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, 2018
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 29, 2017 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $19.2 billion.

As of July 27, 2018, there were 128,085,895 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

Portions of the registrant's definitive proxy statement for the 2018 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days after June 30, 2018 , 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, 2018
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PART I

This Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (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, including as a result of the Nutranext acquisition, 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 2018 net sales of $6.1 billion and approximately 8,700 employees worldwide as of June 30, 2018 . Clorox sells its products primarily through mass retailers, grocery outlets, warehouse clubs, dollar stores, home hardware centers, third-party and owned e-commerce channels, military stores and 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 containers, Kingsford ® charcoal, Hidden Valley ® dressings, Brita ® water-filtration products, Burt’s Bees ® natural personal care products, RenewLife ® digestive health products, and Rainbow Light ® , Natural Vitality ® and Neocell ® dietary supplements. The Company also markets brands for professional services, including Clorox Healthcare ® and Clorox Commercial Solutions ® . 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 11-13% of net sales.

In April 2018, the Company acquired 100 percent of Nutranext, a health and wellness company based in Sunrise, Florida, for $681 million. Results for Nutranext's global business are reflected in the Lifestyle reportable segment. In May 2016, the Company acquired 100 percent of RenewLife, a digestive health company, for $290 million. The purchases of Nutranext and RenewLife reflect the Company's strategy to acquire leading brands in economically attractive categories with a focus on health and wellness.

In fiscal year 2018 , the Company delivered net sales growth of 3% as well as 17% increase in diluted earnings per share (EPS) from continuing operations in a macroeconomic environment that included high levels of competition in select categories, increasingly competitive retail dynamics, significantly rising logistics and commodity costs and global inflationary pressures, as well as a difficult macroeconomic environment in international markets.

The Company continued to focus on driving profitable sales growth in its United States (U.S.) business, leveraging strong demand building investments, including product innovation to support category and market share growth. The Company launched new products in many categories in fiscal year 2018 , including Clorox ® performance bleach with Cloromax ® , Clorox ® Scentiva ™ bathroom cleaners, Fresh Step ® Clean Paws ™ low tracking litter, Glad ® ForceFlex ® Plus ™ advanced protection trash bags, Burt's Bees ® natural cosmetics, RenewLife ® probiotic and prebiotic supplements, Hidden Valley ® Simply Dinners meal preparation kits, Clorox ® Triple Accion bleach and Clorox ® Clothes Powder.

In international markets, the Company continued to focus on execution of its Go Lean Strategy, which emphasizes driving the long-term profitability of its international business. The Company's international business continues to play an important strategic role, with No. 1 and No. 2 brands in the majority of categories and countries where we operate.

In February 2018, the Company announced an increase of 14% in its quarterly dividend, which was an accelerated declaration of the Company's dividend increase that has typically taken place in the month of May and was a result of the passage of The Tax Cuts and Jobs Act (the Tax Act) in the U.S. in December 2017. In fiscal year 2018, the Company paid $450 million in dividends to stockholders.

In May 2018, the Board of Directors authorized the Company to repurchase up to $2 billion in shares of common stock on the open market, which replaced the prior open-market purchase program with an authorized aggregate purchase amount of up to $750 million. In fiscal year 2018 , the Company repurchased 749,000 shares of its common stock for $95 million under the open-market purchase program.

Finally, in fiscal year 2018, the Company remained committed to corporate responsibility by maintaining strong and transparent environmental, social and governance practices. As part of its 2020 sustainability goals, the Company 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. 9 ranking on Barron's Most Sustainable Companies list and No. 20 ranking on the annual list of top corporate citizens by Corporate Responsibility magazine. The Company also earned the top rating of 100 percent on the Human Rights Campaign's Corporate Equality Index for the 12 th consecutive year, was ranked No. 28 on the 2017 Thomson Reuters Diversity and Inclusion Index and was listed in the first sector-neutral Bloomberg Gender Equality Index among leading companies helping to advance gender equality around the world. In fiscal year 2018 , 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 $14 million, which included providing support following hurricanes Harvey, Irma and Maria in the U.S. and Puerto Rico as well as the California wildfires. Additionally, the Company contributed approximately $1 million to deserving nonprofits and research foundations through cause marketing programs benefiting social and other charitable causes.

In fiscal year 2019, 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 logistics and commodity costs, changes in foreign currency exchange rates, and the continuation of a difficult macroeconomic 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 (SBUs) 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, disinfecting, and Food service products under the Clorox ® , Dispatch ® , HealthLink ® , Clorox Healthcare ® , Hidden Valley ® , KC Masterpiece ® , and Soy Vay ® 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, natural personal care products and dietary supplements primarily 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; natural personal care products under the Burt's Bees ® brand; and dietary supplements under the Rainbow Light ®, Natural Vitality ® and Neocell ® brands.
- *International* consists of products sold outside the United States. Products within this segment include laundry, home care, water-filtration systems and filters, digestive health products, charcoal, 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 ® 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	2018	$ 2,060	$ 1,959	$ 1,077	$ 1,028	$ —	$ 6,124
	2017	2,002	1,961	1,000	1,010	—	5,973
	2016	1,912	1,862	990	997	—	5,761
Earnings (losses) from continuing operations before Income taxes	2018	574	370	243	84	(217)	1,054
	2017	523	419	244	81	(234)	1,033
	2016	511	428	251	66	(273)	983
Total assets	2018	902	1,223	1,533	1,045	357	5,060
	2017	881	1,103	902	1,060	627	4,573

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:

	2018	2017	2016
Home Care products	26%	25%	24%
Bags, wraps and containers	18%	18%	19%
Laundry additives	15%	15%	16%
Charcoal products	10%	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 retailers, grocery outlets, warehouse clubs, dollar stores, home hardware centers, 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. Some brands are sold using the direct-to-consumer model. 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. In the U.S. and in the international markets, the Company also 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 Notes to Consolidated Financial Statements in Exhibit 99.1.

Sources and Availability of Raw Materials

The Company purchases raw materials from numerous unaffiliated U.S. 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, jet fuel and other agricultural commodities. Sufficient raw materials were available during fiscal year 2018. Costs for resin and other commodity costs increased in fiscal year 2018, due in part to natural disasters, including the Gulf Coast hurricanes. 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 2019. 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 during the months of March through September each calendar 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% , 26% and 27% of consolidated net sales for the fiscal years ended June 30, 2018 , 2017 and 2016 , 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 2018 , 2017 and 2016 .

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, image 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 innovation 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; Santa Cruz, CA; 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 $132 million, $135 million and $141 million in fiscal years 2018 , 2017 and 2016 , 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, 2018 , the Company employed approximately 8,700 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 innovations 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.

The changing retail environment could adversely 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 e-commerce retailers, hard discounters, subscription services and buying clubs, have become more prevalent and consumer products that are sold through such alternative retail channels are continuing to increase. In particular, the growing presence of e-commerce retailers have affected, and may continue to affect, consumer preferences and market dynamics. Although the Company is engaged in e-commerce with respect to many of its products, if we are not successful in adapting to the changing consumer preferences and market dynamics and expanding sales through e-commerce retailers, hard discounters and other 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 e-commerce retailers, hard discounters and other alternative retail channels and this could significantly change the way traditional retailers do business. In addition, these alternative retail channels may create significant pricing pressures for consumer goods, presenting additional challenges to increasing prices in response to commodity or other cost increases in all of the channels into which the Company sells. 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.

Volatility and increases in the costs of raw materials, energy, transportation, labor and other necessary supplies or services have negatively impacted, and 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, and increases in the cost of energy, transportation, labor and other necessary supplies or services have harmed, and may continue to 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 capacity has caused and could continue to cause us to incur unanticipated expenses and impair our ability to distribute our products or receive our raw materials in a timely manner, which could disrupt our operations, strain our customer relations and adversely affect our operating profits. In particular, the recent reduced trucking capacity due to shortage of drivers, recent enforcement deadline for a federal regulation requiring drivers to electronically log their driving hours and adverse weather conditions, among other reasons, has caused an increase in the cost of transportation for us and many other companies. The Company believes commodity and other cost increases could continue 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, even if the Company increases the prices of its products in response to increases in the cost of commodities, it 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 purchases of certain commodities, 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 2018 , 84% of the Company’s net sales were generated in U.S. markets, including U.S. territories. 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. The Company's ability to achieve sales growth also depends on foreign currency fluctuations, a weakening of foreign currencies in which sales are generated relative to the currencies in which costs are denominated would decrease net sales. The Company has recently implemented price increases and/or expects to implement price increases in fiscal year 2019 across a significant portion of its global portfolio, which may slow sales growth or create volume declines in the short term as customers and consumers adjust to these price increases. If the Company is unable to increase market share in existing product lines, develop product innovations, 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, may 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% , 26% and 27% of consolidated net sales for the fiscal years ended June 30, 2018 , 2017 and 2016 , 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 2018 , 2017 and 2016 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 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. In addition, some of our customers have experienced and may experience in the future declining financial performance, which could affect their ability to pay amounts due to us on a timely basis or at all. We regularly review the financial strength of our key customers and, where appropriate, modify customer credit limits, which may have an adverse impact on future sales.

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.

Cyber-attacks, privacy breaches, data breaches or a failure of key information technology systems could adversely impact the Company’s business and reputation.

The Company relies extensively on information technology systems, many of which are managed, hosted, provided and/or used by third-parties and their vendors, 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, receiving and processing purchase orders and shipping products to customers, processing transactions, hosting, processing and sharing confidential and proprietary research, business and financial information, 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, which may be vulnerable to increased risk, still remain. In addition, some of the legacy systems will need to be upgraded or replaced in the near future as such systems cease to be supported by third-party service providers. 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. In addition, if the technology systems of acquired companies, including those of Nutranext, are not successfully integrated into those of the Company or the Company's existing and/or future technology systems, are not adequately supported by third-party service providers and processes, the Company's business may be adversely impacted.

Although the Company has a broad array of network and information security measures in place and provides employee awareness regarding phishing, malware and other cyber risks, the information technology systems, including those of our customers, vendors, suppliers and other third-party service providers with whom we have contracted, may be vulnerable to computer viruses or other malicious codes, security breaches, unauthorized access attempts, phishing attacks and other disruptions from employee error, 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, cyber-attacks 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, as well as reputational harm and litigation, which may adversely impact the Company's business. In addition, such incidents could result in unauthorized disclosure and misuse 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 becoming more sophisticated and 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, Nutranext dietary supplements 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 and misuse of consumer, customer, employee, vendor or Company information. 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, including the European Union's General Data Protection Regulation, which recently went into effect.

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 and be subject to government investigations, 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.

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 that are consistent with our corporate values and are 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, environmental impacts (including packaging, energy and water use and waste management) and other sustainability or similar issues, 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.

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 2018 acquisition of Nutranext, which competes in the dietary supplements 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 in an effective, timely and cost efficient manner;
- 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 has divested and may, in the future, divest certain assets, businesses or brands that do not meet the Company’s strategic objectives or growth targets. With respect to any potential future divestiture, the Company may encounter difficulty finding potential acquirers or other divestiture options on favorable terms. Any future 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.

Government regulations could impose material costs.

Generally, the manufacture, packaging, labeling, storage, distribution, advertising and sale 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 (including applicable current good manufacturing practice regulations) and/or 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 regulations 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, including the European Union's General Data Protection Regulation. Furthermore, additional legislation in the areas of healthcare reform, 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 acquisition of Nutranext and RenewLife, which manufactures products subject to additional regulations, such as those under the Dietary Supplement Health and Education Act.

Additionally, the recent imposition of tariffs on products imported from certain countries have introduced greater uncertainty with respect to trade policies and government regulations affecting trade between the U.S. and other countries. Major developments in trade relations, including the imposition of new or increased tariffs by the U.S. and/or other countries, and any emerging nationalist trends in specific countries could alter the trade environment and consumer purchasing behavior which, in turn, 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 ® 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, as a result of the Company's acquisition of RenewLife and Nutranext, it markets and sells 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.

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 2018 . Future changes to U.S. or foreign tax and trade policies, imposition of new or increased tariffs, other trade restrictions or other government actions and foreign currency fluctuations, including devaluations, may lead to continuation of such threats and uncertainty. 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 2018 , 16% 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, including devaluations, 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;
- 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.;
- 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;
- risks related to natural disasters, terrorism and other events beyond the Company’s control; 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. 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.

The Company is also 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, including devaluations, 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, effective July 1, 2018, Argentina has been designated as a highly inflationary economy, as it has experienced cumulative inflation of approximately 100 percent or more over a three-year period. Gains and losses resulting from the remeasurement of non-U.S. dollar monetary assets and liabilities of Argentina will be recorded in net earnings for the first quarter of the Company's fiscal year ending June 30, 2019. 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, including the recent designation as a highly inflationary economy, 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 innovations 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.

Product liability and labeling claims, 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. Furthermore, acquisitions or ventures could also result in the assumption of contingent liabilities, including litigation, which could adversely affect the Company's results of operations and financial condition. 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 , 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. The Company may be subject to additional claims, proceedings and actions as it expands into dietary supplements category. In general, claims made by or against the Company in litigation, investigations, disputes or other proceedings have been and may 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.

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 11-13%. The Company also continues to seek to penetrate new markets and introduce new products and product innovations. 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.

Increases in the estimated fair value of the Procter & Gamble Co. ("P&G's") interest in the Company's Glad ® business, such as the significant increase over the first half of fiscal year 2018 due to the enactment of H.R. 1, also known as the "Tax Cuts and Jobs Act" (the "Tax Act"), and the extension of the venture agreement with, and the related R&D support provided by, P&G, increase the value of the Company's obligation to purchase P&G's interest in the Glad ® business upon the termination of the venture agreement and may, in the future, adversely affect the Company's net earnings and cash flow.

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 was extended in December 2017 and the agreement will now expire in January 2026 unless the parties agree to further extend the term. The agreement requires the Company to purchase P&G's 20% interest at the expiration of its term for cash at fair value as established by predetermined valuation procedures. As of June 30, 2018 and June 30, 2017, the estimated fair value of P&G's interest was $631 million and $458 million, respectively, of which $341 million and $317 million, respectively, has been recognized by the Company and is reflected in Other liabilities in the Company's Condensed Consolidated Balance Sheet (Unaudited). 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, which has increased significantly over the past several years, increased by $173 million from June 30, 2017 to June 30, 2018, primarily as a result of the enactment of the Tax Act and the extension of the venture agreement with, and the related R&D support provided by, P&G, and may continue to change up until any such purchase by the Company of P&G's interest. The key assumptions and estimates used to arrive at the estimated fair value include, but are not limited to, tax rates, the rate at which future cash flows are discounted (discount rate), commodity prices, future volume estimates, net sales and expense growth rates, changes in working capital, capital expenditures, foreign exchange rates, inflation and perpetuity growth rates. Any changes in such assumptions or estimates could significantly affect such estimated fair value and, accordingly, the value of the Company's repurchase obligation and may adversely affect the Company's net earnings up until any such purchase and cash flow at the time of any such purchase. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 of Notes to Consolidated Financial Statements in Exhibit 99.1.

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, develop 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, or retain qualified personnel in the future, and its failure to do so or the compensation costs of doing so could adversely affect the Company.

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 may require additional investment and time. The Company could experience disruptions in production and other supply chain issues, which could result in out-of-stock conditions, 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, 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.

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 as of June 30, 2018 and 2017 , 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 of the recorded liability as of June 30, 2018 and 2017, 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 of the recorded liability as of June 30, 2018 and 2017 . 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 (including sole-source and single-source 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, disruptions in logistics, loss or impairment of key manufacturing sites, supplier capacity constraints, raw material and product quality or safety issues, industrial accidents or other occupational health and safety issues. The Company’s corporate headquarters and primary research and development facility are located near major earthquake fault lines in California. If a major disruption at the Company or its suppliers 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, disruptions in the Company's supply chain 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 innovations. 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. It is also possible that the Company's brands may not be available for use in certain countries due to prior third party rights, thereby limiting expansion of the Company's brands. 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. 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 judgments regarding the accounting for tax positions, the resolution of tax disputes and the effects of the Tax Act on our business and our company could be materially different from our current estimates or expectations, all of which could 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. 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.

Fluctuations in federal, state, local and foreign taxes or a change to uncertain tax positions, including related interest and penalties, may also impact the Company's effective tax rate and the Company's financial results, and changes in tax laws, such as the Tax Act which was signed into law on December 22, 2017, could create uncertainty and have a material impact the Company's operating results. The Tax Act, among other things, contains significant changes to corporate taxation, including a reduction of the U.S. corporation statutory income tax rate to 21% from 35%, one-time taxation of accumulated foreign earnings regardless of whether they are repatriated, limitations on the deduction for interest expense, immediate tax deductions for five years for new investments instead of deductions for depreciation expense over time, disallowance of deductions for certain-performance based compensation, elimination of the deduction for certain domestic production activities and a migration from a "worldwide" system of taxation to a modified territorial system. Although we continue to assess and analyze the full effects of the Tax Act on our business and the Company, we expect the Tax Act, as a whole, will reduce our effective tax rate in future periods, in addition to fiscal year 2018. In addition, although we expect a positive impact to our cash flows from the Tax Act, such impact will be realized in future periods as we realize the benefit from the lower effective tax rates.

We are continuing to assess and analyze the accounting for the impacts of the Tax Act. Moreover, the process of adopting extensive tax legislation in a short amount of time may have led to drafting errors, issues needing clarification and unintended consequences that Congress may decide to review in subsequent tax legislation. In addition, interpretation of many provisions of the Tax Act is still unclear. It is not clear when, or whether, Congress may address any of these issues or when the Internal Revenue Service may issue additional administrative guidance on the changes made in the Tax Act. In addition, the FASB provided guidance intended to clarify the accounting for certain aspects of the Tax Act. Furthermore, foreign countries may decide to enact tax laws that may negatively affect our foreign tax liabilities in retaliation for any real or perceived negative effects of the Tax Act on their countries that they deem unfair or for other reasons and/or states or local government may decide to enact tax laws that may increase tax liabilities for companies doing business in such jurisdictions as they see opportunities to increase state and local corporate taxes after the federal corporate tax rate was reduced by the Tax Act.

We continue to assess and analyze the impact of the Tax Act on our business and our Company. Accordingly, some of the income tax effects reflected in our Consolidated Financial Statements are provisional amounts. For example, provisional amounts are reported for our revaluation of net deferred tax liabilities and for our one-time transition tax on accumulated foreign earnings. In addition, certain underlying income tax effects embedded within the valuations of certain balance sheet items, including the liability related to our obligation to purchase P&G’s 20% interest in our Glad ® business upon the termination of our venture agreement with P&G, may be subject to change as we finalize the provisional elements in our assessment of the Tax Act. The estimated impacts of the Tax Act, including with respect to our revaluation of net deferred tax liabilities, assessment of our deferred taxes related to foreign unremitted earnings, estimate of our effective tax rates for future periods and valuation of our potential obligation to purchase P&G’s interest in our Glad ® business, are based on management’s current assessment and estimates and could be materially different based on our actual results for future periods, our further analysis of the Tax Act, any additional Congressional, administrative and FASB actions or guidance related to the Tax Act and any actions that we may take as a result of the Tax Act. For additional information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Notes to Consolidated Financial Statements.

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 not be able to maintain its current credit ratings, may not continue to pay dividends or repurchase its stock and may not remain in compliance with existing debt covenants.

As of June 30, 2018 , 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, repurchase the Company's common stock 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.

The Company may incur substantial additional indebtedness in the future to fund acquisitions, repurchase stock or fund other activities for general business purposes. If new debt is added to the current debt levels, the related risks that the Company now faces could limit its ability to access debt capital markets or other forms of financing and result in increased borrowing costs. 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, 2018 , 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.

Although the Company has historically declared and paid quarterly cash dividends on its common stock and has been authorized to repurchase its stock subject to certain limitations under its stock 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, its access to debt capital markets or other forms of financing, 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. In the event the Company does not declare and pay a quarterly dividend or discontinues its stock repurchases, the Company's stock price could be adversely affected. The Company is subject to compliance with the Company's existing debt covenants. As of June 30, 2018 , 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 exceed this amount. 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.

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 Nutranext and RenewLife, may place significant additional pressure on the Company's system of internal control over financial reporting and require the Company to update its internal control over financial reporting to integrate such acquisitions. 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 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.

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 stock, 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.

ITEM 1.B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Production and Distribution Facilities

The Company owns or leases and operates 21 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 and Santa Cruz, CA. The Company also conducts research and development activities and engineering research in leased facilities in 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 14, 2018 , are set forth below:

Name	Age	Year First Elected Executive Officer	Title
Benno Dorer	54	2009	Chairman and Chief Executive Officer
Laura Stein	56	2005	Executive Vice President – General Counsel and Corporate Affairs
Dawn Willoughby	49	2013	Executive Vice President – Chief Operating Officer
Jon Balousek	49	2013	Executive Vice President – Specialty and Corporate Development
Linda Rendle	40	2016	Executive Vice President – Cleaning and Strategy
William S. Bailey	52	2016	Senior Vice President – Corporate Business Development
Diego J. Barral	48	2018	Senior Vice President – General Manager, International Division
Michael R. Costello	52	2011	Senior Vice President – General Manager, Nutranext and RenewLife
Denise Garner	55	2015	Senior Vice President – Chief Innovation Officer
Kevin B. Jacobsen	52	2018	Senior Vice President – Chief Financial Officer
Matthew Laszlo	48	2015	Senior Vice President – Chief Customer Officer
Kirsten Marriner	45	2016	Senior Vice President – Chief People Officer
John J. McNulty	62	2018	Senior Vice President – Chief Information Officer
Andrew J. Mowery	52	2018	Senior Vice President – Chief Product Supply Officer
Eric Reynolds	48	2015	Senior Vice President – Chief Marketing 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 to 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. Prior to joining the Company, he served in various roles at The Procter & Gamble Company.

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.

Jon Balousek is the executive vice president – specialty and corporate development of the Company, having served as executive vice president since June 2018, and having taken on responsibility for corporate development in June 2018. Prior to this role, he served as senior vice president – general manager, specialty division from January 2013 to June 2018. He served as vice president – general manager, litter, food & 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.

Linda Rendle is the executive vice president – cleaning and strategy of the Company, having served as executive vice president since June 2018, and having taken on strategy in June 2018. Prior to this role, she served as senior vice president – general manager, cleaning division of the Company, from August 2016 to June 2018, having taken on responsibility for the professional products division in April 2017. 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.

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.

Diego J. Barral is the senior vice president – general manager, international of the Company, a position he has held since April 2018. Prior to this role, he served as vice president – general manager, Latin America, from January 2012 to April 2018. Mr. Barral joined the company in 1995 and has served in various finance, procurement, business development and international roles.

Michael R. Costello is the senior vice president – general manager, Nutranext and RenewLife, a position he has held since April 2018. Prior to this role, he served as senior vice president – international from September 2013 to April 2018. 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.

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.

Kevin B. Jacobsen is the senior vice president – chief financial officer of the Company, a position he has held since April 2018. Prior to this role, he served as vice president – financial planning and analysis, from November 2011 through March 2018. Mr. Jacobsen joined the Company in 1995 and has held a number of senior leadership roles in the Company's finance department over the years, including serving as the finance leader for the specialty division, head of finance for Brazil operation, the product supply organization and various business units.

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.

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.

John J. McNulty is the senior vice president and chief information officer of the Company, a position he has held since July 2018. Prior to this role, he served as vice president – global support and delivery from January 2018 to June 2018. From July 2016 to January 2018, he was vice president – performance management. Prior to joining the Company, he served as a partner at Nathanson and Company from September 2000 to July 2016. Mr. McNulty joined the Company in 2016.

Andrew J. Mowery is the senior vice president – chief product supply officer of the Company, a position he has held since December 2017. Prior to this role, he served as vice president – product supply operations, from February 2014 to November 2017. He served as vice president – global strategic sourcing & supply chain strategy from April 2011 to February 2014. Mr. Mowery joined the Company as vice president – global strategic sourcing in April 2009. Prior to joining the Company, he worked in a variety of supply chain roles at Johnson & Johnson from 1988 to 2009.

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.

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 27, 2018 , was 10,422 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

In May 2018, the Board of Directors authorized the Company to repurchase up to $2,000 million in shares of common stock on the open market (the 2018 Open-Market Program), which has no expiration date and replaced the prior open-market purchase program with an authorized aggregate purchase amount of up to $750 million which had not been utilized prior to termination in May 2018.

In August 1999, the Board of Directors authorized a stock repurchase program to reduce or eliminate dilution upon the issuance of common stock pursuant to the Company's stock compensation plans (the Evergreen Program). In November 2005, the Board of Directors authorized the extension of the Evergreen Program to reduce or eliminate dilution in connection with issuances of common stock pursuant to the Company's 2005 Stock Incentive Plan. The Evergreen Program has no expiration date and has no specified limit as to dollar amount and therefore is not included in column [d] below.

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 2018 .

	[a]	[b]	[c]	[d]
Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit) (2)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs
April 1 to 30, 2018	—	$ —	—	$750 million
May 1 to 31, 2018	850,000	120.06	850,000	$1,996 million
June 1 to 30, 2018	845,000	126.59	845,000	$1,905 million
	1,695,000	$ 123.32	1,695,000	

(1) Of the shares purchased in May 2018, 815,457 shares were acquired pursuant to the Company's Evergreen Program and 34,543 shares were acquired pursuant to the Company's 2018 Open-Market Program. Of the shares purchased in June 2018, 714,179 shares were acquired pursuant to the 2018 Open-Market Program and 130,821 shares were acquired pursuant to the Evergreen Program.

(2) Average price paid per share in the period includes commission.

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, 2018 . 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, 2018 , 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, 2018 , 2017 and 2016 .

Consolidated Statements of Comprehensive Income for the fiscal years ended June 30, 2018 , 2017 and 2016 .

Consolidated Balance Sheets as of June 30, 2018 and 2017 .

Consolidated Statements of Stockholders' Equity for the fiscal years ended June 30, 2018 , 2017 and 2016 .

Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2018 , 2017 and 2016 .

Notes to Consolidated Financial Statements.

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

(b) Exhibits:

INDEX TO EXHIBITS

		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
3.1	Restated Certificate of Incorporation.				
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
4.8	Sixth Supplemental Indenture, dated as of September 28, 2017, between the Company and Wells Fargo Bank, National Association, as trustee.	8-K	001-07151	4.1	September 28, 2017

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
4.9	Seventh Supplemental Indenture, dated as of May 9, 2018, between the Company and Wells Fargo Bank, National Association, as trustee.	8-K	001-07151	4.1	May 9, 2018
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 2015.	10-Q	001-07151	10.1	November 2, 2015
10.7*	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
10.8*	Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan for awards made in 2017.	10-Q	001-07151	10.2	November 1, 2017
10.9*	Form of Restricted Stock Unit Award Agreement under the Company's 2005 Stock Incentive Plan.	10-Q	001-07151	10.1	November 1, 2017
10.10*	Form of Nonqualified Stock Option Award Agreement under the Company's 2005 Stock Incentive Plan.	10-Q	001-07151	10.3	November 1, 2017
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*	Amendment No. 3 to The Clorox Company Supplemental Executive Retirement Plan, effective as of March 28, 2018.	10-Q	001-07151	10.1	May 2, 2018
10.18*	The Clorox Company Executive Incentive Compensation Plan, amended and restated as of February 7, 2008.	10-Q	001-07151	10.58	May 2, 2008
10.19*	Form of Indemnification Agreement.	10-Q	001-07151	10.27	May 4, 2010
10.20*	First Amended and Restated Executive Change in Control Severance Plan, effective November 20, 2014.	10-Q	001-07151	10.1	February 5, 2015
10.21*	Severance Plan for Clorox Executive Committee Members, amended and restated effective November 20, 2014.	10-Q	001-07151	10.2	February 5, 2015
10.22*	The Clorox Company Executive Retirement Plan, effective as of July 1, 2011.	10-Q	001-07151	10.27	May 4, 2011
10.23*	Amendment No. 1 to The Clorox Company Executive Retirement Plan.	10-K	001-07151	10.22	August 16, 2016
10.24*	The Clorox Company 2011 Nonqualified Deferred Compensation Plan, effective as of July 1, 2011.	10-K	001-07151	10.29	August 26, 2011

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.25*	Amendment No. 1 to The Clorox Company 2011 Nonqualified Deferred Compensation Plan.	10-K	001-07151	10.24	August 16, 2016
10.26*	The Clorox Company Director Equity Award Policy, effective as of November 15, 2017.				
10.27	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
10.28	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
10.29	Amendment No. 1 to the Amended and Restated Joint Venture Agreement, dated as of October 15, 2010, between The Glad Products Company and certain affiliates and The Procter & Gamble Company and certain affiliates.	10-Q	001-07151	10.2	February 2, 2018
10.30	First Extension and Amendment of the Amended and Restated Joint Venture Agreement, dated as of December 20, 2017, between The Glad Products Company and certain affiliates and The Procter & Gamble Company and certain affiliates.	10-Q	001-07151	10.1	February 2, 2018
21	Subsidiaries .				
23	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	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, 2018 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 14, 2018

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 14, 2018
/s/ R. H. Carmona R. H. Carmona	Director	August 14, 2018
/s/ S. C. Fleischer S. C. Fleischer	Director	August 14, 2018
/s/ E. Lee E. Lee	Director	August 14, 2018
/s/ A. D. D. Mackay A. D. D. Mackay	Director	August 14, 2018
/s/ R. W. Matschullat R. W. Matschullat	Director	August 14, 2018
/s/ J. Noddle J. Noddle	Director	August 14, 2018
/s/ M. J. Shattock M. J. Shattock	Director	August 14, 2018
/s/ P. Thomas-Graham P. Thomas-Graham	Director	August 14, 2018
/s/ C. M. Ticknor C. M. Ticknor	Director	August 14, 2018
/s/ R. J. Weiner R. J. Weiner	Director	August 14, 2018
/s/ C. J. Williams C. J. Williams	Director	August 14, 2018
/s/ B. Dorer B. Dorer	Chairman and Chief Executive Officer (Principal Executive Officer)	August 14, 2018
/s/ K. B. Jacobsen K. B. Jacobsen	Senior Vice President – Chief Financial Officer (Principal Financial Officer)	August 14, 2018
/s/ J. R. Baker J. R. Baker	Vice President – Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)	August 14, 2018

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

THE CLOROX COMPANY

This corporation was originally incorporated on September 5, 1986.

ARTICLE 1

The name of the corporation is THE CLOROX COMPANY

ARTICLE 2

The address of the registered office of the corporation in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the registered agent of the corporation at such address is The Corporation Trust Company.

ARTICLE 3

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE 4

The total number of shares of stock which the corporation shall have authority to issue is 755,000,000, consisting of 750,000,000 shares of Common Stock having a par value of $1.00 per share and 5,000,000 shares of Preferred Stock having a par value of $1.00 per share.

The board of directors of the corporation is authorized, subject to limitations prescribed by law and the provisions of this Article Four, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the certificate or certificates establishing the series of Preferred Stock.

ARTICLE 5

The business and affairs of the corporation shall be managed by the board of directors which shall consist of not less than 9 persons. The exact number of directors shall be fixed from time to time by, or in the manner provided in, the by-laws of the corporation and may be increased or

decreased as therein provided. Directors of the corporation need not be elected by ballot unless required by the by-laws. The board of directors is authorized to adopt, amend or repeal the by-laws.

ARTICLE 6

Part I

Vote Required For Certain Business Combinations

A. In addition to any affirmative vote required by law or this Restated Certificate of Incorporation, and except as otherwise expressly provided in Part II of this Article Six, the following transactions:

(i) any merger or consolidation of this corporation or any Subsidiary (as hereinafter defined) into or with

(a) any Interested Stockholder (as hereinafter defined); or

(b) any other corporation (whether or not it is an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of this corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of more than ten percent (10%) of the Fair Market Value of the consolidated total assets of this corporation; or

(iii) the issuance or transfer by this corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of this corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property having an aggregate Fair Market Value of more than ten percent (10%) of the Fair Market Value of the consolidated total assets of this corporation; or

(iv) the adoption of any plan or proposal for the liquidation of this corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of this corporation's securities (including any reverse stock split), or recapitalization of this corporation, or any merger or consolidation of this corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or

convertible securities of this corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder;

shall require the affirmative vote of the holders of at least eighty percent (80%) of the voting power of the then outstanding shares of stock of this corporation entitled to vote regularly in the election of directors (the "Voting Stock") voting as a single class (it being understood that for purposes of this Article Six, each share of the Voting Stock other than Common Stock shall have the number of votes granted to it pursuant to Article Four of this Restated Certificate of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

B. The term "Business Combination" as used in this Article Six shall mean any transaction which is referred to in any one or more of clauses (i) through (v) of paragraph A of Part I.

Part II

When Higher Vote Is Not Required

The provisions of Part I of this Article Six shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Restated Certificate of Incorporation, if all of the conditions specified in either of the following paragraphs A and B are met:

A. The Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

B. All of the following conditions shall have been met:

(i) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(a) (if applicable) the highest per share price paid by the Interested Stockholder for any shares of Common Stock acquired by it (1) within the two year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (2) in the transaction in which it became an Interested Stockholder, whichever is higher; and

(b) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is

referred to in this Article Six as the "Determination Date"), whichever is higher.

(ii) The aggregate amount of the cash and the Fair Market Value on the date of the consummation of the Business Combination of consideration other than cash to be received per share by the holders of shares of any other class of outstanding Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph B (ii) shall be required to be met with respect to every class of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

(a) (if applicable) the highest per share price paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (1) within the two-year period immediately prior to the Announcement Date or (2) in the transaction in which it became an Interested Stockholder, whichever is higher;

(b) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of this corporation; or

(c) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher.

(iii) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class of Voting Stock. If the Interested Stockholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration for such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by it. The price determined in accordance with paragraphs B(i) and B(ii) shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(iv) After such Interested Stockholder has become an Interested Stockholder except as approved by a majority of the Disinterested Directors, there shall have been:

(a) no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on the outstanding Preferred Stock, if any; and

(b) no reduction in the effective annual rate of dividends paid on the Common Stock.

(v) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

Part III

Certain Definitions

For the purpose of this Article Six:

A. A "person" shall mean any individual, firm, corporation or other entity.

B. "Interested Stockholder" shall mean any person (other than this corporation, any Subsidiary or any compensation plan of this corporation) who or which:

(i) is the beneficial owner, directly or indirectly, of more than 5% of the voting power of the outstanding Voting Stock; or

(ii) is an Affiliate of this corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of more than five percent (5%) of the voting power of the then outstanding Voting Stock; or

(iii) is an assignee of or has otherwise acquired or succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

C. A person shall be a "Beneficial Owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(ii) which such person or any of its Affiliates or Associates has:

(a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or

(b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

D. For the purpose of determining whether a person is an Interested Stockholder pursuant to paragraph B of this Part III, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph C of this Part III but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

E. "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on March 1, 1984.

F. "Subsidiary" means any corporation of which a majority of any class of equity securities is owned, directly or indirectly, by this corporation; provided , however , that for the purposes of the definition of Interested Stockholder set forth in paragraph B of this Part III, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity securities is owned, directly or indirectly, by this corporation.

G. "Disinterested Director" means any member of the board of directors of this corporation (the "Board") who is unaffiliated with the Interested Stockholder by whom or on whose behalf, directly or indirectly, the Business Combination is proposed or was a member of the Board prior to the time that such Interested Stockholder became an Interested Stockholder, and any successor of a Disinterested Director who is unaffiliated with such Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board.

H. "Fair Market Value" means:

(i) In the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock as reported in the principal consolidated transaction reporting system for securities listed or admitted to trading on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange, registered under the Securities Exchange Act of 1934 on which stock is listed, or, if such stock is not listed on such an exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period immediately preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotation System or any system then in use, and

(ii) in the case of property other than cash or stock valued under (i) above, the fair market value of such property on the date in question as determined in good faith by a majority of the Disinterested Directors.

I. In the event of any Business Combination in which this corporation is the surviving corporation, the phrase "consideration other than cash to be received" as used in clauses (i) and (ii) of paragraph B of Part II of this Article Six shall include the Fair Market Value of the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

Part IV

Powers of The Board of Directors

A majority of the Disinterested Directors of this corporation shall have the power and duty to determine for the purposes of this Article Six, on the basis of information known to them after reasonable inquiry:

A. whether a person is an Interested Stockholder;

B. the number of shares of Voting Stock beneficially owned by any person;

C. whether a person is an Affiliate or Association of another; and

D. whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by this corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of more than ten percent (10%) of the Fair Market Value of the consolidated total assets of this corporation.

Part V

Fiduciary Obligations

Nothing contained in this Article Six shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Part VI

Amendment Or Repeal

The provisions set forth in this Article Six may not be amended or repealed in any respect, unless such action is approved by the affirmative vote of the holders of not less than eighty percent (80%) of the then outstanding Voting Stock, voting as a single class.

ARTICLE 7

Action shall be taken by stockholders of the corporation only at annual or special meetings of stockholders and stockholders may not act by written consent.

ARTICLE 8

Part I

Right To Indemnification

Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of this corporation or is or was serving at the request of the corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment) against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; provided , however , that the corporation shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the corporation. Such right shall be a contract right and shall include the right to be paid by the corporation expenses incurred in defending any such proceeding in advance of its final disposition; provided , however , that, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article Eight or otherwise. The corporation may, by action of the board of directors, provide indemnification to employees and agents of the corporation with a lesser or the same scope and effect as the foregoing indemnification of directors and officers.

Part II

Right of Claimant To Bring Suit

If a claim under Part I of this Article Eight is not paid in full by the corporation within ninety days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has not met the standards

of conduct which make it permissible under the General Corporation Law of the State of Delaware for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in said law, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant had not met the applicable standard of conduct.

Part III

Non-Exclusivity Of Rights

The rights conferred on any person by Parts I and II of this Article Eight shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of this Restated Certificate of Incorporation, by-law, agreement, vote of stockholders or Disinterested Directors or otherwise.

Part IV

Insurance

The corporation may maintain insurance, at its expense, to protect itself and any such director or officer of the corporation or of another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

ARTICLE 9

A director of this corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

This Restated Certificate of Incorporation of THE CLOROX COMPANY was adopted by The Board of Directors of this corporation in accordance with Section 245 & 242 of the General Corporation Law of the State of Delaware. It restates, integrates and further amends the provisions of this corporation's Certificate of Incorporation.

THE CLOROX COMPANY

Date: November 19, 1999

By: /S/ G. C. SULLIVAN
G. C. Sullivan
Chairman of the Board and
Chief Executive Officer

Attest: /S/ PETER D. BEWLEY
Peter D. Bewley
Secretary

THE UNDERSIGNED, the duly elected, and qualified Assistant Secretary of THE CLOROX COMPANY, a Delaware corporation, does hereby certify the foregoing to be the Restated Certificate of Incorporation of said Corporation.

Date: November 19, 1999 /S/ THOMAS W. HUCKABY

Thomas W. Huckaby

THE CLOROX COMPANY
NON-EMPLOYEE DIRECTORS EQUITY AWARD POLICY

Effective as of November 15, 2017

The Board of Directors (the " **Board** ") of The Clorox Company (the " **Company** ") has approved this director compensation equity award policy (the " **Policy** "), which establishes an annual dollar limit on the value of equity-based awards covering shares of the Company's common stock, par value $1.00 per share, that can be granted to a director of the Company who is not an employee of the Company (each, a " **Non-Employee Director** ") under The Clorox Company 2005 Stock Incentive Plan, as amended to date (or any successor plan) (the " **Plan** "), effective as of November 15, 2017.

The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all equity-based awards granted to any Non-Employee Director for service as a member of the Board during any single fiscal year of the Company (not including shares of common stock or deferred stock units granted in lieu of retainers or other cash payments for service as a Non-Employee Director), shall not exceed $500,000, with such limit to be increased to 2 *x* the foregoing limit for the Non-Employee Director who serves as the lead director or independent chair of the Board.

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
Iodine Holdings, Inc.	Connecticut
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
The Clorox International Company	Delaware
Clorox International Holdings, LLC	Delaware
Clorox International Philippines, Inc.	The Philippines

Clorox Luxembourg S.a.r.l.	Luxembourg

Name of Company	Jurisdiction of Incorporation
Clorox (Malaysia) Sdn. Bhd.	Malaysia
Clorox Manufacturing Company	Delaware
Clorox Manufacturing Company of Puerto Rico, Inc.	Puerto Rico
Clorox Mexicana S. de R.L. de C.V.	Mexico
Clorox New Zealand Limited	New Zealand
The Clorox Outdoor Products Company	Delaware
Clorox Peru S.A.	Peru
The Clorox Pet Products Company	Texas
Clorox Professional Products Company	Delaware
The Clorox Sales Company	Delaware
Clorox Services Company	Delaware
Clorox Servicios Corporativos S. de R.L. de C.V.	Mexico
Clorox Spain, S.L.	Spain
Clorox 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
Everest NeoCell LLC	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
National Cleaning Products Company Limited	Saudi Arabia
Nature's Products, Inc.	Florida
Nutranext, LLC	Delaware
Nutranext Business, LLC	Delaware
Nutranext eHealth LLC	Delaware

Nutranext Direct, LLC	Delaware

Name of Company	Jurisdiction of Incorporation
Nutri-Health Direct Real Estate Holding Company, LLC	Delaware
Paulsboro Packaging Inc.	New Jersey
Petroplus Productos Automotivos S.A.	Brazil
Petroplus Sul Comercio Exterior S.A.	Brazil
Rainbow Light Nutritional Systems, LLC	Delaware
Rainbow Light Real Estate Holding Company, LLC	Delaware
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. 333-224699) and in the related Prospectuses of The Clorox Company, and

(2) Registration Statements (Form S-8 Nos. 33-56563, 33-56565, 33-41131, including post effective amendments No. 1 and No. 2, 333-16969, 333-29375, 333-44675, 333-69455, including post effective amendment No. 1, 333-86783, 333-90386, including the post effective amendment No. 1, 333-131487, 333-193913 and 333-213161) of The Clorox Company;

of our reports dated August 14, 2018 , 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, 2018 .

/s/ Ernst & Young LLP

San Francisco, CA
August 14, 2018

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 14, 2018

/s/ Benno Dorer

Benno Dorer

Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kevin B. Jacobsen, 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 14, 2018

/s/ Kevin B. Jacobsen

Kevin B. Jacobsen

Senior 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, 2018 , as filed with the Securities and Exchange Commission (the "Report"), we, Benno Dorer, Chairman and Chief Executive Officer of the Company, and Kevin B. Jacobsen, 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 14, 2018

/s/ Benno Dorer

Benno Dorer
Chairman and Chief Executive Officer

/s/ Kevin B. Jacobsen

Kevin B. Jacobsen
Senior Vice President – Chief Financial Officer

Exhibit 99.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
The Clorox Company
(Dollars in millions, except 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 8,700 employees worldwide as of June 30, 2018 and fiscal year 2018 net sales of $6,124 . Clorox sells its products primarily through mass retailers, grocery outlets, warehouse clubs, dollar stores, home hardware centers, e-commerce channels, military stores and 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 containers, Kingsford ® charcoal, Hidden Valley ® dressings, Brita ® water-filtration products, Burt's Bees ® natural personal care products, RenewLife ® digestive health products, and Rainbow Light ® , Natural Vitality ® and Neocell ® dietary supplements. The Company also markets brands to professional services, including Clorox Healthcare ® and Clorox Commercial Solutions ® . 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 (SBUs) 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, disinfecting and Food service products under the Clorox ® , Dispatch ® , HealthLink ® , Clorox Healthcare ® , Hidden Valley ® , KC Masterpiece ® , and Soy Vay ® 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, natural personal care products, and dietary supplements primarily 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; natural personal care products under the Burt's Bees ® brand; and dietary supplements under the Rainbow Light ® , Natural Vitality ® and Neocell ® brands.

- *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, as defined in our Credit Agreement) 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 2018 Financial Highlights

A detailed discussion of strategic goals, key initiatives and results of operations is included below. Key fiscal year 2018 financial results are summarized as follows:

- The Company's fiscal year 2018 net sales increased by 3% to $6,124 in fiscal year 2018 from $5,973 in fiscal year 2017 , reflecting volume growth and the benefit of price increases, partially offset by unfavorable mix.
- Gross margin decreased 100 basis points to 43.7% in fiscal year 2018 from 44.7% in fiscal year 2017 , reflecting higher manufacturing and logistics costs and unfavorable commodity costs, partially offset by cost savings and the benefit of price increases.
- The Company reported earnings from continuing operations of $823 in fiscal year 2018 compared to $703 in fiscal year 2017 . The Company reported earnings from continuing operations before income taxes of $1,054 in fiscal year 2018 , compared to $1,033 in fiscal year 2017 .
- The Company delivered diluted net EPS from continuing operations in fiscal year 2018 of $6.26 , an increase of approximately 17% or $0.91, from fiscal year 2017 diluted net EPS of $5.35 . The fiscal year 2018 EPS included a benefit of $0.83 as a result of the passage of The Tax Cuts and Jobs Act (the Tax Act).
- EP increased by 19% to $624 in fiscal year 2018 compared to $525 in fiscal year 2017 (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 $974 in fiscal year 2018 , compared to $871 in fiscal year 2017 , reflecting lower tax payments, mainly due to the benefits from the Tax Act, and lower incentive compensation payments, partially offset by timing of payments to vendors. Free cash flow was $780 or 12.7% of net sales in fiscal year 2018 , an increase from $640 or 10.7% of net sales in fiscal year 2017 .
- The Company paid $450 in cash dividends to stockholders in fiscal year 2018 compared to $412 in cash dividends in fiscal year 2017 . In February 2018, the Company announced an increase of 14% in its quarterly cash dividend, which was an accelerated declaration of the Company's dividend increase that has typically taken place in the month of May and was a result of the passage of the Tax Act.

- In May 2018, the Board of Directors authorized the Company to repurchase up to $2,000 in shares of common stock on the open market, which replaced the prior open-market purchase program with an authorized aggregate purchase amount of up to $750. In fiscal year 2018 , the Company repurchased 749,000 shares of its common stock at a cost of $95 under the open-market purchase program.
- On April 2, 2018, the Company acquired 100 percent of Nutranext, a health and wellness company based in Sunrise, Florida, for $681. The purchase of the business reflects the Company's strategy to acquire leading brands in fast-growing categories with attractive gross margins and a focus on health and wellness.

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 11-13% 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 2019, the Company anticipates ongoing challenges that may impact its sales, margins and earnings per share, including continued high levels of competition in select categories, a more competitive retail environment, ongoing elevated logistics and commodity costs, and the continuation of a difficult macroeconomic environment in many international markets. Nutranext acquisition is also expected to dilute earnings.

The Company’s priority in fiscal year 2019 is to continue delivering superior consumer value by investing strongly behind its brands, and differentiated, high-quality products, with a strong focus on product and commercial innovation as well as digital marketing and e-commerce. Importantly, the Company continues to focus on driving cost savings, implementing price increases where cost justified, as well as seeking to improve efficiency and productivity.

Looking forward, the Company will continue to execute against its 2020 Strategy and seek to deliver Good Growth - profitable, sustainable and responsible growth.

RESULTS OF OPERATIONS

Unless otherwise noted, management’s discussion and analysis compares results of continuing operations from fiscal year 2018 to fiscal year 2017 , and fiscal year 2017 to fiscal year 2016 , 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	
	2018	**2017**	**2016**	**2018 to 2017**	**2017 to 2016**
Net sales	**$ 6,124**	$ 5,973	$ 5,761	**3%**	4%

Net sales in fiscal year 2018 increased 3%, reflecting sales growth in the Lifestyle, Cleaning and International reportable segments. Volume increased 3%, with growth across all reportable segments, most significantly in the Cleaning and Lifestyle reportable segments. Higher shipments in the Cleaning reportable segment were primarily driven by growth in Home Care, partially offset by lower shipments of Professional Products due to the Aplicare divestiture in August 2017. Growth in Lifestyle reportable segment included the benefit from the Nutranext acquisition in April 2018 and higher shipments in Burt's Bees ® Natural Personal Care, partially offset by lower shipments in water-filtration products. Net sales also included the benefit of price increases offset by unfavorable mix.

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.

	2018	2017	2016	% Change 2018 to 2017	% Change 2017 to 2016
Gross profit	**$ 2,675**	$ 2,671	$ 2,598	**—%**	3%
Gross margin	**43.7%**	44.7%	45.1%		

Gross margin , defined as gross profit as a percentage of net sales, in fiscal year 2018 decreased 100 basis points from 44.7% to 43.7% . The decrease was primarily driven by higher manufacturing and logistics costs and unfavorable commodity costs, partially offset by cost savings and the benefit of price increases.

Gross margin 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.

Expenses

	2018	2017	2016	% Change 2018 to 2017	% Change 2017 to 2016	% of Net sales 2018	% of Net sales 2017	% of Net sales 2016
Selling and administrative expenses	**$ 837**	$ 810	$ 806	**3 %**	— %	**13.7%**	13.6%	14.0%
Advertising costs	**570**	599	587	**(5)**	2	**9.3**	10.0	10.2
Research and development costs	**132**	135	141	**(2)**	(4)	**2.2**	2.3	2.4

Selling and administrative expenses, as a percentage of net sales, were essentially flat in fiscal year 2018. The increase in selling and administrative expenses was primarily due to the impact of the Nutranext acquisition in April 2018 and inflationary pressure in the International reportable segment.

Selling and administrative expenses, as a percentage of net sales, decreased 40 basis points in fiscal year 2017 due to lower incentive compensation costs.

Advertising costs, as a percentage of net sales, decreased 70 basis points in fiscal year 2018, primarily due to a reduction in advertising investments. The Company's U.S. retail advertising spend was approximately 10% of net sales for fiscal year 2018.

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 for fiscal year 2017.

Research and development costs, as a percentage of net sales, were essentially flat in fiscal years 2018 and 2017. The Company continues to focus on product innovation and cost savings.

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

	2018	2017	2016
Interest expense	**$ 85**	$ 88	$ 88
Other (income) expense, net	**(3)**	6	(7)
Effective tax rate on earnings	**21.8%**	31.9%	34.1%

Interest expense remained essentially flat in fiscal years 2018 and 2017.

Other (income) expense, net , of $(3) in fiscal year 2018 included $12 of income from equity investees, partially offset by $11 of amortization of trademarks and other intangible assets. See Notes to Consolidated Financial Statements for more information.

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.

The effective tax rate on earnings was 21.8%, 31.9% and 34.1% in fiscal years 2018 , 2017 and 2016 , respectively. The lower effective tax rate in fiscal year 2018 compared to fiscal year 2017 was primarily due to benefits from the Tax Act, which was enacted in December 2017. 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 stock-based compensation upon the adoption of Accounting Standards Update No. 2016-09 in the first quarter of fiscal year 2017. See Notes to Consolidated Financial Statements for further information.

Diluted net earnings per share

				% Change	
	2018	**2017**	**2016**	**2018 to 2017**	**2017 to 2016**
Diluted net EPS from continuing operations	**$ 6.26**	$ 5.35	$ 4.92	**17%**	9%

Diluted net earnings per share (EPS) from continuing operations increased $0.91 in fiscal year 2018 primarily driven by a lower effective tax rate due to the passage of the Tax Act in December 2017 (See Note 17 of Notes to Consolidated Financial Statements), cost savings and higher net sales, partially offset by higher manufacturing and logistics costs and unfavorable commodity costs.

Diluted EPS from continuing operations increased $0.43 in fiscal year 2017, 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).

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. While the Company may continue to incur costs relating to this exit going forward, the Company does not expect these costs to be significant.

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

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

				% Change	
	2018	**2017**	**2016**	**2018 to 2017**	**2017 to 2016**
Net sales	**$ 2,060**	$ 2,002	$ 1,912	**3%**	5%
Earnings from continuing operations before income taxes	**574**	523	511	**10**	2

Fiscal year 2018 versus fiscal year 2017: Volume, net sales and earnings from continuing operations before income taxes increased by 3%, 3% and 10%, respectively, during fiscal year 2018. Both volume and net sales growth were driven primarily by higher shipments in Home Care, mainly due to continued strength in Clorox ® disinfecting wipes across multiple channels and the launch of Scentiva ™ branded products, partially offset by lower shipments in Professional Products. The decreased shipments in Professional Products were primarily driven by the sale of the Aplicare business in August 2017, partially offset by increased shipments of cleaning products driven by e-commerce growth and innovation. The increase in earnings from continuing operations before income taxes was primarily due to net sales growth, cost savings and the prior year $21 non-cash impairment charge for the Aplicare business, partially offset by higher manufacturing and logistics costs and unfavorable commodity costs.

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.

Household

				% Change	
	2018	**2017**	**2016**	**2018 to 2017**	**2017 to 2016**
Net sales	**$ 1,959**	$ 1,961	$ 1,862	**— %**	5 %
Earnings from continuing operations before income taxes	**370**	419	428	**(12)**	(2)

Fiscal year 2018 versus fiscal year 2017: Volume increased by 2% and sales were flat, while earnings from continuing operations before income taxes decreased by 12% during fiscal year 2018. Volume growth was driven by higher shipments in Cat Litter, primarily due to innovation and increased merchandising activity, higher shipments of RenewLife ® digestive health products primarily due to growth in the e-commerce channel, and increased shipments in Glad ® products primarily due to strength in premium trash bags. These increases were partially offset by lower shipments of Charcoal products mainly due to poor weather in the back half of fiscal year 2018. Volume outpaced net sales, primarily due to unfavorable mix and a price decrease on a portion of the Glad ® trash portfolio. The decrease in earnings from continuing operations before income taxes was mainly due to higher manufacturing and logistics costs and unfavorable commodity costs, partially offset by cost savings.

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.

Lifestyle

				% Change	
	2018	**2017**	**2016**	**2018 to 2017**	**2017 to 2016**
Net sales	**$ 1,077**	$ 1,000	$ 990	**8 %**	1 %
Earnings from continuing operations before income taxes	**243**	244	251	**—**	(3)

Fiscal year 2018 versus fiscal year 2017: Volume and net sales each increased by 8% while earnings from continuing operations before income taxes was flat during fiscal year 2018. Both volume and net sales growth were primarily driven by the benefit of the April 2018 acquisition of the Nutranext dietary supplements business and higher shipments of Burt's Bees ® Natural Personal Care products, mainly due to continued strength in lip care and new product launch of face and eye cosmetics, partially offset by lower shipments of Brita ® water-filtration products. Earnings from continuing operations before income taxes was flat, as net sales growth and cost savings were offset by costs related to the Nutranext acquisition and higher manufacturing and logistics costs.

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.

International

				% Change	
	2018	**2017**	**2016**	**2018 to 2017**	**2017 to 2016**
Net sales	**$ 1,028**	$ 1,010	$ 997	**2%**	1%
Earnings from continuing operations before income taxes	**84**	81	66	**4**	23

Fiscal year 2018 versus fiscal year 2017: Volume was flat, net sales and earnings from continuing operations before income taxes increased by 2% and 4%, respectively, during fiscal year 2018. Volume reflected higher shipments in Canada, partially offset by lower shipments in Europe and in certain Latin American and Asian countries. Net sales outpaced volume primarily due to the benefit of price increases, partially offset by unfavorable foreign currency exchange rates and unfavorable mix. The increase in earnings from continuing operations before income taxes was primarily due to net sales growth, mainly driven by pricing, and cost savings, partially offset by inflationary pressure on manufacturing, logistics and administrative costs and unfavorable commodity costs.

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.

Argentina

The Company operates in Argentina through certain wholly owned subsidiaries (collectively, "Clorox Argentina"). Net sales from Clorox Argentina represented approximately 3% of the Company's consolidated net sales for the fiscal years ended June 30, 2018 , 2017 and 2016 . 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 41% and 9% for the fiscal year ended June 30, 2018 and 2017 , respectively. As of June 30, 2018 , using the exchange rate of 28.10 ARS per U.S. dollar (USD), Clorox Argentina had total assets of $54, including cash and cash equivalents of $7, net receivables of $13, inventories of $11, net property, plant and equipment of $16 and intangible assets excluding goodwill of $2. Goodwill for Argentina is aggregated and assessed for impairment at the International reporting unit level, which is also the Company’s International reportable segment. Based on the results of the annual impairment test performed in the fourth quarter of fiscal year 2018 , the fair value of the International reporting unit exceeded its carrying value by more than 65% and reflected unfavorable foreign currency exchange rates across several countries and the Company’s expectations of continued challenges from the Latin America region. Further volatility and declines in the exchange rate are expected in the future, which, along with competition and changes in the retail, labor 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.

Adoption of highly inflationary accounting

Effective July 1, 2018, under the requirements of U.S. GAAP, Argentina has been designated as a highly inflationary economy, since it has experienced cumulative inflation of approximately 100 percent or more over a three-year period. As a result, beginning July 1, 2018, the U.S. dollar will replace the Argentine peso as the functional currency of the Company’s subsidiaries in Argentina. Consequently, future gains and losses from non-U.S. dollar denominated transactions for Clorox Argentina will be recognized in Net earnings.

Corporate

	2018	2017	2016	% Change 2018 to 2017	% Change 2017 to 2016
Losses from continuing operations before income taxes	**$ (217)**	$ (234)	$ (273)	**(7)%**	(14)%

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 2018 versus fiscal year 2017: The decrease in losses from continuing operations before income taxes was primarily driven by a prior year 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) and lower employee incentive compensation costs.

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).

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. However, these cash balances are generally available without legal restriction to fund local business operations. In addition, a portion of the Company's cash balance is held in U.S. dollars by foreign subsidiaries, whose functional currency is their local currency. Such U.S. dollar balances are reported on the foreign subsidiaries' books, in their functional currency, with the impact from foreign currency exchange rate differences recorded in Other (income) expense, net.

The Company's financial condition and liquidity remained strong as of June 30, 2018. The following table summarizes cash activities from continuing operations for the years ended June 30:

	2018	**2017**	**2016**
Net cash provided by continuing operations	**$ 974**	$ 871	$ 768
Net cash used for investing activities	**(859)**	(205)	(430)
Net cash used for financing activities	**(399)**	(645)	(316)

Operating Activities

Net cash provided by continuing operations was $974 in fiscal year 2018, compared with $871 in fiscal year 2017. The year-over-year increase was primarily related to lower tax payments, mainly due to benefits from the Tax Act, and lower employee incentive compensation payments, partially offset by timing of payments to vendors.

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.

Investing Activities

Net cash used for investing activities was $859 in fiscal year 2018, as compared to $205 in fiscal year 2017. The year-over-year increase was mainly due to the April 2, 2018 acquisition of Nutranext, a health and wellness company that manufactures and markets leading dietary supplement brands in the retail and e-commerce channels as well as in its direct-to-consumer business. The total amount paid was $681 (See Notes to Consolidated Financial Statements for more information).

Net cash used for investing activities was $205 in fiscal year 2017, as compared to $430 in fiscal year 2016. The year-over-year decrease was mainly due to the May 2, 2016 acquisition of RenewLife, a leading brand in digestive health. The amount paid was $290 funded through commercial paper.

Capital expenditures were $194, $231 and $172 in fiscal years 2018, 2017 and 2016, respectively. Capital spending as a percentage of net sales was 3.2%, 3.9% and 3.0% for fiscal year 2018, 2017 and 2016, respectively. The year-over-year fluctuations were due to the timing of certain infrastructure projects.

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.

Free cash flow

	2018	2017	2016
Net cash provided by continuing operations	**$ 974**	$ 871	$ 768
Less: capital expenditures	**(194)**	(231)	(172)
Free cash flow	**$ 780**	$ 640	$ 596
Free cash flow as a percentage of net sales	**12.7%**	10.7%	10.3%

Financing Activities

Net cash used for financing activities was $399 in fiscal year 2018, as compared to $645 in fiscal year 2017. Net cash used for financing activities was lower in fiscal year 2018, mainly due to higher net borrowings in fiscal year 2018 to fund the Nutranext acquisition, partially offset by reduced notes payables balances from cash repatriated from foreign subsidiaries, increased treasury stock purchases and cash dividends.

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.

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 require the issuance of additional long- and/or short-term debt or other securities to finance acquisitions, repurchase stock, 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:

	2018		2017	
	Short-term	**Long-term**	Short-term	Long-term
Standard and Poor's	**A-2**	**A-**	A-2	A-
Moody's	**P-2**	**Baa1**	P-2	Baa1

Credit Arrangements

As of June 30, 2018 , the Company maintained a $1,100 revolving credit agreement that matures in February 2022. There were no borrowings under this credit agreement as of June 30, 2018 and 2017 , and the Company believes that borrowings under this 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, 2018 , using Consolidated EBITDA for the trailing four quarters, as contractually defined:

		2018
Earnings from continuing operations	$	823
Add back:		
Interest expense		85
Income tax expense		231
Depreciation and amortization		166
Non-cash asset impairment charges		1
Less:		
Interest income		(6)
Consolidated EBITDA	$	1,300
Interest expense	$	85
Interest Coverage ratio		**15.3**

The Company was in compliance with all restrictive covenants and limitations in the credit agreement as of June 30, 2018 , 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.

In March 2018, the Company entered into a $250 revolving credit agreement that was subsequently terminated in May 2018. No termination fees or penalties were incurred in connection with the credit agreement termination.

As of June 30, 2018 , the Company maintained $37 of foreign and other credit lines, of which $3 was outstanding and the remainder of $34 was available for borrowing.

As of June 30, 2017 , the Company maintained $29 of foreign and other credit lines, of which $5 was outstanding and the remainder of $24 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, stock repurchases and pension contributions. The average balance of U.S. commercial paper borrowings outstanding was $470 and $624 for the fiscal year ended June 30, 2018 and 2017 , respectively.

Long-term Borrowings

In May 2018, the Company issued $500 of senior notes with an annual fixed interest rate of 3.90% and used the proceeds to repay a portion of the outstanding commercial paper, including amounts raised in connection with the Nutranext acquisition. The notes carry an effective interest rate of 4.02% (see Notes to Consolidated Financial Statements). The notes rank equally with all of the Company's existing senior indebtedness.

In September 2017, the Company issued $400 of senior notes with an annual fixed interest rate of 3.10% and used the proceeds to repay $400 of senior notes with an annual fixed interest rate of 5.95% that became due in October 2017. The September 2017 senior notes carry an effective interest rate of 3.13% (See Notes to Consolidated Financial Statements). The notes rank equally with all of the Company's existing senior indebtedness.

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.

Stock Repurchases and Dividend Payments

In May 2018, the Board of Directors authorized the Company to repurchase up to $2,000 in shares of common stock on the open market, which replaced the prior open-market purchase program with an authorized aggregate purchase amount of up to $750.

As of June 30, 2018, the Company had two stock repurchase programs: an open-market purchase program with an authorized aggregate purchase amount of up to $2,000, which has no expiration date, and a program to offset the anticipated impact of dilution related to stock-based awards (the Evergreen Program), which has no authorization limit on the dollar amount and no expiration date.

Stock repurchases under the two stock repurchase programs were as follows during the fiscal years ended June 30:

	2018		2017		2016	
	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)
Open-market purchase program	**$ 95**	**749**	$ —	—	$ —	—
Evergreen Program	**177**	**1,422**	189	1,505	254	2,151

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

	2018	2017	2016
Dividends per share declared	**$ 3.60**	$ 3.24	$ 3.11
Dividends per share paid	**3.48**	3.20	3.08
Total dividends paid	**450**	412	398

On February 13, 2018, the Company declared a quarterly dividend of 96 cents per share payable on May 11, 2018 to common shareholders of record at the close of business on April 25, 2018. This represented an increase of 14 percent in the quarterly dividend, which was an accelerated declaration of the Company's dividend increase that has typically taken place in the month of May and was a result of the passage of the Tax Act.

Contractual Obligations

The Company had contractual obligations as of June 30, 2018 , payable or maturing in the following fiscal years:

	2019	2020	2021	2022	2023	Thereafter	Total
Long-term debt maturities including interest payments	$ 79	$ 79	$ 79	$ 373	$ 659	$ 1,580	$ 2,849
Notes and loans payable	199	—	—	—	—	—	199
Purchase obligations (1)	169	55	32	20	15	13	304
Operating leases	56	51	46	36	33	108	330
Payments related to nonqualified retirement income and retirement health care plans (2)	15	16	14	14	15	73	147
Venture agreement terminal obligation (3)	—	—	—	—	—	631	631
Total	$ 518	$ 201	$ 171	$ 443	$ 722	$ 2,405	$ 4,460

(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 2028. 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, 2018 , P&G had a 20% interest in the venture. Upon termination of the agreement, the Company is required to purchase P&G's 20% interest for cash at fair value as established by predetermined valuation procedures. 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 material 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 material liabilities on the aforementioned indemnifications as of June 30, 2018 and 2017 .

The Company was a party to letters of credit of $9 and $10 as of June 30, 2018 and 2017 , respectively, 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 2018 and 2017 , 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, 2018 , 2017 and 2016 , 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 2018 and 2017 , the Company had derivative contracts related to raw materials exposures for 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, 2018 , and June 30, 2017 , the estimated fair value of the Company's then-existing commodity derivative contracts would decrease or increase by $4 and $3, respectively, with the corresponding impact included in Accumulated other comprehensive net (losses) income.

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, 2018 and June 30, 2017 , the estimated fair value of the Company's then-existing foreign currency derivative contracts would decrease by $5 and $6, respectively, with the corresponding impact included in Accumulated other comprehensive net (losses) income. Based on a hypothetical increase of 10% in the value of the U.S. dollar as of June 30, 2018 and June 30, 2017 , the estimated fair value of the Company's then-existing foreign currency derivative contracts would increase by $4 and $5, respectively, with the corresponding impact included in Accumulated other comprehensive net (losses) income.

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 were 1.86% during fiscal year 2018 and less than 1% during fiscal year 2017 . Assuming average variable rate debt levels during fiscal years 2018 and 2017 , a 100 basis point increase in interest rates would increase interest expense from commercial paper by approximately $5 and $6, respectively. Assuming average variable rate debt levels during fiscal years 2018 and 2017 , a 100 basis point decrease in interest rates in fiscal year 2018 , or to zero percent in fiscal year 2017 , would decrease interest expense from commercial paper by $5 and $6, 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 had no outstanding interest rate forward contract positions as of June 30, 2018 and 2017 .

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 and the valuation of the venture agreement terminal obligations, valuation of assets acquired and liabilities assumed in connection with a business combination, the 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; the valuation of goodwill and intangible assets; income taxes; and the venture agreement terminal obligation. 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, 2018 were to differ by 10%, the impact on net sales would be approximately $8.

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

For fiscal year 2018, the Company's reporting units for goodwill impairment testing purposes were its individual U.S. SBUs and the International division. These reporting units, which are also the Company's operating segments, are the level at which discrete financial information is available and reviewed by the managers of the respective operating segments. The respective operating segment managers do not review financial information for components that are below the operating segment level. No instances of impairment were identified during the fiscal year 2018 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 the maturity and stability of the reporting unit, the magnitude of the 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 had 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) method under the income 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 method 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 method include, but are not limited to, future volumes, net sales and expense growth rates, commodity prices, 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.

No significant impairments were identified as a result of the Company's impairment review performed annually during the fourth quarter or during any other quarters of fiscal year 2018.

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.

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 and tax credits in certain foreign countries. As of June 30, 2018 and June 30, 2017 , valuation allowances related to realization of deferred tax assets were approximately $43 and $40, respectively.

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, 2018 and June 30, 2017 , the liabilities recorded for uncertain tax positions, excluding associated interest and penalties, were approximately $47 and $40, respectively. 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).

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 require an adjustment to the income tax provision in the quarter in which the determination is made. Through the second quarter of fiscal year 2018, the Company had determined that the undistributed earnings of a number of its foreign subsidiaries were indefinitely reinvested. In the third quarter of fiscal year 2018, the Company concluded an analysis wherein it determined that none of the undistributed earnings of its foreign subsidiaries were indefinitely reinvested because the Tax Act enacted in December 2017 significantly reduced the cost of U.S. repatriation. As a result, the Company is providing foreign withholding taxes on the undistributed earnings of all foreign subsidiaries where applicable, which has no significant impact on the Company's consolidated results.

Venture Agreement Terminal Obligation

The Company has a venture agreement with P&G for the Company's Glad ® bags, wraps and containers business. In connection with this agreement, P&G provides R&D support to the Glad ® business. As of June 30, 2018 and June 30, 2017 , P&G had a 20% interest in the venture. In December 2017, the Company and P&G extended the term of the agreement and the related R&D support provided by P&G. The term will now expire in January 2026, unless the parties agree, on or prior to January 31, 2025, to further extend the term of the agreement for another seven years or agree to take some other relevant action. Upon termination of the agreement, the Company is required to purchase P&G's 20% interest for cash at fair value as established by predetermined valuation procedures. The Company's obligation to purchase P&G's interest is reflected in Other Liabilities (See Notes to Consolidated Financial Statements). 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 Company uses the income approach to estimate the fair value of P&G's interest. Under this approach, the Company estimates the future cash flows and discounts these cash flows at a rate of return that reflects its risk. The cash flows used 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 assumptions and estimates used include, but are not limited to, future volumes, net sales and expense growth rates, commodity prices, changes in working capital, capital expenditures, foreign exchange rates, tax rates, discount rates, inflation and perpetuity growth rates. Changes in the judgments, assumptions and estimates used could result in significantly different estimates of fair value. For perspective, if the discount rate as of June 30, 2018 were to increase or decrease by 100 basis points, the estimated fair value of P&G's interest would decrease by approximately $60 or increase by approximately $80, respectively. Additionally, if the tax rate as of June 30, 2018 were to increase or decrease by 100 basis points, the estimated fair value of P&G's interest would change by approximately $8. Such changes would affect the amount of future charges to Cost of products sold.

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 stock 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, including as a result of the Nutranext acquisition, diluted earnings per share, foreign currency exchange rates, tax rates, cash flows, plans, objectives, expectations, growth or profitability are forward-looking statements based on management's estimates, beliefs, 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, economic 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;
- the impact of the changing retail environment, including the growth of e-commerce retailers, hard discounters and other alternative retail channels;
- 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;
- 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;
- the Company's ability to maintain its business reputation and the reputation of its brands;
- 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; and the ability to complete announced transactions and, if completed, integration costs and potential contingent liabilities related to those transactions, including those related to the Nutranext acquisition;
- lower revenue or increased costs resulting from government actions and regulations;
- the ability of the Company to successfully manage global political, legal, tax and regulatory risks, including changes in regulatory or administrative activity and as a result of the Nutranext acquisition;
- 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 fluctuations, including devaluations, and foreign currency exchange rate controls, including periodic changes in such controls; changes in U.S. immigration or trade policies, including tariffs, 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 impact of product liability claims, labor claims and other legal or tax proceedings, including in foreign jurisdictions;
- the ability of the Company to implement and generate cost savings and efficiencies;
- the success of the Company's business strategies;
- risks related to additional increases in the estimated fair value of P&G's interest in the Glad ® business such as the significant increase over fiscal year 2018 primarily due to the recent Tax Act and the recent extension of the venture agreement with, and the related R&D support provided by, P&G;
- the Company's ability to attract and retain key personnel;
- supply disruptions and other risks inherent in reliance on a limited base of suppliers;
- 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;
- risks related to the effects of the Tax Act on the Company as the Company continues to assess and analyze such effects as well as its current interpretation, assumptions and expectations relating to the Tax Act, and the possibility that the financial impact of the Tax Act on the Company may be materially different from the Company's current estimates based on the Company's actual results for future periods, the Company's further assessment and analysis of the Tax Act, any additional Congressional, administrative or other actions, or other guidance related to the Tax Act and any actions that the Company may take as a result of the Tax Act;
- uncertainties relating to tax positions, tax disputes and changes in the Company’s tax rate;
- 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;
- the impacts of potential stockholder activism;
- the accuracy of the Company’s estimates and assumptions on which its financial projections are based; and
- risks related to the Company’s discontinuation of operations in Venezuela.

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.

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 as of June 30, 2018 , and concluded that it is effective.

Management has excluded Nutranext from its assessment of internal control over financial reporting as of June 30, 2018 because Nutranext was acquired by the Company on April 2, 2018. The acquired business' internal control over financial reporting and related processes have not been integrated into the Company's existing systems and internal control over financial reporting, and have been excluded from management's assessment of the effectiveness of internal control over financial reporting as of June 30, 2018 . Nutranext, which is included in the June 30, 2018 consolidated financial statements, constituted $634 and $568 of total and net assets, respectively, as of June 30, 2018 and $53 and $(11) of net sales and earnings from continuing operations before income taxes, respectively, for the year then ended.

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, 2018 , as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of The Clorox Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Clorox Company (the Company) as of June 30, 2018 and 2017 , 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, 2018 , and the related notes and the financial statement schedule in Exhibit 99.2 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2018 and 2017 , and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2018 , in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2018 , 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 14, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2003.

San Francisco, CA
August 14, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of The Clorox Company

Opinion on Internal Control over Financial Reporting

We have audited The Clorox Company's internal control over financial reporting as of June 30, 2018 , 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). In our opinion, The Clorox Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2018 , based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Nutranext, which is included in the June 30, 2018 consolidated financial statements of the Company and constituted $634 and $568 of total and net assets, respectively, as of June 30, 2018 and $53 and $(11) of net sales and earnings from continuing operations before income taxes, respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Nutranext.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of The Clorox Company as of June 30, 2018 and 2017 , 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, 2018 , and the related notes and the financial statement schedule in Exhibit 99.2 (collectively referred to as the "consolidated financial statements") and our report dated August 14, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

San Francisco, CA
August 14, 2018

CONSOLIDATED STATEMENTS OF EARNINGS
The Clorox Company

Years ended June 30

Dollars in millions, except share and per share data	**2018**	**2017**	**2016**
Net sales	$ 6,124	$ 5,973	$ 5,761
Cost of products sold	3,449	3,302	3,163
Gross profit	2,675	2,671	2,598
Selling and administrative expenses	837	810	806
Advertising costs	570	599	587
Research and development costs	132	135	141
Interest expense	85	88	88
Other (income) expense, net	(3)	6	(7)
Earnings from continuing operations before income taxes	1,054	1,033	983
Income taxes on continuing operations	231	330	335
Earnings from continuing operations	823	703	648
Losses from discontinued operations, net of tax	—	(2)	—
Net earnings	$ 823	$ 701	$ 648
Net earnings (losses) per share			
Basic			
Continuing operations	$ 6.37	$ 5.45	$ 5.01
Discontinued operations	—	(0.02)	—
Basic net earnings per share	$ 6.37	$ 5.43	$ 5.01
Diluted			
Continuing operations	$ 6.26	$ 5.35	$ 4.92
Discontinued operations	—	(0.02)	—
Diluted net earnings per share	$ 6.26	$ 5.33	$ 4.92
Weighted average shares outstanding (in thousands)			
Basic	129,293	128,953	129,472
Diluted	131,581	131,566	131,717

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
The Clorox Company

Years ended June 30 **Dollars in millions**	**2018**	**2017**	**2016**
Earnings from continuing operations	$ 823	$ 703	$ 648
Losses from discontinued operations, net of tax	—	(2)	—
Net earnings	823	701	648
Other comprehensive income (losses):			
Foreign currency adjustments, net of tax	(28)	(3)	(53)
Net unrealized gains (losses) on derivatives, net of tax	12	7	9
Pension and postretirement benefit adjustments, net of tax	12	23	(24)
Total other comprehensive income (losses), net of tax	(4)	27	(68)
Comprehensive income	$ 819	$ 728	$ 580

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	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 131	$ 418
Receivables, net	600	565
Inventories, net	506	459
Prepaid expenses and other current assets	74	72
Total current assets	1,311	1,514
Property, plant and equipment, net	996	931
Goodwill	1,602	1,196
Trademarks, net	795	654
Other intangible assets, net	134	68
Other assets	222	210
Total assets	$ 5,060	$ 4,573
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes and loans payable	$ 199	$ 404
Current maturities of long-term debt	—	400
Accounts payable and accrued liabilities	1,001	1,005
Total current liabilities	1,200	1,809
Long-term debt	2,284	1,391
Other liabilities	778	770
Deferred income taxes	72	61
Total liabilities	4,334	4,031
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, 2018 and 2017; and 127,982,767 and 129,014,172 shares outstanding as of June 30, 2018 and 2017, respectively	159	159
Additional paid-in capital	975	928
Retained earnings	2,797	2,440
Treasury shares, at cost: 30,758,694 and 29,727,289 shares as of June 30, 2018 and 2017, respectively	(2,658)	(2,442)
Accumulated other comprehensive net (losses) income	(547)	(543)
Stockholders' equity	726	542
Total liabilities and stockholders' equity	$ 5,060	$ 4,573

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Clorox Company

Dollars in millions	Common Stock Shares (in thousands)	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares Shares (in thousands)	Treasury Shares Amount	Accumulated Other Comprehensive Net (Losses) Income	Total
Balance as of June 30, 2015	158,741	$ 159	$ 775	$ 1,923	(30,127)	$ (2,237)	$ (502)	$ 118
Net earnings				648				648
Other comprehensive income (loss)							(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
Net earnings				823				823
Other comprehensive income (loss)							(4)	(4)
Accrued dividends				(467)				(467)
Stock-based compensation			53					53
Other employee stock plan activities			(6)	1	1,139	56		51
Treasury stock purchased					(2,171)	(272)		(272)
Balance as of June 30, 2018	158,741	$ 159	$ 975	$ 2,797	(30,759)	$ (2,658)	$ (547)	$ 726

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
The Clorox Company

Years ended June 30 Dollars in millions	2018	2017	2016
Operating activities:			
Net earnings	$ 823	$ 701	$ 648
Deduct: Losses from discontinued operations, net of tax	—	(2)	—
Earnings from continuing operations	823	703	648
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	166	163	165
Stock-based compensation	53	51	45
Deferred income taxes	(23)	(35)	5
Other	43	36	1
Changes in:			
Receivables, net	(24)	(1)	(52)
Inventories, net	(21)	(19)	(45)
Prepaid expenses and other current assets	3	(5)	6
Accounts payable and accrued liabilities	(47)	(34)	57
Income taxes payable	1	12	(62)
Net cash provided by continuing operations	974	871	768
Net cash (used for) provided by discontinued operations	—	(3)	10
Net cash provided by operations	974	868	778
Investing activities:			
Capital expenditures	(194)	(231)	(172)
Businesses acquired, net of cash acquired	(681)	—	(290)
Other	16	26	32
Net cash used for investing activities	(859)	(205)	(430)
Financing activities:			
Notes and loans payable, net	(214)	(125)	426
Long-term debt borrowings, net of issuance costs	891	—	—
Long-term debt repayments	(400)	—	(300)
Treasury stock purchased	(271)	(183)	(254)
Cash dividends paid	(450)	(412)	(398)
Issuance of common stock for employee stock plans and other	45	75	210
Net cash used for financing activities	(399)	(645)	(316)
Effect of exchange rate changes on cash and cash equivalents	(3)	(1)	(13)
Net increase (decrease) in cash and cash equivalents	(287)	17	19
Cash and cash equivalents:			
Beginning of year	418	401	382
End of year	$ 131	$ 418	$ 401
Supplemental cash flow information:			
Interest paid	$ 75	$ 78	$ 79
Income taxes paid, net of refunds	245	347	323
Non-cash financing activities:			
Cash dividends declared and accrued, but not paid	123	108	104

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
The Clorox Company
(Dollars in millions, except share and per share data)

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 retailers, grocery outlets, warehouse clubs, dollar stores, home hardware centers, e-commerce channels, military stores and 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.

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 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 and the valuation of the venture agreement terminal obligation, valuation of assets acquired and liabilities assumed in connection with a business combination, 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 withholding tax costs 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, and the impact on such balances from foreign currency exchange rate differences is recorded in Other (income) expense, net.

As of June 30, 2018 and 2017 , the Company had $3 and $2 of restricted cash, respectively, which was primarily related to a cash margin deposit held for exchange-traded futures contracts. The restricted cash was included in Prepaid expenses and other current assets and Other assets as of June 30, 2018 and 2017 .

Inventories

The Company values its inventories using both the First-In, First-Out ("FIFO") and the Last-In, First-Out ("LIFO") methods. The FIFO inventory is stated at the lower of cost or net realizable value, which includes any costs to sell or dispose. In addition, appropriate consideration is given to obsolescence, excessive inventory levels, product deterioration and other factors in evaluating net realizable value. The LIFO inventory is stated at 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 primarily 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 the maturity and stability of the reporting unit, the magnitude of the 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) method under the income 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, which requires significant judgments, 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 method 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 method include, but are not limited to, future volumes, net sales and expense growth rates, commodity prices, 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 shares.

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 shares 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 shares 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 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.

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 and aging. Receivables were presented net of an allowance for doubtful accounts of $7 and $3 as of June 30, 2018 and 2017 , respectively. Receivables, net, included non-customer receivables of $10 and $3 as of June 30, 2018 and 2017 , 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, including design, artwork, films and labeling, are expensed as incurred and included within Cost of products sold.

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 and other operating costs associated with the Company's non-manufacturing, non-research and development staff, facilities and equipment, and all software and licensing fees.

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.

Per U.S. GAAP, foreign withholding taxes are provided on unremitted foreign earnings that are not indefinitely reinvested at the time the earnings are generated. The Company regularly reviews and assesses whether there are any changes to its indefinite reinvestment assertion. Through the second quarter of fiscal year 2018, the Company had determined that the undistributed earnings of a number of its foreign subsidiaries were indefinitely reinvested. In December 2017, The Tax Cuts and Jobs Act (the Tax Act) was passed into law, which significantly reduced the cost of U.S. repatriation. In the third quarter of fiscal year 2018, the Company concluded an analysis wherein it determined that none of the undistributed earnings of its foreign subsidiaries were indefinitely reinvested. As a result, the Company is providing foreign withholding taxes on the undistributed earnings of all foreign subsidiaries where applicable.

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). The income tax effect of currency translation adjustments is recorded as a component of deferred taxes with an offset to Other comprehensive income (loss) where appropriate.

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, 2018 , 2017 and 2016 , 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 February 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-02, “Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which amends its guidance to allow a reclassification from Accumulated Other Comprehensive Income to Retained Earnings for the stranded income tax effects resulting from The Tax Act. The amendments are 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 potentially have on its consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities," which amends the hedge accounting recognition and presentation requirements to better align an entity's risk management activities with its financial reporting. This standard also simplifies the application of hedge accounting in certain situations. 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 March 2017, the FASB issued 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. This new guidance will be adopted in the first quarter of fiscal year 2019 and will not have a material impact on the Company's consolidated financial statements.

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 has initiated its plan for the adoption and implementation of this new accounting standard, including assessing its lease arrangements and implementing software to meet the reporting and disclosure requirements of this standard. Additionally, the Company is in the process of identifying changes to its business processes and controls to support the adoption and is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements. Refer to Note 12 for the future minimum annual lease payments required under the Company's existing non-cancelable operating and capital lease agreements as of June 30, 2018.

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 Company's revenue is primarily generated from the sale of finished products to customers. Those sales predominantly contain a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer. This guidance will be adopted in the first quarter of fiscal year 2019 on a modified retrospective basis and will not have a material impact in future periods on its annual consolidated financial statements. However, there will be an impact on the Company's financial results in interim periods due to the timing of recognition for certain trade promotion spending. The Company is implementing 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 2018, the FASB issued ASU No. 2018-05, "Income Taxes (Topic 740)-Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118," which amends its guidance to address the initial accounting for the income tax effects of the Tax Act, which was enacted on December 22, 2017 (enactment date). This new guidance allows reasonable estimates of income tax effects to be reported as provisional amounts during the measurement period, which is one year from the enactment date, when the necessary information is not available, prepared, or analyzed in sufficient detail to complete the accounting. The amendments also added specific disclosure requirements. The Company has adopted this new guidance. The Company recorded $81 of provisional benefits in the second quarter of fiscal year 2018. Refer to Note 17 for more information.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 had historically been part of the International reportable segment.

There were no net sales for each of the fiscal years ended June 30, 2018 , 2017 and 2016 , and losses from discontinued operations, net of tax were insignificant for these same periods.

NOTE 3. BUSINESSES ACQUIRED

Nutranext Acquisition

On April 2, 2018, the Company acquired 100 percent of Nutranext, a health and wellness company based in Sunrise, Florida. Nutranext manufactures and markets leading dietary supplement brands in the retail and e-commerce channels as well as in its direct-to-consumer business. The purchase of the business reflects the Company's strategy to acquire leading brands in fast-growing categories with attractive gross margins and a focus on health and wellness.

The total consideration paid of $681 , which included post-closing working capital and other adjustments, was initially funded through commercial paper borrowings and subsequently repaid using a combination of long-term debt financing and cash repatriated from foreign subsidiaries. The assets and liabilities of Nutranext were recorded at their respective estimated fair value as of the acquisition date using generally accepted accounting principles for business combinations. The excess of the purchase price over the fair value of the net identifiable assets acquired has been allocated to goodwill in the Lifestyle and Household reportable segments of $309 and $102 , respectively. The goodwill of $411 is primarily attributable to the synergies, including those with the digestive health business, expected to arise after the acquisition and reflects the value of further expanding the Company’s portfolio into the health and wellness arena. Of the total goodwill, $363 is expected to be deductible for tax purposes.

The following table summarizes the estimated fair value of Nutranext's assets acquired and liabilities assumed and the related deferred income taxes as of the acquisition date. Due to the timing of the acquisition, the fair value of the assets acquired and liabilities assumed are based on a preliminary valuation and the Company’s estimates and assumptions are subject to change within the measurement period. The primary areas of the purchase price that are not yet finalized are related to goodwill and income taxes. The weighted-average estimated useful life of intangible assets subject to amortization is 15 years.

		Nutranext
Goodwill ($309 in Lifestyle reportable segment and $102 in Household reportable segment)	$	411
Trademarks		143
Customer relationships		75
Property, plant and equipment		49
Working capital, net		23
Deferred income taxes		(20)
Consideration paid	$	681

Effective April 2, 2018, Nutranext was consolidated into the Company's results of operations. Results for Nutranext's global business are reflected in the Lifestyle reportable segment. Included in the Company's results for fiscal year 2018 was $53 of Nutranext's global net sales.

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

RenewLife Acquisition

On May 2, 2016 , the Company acquired 100 percent of ReNew Life Holdings Corporation (RenewLife), a leading brand in digestive health. The amount paid of $290 was funded through commercial paper borrowings. The purchase of the RenewLife business reflects the Company’s strategy to acquire leading brands with attractive margins in growth categories and a focus on health and wellness. 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.

The purchase price allocation was finalized during the third quarter of fiscal year 2017. 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.

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

NOTE 4. INVENTORIES

Inventories consisted of the following as of June 30:

	2018	2017
Finished goods	$ 395	$ 363
Raw materials and packaging	129	119
Work in process	9	3
LIFO allowances	(27)	(26)
Total	$ 506	$ 459

The last-in, first-out (LIFO) method was used to value approximately 38% and 37% of inventories as of June 30, 2018 and 2017 , 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, 2018 , 2017 and 2016 .

NOTE 5. PROPERTY, PLANT AND EQUIPMENT, NET

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

	2018	2017
Machinery and equipment	$ 1,808	$ 1,696
Buildings	574	524
Capitalized software costs	375	371
Land and improvements	131	116
Construction in progress	77	130
Computer equipment	92	95
Total	3,057	2,932
Less: Accumulated depreciation and amortization	(2,061)	(2,001)
Property, plant and equipment, net	$ 996	$ 931

Included in Machinery and equipment above was $13 of capital leases as of June 30, 2018 and 2017 . Accumulated depreciation for assets under capital leases was $10 and $8 as of June 30, 2018 and 2017 , respectively.

Included in Land and improvements above was $2 and $3 of asset retirement obligations as of June 30, 2018 and 2017 , respectively, for leased properties. There were no asset retirement obligations recorded in fiscal year 2018 and 2017 .

Depreciation and amortization expense related to property, plant and equipment, net, was $156 , $153 and $157 in fiscal years 2018 , 2017 and 2016 , respectively, which includes depreciation of assets under capital leases. This also includes amortization of capitalized software of $11 , $15 and $16 in fiscal years 2018 , 2017 and 2016 , respectively.

During the second quarter of fiscal year 2017, the Company recognized a $21 non-cash charge, within the Cleaning reportable segment, related to impairing certain assets of the subsequently divested Aplicare business. 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.

Non-cash capital expenditures were $2 , $2 and $10 in fiscal years 2018 , 2017 and 2016 , 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, 2018 and 2017 were as follows:

	Goodwill				
	Cleaning	Household	Lifestyle	International	Total
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
Acquisition	—	102	309	—	411
Effect of foreign currency translation	—	—	—	(5)	(5)
Balance June 30, 2018	$ 323	$ 309	$ 553	$ 417	$ 1,602

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, 2018			As of June 30, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Trademarks not subject to amortization	$ 778	$ —	$ 778	$ 645	$ —	$ 645
Trademarks subject to amortization	41	24	17	32	23	9
Other intangible assets	430	296	134	358	290	68
Total	$ 1,249	$ 320	$ 929	$ 1,035	$ 313	$ 722

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 , $10 and $8 for the years ended June 30, 2018 , 2017 and 2016 , respectively. Estimated amortization expense for these intangible assets is $14 , $13 , $12 , $11 and $12 for fiscal years 2019 , 2020 , 2021 , 2022 and 2023 , respectively.

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2018	2017
Accounts payable	$ 507	$ 501
Compensation and employee benefit costs	154	162
Trade and sales promotion	91	117
Dividends	129	116
Other	120	109
Total	$ 1,001	$ 1,005

NOTE 8. DEBT

Short-term borrowings

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

	2018	2017
Commercial paper	$ 199	$ 403
Foreign borrowings	—	1
Total	$ 199	$ 404

The weighted average interest rates incurred on average outstanding notes and loans payable during the fiscal years ended June 30, 2018 , 2017 and 2016 , including fees associated with the Company's undrawn revolving credit facility, were 2.10% , 1.21% and 1.10% , respectively. The weighted average effective interest rates on commercial paper balances as of June 30, 2018 and 2017 were 2.31% and 1.33% , respectively.

Long-term borrowings

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

	2018	2017
Senior unsecured notes and debentures:		
5.95%, $400 due October 2017	$ —	$ 400
3.80%, $300 due November 2021	298	298
3.05%, $600 due September 2022	597	596
3.50%, $500 due December 2024	497	497
3.10%, $400 due October 2027	397	—
3.90%, $500 due May 2028	495	—
Total	2,284	1,791
Less: Current maturities of long-term debt	—	(400)
Long-term debt	$ 2,284	$ 1,391

The weighted average interest rates incurred on average outstanding long-term debt during the fiscal years ended June 30, 2018 , 2017 and 2016 , were 3.94% , 4.41% and 4.37% , respectively. The weighted average effective interest rates on long-term debt balances as of June 30, 2018 and 2017 were 3.81% and 4.41% .

Long-term debt maturities as of June 30, 2018 , are $0 , $0 , $0 , $300 , $600 , and $1,400 in fiscal years 2019 , 2020 , 2021 , 2022 , 2023 , and thereafter, respectively.

In May 2018, the Company issued $500 of senior notes with an annual fixed interest rate of 3.90% and a maturity date of May 15, 2028 and used the proceeds to repay a portion of the outstanding commercial paper, including amounts raised in connection with the Nutranext acquisition. Interest on the notes is payable semi-annually in May and November. The notes carry an effective interest rate of 4.02% , which includes the impact of amortizing debt issuance costs and the loss on the related interest rate forward contracts over the life of the notes (See Note 10). The notes rank equally with all of the Company's existing senior indebtedness.

In September 2017, the Company issued $400 of senior notes with an annual fixed interest rate of 3.10% and a maturity date of October 1, 2027, and used the proceeds to repay $400 of senior notes with an annual fixed interest rate of 5.95% that became due in October 2017. Interest on the September 2017 senior notes is payable semi-annually in April and October. The notes carry an effective interest rate of 3.13% , which includes the impact of amortizing debt issuance costs and the gain on the related interest rate forward contracts over the life of the notes (See Note 10). The notes rank equally with all of the Company's existing senior indebtedness.

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.

NOTE 8. DEBT (Continued)

Credit arrangements

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

	2018	2017
Revolving credit facility	$ 1,100	$ 1,100
Foreign and other credit lines	37	29
Total	$ 1,137	$ 1,129

In March 2018, the Company entered into a $250 revolving credit agreement that was subsequently terminated in May 2018. No termination fees or penalties were incurred in connection with this credit agreement termination.

In February 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, 2018 and 2017 , 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, 2018 .

Of the $37 of foreign and other credit lines as of June 30, 2018 , $3 was outstanding and the remainder of $34 was available for borrowing. 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.

NOTE 9. OTHER LIABILITIES

Other liabilities consisted of the following as of June 30:

	2018	2017
Venture agreement terminal obligation, net	$ 341	$ 317
Employee benefit obligations	283	298
Taxes	52	42
Other	102	113
Total	$ 778	$ 770

Venture Agreement

The Company has an agreement with The Procter & Gamble Company (P&G) for the Company's Glad ® bags, wraps and containers business. In connection with this agreement, P&G provides research and development (R&D) support to the Glad® business. As of June 30, 2018 and 2017 , 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. In December 2017, the Company and P&G extended the term of the agreement and the related R&D support provided by P&G. The term will now expire in January 2026, unless the parties agree, on or prior to January 31, 2025, to further extend the term of the agreement for another seven 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 20% interest for cash at fair value as established by predetermined valuation procedures. As of June 30, 2018 , the estimated fair value of P&G's interest was $631 , of which $ 341 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.

NOTE 9. OTHER LIABILITIES (Continued)

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, 2018 and 2017 , the long-term portion of the deferred gain of $29 and $33 , 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, 2018 , the notional amount of commodity derivatives was $34 , of which $10 related to jet fuel swaps used for the charcoal business and $24 related to soybean oil futures used for the food business. As of June 30, 2017 , the notional amount of commodity derivatives was $26 , of which $14 related to jet fuel swaps and $12 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 $50 and $49 , respectively, as of June 30, 2018 and 2017 .

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. These interest rate forward contracts generally have durations of less than 12 months. The interest rate contracts are measured at fair value using information quoted by U.S. government bond dealers.

During fiscal year 2018, the Company entered into, and subsequently terminated, interest rate forward contracts related to the September 2017 issuance of $400 in senior notes and the May 2018 issuance of $500 in senior notes (See Note 8). These contracts resulted in insignificant gains and losses to Accumulated other comprehensive net (losses) income on the consolidated balance sheets, which are being amortized into Interest expense on the consolidated statement of earnings over the 10 -year term of each of the notes.

The Company had no outstanding interest rate forward contracts as of June 30, 2018 and 2017 .

Commodity, Foreign Exchange and Interest Rate Derivatives

The Company designates its commodity forward and future contracts for forecasted purchases of raw materials, foreign currency forward contracts for forecasted purchases of inventory, and interest rate forward contracts for forecasted interest payments as cash flow hedges.

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

	Gains (losses) recognized in Other comprehensive income		
	2018	**2017**	**2016**
Commodity purchase derivative contracts	$ 4	$ (3)	$ (4)
Foreign exchange derivative contracts	2	(1)	(3)
Interest rate derivative contracts	2	—	—
Total	$ 8	$ (4)	$ (7)

	Gains (losses) reclassified from Accumulated other comprehensive net (losses) income and recognized in Net earnings		
	2018	**2017**	**2016**
Commodity purchase derivative contracts	$ 1	$ (2)	$ (13)
Foreign exchange derivative contracts	(1)	(3)	1
Interest rate derivative contracts	(6)	(6)	(6)
Total	$ (6)	$ (11)	$ (18)

The gains (losses) reclassified from Accumulated other comprehensive net losses and recognized in Net earnings during the fiscal years ended June 30, 2018 , 2017 and 2016 , 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 net (losses) income as of June 30, 2018 , which is expected to be reclassified into Net earnings within the next twelve months, is $(3) . 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, 2018 , 2017 and 2016 , 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 in liability positions held as of June 30, 2018 and 2017 , $0 and $1 , respectively, contained such terms. As of both June 30, 2018 and 2017 , 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, 2018 and 2017 , 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, 2018 and 2017 , the Company maintained cash margin balances related to exchange-traded futures contracts of $2 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, 2018 , the value of the trust assets related to the Company’s nonqualified deferred compensation plans increased by $ 14 as compared to June 30, 2017 , 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.
Level 3: Unobservable inputs reflecting the reporting entity’s own assumptions.

As of June 30, 2018 and 2017 , 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.

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

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:

			2018		2017	
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	$ 24	$ 24	$ 221	$ 221
Time deposits	Cash and cash equivalents (a)	2	23	23	115	115
Commodity purchase swaps contracts	Prepaid expenses and other current assets	2	3	3	1	1
Foreign exchange forward contracts	Prepaid expenses and other current assets	2	2	2	—	—
Trust assets for nonqualified deferred compensation plans	Other assets	1	86	86	72	72
			$ 138	$ 138	$ 409	$ 409
Liabilities						
Notes and loans payable	Notes and loans payable (b)	2	$ 199	$ 199	$ 404	$ 404
Commodity purchase futures contracts	Accounts payable and accrued liabilities	1	1	1	—	—
Commodity purchase swaps contracts	Accounts payable and accrued liabilities	2	—	—	1	1
Foreign exchange forward contracts	Accounts payable and accrued liabilities	2	—	—	1	1
Current maturities of long-term debt and Long-term debt	Current maturities of long-term debt and Long-term debt (c)	2	2,284	2,269	1,791	1,855
			$ 2,484	$ 2,469	$ 2,197	$ 2,261

(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 as of June 30, 2018 and 2017 , for its share of aggregate future remediation costs related to these matters.

One matter, which accounted for $14 of the recorded liability as of June 30, 2018 and 2017 , 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 of the recorded liability as of June 30, 2018 and 2017 . 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 material liabilities on the aforementioned guarantees as of June 30, 2018 and 2017 .

The Company was a party to letters of credit of $ 9 and $10 as of June 30, 2018 and 2017 , respectively, primarily related to one of its insurance carriers, of which $0 had been drawn upon.

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 $86 , $84 and $77 in fiscal years 2018 , 2017 and 2016 , respectively.

The future minimum annual lease payments required under the Company's existing non-cancelable operating and capital lease agreements as of June 30, 2018 , were as follows:

Year	Operating leases	Capital leases
2019	$ 56	$ 1
2020	51	—
2021	46	—
2022	36	—
2023	33	—
Thereafter	108	—
Total	$ 330	$ 1

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, 2018 , the Company's purchase obligations were as follows:

Year	Purchase Obligations
2019	$ 169
2020	55
2021	32
2022	20
2023	15
Thereafter	13
Total	$ 304

NOTE 13. STOCKHOLDERS' EQUITY

In May 2018, the Board of Directors authorized the Company to repurchase up to $2,000 in shares of common stock on the open market, which replaced the prior open-market purchase program with an authorized aggregate purchase amount of up to $750 .

As of June 30, 2018 , the Company had two stock repurchase programs: an open-market purchase program with an authorized aggregate purchase amount of up to $2,000 , which has no expiration date, and a program to offset the anticipated impact of dilution related to stock-based awards (the Evergreen Program), which has no authorization limit on the dollar amount and no expiration date.

Stock repurchases under the two stock repurchase programs were as follows during the fiscal years ended June 30:

	2018		2017		2016	
	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)
Open-market purchase program	$ 95	749	$ —	—	$ —	—
Evergreen Program	177	1,422	189	1,505	254	2,151

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

	2018	2017	2016
Dividends per share declared	$ 3.60	$ 3.24	$ 3.11
Dividends per share paid	3.48	3.20	3.08

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, 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)
Other comprehensive income (loss) before reclassifications	(20)	8	11	(1)
Amounts reclassified from Accumulated other comprehensive net losses	—	6	8	14
Income tax benefit (expense)	(8)	(2)	(7)	(17)
Net current period other comprehensive income (loss)	(28)	12	12	(4)
Balance June 30, 2018	$ (384)	$ (25)	$ (138)	$ (547)

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, 2018 , 2017 and 2016 , Other comprehensive losses on these loans totaled $9 , $2 and $14 , 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:

	2018	2017	2016
Basic	129,293	128,953	129,472
Dilutive effect of stock options and other	2,288	2,613	2,245
Diluted	131,581	131,566	131,717
Antidilutive stock options and other	1,192	11	42

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 shares, 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, 2018 , the Company is authorized to grant up to approximately 7 million common shares under the Plan, and, as of June 30, 2018 , approximately 7 million common shares remained 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:

	2018	2017	2016
Cost of products sold	$ 7	$ 7	$ 6
Selling and administrative expenses	42	40	35
Research and development costs	4	4	4
Total compensation costs	$ 53	$ 51	$ 45
Related income tax benefit	$ 16	$ 19	$ 17

Cash received during fiscal years 2018 , 2017 and 2016 from stock options exercised under all stock-based payment arrangements was $70 , $81 and $180 , respectively. The Company issues shares for stock-based compensation plans from treasury stock. The Company may repurchase stock under its Evergreen Program to offset the estimated impact of dilution related to stock-based awards (See Note 13).

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

Stock Options

The fair value of each stock option award granted during fiscal years 2018 , 2017 and 2016 was estimated on the date of grant using the Black-Scholes valuation model and assumptions noted in the following table:

	2018	2017	2016
Expected life	5.5 years	5.5 years	5.6 years
Weighted-average expected life	5.5 years	5.5 years	5.6 years
Expected volatility	15.7% to 18.7%	16.2% to 16.9%	16.4% to 17.3%
Weighted-average volatility	15.7%	16.9%	17.2%
Risk-free interest rate	1.3% to 2.6%	1.3% to 2.2%	1.3% to 1.7%
Weighted-average risk-free interest rate	1.8%	1.3%	1.7%
Dividend yield	2.4% to 3.0%	2.4% to 2.8%	2.5% to 2.8%
Weighted-average dividend yield	2.5%	2.6%	2.8%

NOTE 15. STOCK-BASED COMPENSATION PLANS (Continued)

The expected life of the stock options is based on 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, 2017	6,907	$ 93	6 years	$ 277
Granted	1,181	136		
Exercised	(901)	80		
Canceled	(107)	123		
Options outstanding as of June 30, 2018	7,080	$ 101	6 years	$ 240
Options vested as of June 30, 2018	4,366	$ 88	5 years	$ 205

The weighted-average fair value per share of each option granted during fiscal years 2018 , 2017 and 2016 , estimated at the grant date using the Black-Scholes option pricing model, was $15.33 , $13.75 and $13.21 , respectively. The total intrinsic value of options exercised in fiscal years 2018 , 2017 and 2016 was $51 , $65 and $142 , respectively.

Stock option awards outstanding as of June 30, 2018 , 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, 2018 , there was $15 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, 2018 , there was $14 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 2 years. The total fair value of the shares that vested in each of the fiscal years 2018 , 2017 and 2016 was $1 for all fiscal years. The weighted-average grant-date fair value of awards granted was $135.29 , $131.67 and $128.91 per share for fiscal years 2018 , 2017 and 2016 , respectively.

NOTE 15. STOCK-BASED COMPENSATION PLANS (Continued)

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, 2017	18	$ 120
Granted	155	135
Vested	(10)	110
Forfeited	(7)	135
Restricted stock awards as of June 30, 2018	156	$ 135

Performance Shares

As of June 30, 2018 , there was $15 in unrecognized compensation cost related to non-vested performance shares 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 $135.47 , $122.73 and $92.35 per share for fiscal years 2018 , 2017 and 2016 , respectively.

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

	Number of Shares (In thousands)	Weighted-Average Grant Date Fair Value per Share
Performance share awards as of June 30, 2017	862	$ 102
Granted	236	135
Distributed	(360)	88
Forfeited	(40)	120
Performance share awards as of June 30, 2018	698	$ 111
Performance shares vested and deferred as of June 30, 2018	154	$ 74

The non-vested performance shares outstanding as of June 30, 2018 and 2017 were 544,000 and 738,000 , respectively, and the weighted average grant date fair value was $120.69 and $108.00 per share, respectively. During fiscal year 2018 , 389,000 shares vested. Deferred shares continue to earn dividends, which are also deferred. The total fair value of shares vested was $35 , $0 and $26 during fiscal years 2018 , 2017 and 2016 , 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 2018 , the Company granted 13,000 deferred stock units, reinvested dividends of 5,000 units and distributed 17,000 shares, which had a weighted-average fair value on the grant date of $146.75 , $129.15 and $65.91 per share, respectively. As of June 30, 2018 , 206,000 units were outstanding, which had a weighted-average fair value on the grant date of $81.01 per share.

NOTE 16. OTHER (INCOME) EXPENSE, NET

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

	2018	2017	2016
Income from equity investees	$ (12)	$ (19)	$ (15)
Loss (gain) on sale of assets and investments, net	4	(11)	(11)
Interest income	(6)	(4)	(5)
Asset impairment charges	1	23	10
Amortization of trademarks and other intangible assets	11	10	8
Foreign exchange transaction (gains) losses, net	3	(1)	1
Other	(4)	8	5
Total	$ (3)	$ 6	$ (7)

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.

During the second quarter of fiscal year 2017, the Company recognized a $21 non-cash charge, within the Cleaning reportable segment, related to impairing certain assets of the subsequently divested Aplicare business. 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.

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:

	2018	2017	2016
Current			
Federal	$ 177	$ 291	$ 254
State	34	36	31
Foreign	43	38	45
Total current	254	365	330
Deferred			
Federal	(24)	(29)	11
State	3	(2)	1
Foreign	(2)	(4)	(7)
Total deferred	(23)	(35)	5
Total	$ 231	$ 330	$ 335

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

	2018	2017	2016
United States	$ 963	$ 927	$ 900
Foreign	91	106	83
Total	$ 1,054	$ 1,033	$ 983

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:

	2018	2017	2016
Statutory federal tax rate	28.1 %	35.0 %	35.0 %
State taxes (net of federal tax benefits)	2.4	2.2	2.1
Tax differential on foreign earnings	1.2	(0.6)	0.5
Federal domestic manufacturing deduction	(1.8)	(2.6)	(2.4)
Change in valuation allowance	0.3	0.2	0.5
Federal excess tax benefits	(1.7)	(2.0)	—
Reversals of deferred taxes related to foreign unremitted earnings	(2.6)	—	—
Remeasurement of deferred taxes	(3.1)	—	—
Other differences	(1.0)	(0.3)	(1.6)
Effective tax rate	21.8 %	31.9 %	34.1 %

The Tax Act was signed into law by the President of the United States on December 22, 2017. The Tax Act makes significant changes to U.S. tax law, and includes a reduction of U.S. corporation statutory income tax rates from 35% to 21% effective January 1, 2018. Under the Tax Act, the Company is subject to an average federal statutory tax rate of 28.1% for its fiscal year ended June 30, 2018. The Company's federal statutory tax rate will be 21.0% beginning in July 2018 for the fiscal year ending June 30, 2019. The Tax Act also includes, among other things, a one-time transition tax on accumulated foreign earnings and the adoption of a modified territorial approach to the taxation of future foreign earnings.

As of June 30, 2018 , the Company continued to obtain, prepare and analyze information necessary to finalize the accounting for the impacts of the Tax Act. Consequently, reasonable estimates of the impacts of the Tax Act on the Company's deferred tax

balances and one-time transition tax have been reported as provisional, as defined in Staff Accounting Bulletin No. 118 and Accounting Standards Update No. 2018-05.

Under U.S. GAAP, deferred taxes must be adjusted for enacted changes in tax laws or rates during the period in which new tax legislation is enacted. Based on the provisions of the Tax Act, the Company provisionally remeasured its net deferred tax liabilities to incorporate the future lower corporate tax rate, resulting in a $33 reduction to net deferred tax liabilities in the second quarter of fiscal year 2018 (period of the Tax Act's enactment). In addition, remeasurements specifically related to the reversal of deferred tax liabilities for U.S. tax on foreign unremitted earnings, related deferred foreign tax credits and related unrealized foreign exchange gains and losses reduced the Company's net deferred tax liability by a provisional amount of $27 . The total provisional amounts related to the remeasurement of the Company's deferred tax balances resulted in a $60 beneficial impact in the period of the Tax Act's enactment.

The Tax Act also includes a one-time transition tax on accumulated foreign earnings and the adoption of a modified territorial approach to the taxation of future foreign earnings. A provisional, one-time transition tax expense on accumulated foreign earnings, net of applicable foreign tax credits, of $7 was recognized in the Company's provision for income taxes in the period of the Tax Act's enactment. This amount may change as the Company finalizes the calculation of post-1986 foreign earnings and profits previously deferred from U.S. federal taxation and the amounts held in cash or other specified assets. This amount may also change as new guidance and clarifications are issued by the Internal Revenue Service. The Company anticipates that it will be able to utilize existing foreign tax credit carryforwards to fully offset its one-time transition tax liability.

The impact recognized in the period of the Tax Act's enactment also included a provisional $28 benefit related to current year taxable income. Taken together, total benefits of $81 were recorded in the period of the Tax Act's enactment and were due to several provisional adjustments including net deferred tax liability reductions of $60 , a beneficial current taxable income impact of $28 and a provisional one-time transition tax of $7 . Measurement adjustments to the provisional amounts were not significant for the third and fourth quarters of fiscal year 2018.

Per U.S. GAAP, foreign withholding taxes are provided on unremitted foreign earnings that are not indefinitely reinvested at the time the earnings are generated. The Company regularly reviews and assesses whether there are any changes to its indefinite reinvestment assertion. Through the second quarter of fiscal year 2018, the Company had determined that the undistributed earnings of a number of its foreign subsidiaries were indefinitely reinvested. When the Tax Act was passed into law in December 2017, it significantly reduced the cost of U.S. repatriation. In the third quarter of fiscal year 2018, the Company concluded an analysis wherein it determined that none of the undistributed earnings of its foreign subsidiaries were indefinitely reinvested. As a result, the Company is providing foreign withholding taxes on the undistributed earnings of all foreign subsidiaries where applicable. These withholding taxes had no significant impact on the Company's consolidated results.

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 $19 and $22 were realized and recorded to Income tax expense for fiscal years 2018 and 2017 , respectively. Excess tax benefits of $51 were realized and recorded to Additional paid-in capital for fiscal year 2016.

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

	2018	2017
Deferred tax assets		
Compensation and benefit programs	$ 103	$ 182
Net operating loss and tax credit carryforwards	86	52
Accruals and reserves	28	41
Basis difference related to Venture Agreement	19	30
Inventory costs	16	25
Other	25	54
Subtotal	277	384
Valuation allowance	(43)	(40)
Total deferred tax assets	234	344
Deferred tax liabilities		
Fixed and intangible assets	(232)	(311)
Low-income housing partnerships	(17)	(25)
Unremitted foreign earnings	—	(7)
Other	(19)	(24)
Total deferred tax liabilities	(268)	(367)
Net deferred tax assets (liabilities)	$ (34)	$ (23)

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:

	2018	2017
Valuation allowance at beginning of year	$ (40)	$ (37)
Net decrease/(increase) for other foreign deferred tax assets	—	—
Net decrease/(increase) for foreign net operating loss carryforwards and tax credits	(3)	(3)
Valuation allowance at end of year	$ (43)	$ (40)

As of June 30, 2018 , the Company had foreign tax credit carryforwards of $27 for U.S. income tax purposes with expiration dates between fiscal years 2024 and 2028 . Tax credit carryforwards in foreign jurisdictions of $23 have expiration dates in fiscal years 2019 and 2020 . Tax credit carryforwards in foreign jurisdictions of $1 can be carried forward indefinitely. Tax benefits from foreign net operating loss carryforwards of $25 have expiration dates between fiscal years 2019 and 2035. Tax benefits from foreign net operating loss carryforwards of $11 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, 2014. 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, 2018 and 2017 , the total balance of accrued interest and penalties related to uncertain tax positions was $5 and $3 , respectively. Interest and penalties related to uncertain tax positions included in income tax expense resulted in a net expense of $1 in fiscal year 2018 and a net benefit of $1 in fiscal years 2017 and 2016 .

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

	2018	2017	2016
Unrecognized tax benefits at beginning of year	$ 40	$ 37	$ 38
Gross increases - tax positions in prior periods	2	1	3
Gross decreases - tax positions in prior periods	(1)	(6)	(3)
Gross increases - current period tax positions	8	9	8
Gross decreases - current period tax positions	—	—	—
Lapse of applicable statute of limitations	(2)	(1)	(4)
Settlements	—	—	(5)
Unrecognized tax benefits at end of year	$ 47	$ 40	$ 37

Included in the balance of unrecognized tax benefits as of June 30, 2018 , 2017 and 2016 , were potential benefits of $33 , $28 and $27 , respectively, which if recognized, would affect the effective tax rate. Recognition of these previously disclosed tax benefits had no impact on the Company’s cash flow or earnings from continuing operations for each of the fiscal years ended June 30, 2018 , 2017 and 2016 . Unrecognized tax benefits are not expected to significantly increase or decrease within the next 12 months.

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, 2018 and 2017 , 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 $21 , $31 and $31 to its domestic retirement income plans during fiscal years 2018 , 2017 and 2016 , 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 6.25% for both medical and prescription drugs for fiscal year 2018 . These rates have been assumed to gradually decrease each year until an assumed ultimate trend of 4.50% 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, 2018 , 2017 and 2016 .

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	
	2018	**2017**	**2018**	**2017**
Change in benefit obligations:				
Benefit obligation as of beginning of year	$ 633	$ 673	$ 42	$ 47
Service cost	1	1	—	—
Interest cost	23	22	2	2
Actuarial loss (gain)	(21)	(21)	(2)	(4)
Plan amendments	1	—	—	—
Translation and other adjustments	(1)	—	—	—
Benefits paid	(43)	(42)	(4)	(3)
Benefit obligation as of end of year	593	633	38	42
Change in plan assets:				
Fair value of assets as of beginning of year	$ 434	$ 423	$ —	$ —
Actual return on plan assets	8	22	—	—
Employer contributions	22	31	4	3
Benefits paid	(43)	(42)	(4)	(3)
Translation and other adjustments	(1)	—	—	—
Fair value of plan assets as of end of year	420	434	—	—
Accrued benefit cost, net funded status	$ (173)	$ (199)	$ (38)	$ (42)
Amount recognized in the balance sheets consists of:				
Pension benefit assets	$ 3	$ 2	$ —	$ —
Current accrued benefit liability	(13)	(15)	(2)	(3)
Non-current accrued benefit liability	(163)	(186)	(36)	(39)
Accrued benefit cost, net	$ (173)	$ (199)	$ (38)	$ (42)

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 $592 , $632 and $596 as of June 30, 2018 , 2017 and 2016 , 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	
	2018	**2017**
Projected benefit obligation	$ 571	$ 611
Accumulated benefit obligation	571	610
Fair value of plan assets	395	409

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		
	2018	2017	2016	2018	2017	2016
Service cost	$ 1	$ 1	$ 1	$ —	$ —	$ —
Interest cost	23	22	26	2	2	2
Expected return on plan assets	(19)	(20)	(17)	—	—	—
Amortization of unrecognized items	10	11	10	(3)	(2)	(3)
Total	$ 15	$ 14	$ 20	$ (1)	$ —	$ (1)

Items not yet recognized as a component of postretirement expense as of June 30, 2018 , consisted of:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain)	$ 242	$ (17)
Prior service benefit	—	(3)
Net deferred income tax (assets) liabilities	(91)	7
Accumulated other comprehensive loss (income)	$ 151	$ (13)

Net actuarial loss (gain) recorded in Accumulated other comprehensive net (losses) income for the fiscal year ended June 30, 2018 , included the following:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain) as of beginning of year	$ 262	$ (16)
Amortization during the year	(10)	1
Loss (gain) during the year	(10)	(2)
Net actuarial loss (gain) as of end of year	$ 242	$ (17)

The Company uses the straight-line amortization method for unrecognized prior service costs and benefits. In fiscal year 2019 , the Company expects to recognize, on a pre-tax basis, $9 of the net actuarial loss as a component of net periodic benefit cost for the retirement income plans. In addition, in fiscal year 2019 , the Company expects to recognize, on a pre-tax basis, $2 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	
	2018	2017	2018	2017
Discount rate	4.10%	3.70%	4.01%	3.66%
Rate of compensation increase	2.87%	2.83%	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		
	2018	2017	2016
Discount rate	3.70%	3.42%	4.20%
Rate of compensation increase	2.83%	2.92%	3.37%
Expected return on plan assets	4.43%	4.73%	4.34%

	Retirement Health Care		
	2018	2017	2016
Discount rate	3.66%	3.42%	4.16%

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, 2018 , were as follows:

	Retirement Income	Retirement Health Care
2019	$ 38	$ 3
2020	52	3
2021	37	3
2022	37	3
2023	37	3
Fiscal years 2024 through 2028	190	14

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	
	2018	2017	2018	2017
U.S. equity	11%	11%	11%	11%
International equity	12%	12%	12%	12%
Fixed income	74%	74%	74%	73%
Other	3%	3%	3%	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.

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:

	2018		
	Level 1	Level 2	Total
Cash equivalents	$ 3	$ —	$ 3
Total assets in the fair value hierarchy	$ 3	$ —	$ 3
Common collective trusts measured at net asset value			
Bond funds			$ 299
International equity funds			60
Domestic equity funds			44
Real estate fund			14
Total common collective trusts measured at net asset value			417
Total assets at fair value			$ 420

	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

The carrying value of cash equivalents approximated its fair value as of June 30, 2018 and 2017 .

Common collective trust funds are not publicly traded and were 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, 2018 and 2017 .

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 , $47 and $45 in fiscal years 2018 , 2017 and 2016 , respectively. The aggregate cost of the international defined contribution plans was $3 for the fiscal years ended June 30, 2018 , 2017 and 2016 .

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, disinfecting and Food service products under the Clorox ® , Dispatch ® , HealthLink ® , Clorox Healthcare ® , Hidden Valley ® , KC Masterpiece ® , and Soy Vay ® 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, natural personal care products, and dietary supplements primarily 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; natural personal care products under the Burt's Bees ® brand; and dietary supplements under the Rainbow Light ® , Natural Vitality ® , and Neocell ® brands.
- *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	2018	$ 2,060	$ 1,959	$ 1,077	$ 1,028	$ —	$ 6,124
	2017	2,002	1,961	1,000	1,010	—	5,973
	2016	1,912	1,862	990	997	—	5,761
Earnings (losses) from continuing operations before income taxes	2018	574	370	243	84	(217)	1,054
	2017	523	419	244	81	(234)	1,033
	2016	511	428	251	66	(273)	983
Income from equity investees	2018	—	—	—	12	—	12
	2017	—	—	—	19	—	19
	2016	—	—	—	15	—	15
Total assets	2018	902	1,223	1,533	1,045	357	5,060
	2017	881	1,103	902	1,060	627	4,573
Capital expenditures	2018	60	73	22	33	6	194
	2017	76	82	30	37	6	231
	2016	44	83	18	24	3	172
Depreciation and amortization	2018	49	65	23	24	5	166
	2017	51	64	20	22	6	163
	2016	61	60	19	21	4	165
Significant non-cash charges included in earnings (losses) from continuing operations before income taxes:							
Stock-based compensation	2018	13	12	7	1	20	53
	2017	16	15	9	2	9	51
	2016	10	8	5	1	21	45

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% , 26% and 27% of consolidated net sales for each of the fiscal years ended June 30, 2018 , 2017 and 2016 , respectively, and occurred across all of the 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.

NOTE 19. SEGMENT REPORTING (Continued)

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:

	2018	2017	2016
Home Care products	26%	25%	24%
Bags, wraps and containers	18%	18%	19%
Laundry additives	15%	15%	16%
Charcoal products	10%	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	2018	$ 5,135	$ 989	$ 6,124
	2017	5,001	972	5,973
	2016	4,805	956	5,761
Property, plant and equipment, net	2018	887	109	996
	2017	823	108	931

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 $55 and $58 as of the fiscal years ended June 30, 2018 and 2017 , 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, 2018 , 2017 and 2016 were $55 , $62 and $57 , 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. SUBSEQUENT EVENTS

Effective July 1, 2018, under the requirements of U.S. GAAP, Argentina has been designated as a highly inflationary economy since it has experienced cumulative inflation of approximately 100 percent or more over a three-year period. As a result, beginning July 1, 2018, the U.S. dollar will replace the Argentine peso as the functional currency of the Company's subsidiaries in Argentina (collectively, "Clorox Argentina"). Consequently, future gains or losses from non-U.S. dollar denominated transactions for Clorox Argentina will be recognized in Net earnings. As of June 30, 2018, Clorox Argentina represented approximately 3% of the Company's consolidated net sales.

NOTE 22. UNAUDITED QUARTERLY DATA

Dollars in millions, except market price and per share data	Quarters Ended				
	September 30	December 31	March 31	June 30	Full Year
Fiscal year ended June 30, 2018					
Net sales	$ 1,500	$ 1,416	$ 1,517	$ 1,691	$ 6,124
Cost of products sold	$ 827	$ 807	$ 868	$ 947	$ 3,449
Earnings from continuing operations	$ 192	$ 233	$ 181	$ 217	$ 823
Earnings (losses) from discontinued operations, net of tax	—	—	—	—	—
Net earnings	$ 192	$ 233	$ 181	$ 217	$ 823
Net earnings (losses) per share:					
Basic					
Continuing operations	$ 1.49	$ 1.81	$ 1.39	$ 1.69	$ 6.37
Discontinued operations	—	—	—	—	—
Basic net earnings per share	$ 1.49	$ 1.81	$ 1.39	$ 1.69	$ 6.37
Diluted					
Continuing operations	$ 1.46	$ 1.77	$ 1.37	$ 1.66	$ 6.26
Discontinued operations	—	—	—	—	—
Diluted net earnings per share	$ 1.46	$ 1.77	$ 1.37	$ 1.66	$ 6.26
Dividends declared per share	$ 0.84	$ 0.84	$ 0.96	$ 0.96	$ 3.60
Market price (NYSE)					
High	$ 139.34	$ 150.40	$ 148.88	$ 136.24	$ 150.40
Low	127.00	124.09	123.64	113.57	113.57
Year-end					135.25
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
Net earnings (losses) per 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 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

FIVE-YEAR FINANCIAL SUMMARY

The Clorox Company

Dollars in millions, except per share data	Years ended June 30 2018	2017	2016	2015	2014
OPERATIONS					
Net sales	$ 6,124	$ 5,973	$ 5,761	$ 5,655	$ 5,514
Gross profit	2,675	2,671	2,598	2,465	2,356
Earnings from continuing operations	$ 823	$ 703	$ 648	$ 606	$ 579
(Losses) earnings from discontinued operations, net of tax	—	(2)	—	(26)	(21)
Net earnings	$ 823	$ 701	$ 648	$ 580	$ 558
COMMON STOCK					
Earnings per share					
Continuing operations					
Basic	$ 6.37	$ 5.45	$ 5.01	$ 4.65	$ 4.47
Diluted	6.26	5.35	4.92	4.57	4.39
Dividends declared per share	3.60	3.24	3.11	2.99	2.87

Dollars in millions	As of June 30 2018	2017	2016	2015	2014
OTHER DATA					
Total assets [1]	$ 5,060	$ 4,573	$ 4,510	$ 4,154	$ 4,251
Long-term debt [1]	2,284	1,391	1,789	1,786	1,588

[1] Amounts for the fiscal years ended June 30, 2016, 2015 and 2014 have been retrospectively adjusted to conform to the presentation of debt issuance costs required by ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs."

Exhibit 99.2

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES (Dollars in millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
Allowance for doubtful accounts					
Year ended June 30, 2018	$ (3)	$ (4)	$ —	$ —	$ (7)
Year ended June 30, 2017	(5)	—	—	2	(3)
Year ended June 30, 2016	(4)	(1)	—	—	(5)
LIFO allowances					
Year ended June 30, 2018	$ (26)	$ (1)	$ —	$ —	$ (27)
Year ended June 30, 2017	(32)	—	—	6	(26)
Year ended June 30, 2016	(34)	(1)	—	3	(32)
Valuation allowance on deferred tax assets					
Year ended June 30, 2018	$ (40)	$ (3)	$ —	$ —	$ (43)
Year ended June 30, 2017	(37)	(3)	—	—	(40)
Year ended June 30, 2016	(34)	(5)	—	2	(37)

Exhibit 99.3

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

Dollars in millions	FY18	FY17	FY16
Earnings from continuing operations before income taxes	**$ 1,054**	**$ 1,033**	**$ 983**
Add back:			
Non-cash U.S. GAAP restructuring and intangible asset impairment charges	2	4	9
Interest expense	85	88	88
Earnings from continuing operations before income taxes, non-cash U.S. GAAP restructuring and intangible asset impairment charges, and interest expense	**$ 1,141**	**$ 1,125**	**$ 1,080**
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)	249	359	368
Adjusted after tax profit	892	766	712
Average capital employed (3)	2,977	2,680	2,463
Less: Capital charge (4)	268	241	222
Economic profit (1) (Adjusted after tax profit less capital charge)	**$ 624**	**$ 525**	**$ 490**

(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 21.8% , 31.9% and 34.1% in fiscal years 2018 , 2017 and 2016 , 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	FY18	FY17	FY16
Total assets (5)	$ 5,060	$ 4,573	$ 4,510
Less:			
Accounts payable and accrued liabilities (6)	1,000	1,002	1,032
Income taxes payable	—	—	—
Other liabilities (6)	778	770	784
Deferred income taxes	72	61	82
Non-interest bearing liabilities	1,850	1,833	1,898
Total capital employed	**3,210**	**2,740**	**2,612**
After tax non-cash U.S. GAAP restructuring and intangible asset impairment charges	1	2	6
Adjusted capital employed	**$ 3,211**	**$ 2,742**	**$ 2,618**
Average capital employed	**$ 2,977**	**$ 2,680**	**$ 2,463**

(5) Amount for the fiscal year ended June 30, 2016 has 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."

(6) Accounts payable and accrued liabilities and Other Liabilities are adjusted to exclude interest-bearing liabilities.