2016
Accounts payable	$ 501	$ 490
Compensation and employee benefit costs	162	192
Trade and sales promotion	117	127
Dividends	116	108
Other	109	118
Total	$ 1,005	$ 1,035

NOTE 8. DEBT

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

	2017	2016
Commercial paper	$ 403	$ 522
Foreign borrowings	1	1
Total	$ 404	$ 523

The weighted average interest rates incurred on average outstanding notes and loans payable during the fiscal years ended June 30, 2017 , 2016 and 2015 , including fees associated with the Company’s undrawn revolving credit facility, were 1.21% , 1.10% and 2.05% , respectively. The weighted average effective interest rates on commercial paper balances as of June 30, 2017 and 2016 were 1.33% and 0.82% , respectively.

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

	2017	2016
Senior unsecured notes and debentures:		
5.95%, $400 due October 2017	$ 400	$ 400
3.80%, $300 due November 2021	298	297
3.05%, $600 due September 2022	596	596
3.50%, $500 due December 2024	497	496
Total	1,791	1,789
Less: Current maturities of long-term debt	(400)	—
Long-term debt (1)	$ 1,391	$ 1,789

(1) Prior year amounts have been retrospectively adjusted to conform to the current year presentation of debt issuance costs required by ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." See Note 1 for details.

The weighted average interest rates incurred on average outstanding long-term debt during the fiscal years ended June 30, 2017 , 2016 and 2015 , were 4.41% , 4.37% and 4.44% , respectively. The weighted average effective interest rates on long-term debt balances as of June 30, 2017 and 2016 was 4.41% .

Long-term debt maturities as of June 30, 2017 , are $400 , $0 , $0 , $0 , $300 and $1,100 in fiscal years 2018 , 2019 , 2020 , 2021 , 2022 and thereafter, respectively.

In October 2017, $400 of the Company's senior notes with an annual fixed interest rate of 5.95% , are due for repayment.

In November 2015, $300 of the Company’s senior notes with an annual fixed interest rate of 3.55% became due and were repaid using commercial paper borrowings and cash on hand.

In January 2015, $575 of the Company’s senior notes with an annual fixed interest rate of 5.00% became due and were repaid using the net proceeds from the December 2014 debt issuance and commercial paper borrowings.

In December 2014, the Company issued $500 of senior notes with an annual fixed interest rate of 3.50% . The notes carry an effective interest rate of 4.10% , which includes the impact from the settlement of interest rate forward contracts in December 2014 (see Notes 10). The notes rank equally with all of the Company’s existing senior indebtedness.

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

	2017	2016
Revolving credit facility	$ 1,100	$ 1,100
Foreign and other credit lines	29	28
Total	$ 1,129	$ 1,128

NOTE 8. DEBT (Continued)

On February 8, 2017, the Company entered into a new $1,100 revolving credit agreement (the Credit Agreement) that matures in February 2022. The Credit Agreement replaced a prior $1,100 revolving credit agreement in place since October 2014. No termination fees or penalties were incurred in connection with the Company's debt modification. There were no borrowings under the Credit Agreement as of June 30, 2017 and 2016 and the Company believes that borrowings under the Credit Agreement are and will continue to be available for general business purposes. The Credit Agreement includes certain restrictive covenants and limitations, with which the Company was in compliance as of June 30, 2017.

Of the $29 of foreign and other credit lines as of June 30, 2017 , $5 was outstanding and the remainder of $24 was available for borrowing. Of the $28 of foreign and other credit lines as of June 30, 2016 , $5 was outstanding and the remainder of $23 was available for borrowing.

NOTE 9. OTHER LIABILITIES

Other liabilities consisted of the following as of June 30:

	2017	2016
Venture agreement terminal obligation, net	$ 317	$ 302
Employee benefit obligations	298	335
Taxes	42	40
Other	113	107
Total	$ 770	$ 784

Venture Agreement

The Company has an agreement with The Procter & Gamble Company (P&G) for the Company's Glad ® bags, wraps and containers business. As of June 30, 2017 and 2016 , 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 with P&G will expire in January 2023 unless the parties agree, on or prior to January 2018, to extend the term of the agreement for another 10 years or agree to take some other relevant action. The agreement 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 is required to purchase P&G's interest for cash at fair value as established by predetermined valuation procedures. As of June 30, 2017 , the estimated fair value of P&G's interest was $458 , of which $ 317 has been recognized and is reflected in Other liabilities as noted in the table above. The difference between the estimated fair value and the amount recognized, and any future changes in the fair value of P&G's interest, is charged to Cost of products sold in accordance with the effective interest method over the remaining life of the agreement. 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, California to an unrelated third 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. The Company deferred recognition of the portion of the total gain on the sale that was equivalent to the present value of the lease payments and will continue to amortize such amount to earnings ratably over the lease term. As of June 30, 2017 and 2016 , the long-term portion of the deferred gain of $33 and $36 , respectively, was included in Other as noted in the table above.

NOTE 10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Financial Risk Management and Derivative Instruments

The Company is exposed to certain commodity, foreign currency and interest rate 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, which are generally no longer than 2 years , to fix the price of a portion of its forecasted raw material requirements. Commodity purchase contracts are measured at fair value using market quotations obtained from commodity derivative dealers.

As of June 30, 2017 , the notional amount of commodity derivatives was $26 , of which $14 related to jet fuel swaps used for the charcoal business and $12 related to soybean oil futures used for the food business. As of June 30, 2016 , the notional amount of commodity derivatives was $30 , of which $16 related to jet fuel swaps and $14 related to soybean oil futures.

Foreign Currency Risk Management

The Company may also enter into certain over-the-counter derivative contracts to manage a portion of the Company's forecasted foreign currency exposure associated with the purchase of inventory. These foreign currency contracts generally have durations of no longer than 2 years . The foreign exchange contracts are measured at fair value using information quoted by foreign exchange dealers.

The notional amounts of outstanding foreign currency forward contracts used by the Company's subsidiaries to hedge forecasted purchases of inventory were $49 and $84 , respectively, as of June 30, 2017 and 2016 .

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 or to manage the Company's level of fixed and floating rate debt. The interest rate contracts are measured at fair value using information quoted by U.S. government bond dealers.

During fiscal year 2015, the Company paid $25 to settle interest rate forward contracts related to the December 2014 issuance of $500 in senior notes. The settlement payments are reflected as operating cash flows in the consolidated statements of cash flows for the fiscal year ended June 30, 2015. The loss is reflected in Accumulated other comprehensive net loss on the consolidated balance sheets as of June 30, 2017 and 2016, and is being amortized into Interest expense on the consolidated statement of earnings over the 10 -year term of the notes.

The Company had no outstanding interest rate forward contracts as of June 30, 2017 and 2016 .

Commodity, Interest Rate and Foreign Exchange Derivatives

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 effects of derivative instruments designated as hedging instruments on Other comprehensive income (loss) and Net earnings were as follows during the fiscal years ended June 30:

	Gains (losses) recognized in Other comprehensive income		
	2017	**2016**	**2015**
Commodity purchase derivative contracts	$ (3)	$ (4)	$ (13)
Foreign exchange derivative contracts	(1)	(3)	7
Interest rate derivative contracts	—	—	(12)
Total	$ (4)	$ (7)	$ (18)

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

	Gains (losses) reclassified from Accumulated other comprehensive loss and recognized in Net earnings		
	2017	2016	2015
Commodity purchase derivative contracts	$ (2)	$ (13)	$ (5)
Foreign exchange derivative contracts	(3)	1	3
Interest rate derivative contracts	(6)	(6)	(5)
Total	$ (11)	$ (18)	$ (7)

The gains (losses) reclassified from Accumulated other comprehensive net losses and recognized in Net earnings during the fiscal years ended June 30, 2017 , 2016 and 2015 , for commodity purchase and foreign exchange derivative contracts were included in Cost of products sold, and for interest rate derivative contracts were included in Interest expense.

The estimated amount of the existing net gain (loss) in Accumulated other comprehensive losses as of June 30, 2017 , which is expected to be reclassified into Net earnings within the next twelve months, is $(8) . Gains and losses on derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in Net earnings. During each of the fiscal years ended June 30, 2017 , 2016 and 2015 , hedge ineffectiveness was not significant.

Counterparty Risk Management and Derivative Contract Requirements

The Company utilizes a variety of financial institutions as counterparties for over-the counter derivative instruments. The Company enters into agreements governing the use of over-the-counter derivative instruments and sets internal limits on the aggregate over-the-counter derivative instrument positions held with each counterparty. Certain terms of these agreements require the Company or the counterparty to post collateral when the fair value of the derivative instruments exceeds contractually defined counterparty liability position limits. Of the over-the-counter derivative instruments held as of June 30, 2017 and June 30, 2016 $1 and $4 , respectively, contained such terms. As of both June 30, 2017 and 2016 , neither the Company nor any counterparty was required to post any collateral as no counterparty liability position limits were exceeded.

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 both June 30, 2017 and 2016 , the Company and each of its counterparties had been assigned investment grade ratings by both Standard & Poor’s and Moody’s.

Certain of the Company’s exchange-traded futures contracts used for commodity price risk management include requirements for the Company to post collateral in the form of a cash margin account held by the Company’s broker for trades conducted on that exchange. As of June 30, 2017 and 2016 , the Company maintained cash margin balances related to exchange-traded futures contracts of $1 and $1 , respectively, which are classified as Prepaid expenses and other current assets on the consolidated balance sheets.

Trust Assets

The Company has held interests in mutual funds and cash equivalents as part of trust assets related to its nonqualified deferred compensation plans. The participants in the nonqualified deferred compensation plans, who are the Company’s current and former employees, may select among certain mutual funds in which their compensation deferrals are invested in accordance with the terms of the plan and within the confines of the trusts, which hold the marketable securities. The trusts represent variable interest entities for which the Company is considered the primary beneficiary, and therefore, trust assets are consolidated and included in Other assets in the consolidated balance sheets. The interests in mutual funds are measured at fair value using quoted market prices. The Company has designated these marketable securities as trading investments.

As of June 30, 2017, the value of the trust assets related to the Company’s nonqualified deferred compensation plans increased by $ 20 as compared to June 30, 2016, primarily due to current year employees’ contributions to these plans.

Fair Value of Financial Instruments

Financial assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets are required to be classified and disclosed in one of the following three categories of the fair value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

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

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

As of June 30, 2017 and 2016 , the Company's financial assets and liabilities that were measured at fair value on a recurring basis during the period included derivative financial instruments, which were classified as either Level 1 or Level 2, and trust assets to fund the Company's nonqualified deferred compensation plans, which were classified as Level 1.

The following table summarizes the fair value of Company's assets and liabilities for which disclosure of fair value is required as of June 30:

			2017		2016	
Assets	**Balance sheet classification**	**Fair value hierarchy level**	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Investments including money market funds	Cash and cash equivalents (a)	1	$ 221	$ 221	$ 234	$ 234
Time deposits	Cash and cash equivalents (a)	2	115	115	79	79
Commodity purchase futures contracts	Prepaid expenses and other current assets	1	—	—	1	1
Commodity purchase swaps contracts	Prepaid expenses and other current assets	2	1	1	—	—
Foreign exchange forward contracts	Prepaid expenses and other current assets	2	—	—	1	1
Commodity purchase swaps contracts	Other assets	2	—	—	1	1
Trust assets for nonqualified deferred compensation plans	Other assets	1	72	72	52	52
			$ 409	$ 409	$ 368	$ 368
Liabilities						
Notes and loans payable	Notes and loans payable (b)	2	$ 404	$ 404	$ 523	$ 523
Commodity purchase swaps contracts	Accounts payable and accrued liabilities	2	1	1	1	1
Foreign exchange forward contracts	Accounts payable and accrued liabilities	2	1	1	4	4
Current maturities of long-term debt and Long-term debt	Current maturities of long-term debt and Long-term debt (c)	2	1,791	1,855	1,789	1,922
			$ 2,197	$ 2,261	$ 2,317	$ 2,450

(a) Cash and cash equivalents are composed of time deposits and other interest bearing investments including money market funds with original maturity dates of 90 days or less. Cash and cash equivalents are recorded at cost, which approximates fair value.
(b) Notes and loan payable is composed of U.S. commercial paper and/or other similar short-term debts issued by non-U.S. subsidiaries, all of which are recorded at cost, which approximates fair value.
(c) Current maturities of long-term debt and Long-term debt are recorded at cost. The fair value of Long-term debt, including current maturities, was determined using secondary market prices quoted by corporate bond dealers, and is classified as Level 2 .

NOTE 11. OTHER CONTINGENCIES AND GUARANTEES

Contingencies

The Company is involved in certain environmental matters, including response actions at various locations. The Company had recorded liabilities totaling $28 and $14 as of June 30, 2017 and June 30, 2016 , respectively, for its share of aggregate future remediation costs related to these matters.

One matter, which accounted for $14 and less than $1 of the recorded liability as of June 30, 2017 and June 30, 2016 , respectively, relates to environmental costs associated with one of the Company's former operations at a site located in Alameda County, California. In November 2016, at the request of regulators and with the assistance of environmental consultants, the Company submitted a Feasibility Study that evaluated various options for managing the site and included estimates of the related costs. As a result, the Company recorded in Other (income) expense, net an undiscounted liability for costs estimated to be incurred over a 30 -year period, based on the option recommended in the Feasibility Study. However, as a result of ongoing discussions with regulators, in June 2017 the Company increased its recorded liability to $14 , which reflects anticipated costs to implement additional remediation measures at the site. While the Company believes its latest estimate is reasonable, regulators could require the Company to implement one of the other options evaluated in the Feasibility Study, with estimated undiscounted costs of up to $28 over an estimated 30 -year period, or require the Company to take other actions and incur costs not included in the study.

Another matter in Dickinson County, Michigan, at the site of one of the Company's former operations for which the Company is jointly and severally liable, accounted for $12 and $11 of the recorded liability as of June 30, 2017 and June 30, 2016 , respectively. This amount reflects the Company's agreement 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. Although it is reasonably possible that the Company’s exposure may exceed the amount recorded for the Dickinson County matter, any amount of such additional exposures, or range of exposures, is not estimable at this time. The Company’s estimated losses related to these matters are sensitive to a variety of uncertain factors, including the efficacy of any remediation efforts, changes in any remediation requirements, and the future availability of alternative clean-up technologies.

The Company is subject to various legal proceedings, claims and other loss contingencies, including, without limitation, loss contingencies relating to contractual arrangements, product liability, patents and trademarks, advertising, labor and employment, environmental, health and safety and other matters. With respect to these proceedings, claims and other loss contingencies, while considerable uncertainty exists, in the opinion of management at this time, the ultimate disposition of these matters, to the extent not previously provided for, will not have a material adverse effect, either 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 material payments relating to its indemnifications, and believes that any reasonably possible payments would not have a material adverse effect, either individually or in the aggregate, on the Company’s consolidated financial statements taken as a whole.

The Company had not recorded any liabilities on the aforementioned guarantees as of June 30, 2017 and 2016.

The Company was a party to letters of credit of $10 as of both June 30, 2017 and 2016, primarily related to one of its insurance carriers, of which $0 had been drawn upon.

Other Matters

During the second quarter of fiscal year 2017, the Company recognized a $21 non-cash charge related to impairing certain assets of the Company’s Aplicare business within the Cleaning reportable segment. The asset impairment charge was recorded to Other (income) expense, net, and primarily related to writing down Property, plant and equipment to fair value in connection with an updated valuation of the Aplicare business. Such updated valuation took into account proposed actions that the Company planned to take in response to a December 2016 FDA warning letter that focused on the validation of Aplicare's sterilization process as well as quality controls and environmental monitoring for Aplicare's povidone-iodine products. The Aplicare business, which represents slightly less than 1% of the Company’s net sales, is a business primarily focused on providing skin antisepsis products to health care institutions. While the Company continues to believe in the value of the processes that Aplicare has used for the past 30 years, the Company may have additional future charges as it continues to address the warning letter and explores a range of various strategic alternatives for the Aplicare business, including a sale of the business. For the fiscal year ended June 30, 2017 , the Aplicare business had net sales of $46 and insignificant net earnings excluding the $21 non-cash impairment charge recorded in the second quarter of fiscal year 2017. As of June 30, 2017, the Aplicare business had net assets of $15 .

NOTE 12. LEASES AND OTHER COMMITMENTS

The Company leases various property, plant, and equipment including office, warehousing, manufacturing and research and development facilities, in addition to certain manufacturing and information technology equipment. 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 $84 , $77 and $76 in fiscal years 2017 , 2016 and 2015 , respectively.

The future minimum annual lease payments required under the Company's existing non-cancelable operating and capital lease agreements as of June 30, 2017 , were as follows:

Year	Operating leases	Capital leases
2018	$ 52	$ 2
2019	46	1
2020	41	—
2021	37	—
2022	32	—
Thereafter	137	—
Total	$ 345	$ 3

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, capital expenditure agreements, software acquisition and license commitments and service contracts. The Company enters into purchase obligations based on expectations of future business needs. For purchase obligations subject to variable price and/or quantity provisions, an estimate of the price and/or quantity has been made. Many of these purchase obligations are short term in nature and are flexible to allow for changes in the Company's business and related requirements. As of June 30, 2017 , the Company's purchase obligations were as follows:

Year	Purchase Obligations
2018	$ 158
2019	70
2020	36
2021	20
2022	13
Thereafter	21
Total	$ 318

NOTE 13. STOCKHOLDERS' EQUITY

The Company has two share repurchase programs: an open-market purchase program with an authorized aggregate purchase amount of up to $750 , all of which was available for share repurchases as of both June 30, 2017 and 2016 , and a program to offset the anticipated impact of share dilution related to share-based awards (the Evergreen Program), which has no authorization limit as to amount or timing of repurchases. There were no share repurchases under the open-market purchase program during the fiscal years ended June 30, 2017, 2016 and 2015.

Share repurchases under the Evergreen Program were as follows during the fiscal years ended June 30:

	2017		2016		2015	
	Amount	Shares (in 000's)	Amount	Shares (in 000's)	Amount	Shares (in 000's)
Evergreen Program	$ 189	1,505	$ 254	2,151	$ 434	4,016

Dividends per share declared and paid, respectively, during the fiscal years ended June 30 were as follows:

	2017	2016	2015
Dividends per share declared	$ 3.24	$ 3.11	$ 2.99
Dividends per share paid	3.20	3.08	2.96

Accumulated Other Comprehensive Net (Losses) Income

Changes in Accumulated other comprehensive net (losses) income by component were as follows for the fiscal years ended June 30:

	Foreign currency translation adjustments	Net unrealized gains (losses) on derivatives	Pension and postretirement benefit adjustments	Accumulated other comprehensive (losses) income
Balance June 30, 2014	$ (246)	$ (39)	$ (132)	$ (417)
Other comprehensive income (loss) before reclassifications	(92)	(18)	(29)	(139)
Amounts reclassified from Accumulated other comprehensive net losses	—	7	—	7
Recognition of deferred foreign currency translation loss	30	—	—	30
Income tax benefit (expense)	8	(3)	12	17
Net current period other comprehensive income (loss)	(54)	(14)	(17)	(85)
Balance June 30, 2015	(300)	(53)	(149)	(502)
Other comprehensive income (loss) before reclassifications	(43)	(7)	(38)	(88)
Amounts reclassified from Accumulated other comprehensive net losses	—	18	—	18
Income tax benefit (expense)	(10)	(2)	14	2
Net current period other comprehensive income (loss)	(53)	9	(24)	(68)
Balance June 30, 2016	(353)	(44)	(173)	(570)
Other comprehensive income (loss) before reclassifications	(3)	(4)	27	20
Amounts reclassified from Accumulated other comprehensive net losses	—	11	9	20
Income tax benefit (expense)	—	—	(13)	(13)
Net current period other comprehensive income (loss)	(3)	7	23	27
Balance June 30, 2017	$ (356)	$ (37)	$ (150)	$ (543)

Included in foreign currency adjustments are re-measurement losses on long-term intercompany loans where settlement is not planned or anticipated in the foreseeable future. For the fiscal years ended June 30, 2017 , 2016 and 2015 , Other comprehensive losses on these loans totaled $2 , $14 and $9 , respectively, and there were no amounts reclassified from Accumulated other comprehensive net (losses) income for the periods presented.

Pension and postretirement benefit reclassification adjustments are reflected in Cost of products sold, Selling and administrative expenses and Research and development costs.

NOTE 14. NET EARNINGS PER SHARE (EPS)

The following is the reconciliation of the weighted average number of shares outstanding (in thousands) used to calculate basic net EPS to those used to calculate diluted net EPS for the fiscal years ended June 30:

	2017	2016	2015
Basic	128,953	129,472	130,310
Dilutive effect of stock options and other	2,613	2,245	2,466
Diluted	131,566	131,717	132,776
Antidilutive stock options and other	11	42	23

NOTE 15. STOCK-BASED COMPENSATION PLANS

In November 2012, the Company’s stockholders voted to approve the amended and restated 2005 Stock Incentive Plan (the Plan). The Plan permits the Company to grant various nonqualified stock-based compensation awards, including stock options, restricted stock, performance units, deferred stock units, stock appreciation rights and other stock-based awards. The primary amendment reflected in the Plan was an increase of approximately 3 million common shares that may be issued for stock-based compensation purposes. As of June 30, 2017 , the Company is authorized to grant up to approximately 7 million common shares under the Plan, and, as of June 30, 2017 , approximately 7 million common shares were available for grant.

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

	2017	2016	2015
Cost of products sold	$ 7	$ 6	$ 4
Selling and administrative expenses	40	35	25
Research and development costs	4	4	3
Total compensation costs	$ 51	$ 45	$ 32
Related income tax benefit	$ 19	$ 17	$ 12

Cash received during fiscal years 2017 , 2016 and 2015 from stock options exercised under all stock-based payment arrangements was $81 , $180 and $230 , respectively. The Company issues shares for stock-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 stock-based awards (See 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.

Stock Options

The fair value of each stock option award granted during fiscal years 2017 , 2016 and 2015 was estimated on the date of grant using the Black-Scholes valuation model and assumptions noted in the following table:

	2017	2016	2015
Expected life	5.5 years	5.6 years	5.6 to 5.8 years
Weighted-average expected life	5.5 years	5.6 years	5.7 years
Expected volatility	16.2% to 16.9%	16.4% to 17.3%	16.3% to 18.6%
Weighted-average volatility	16.9%	17.2%	16.6%
Risk-free interest rate	1.3% to 2.2%	1.3% to 1.7%	1.4% to 2.0%
Weighted-average risk-free interest rate	1.3%	1.7%	1.9%
Dividend yield	2.4% to 2.8%	2.5% to 2.8%	2.8% to 3.4%
Weighted-average dividend yield	2.6%	2.8%	3.3%

NOTE 15. STOCK-BASED COMPENSATION PLANS (Continued)

The expected life of the stock options is based on observed historical exercise patterns. 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 activities are summarized below:

	Number of Shares (In thousands)	Weighted-Average Exercise Price per Share	Average Remaining Contractual Life	Aggregate Intrinsic Value
Options outstanding as of June 30, 2016	6,827	$ 85	7 years	$ 366
Granted	1,318	123		
Exercised	(1,115)	75		
Canceled	(123)	112		
Options outstanding as of June 30, 2017	6,907	$ 93	6 years	$ 277
Options vested as of June 30, 2017	3,835	$ 80	5 years	$ 204

The weighted-average fair value per share of each option granted during fiscal years 2017 , 2016 and 2015 , estimated at the grant date using the Black-Scholes option pricing model was $13.75 , $13.21 and $9.65 , respectively. The total intrinsic value of options exercised in fiscal years 2017 , 2016 and 2015 was $65 , $142 and $140 , respectively.

Stock option awards outstanding as of June 30, 2017 , have been granted at prices that are equal to the market value of the stock on the date of grant. Stock option grants generally vest over 4 years and expire no later than 10 years after the grant date. The Company recognizes compensation expense on a straight-line basis over the vesting period. As of June 30, 2017 , there was $17 of total unrecognized compensation cost related to non-vested options, which is expected to be recognized over a remaining weighted-average vesting period of 1 year, subject to forfeiture changes.

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 3 to 4 years. The total number of restricted stock awards expected to vest is adjusted by actual and estimated forfeitures. Restricted stock grants receive dividend distributions earned during the vesting period upon vesting.

As of June 30, 2017 , there was $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 1 year. The total fair value of the shares that vested in each of the fiscal years 2017 , 2016 and 2015 was $1 for all fiscal years. The weighted-average grant-date fair value of awards granted was $131.67 , $128.91 and $95.67 per share for fiscal years 2017 , 2016 and 2015 , respectively.

A summary of the status of the Company’s restricted stock awards is presented below:

	Number of Shares (In thousands)	Weighted-Average Grant Date Fair Value per Share
Restricted stock awards as of June 30, 2016	13	$ 108
Granted	10	132
Vested	(4)	110
Forfeited	(1)	96
Restricted stock awards as of June 30, 2017	18	$ 120

NOTE 15. STOCK-BASED COMPENSATION PLANS (Continued)

Performance Units

As of June 30, 2017 , there was $31 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 1 year. The weighted-average grant-date fair value of awards granted was $122.73 , $92.35 and $89.75 per share for fiscal years 2017 , 2016 and 2015 , respectively.

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

	Number of Shares (In thousands)	Weighted-Average Grant Date Fair Value per Share
Performance unit awards as of June 30, 2016	952	$ 90
Granted	253	123
Distributed	(35)	59
Forfeited	(308)	87
Performance unit awards as of June 30, 2017	862	$ 102
Performance units vested and deferred as of June 30, 2017	—	$ —

The non-vested performance units outstanding as of June 30, 2017 and 2016 were 738,000 and 794,000 , respectively, and the weighted average grant date fair value was $108.00 and $95.18 per share, respectively. There were no shares vested during fiscal year 2017 . Deferred shares continue to earn dividends, which are also deferred. The total fair value of shares vested was $0 , $26 and $24 during fiscal years 2017 , 2016 and 2015 , respectively. Upon vesting, the recipients of the grants receive the distribution as shares or, if previously elected by eligible recipients, as deferred stock.

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 completion of a director's service.

During fiscal year 2017 , the Company granted 14,000 deferred stock units, reinvested dividends of 6,000 units and distributed 59,000 shares, which had a weighted-average fair value on the grant date of $121.37 , $125.68 and $77.15 per share, respectively. As of June 30, 2017 , 205,000 units were outstanding, which had a weighted-average fair value on the grant date of $74.28 per share.

NOTE 16. OTHER (INCOME) EXPENSE, NET

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

	2017	2016	2015
Income from equity investees	$ (19)	$ (15)	$ (14)
Gain on sale of assets and investments, net	(11)	(11)	(13)
Interest income	(4)	(5)	(4)
Asset impairment charges	23	10	3
Amortization of trademarks and other intangible assets	10	8	8
Foreign exchange transaction losses, net	(1)	1	9
Other	8	5	(2)
Total	$ 6	$ (7)	$ (13)

In January 2017, the Company sold an Australian distribution facility, previously reported in the International reportable segment, which resulted in $23 in cash proceeds from investing activities and a gain of $10 included in Gain on sale of assets and investments, net in the table above for the fiscal year ended June 30, 2017.

In April 2016, the Company sold its Los Angeles bleach manufacturing facility, previously reported in the Cleaning reportable segment, which resulted in $20 in cash proceeds from investing activities and a gain of $11 included in Gain on sale of assets and investments, net in the table above for the fiscal year ended June 30, 2016.

In April 2015, a low-income housing partnership, in which the Company was a limited partner, sold its real estate holdings. The real property sale resulted in $15 in cash proceeds from investing activities and a net gain of $13 included in Gain on sale of assets and investments, net in the table above for the fiscal year ended June 30, 2015.

During the second quarter of fiscal year 2017, the Company recognized a $21 non-cash charge related to impairing certain assets of the Company's Aplicare business within the Cleaning reportable segment. The asset impairment charge is included in Asset impairment charges in the table above for the fiscal year ended June 30, 2017 and primarily related to writing down Property, plant and equipment to fair value in connection with an updated valuation of the Aplicare business. Refer to Note 11 for further details.

During fiscal year 2016, the Company recognized $9 of intangible asset impairment charges, of which $6 related to the Aplicare ® trademark within the Cleaning reportable segment. The Aplicare ® trademark impairment is included in Asset impairment charges in the table above for the fiscal year ended June 30, 2016 and was recognized based on the anticipated impact on future results from a competitive market entrant.

During fiscal year 2017, the Company recognized $14 of projected environmental costs associated with its former operations at a site in Alameda County, California within Corporate. These costs are included in Other in the table above for the fiscal year ended June 30, 2017. Refer to Note 11 for further details.

NOTE 17. INCOME TAXES

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

	2017	2016	2015
Current			
Federal	$ 291	$ 254	$ 265
State	36	31	28
Foreign	38	45	38
Total current	365	330	331
Deferred			
Federal	(29)	11	(13)
State	(2)	1	(1)
Foreign	(4)	(7)	(2)
Total deferred	(35)	5	(16)
Total	$ 330	$ 335	$ 315

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

	2017	2016	2015
United States	$ 927	$ 900	$ 829
Foreign	106	83	92
Total	$ 1,033	$ 983	$ 921

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

	2017	2016	2015
Statutory federal tax rate	35.0 %	35.0 %	35.0 %
State taxes (net of federal tax benefits)	2.2	2.1	2.1
Tax differential on foreign earnings	(0.6)	0.5	(0.3)
Federal domestic manufacturing deduction	(2.6)	(2.4)	(2.1)
Change in valuation allowance	0.2	0.5	0.6
Federal excess tax benefits	(2.0)	—	—
Other differences	(0.3)	(1.6)	(1.1)
Effective tax rate	31.9 %	34.1 %	34.2 %

Applicable U.S. income taxes and foreign withholding taxes have not been provided on approximately $229 of undistributed earnings of certain foreign subsidiaries as of June 30, 2017 , because these earnings are considered indefinitely reinvested. The estimated net federal income tax liability that could arise if these earnings were not indefinitely reinvested is approximately $60 . 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.

Beginning with the adoption of ASU 2016-09 in the first quarter of fiscal year 2017 (See Note 1), excess tax benefits resulting from stock-based payment arrangements are recognized as income tax benefits in the consolidated statements of earnings. Prior to this adoption, such excess tax benefits were recorded as increases to Additional paid-in capital. Excess tax benefits of approximately $22 were realized and recorded to Income tax expense for fiscal year 2017. Excess tax benefits of $51 and $42 were realized and recorded to Additional paid-in capital for fiscal years 2016 and 2015 , respectively.

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

	2017	2016
Deferred tax assets (a)		
Compensation and benefit programs	$ 182	$ 193
Basis difference related to Venture Agreement	30	30
Accruals and reserves	41	34
Inventory costs	25	21
Net operating loss and tax credit carryforwards	52	48
Other	54	54
Subtotal	384	380
Valuation allowance	(40)	(37)
Total deferred tax assets	344	343
Deferred tax liabilities (a)		
Fixed and intangible assets	(311)	(325)
Low-income housing partnerships	(25)	(23)
Unremitted foreign earnings	(7)	(16)
Other	(24)	(25)
Total deferred tax liabilities	(367)	(389)
Net deferred tax assets (liabilities)	$ (23)	$ (46)

[a] In fiscal year 2016, the Company prospectively adopted ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes," requiring all deferred tax assets and liabilities to be classified as noncurrent.

The Company reviews its deferred tax assets for recoverability on a quarterly basis. 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:

	2017	2016
Valuation allowance at beginning of year	$ (37)	$ (34)
Net decrease/(increase) for other foreign deferred tax assets	—	3
Net decrease/(increase) for foreign net operating loss carryforwards and tax credits	(3)	(6)
Valuation allowance at end of year	$ (40)	$ (37)

As of June 30, 2017 , the Company had foreign tax credit carryforwards of $26 for U.S. income tax purposes with expiration dates between fiscal years 2023 and 2027 . Tax credit carryforwards in foreign jurisdictions of $20 have expiration dates in fiscal year 2031 . Tax credit carryforwards in foreign jurisdictions of $1 can be carried forward indefinitely. Tax benefits from foreign net operating loss carryforwards of $18 have expiration dates between fiscal years 2018 and 2037. Tax benefits from foreign net operating loss carryforwards of $13 can be carried forward indefinitely.

The Company files income tax returns in the U.S. federal and various state, local and foreign jurisdictions. The federal statute of limitations has expired for all tax years through June 30, 2012. Various income tax returns in state and foreign jurisdictions are currently in the process of examination.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of June 30, 2017 and 2016 , the total balance of accrued interest and penalties related to uncertain tax positions was $3 and $3 , respectively. Interest and penalties related to uncertain tax positions included in income tax expense resulted in a net benefit of $1 , $1 and $1 in fiscal years 2017 , 2016 and 2015 , respectively.

The following is a reconciliation of the beginning and ending amounts of the Company’s gross unrecognized tax benefits:

	2017	2016	2015
Unrecognized tax benefits at beginning of year	$ 37	$ 38	$ 71
Gross increases - tax positions in prior periods	1	3	3
Gross decreases - tax positions in prior periods	(6)	(3)	(8)
Gross increases - current period tax positions	9	8	6
Gross decreases - current period tax positions	—	—	—
Lapse of applicable statute of limitations	(1)	(4)	(34)
Settlements	—	(5)	—
Unrecognized tax benefits at end of year	$ 40	$ 37	$ 38

Included in the balance of unrecognized tax benefits as of June 30, 2017 , 2016 and 2015 , are potential benefits of $28 , $27 and $27 , respectively, which if recognized, would affect net earnings. During the fiscal year ended June 30, 2015, $32 of gross unrecognized tax benefits relating to other discontinued operations for periods prior to fiscal year 2015 were recognized upon the expiration of the applicable statute of limitations. Recognition of these previously disclosed tax benefits had no impact on the Company's cash flow or earnings from continuing operations for the fiscal years ended June 30, 2017 , 2016 and 2015 .

NOTE 18. EMPLOYEE BENEFIT PLANS

Retirement Income Plans

The Company has various retirement income plans for eligible domestic and international employees. As of June 30, 2017 and 2016 , the domestic retirement income plans are frozen for most participants, and the benefits of the domestic retirement income plans are generally based on either employee years of service and compensation or a stated dollar amount per year of service.

The Company contributed $31 , $31 and $13 to its domestic retirement income plans during fiscal years 2017 , 2016 and 2015 , respectively. The Company's funding policy is to contribute amounts sufficient to meet benefit payments and 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 Plans

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 or stated reimbursements up to a specified dollar subsidy amount. 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 benefit obligation (ABO) was 6.50% for both medical and prescription drugs for fiscal year 2017 . These rates have been assumed to gradually decrease each year until an assumed ultimate trend of 4.5% is reached in 2037 . The health care cost trend rate assumption has a minimal effect on the amounts reported due primarily to the existence of benefit cap provisions in the Company's domestic plan. As such, 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 as well as the postretirement benefit obligation would have been immaterial for each of the fiscal years ended June 30, 2017 , 2016 and 2015 .

NOTE 18. EMPLOYEE BENEFIT PLANS (Continued)

Benefit Obligation and Funded Status

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

	Retirement Income		Retirement Health Care	
	2017	2016	2017	2016
Change in benefit obligations:				
Benefit obligation as of beginning of year	$ 673	$ 639	$ 47	$ 45
Service cost	1	1	—	—
Interest cost	22	26	2	2
Actuarial loss (gain)	(21)	51	(4)	2
Plan amendments	—	(1)	—	—
Translation and other adjustments	—	(1)	—	—
Benefits paid	(42)	(42)	(3)	(2)
Benefit obligation as of end of year	633	673	42	47
Change in plan assets:				
Fair value of assets as of beginning of year	$ 423	$ 409	$ —	$ —
Actual return on plan assets	22	26	—	—
Employer contributions	31	31	3	2
Benefits paid	(42)	(42)	(3)	(2)
Translation and other adjustments	—	(1)	—	—
Fair value of plan assets as of end of year	434	423	—	—
Accrued benefit cost, net funded status	$ (199)	$ (250)	$ (42)	$ (47)
Amount recognized in the balance sheets consists of:				
Pension benefit assets	$ 2	$ 1	$ —	$ —
Current accrued benefit liability	(15)	(14)	(3)	(3)
Non-current accrued benefit liability	(186)	(237)	(39)	(44)
Accrued benefit cost, net	$ (199)	$ (250)	$ (42)	$ (47)

For the retirement income plans, the benefit obligation is the projected benefit obligation (PBO). For the retirement health care plan, the benefit obligation is the ABO.

The ABO for all retirement income plans was $632 , $596 and $559 as of June 30, 2017 , 2016 and 2015 , respectively.

Retirement income plans with ABO in excess of plan assets as of June 30 were as follows:

	ABO Exceeds the Fair Value of Plan Assets	
	2017	2016
Projected benefit obligation	$ 611	$ 651
Accumulated benefit obligation	610	650
Fair value of plan assets	409	399

NOTE 18. EMPLOYEE BENEFIT PLANS (Continued)

Net Periodic Benefit Cost

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

	Retirement Income			Retirement Health Care		
	2017	2016	2015	2017	2016	2015
Service cost	$ 1	$ 1	$ 2	$ —	$ —	$ —
Interest cost	22	26	25	2	2	2
Expected return on plan assets	(20)	(17)	(20)	—	—	—
Amortization of unrecognized items	11	10	12	(2)	(3)	2
Total	$ 14	$ 20	$ 19	$ —	$ (1)	$ 4

Items not yet recognized as a component of postretirement expense as of June 30, 2017 , consisted of:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain)	$ 262	$ (16)
Prior service benefit	—	(5)
Net deferred income tax (assets) liabilities	(98)	7
Accumulated other comprehensive loss (income)	$ 164	$ (14)

Net actuarial loss (gain) recorded in Accumulated other comprehensive net (losses) income for the fiscal year ended June 30, 2017 , included the following:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain) as of beginning of year	$ 296	$ (13)
Amortization during the year	(11)	1
Loss (gain) during the year	(23)	(4)
Net actuarial loss (gain) as of end of year	$ 262	$ (16)

The Company uses the straight-line amortization method for unrecognized prior service costs and benefits. In fiscal year 2018, the Company expects to recognize, on a pre-tax basis, $7 of the net actuarial loss as a component of net periodic benefit cost for the retirement income plans. In addition, in fiscal year 2018, the Company expects to recognize, on a pre-tax basis, $3 of the net actuarial gain as a component of net periodic benefit cost for the retirement health care plans.

Assumptions

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	
	2017	2016	2017	2016
Discount rate	3.70%	3.42%	3.66%	3.42%
Rate of compensation increase	2.83%	2.92%	n/a	n/a

NOTE 18. EMPLOYEE BENEFIT PLANS (Continued)

Weighted-average assumptions used to estimate the retirement income and retirement health care costs as of June 30 were as follows:

	Retirement Income		
	2017	**2016**	**2015**
Discount rate	3.42%	4.20%	4.05%
Rate of compensation increase	2.92%	3.37%	4.46%
Expected return on plan assets	4.73%	4.34%	5.28%

	Retirement Health Care		
	2017	**2016**	**2015**
Discount rate	3.42%	4.16%	4.00%

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

Expected benefit payments for the Company's retirement income and retirement health care plans as of June 30, 2017 , were as follows:

	Retirement Income	Retirement Health Care
2018	$ 40	$ 3
2019	51	3
2020	38	3
2021	37	3
2022	37	3
Fiscal years 2023 through 2027	190	12

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

Plan Assets

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	
	2017	**2016**	**2017**	**2016**
U.S. equity	11%	11%	11%	11%
International equity	12%	12%	12%	11%
Fixed income	74%	74%	73%	74%
Other	3%	3%	4%	4%
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 retirement income plan.

NOTE 18. EMPLOYEE BENEFIT PLANS (Continued)

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:

	2017		
	Level 1	Level 2	Total
Cash equivalents	$ 2	$ —	$ 2
Total assets in the fair value hierarchy	2	—	2
Common collective trusts measured at net asset value			
Bond funds			$ 310
International equity funds			64
Domestic equity funds			46
Real estate fund			12
Total common collective trusts measured at net asset value			432
Total assets at fair value			$ 434

	2016		
	Level 1	Level 2	Total
Cash equivalents	$ 2	$ —	$ 2
Total assets in the fair value hierarchy	2	—	2
Common collective trusts measured at net asset value			
Bond funds			$ 307
International equity funds			56
Domestic equity funds			44
Real estate fund			14
Total common collective trusts measured at net asset value			421
Total assets at fair value			$ 423

The carrying value of cash equivalents approximates its fair value as of June 30, 2017 and 2016 .

Common collective trust funds are not publicly traded and 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, 2017 and 2016 .

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.

Defined Contribution Plans

The Company has various defined contribution plans for eligible domestic and international employees. The aggregate cost of the domestic defined contribution plans was $47 , $45 and $45 in fiscal years 2017 , 2016 and 2015 , respectively. The aggregate cost of the international defined contribution plans was $3 for the fiscal years ended June 30, 2017 , 2016 and 2015 .

NOTE 19. SEGMENT REPORTING

The Company operates through strategic business units that are aggregated into the following four reportable segments based on the economics and nature of the products sold:

- *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, bags, wraps and containers, cat litter and digestive health products marketed and sold in the United States. Products within this segment include charcoal products under the Kingsford ® and Match Light ® brands; bags, wraps and containers under the Glad ® brand; cat litter products under the Fresh Step ®, Scoop Away ® and Ever Clean ® brands; and digestive health products under the RenewLife ® brand.
- *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 ®, Kingsford ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® brand.
- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration, digestive health products, charcoal and cat litter products, food products, bags, wraps and containers, natural personal care products and professional cleaning and disinfecting products, primarily under the Clorox ®, Glad ®, PinoLuz ®, Ayudin ®, Limpido ®, Clorinda ®, Poett ®, Mistolin ®, Lestoil ®, Bon Bril ®, Brita ®, Green Works ®, Pine-Sol ®, Agua Jane ®, Chux ®, RenewLife ®, Kingsford ®, Fresh Step ®, Scoop Away ®, Ever Clean ®, KC Masterpiece ®, Hidden Valley ®, Burt's Bees ® brands and Clorox Healthcare ® 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, prepaid expenses and other current assets, property and equipment, other investments and deferred taxes.

	Fiscal Year	Cleaning	Household	Lifestyle	International	Corporate	Total Company
Net sales	2017	$ 2,002	$ 1,961	$ 1,000	$ 1,010	$ —	$ 5,973
	2016	1,912	1,862	990	997	—	5,761
	2015	1,824	1,794	950	1,087	—	5,655
Earnings (losses) from continuing operations before income taxes	2017	523	419	244	81	(234)	1,033
	2016	511	428	251	66	(273)	983
	2015	445	375	257	79	(235)	921
Income from equity investees	2017	—	—	—	19	—	19
	2016	—	—	—	15	—	15
	2015	—	—	—	14	—	14
Total assets [(1)]	2017	881	1,103	902	1,060	627	4,573
	2016	883	1,092	880	1,057	598	4,510
Capital expenditures	2017	76	82	30	37	6	231
	2016	44	83	18	24	3	172
	2015	35	50	11	25	4	125
Depreciation and amortization	2017	51	64	20	22	6	163
	2016	61	60	19	21	4	165
	2015	52	67	19	24	7	169
Significant non-cash charges included in earnings (losses) from continuing operations before income taxes:							
Stock-based compensation	2017	16	15	9	2	9	51
	2016	10	8	5	1	21	45
	2015	8	7	4	1	12	32

[(1)] Prior year amounts have been retrospectively adjusted to conform to the current year presentation of debt issuance costs required by ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." See Note 1 for details.

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

Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26% , 27% and 26% of consolidated net sales for each of the fiscal years ended June 30, 2017 , 2016 and 2015 , respectively, and occurred across all of the

NOTE 19. SEGMENT REPORTING (Continued)

Company’s reportable segments. No other customers accounted for 10% or more of the Company's consolidated net sales in any of these fiscal years.

The Company’s product lines that accounted for 10% or more of consolidated net sales for the fiscal years ended June 30 were as follows:

	2017	2016	2015
Home Care products	25%	24%	24%
Bags, wraps and containers	18%	19%	19%
Laundry additives	15%	16%	17%
Charcoal products	11%	11%	11%
Food products	10%	10%	10%

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	2017	$ 5,001	$ 972	$ 5,973
	2016	4,805	956	5,761
	2015	4,609	1,046	5,655
Property, plant and equipment, net	2017	823	108	931
	2016	799	107	906

NOTE 20. RELATED PARTY TRANSACTIONS

The Company holds various equity investments with ownership percentages of up to 50% in a number of consumer products businesses, most of which operate outside the United States. The equity investments, presented in Other assets accounted for under the equity method, were $58 and $59 as of the fiscal years ended June 30, 2017 and 2016 , respectively. The Company has no ongoing capital commitments, loan requirements, guarantees or any other types of arrangements under the terms of its agreements that would require any future cash contributions or disbursements arising out of an equity investment.

Transactions with the Company’s equity investees typically represent payments for contract manufacturing and purchases of raw materials. Payments to related parties, including equity investees, for such transactions during the fiscal years ended June 30, 2017 , 2016 and 2015 were $62 , $57 and $55 , respectively. Receipts from and ending accounts receivable and payable balances related to the Company’s related parties were not significant during or as of the end of each of the fiscal years presented.

NOTE 21. UNAUDITED QUARTERLY DATA

Dollars in millions, except market price and per share data	Quarters Ended				
	September 30	December 31	March 31	June 30	Total Year
Fiscal year ended June 30, 2017					
Net sales	$ 1,443	$ 1,406	$ 1,477	$ 1,647	$ 5,973
Cost of products sold	803	777	827	895	3,302
Earnings from continuing operations	179	150	172	202	703
Earnings (losses) from discontinued operations, net of tax	—	(1)	—	(1)	(2)
Net earnings	179	149	172	201	701
Per common share:					
Basic					
Continuing operations	$ 1.39	$ 1.16	$ 1.34	$ 1.56	$ 5.45
Discontinued operations	—	—	—	(0.01)	(0.02)
Basic net earnings per share	$ 1.39	$ 1.16	$ 1.34	$ 1.55	$ 5.43
Diluted					
Continuing operations	$ 1.36	$ 1.14	$ 1.31	$ 1.53	$ 5.35
Discontinued operations	—	—	—	(0.01)	(0.02)
Diluted net earnings per share	$ 1.36	$ 1.14	$ 1.31	$ 1.52	$ 5.33
Dividends declared per common share	$ 0.80	$ 0.80	$ 0.80	$ 0.84	$ 3.24
Market price (NYSE)					
High	$ 140.47	$ 124.70	139.30	$ 141.76	$ 141.76
Low	121.75	111.24	118.41	127.62	111.24
Year-end					133.24
Fiscal year ended June 30, 2016					
Net sales	$ 1,390	$ 1,345	$ 1,426	$ 1,600	$ 5,761
Cost of products sold	765	745	780	873	3,163
Earnings from continuing operations	173	151	159	165	648
Losses from discontinued operations, net of tax	(1)	(2)	3	—	—
Net earnings	172	149	162	165	648
Per common share:					
Basic					
Continuing operations	$ 1.34	$ 1.16	$ 1.23	$ 1.28	$ 5.01
Discontinued operations	(0.01)	(0.01)	0.02	—	—
Basic net earnings per share	$ 1.33	$ 1.15	$ 1.25	$ 1.28	$ 5.01
Diluted					
Continuing operations	$ 1.32	$ 1.14	$ 1.21	$ 1.26	$ 4.92
Discontinued operations	(0.01)	(0.01)	0.02	—	—
Diluted net earnings per share	$ 1.31	$ 1.13	$ 1.23	$ 1.26	$ 4.92
Dividends declared per common share	$ 0.77	$ 0.77	$ 0.77	$ 0.80	$ 3.11
Market price (NYSE)					
High	$ 119.75	$ 131.78	$ 132.19	$ 138.41	$ 138.41
Low	104.26	114.06	122.40	119.23	104.26
Year-end					138.39

FIVE-YEAR FINANCIAL SUMMARY

The Clorox Company

	Years ended June 30				
Dollars in millions, except per share data	**2017**	**2016**	**2015**	**2014**	**2013**
OPERATIONS					
Net sales	$ 5,973	$ 5,761	$ 5,655	$ 5,514	$ 5,533
Gross profit	2,671	2,598	2,465	2,356	2,391
Earnings from continuing operations	$ 703	$ 648	$ 606	$ 579	$ 573
(Losses) earnings from discontinued operations, net of tax	(2)	—	(26)	(21)	(1)
Net earnings	$ 701	$ 648	$ 580	$ 558	$ 572
COMMON STOCK					
Earnings per share					
Continuing operations					
Basic	$ 5.45	$ 5.01	$ 4.65	$ 4.47	$ 4.37
Diluted	5.35	4.92	4.57	4.39	4.31
Dividends declared per share	3.24	3.11	2.99	2.87	2.63

	As of June 30				
Dollars in millions	**2017**	**2016**	**2015**	**2014**	**2013**
OTHER DATA					
Total assets [1]	$ 4,573	$ 4,510	$ 4,154	$ 4,251	$ 4,302
Long-term debt [1]	1,391	1,789	1,786	1,588	2,161

(1) Prior year amounts have been retrospectively adjusted to conform to the current year presentation of debt issuance costs required by ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." See Note 1 for details.

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, 2017	$ (5)	$ —	$ 2	$ —	$ (3)
Year ended June 30, 2016	(4)	(1)	—	—	(5)
Year ended June 30, 2015	(3)	(1)	—	—	(4)
LIFO allowance					
Year ended June 30, 2017	$ (32)	$ —	$ —	$ 6	$ (26)
Year ended June 30, 2016	(34)	(1)	—	3	(32)
Year ended June 30, 2015	(36)	—	—	2	(34)
Valuation allowance on deferred tax assets					
Year ended June 30, 2017	$ (37)	$ (3)	$ —	$ —	$ (40)
Year ended June 30, 2016	(34)	(5)	—	2	(37)
Year ended June 30, 2015	(51)	(4)	—	21	(34)

Exhibit 99.3

THE CLOROX COMPANY
RECONCILIATION OF ECONOMIC PROFIT (UNAUDITED) [1]

Dollars in millions	FY17	FY16	FY15
Earnings from continuing operations before income taxes	**$ 1,033**	**$ 983**	**$ 921**
Add back:			
Non-cash U.S. GAAP restructuring and intangible asset impairment charges	4	9	1
Interest expense	88	88	100
Earnings from continuing operations before income taxes, non-cash U.S. GAAP restructuring and intangible asset impairment charges, and interest expense	**$ 1,125**	**$ 1,080**	**$ 1,022**
Less: Income taxes on earnings from continuing operations before income taxes, non-cash U.S. GAAP restructuring and intangible asset impairment charges and interest expense (2)	359	368	350
Adjusted after tax profit	766	712	672
Average capital employed (3)	2,680	2,463	2,385
Less: Capital charge (4)	241	222	214
Economic profit (1) (Adjusted after tax profit less capital charge)	**$ 525**	**$ 490**	**$ 458**

(1) Economic profit (EP) is defined by the Company as earnings from continuing operations before income taxes, excluding non-cash U.S. GAAP restructuring and intangible asset impairment charges, and interest expense; less income taxes (calculated utilizing the Company's effective tax rate), and less a capital charge (calculated as average capital employed multiplied by a cost of capital rate). EP is a key financial metric that the Company's management uses to evaluate business performance and allocate resources, and is a component in determining employee 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.
(2) The tax rate applied is the effective tax rate on earnings from continuing operations, which was 31.9% , 34.1% and 34.2% in fiscal years 2017 , 2016 and 2015 , respectively.
(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 after tax noncash U.S. GAAP restructuring and intangible asset impairment charges. Average capital employed is the 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:
(4) Capital charge represents average capital employed multiplied by a cost of capital, which was 9% for all fiscal years presented. The calculation of capital charge includes the impact of rounding numbers.

Dollars in millions	FY17	FY16	FY15
Total assets (5)	$ 4,573	$ 4,510	$ 4,154
Less:			
Accounts payable and accrued liabilities (6)	1,002	1,032	976
Income taxes payable	—	—	31
Other liabilities (6)	770	784	745
Deferred income taxes	61	82	95
Non-interest bearing liabilities	1,833	1,898	1,847
Total capital employed	**2,740**	**2,612**	**2,307**
After tax non-cash U.S. GAAP restructuring and intangible asset impairment charges	2	6	1
Adjusted capital employed	**$ 2,742**	**$ 2,618**	**$ 2,308**
Average capital employed	**$ 2,680**	**$ 2,463**	**$ 2,385**

(5) Prior year amounts have been retrospectively adjusted to conform to the current year presentation of debt issuance costs required by ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." Refer to the Notes to Consolidated Financial Statements for further details.
(6) Accounts payable and accrued liabilities were combined into one financial statement line as of June 30, 2016. The change has been retrospectively applied to all periods presented. Accounts payable and accrued liabilities and Other Liabilities are adjusted to exclude interest-bearing liabilities.