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FORM 10-K
(Annual Report)

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

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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, 2012
OR

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

for the transition period from ______ to ______.

Commission file number: 1-07151

THE CLOROX COMPANY

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the registrant's common stock held by non-affiliates on December 30, 2011 (the last business day of the most recently completed second quarter) was approximately $8.6 billion.

As of July 31, 2012, there were 129,613,607 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

Portions of the registrant's definitive proxy statement for the 2012 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days after June 30, 2012, 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, 2012
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PART I

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 (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such forward-looking statements involve risks and uncertainties. Except for historical information, matters discussed below, including statements about future volume, sales, costs, cost savings, earnings, cash flows, plans, objectives, expectations, growth or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Words such as "will," "could," "may," "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates" and variations on such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed below. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for the fiscal year ended June 30, 2012, as updated from time to time in the Company's Securities and Exchange Commission (SEC) filings.

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

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

ITEM 1. BUSINESS

Overview of Business

The Clorox Company is a leading manufacturer and marketer of consumer and professional products with approximately 8,400 employees worldwide and fiscal year 2012 net sales of $5.5 billion. Clorox sells its products primarily through mass merchandisers, grocery stores, other retail outlets, distributors and medical supply providers. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Clorox Healthcare™, HealthLink ®, Aplicare ® and Dispatch ® products, Green Works ® naturally derived home care products, Pine-Sol ® cleaners, Poett ® home care products, Fresh Step ® cat litter, Glad ® bags, wraps and containers, Kingsford ® charcoal, Hidden Valley ® and K C Masterpiece ® dressings and sauces, Brita ® water-filtration products, and Burt's Bees ® and güd ® natural personal care products. The Company manufactures products in more than two dozen countries and markets them in more than 100 countries. The Company was founded in Oakland, Calif., in 1913 and is incorporated in Delaware.

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

In fiscal year 2012, the Company celebrated numerous successes. The Company expanded its product portfolio through innovation and bolt-on acquisitions, delivering a record level of new products, including the güd ® line of natural personal care products under the Burt's Bees ® brand, the expansion of the on-the-go Brita ® Bottle line, the Liquid-Plumr ® Double Impact snake + gel system, Clorox ® high-efficiency bleach gel and new flavors of Hidden Valley ® dressings. The Company also acquired HealthLink and Aplicare, Inc., leading providers of infection control products that increase the Company's exposure to faster-growing categories and expand the breadth and depth of the Company's health care portfolio, as well as Soy Vay ® Enterprises, Inc., which makes Asian marinades and dressings. The Company also transformed its domestic bleach production practices to set the stage for its upcoming launch and phased roll-out of Clorox ® Concentrated Regular-Bleach, which enables better product performance and a reduction in the Company's costs and environmental footprint. In addition, the Company opened a new facility located in Pleasanton, Calif., which will house the Company's research and development group, as well as other administrative and operational support personnel. The new facility features state-of-the-art labs and open work spaces to encourage creativity, collaboration and innovation. Finally, the Company continued to make progress in implementing its upgraded enterprise resource planning (ERP) system in Latin America, which replaces legacy systems, and is expected to streamline operations and enable future growth. For information on recent business developments, refer to the information set forth under the caption "Executive Overview - Fiscal Year 2012 Summary" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," on page 1 of Exhibit 99.1 hereto, incorporated herein by reference.

Financial Information About Operating Segments and Principal Products

The Company operates through strategic business units that are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International. Beginning in the fourth quarter of fiscal year 2012, natural personal care financial results outside the U.S. are being reported in the International segment rather than in the Lifestyle segment because management of the International segment now has primary oversight of the natural personal care financial results outside the U.S. All periods presented have been recast to reflect this change. 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 home care products under the Green Works ® brand; and professional cleaning and disinfecting products under the Clorox ®, Dispatch ®, Aplicare ®, HealthLink ® and Clorox Healthcare™ brands.

- *Household* consists of charcoal, cat litter and plastic bags, wraps and container products marketed and sold in the United States. Products within this segment include plastic bags, wraps and containers under the Glad ® brand; cat litter products, under the Fresh Step ® , Scoop Away ® and Ever Clean ® brands; and charcoal products under the Kingsford ® and Match Light ® brands.
- *Lifestyle* consists of food products, water-filtration systems and filters, and natural personal care products marketed and sold in the United States. Products within this segment include dressings and sauces, primarily under the Hidden Valley ® , K C Masterpiece ® and Soy Vay ® brands; water-filtration systems and filters under the Brita ® brand; and natural personal care products under the Burt's Bees ® and güd ® brands.
- *International* consists of products sold outside the United States, including laundry, home care, water filtration, charcoal and cat litter products, dressings and sauces, plastic bags, wraps and containers and natural personal care products, primarily under the Clorox ® , Javex ® , Glad ® , PinoLuz ® , Ayudin ® , Limpido ® , Clorinda ® , Poett ® , Mistolin ® , Lestoil ® , Bon Bril ® , Nevex ® , Brita ® , Green Works ® , Pine-Sol ® , Agua Jane ® , Chux ® , Kingsford ® , Fresh Step ® , Scoop Away ® , Ever Clean ® , K C Masterpiece ® , Hidden Valley ® and Burt's Bees ® brands.

The Company has three product lines that have accounted for 10% or more of consolidated net sales during each of the past three fiscal years. In fiscal years 2012, 2011 and 2010, respectively, sales of liquid bleach represented approximately 13%, 14% and 13% of the Company's consolidated net sales, approximately 26%, 27% and 28% of net sales in the Cleaning segment and approximately 22%, 23% and 22% of net sales in the International segment. In fiscal years 2012, 2011 and 2010, respectively, sales of trash bags represented approximately 13%, 13% and 12% of the Company's consolidated net sales, approximately 35%, 34% and 31% of net sales in the Household segment and approximately 10%, 11% and 10% of net sales in the International segment. Sales of charcoal represented approximately 11% of the Company's consolidated net sales in each of the fiscal years 2012, 2011 and 2010 and approximately 35%, 34% and 36% of net sales in the Household segment, respectively.

Information about the results of each of the Company's reportable segments for the last three fiscal years and total assets as of the end of the last two fiscal years, reconciled to the consolidated results, is set forth below. For additional information, refer to the information set forth under the caption "Segment Results from Continuing Operations" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," on page 8 of Exhibit 99.1 hereto.

	Fiscal Year	Cleaning	Household	Lifestyle	International	Corporate	Total Company
Net sales	2012	$ 1,692	$ 1,676	$ 901	$ 1,199	$ -	$ 5,468
	2011	1,619	1,611	849	1,152	-	5,231
	2010	1,624	1,663	835	1,112	-	5,234
Earnings (losses) from continuing operations before income taxes	2012	381	298	265	119	(272)	791
	2011	356	278	91	55	(217)	563
	2010	368	290	304	143	(300)	805
Total assets	2012	942	818	887	1,219	489	4,355
	2011	838	848	886	1,201	390	4,163

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

Fiscal years 2011 and 2010 net sales for the International segment included $34 and $29, respectively, that was previously reported in the Lifestyle segment. Fiscal years 2011 and 2010 earnings (losses) from continuing operations before income taxes for the International segment also included $92 and $1 of losses, respectively, that were previously reported in the Lifestyle segment. In addition, total assets for fiscal year 2011 for the International segment included $264 that was previously reported in the Lifestyle segment.

Total assets for Corporate included $267 and $259 of cash and cash equivalents for fiscal years 2012 and 2011, respectively.

Principal Markets and Methods of Distribution

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

Financial Information about Foreign and Domestic Operations

For detailed financial information about the Company's foreign and domestic operations, including net sales and long-lived assets by geographic area, see Note 20 – *Segment Reporting* of the Notes to Consolidated Financial Statements beginning on page 62 of Exhibit 99.1 hereto.

Sources and Availability of Raw Materials

The Company purchases raw materials from numerous unaffiliated domestic and international suppliers, some of which are sole-source or single-source suppliers. Interruptions in the delivery of these materials could adversely impact the Company. Key raw materials used by the Company include resin, diesel, chlor-alkali, sodium hypochlorite, high-strength bleach, corrugate and agricultural commodities. Sufficient raw materials were available during fiscal year 2012 but costs for many materials continued to increase amid volatility and inflation. The Company generally utilizes supply and forward-purchase contracts to help ensure availability and help manage the volatility of the pricing of raw materials needed in its operations. However, the Company is nonetheless highly exposed over the short term to changes in the prices of commodities used as raw materials in the manufacturing of its products. For further information regarding the impact of changes in commodity prices, see "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 18 of Exhibit 99.1 hereto and "Risk Factors – Volatility and increases in the price of raw materials, energy, shipping and transportation, and other necessary supplies or services could harm the Company's profits" in Item 1.A herein.

Patents and Trademarks

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

Seasonality

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

Customers

Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26%, 27% and 27% for the fiscal years ended 2012, 2011 and 2010, respectively, of consolidated net sales and occurred in each of the Company's reportable segments. No other customers exceeded 10% of consolidated net sales in any year. During fiscal years 2012, 2011 and 2010, the Company's five largest customers accounted for 44%, 44% and 45% of its net sales, respectively, and its ten largest customers accounted for 55% of its net sales for each of the three fiscal years.

Competition

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

Research and Development

In the fourth quarter of fiscal year 2012, the Company began the process of relocating certain employees from its general office building in Oakland, Calif. to a new facility located in Pleasanton, Calif. Employees from its Technical and Data Center in Pleasanton, Calif. are also expected to be relocated to the new facility by the end of fiscal year 2013. The new facility consists of approximately 343,000 square feet of leased space and will include the Company's primary research and development facility, utilizing state-of-the-art labs and open work spaces to encourage creativity, collaboration and innovation. The Company also anticipates selling the previous Technical and Data Center in fiscal year 2013. In addition, the Company conducts research and development activities in Kennesaw, Ga.; Cincinnati, Oh.; Willowbrook, Il.; Midland, Mi.; Durham, NC; and Buenos Aires, Argentina.

The Company devotes significant resources and attention to product development, process technology and consumer insight research to develop commercially viable consumer-preferred products with innovative and distinctive features. The Company incurred expenses of $121 million, $115 million, and $118 million in fiscal years 2012, 2011 and 2010, respectively, on direct research activities relating to the development of new products and/or the maintenance and improvement of existing products. In addition, the Company also obtains technologies from third parties for use in its products. Royalties relating to such technologies are reflected in the Company's cost of sales. For further information regarding the Company's research and development costs, see "Research and development costs" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 6 of Exhibit 99.1 hereto.

Environmental Matters

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

Number of Persons Employed

As of June 30, 2012, the Company employed approximately 8,400 people.

Available Information

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

ITEM 1.A. RISK FACTORS

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

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

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

In addition, global markets have continued to experience significant disruptions during fiscal year 2012, and continuing volatility, particularly in Venezuela and Argentina, could harm the Company's business. Although the Company currently generates significant cash flows from ongoing operations and has access to global credit markets through its financing activities and existing credit facilities to meet its current needs, if the current credit conditions were to worsen, the Company might not be able to access credit markets on favorable terms when needed, which could adversely affect the Company's ability to borrow. Financial market volatility and unfavorable economic conditions may also adversely affect the financial condition of the Company's customers, suppliers and other business partners. If customers' financial conditions are severely affected, the Company may not be able to collect accounts receivable, which could impact its results.

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

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

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

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

Sales growth objectives may be difficult to achieve, and price increases, market category declines and changes to the Company's product and geographic mix may 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 2012, approximately 79% of the Company's net sales was generated in U.S. markets. U.S. markets for cleaning products are generally characterized by high household penetration. The Company's ability to achieve sales growth will depend on its ability to drive growth through innovation, investment in its established brands and enhanced merchandising and its ability to capture market share from competitors. The Company anticipates taking some price increases across its global portfolio in fiscal year 2013, which may slow sales growth or create volume declines in the short term as consumers adjust to price increases. If the Company is unable to increase market share in existing product lines, develop product improvements, undertake sales, marketing and advertising initiatives that grow its product categories, and develop, acquire or successfully launch new products, it may not achieve its sales growth objectives. Even if the Company is successful in increasing sales within its product categories, a continuing or accelerating decline in the overall markets for its products could have a negative impact on the Company's financial results.

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

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

Volatility and increases in the price of raw materials, including resin, chlor-alkali, sodium hypochlorite, high-strength bleach, linerboard, soybean oil, solvent, natural oils, corrugate and other chemicals and agricultural commodities, or increases in the cost of energy, transportation and other necessary services may harm the Company's profits and operating results. The Company anticipates continued commodity and other price increases in fiscal year 2013 and 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 price increases, its profits and operating results will be harmed. In addition, if the Company increases the prices of its products in response to increases in the cost of commodities, and the commodity costs decline, the Company may not be able to sustain its price increases over time. Also, competitors may not adjust their prices or customers may decide not to pay the higher prices, which could lead to sales declines and loss of market share. Sustained price increases may lead to declines in volume, and while the Company seeks to project tradeoffs between price increases and volume, its projections may not accurately predict the volume impact of price increases, which could adversely affect its financial condition and results of operations. For further information regarding the impact of changes in commodity prices, see "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 18 of Exhibit 99.1 hereto.

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

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

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

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

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

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

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

These risks could have a significant impact on the Company's ability to commercialize its products on a competitive basis in international markets and may have a material adverse effect on its results of operations or financial position. The Company's small sales volume in some countries, relative to some multinational and local competitors, could exacerbate such risks.

In addition, the Company is exposed to foreign currency exchange rate risk with respect to its sales, profits, assets and liabilities denominated in currencies other than the U.S. dollar. Although the Company uses instruments to hedge certain foreign currency risks, these hedges only offset a small portion of the Company's exposure to foreign currency fluctuations and its reported earnings may be affected by changes in foreign exchange rates.

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

Inflation is another risk associated with the Company’s international operations. For example, Venezuela has been designated for financial reporting purposes as a highly inflationary economy, and Argentina could in the future be designated as such. Gains and losses resulting from the remeasurement of non-U.S. dollar monetary assets and liabilities of subsidiaries operating in highly inflationary economies are recorded in net earnings. Venezuela’s designation as a highly inflationary economy and the potential for further devaluation of the local currency exchange rate will continue to negatively affect the Company’s revenue, operating profit and net income in fiscal year 2013 and beyond. In addition, there can be no assurance that other countries in which the Company operates will not also become highly inflationary, that such countries’ currencies will not be devalued, or both, and that the Company’s operations will not be negatively impacted as a result. For further information regarding Venezuela, see “Venezuela” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 11 of Exhibit 99.1 hereto.

Government regulations could impose material costs.

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

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

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

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

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

In connection with the Company's strategy, the Company expects to seek to increase growth through acquisitions. Not only is the identification of good acquisition candidates difficult and competitive, but these transactions also involve numerous risks, including the ability to:

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

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

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

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

The Company may not successfully develop and introduce new products and line extensions.

The Company's future performance and growth depends on its innovation and ability to successfully develop or license and introduce new products and line extensions and product improvements. The Company cannot be certain that it will successfully achieve its innovation goals. The development and introduction of new products require substantial and effective research, development and marketing expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. New product development and marketing efforts, including efforts to enter markets or product categories in which the Company has limited or no prior experience, have inherent risks. These risks include product development or launch delays, which could result in the Company not being first to market, the failure of new products and line extensions to achieve anticipated levels of market acceptance and the cost of failed product introductions.

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

A limited number of customers account for a large percentage of the Company's net sales. Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26%, 27% and 27% for the fiscal years ended 2012, 2011 and 2010, respectively, of consolidated net sales and occurred in each of the Company's reportable segments. No other customers exceeded 10% of consolidated net sales in any of these fiscal years. During fiscal years 2012, 2011 and 2010, the Company's five largest customers accounted for 44%, 44% and 45% of its net sales, respectively, and its ten largest customers accounted for 55% of its net sales for each of these fiscal years. The Company expects that a significant portion of its revenues will continue to be derived from a small number of customers. As a result, changes in the strategies of the Company's largest customers, including a reduction in the number of brands they carry or a shift of shelf space to "private label" or competitors' products, may harm the Company's sales. Additionally, this may reduce the ability of the Company to bring new innovative products to consumers.

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

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. If the Company is unable to maintain supplier arrangements and relationships, or if it is unable to contract with suppliers at the quantity, quality and price levels needed for its business, or if any of the Company's key suppliers becomes insolvent or experiences other financial distress, the Company could experience disruptions in production and its financial results could be adversely affected.

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

The Company may not be able to implement its strategies, including, among other things, new product innovation, cost savings and penetration of and growth in international markets. If the Company is unable to implement its strategies in accordance with its expectations, the Company may not achieve its intended growth targets and its financial results could be adversely affected. While the Company believes that implementation of its strategies will advance the Company's business and financial results, there can be no assurance that this will be the case.

The Company's success depends, in part, on its key personnel.

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

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

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

In addition, the Company is, and may in the future become, a party to litigation and other disputes. In general, claims made by or against the Company in litigation, disputes or other proceedings can be expensive and time consuming to bring or defend against and could result in settlements, injunctions or damages that could significantly affect its business or financial results or condition. It is not possible to predict the final resolution of the litigation, disputes or proceedings with which the Company currently is or may in the future become involved. The impact of these matters on the Company's business, results of operations and financial condition could be material. See "Contingencies" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 17 and Note 12 – *Other Contingencies and Guarantees* of the Notes to Consolidated Financial Statements beginning on page 47 of Exhibit 99.1 hereto for additional information related to one of these matters.

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

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

Environmental matters create potential liability risks.

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

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

The Company had a recorded liability of $14 million and $15 million at June 30, 2012 and 2011, respectively, for its share of aggregate future remediation costs related to certain environmental matters, including response actions at various locations. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounts for a substantial majority of the recorded liability at both June 30, 2012 and 2011. The Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs for this matter pursuant to a cost-sharing arrangement with a third party. With the assistance of environmental consultants, the Company maintains an undiscounted liability representing its current best estimate of its share of the capital expenditures, maintenance and other costs that may be incurred over an estimated 30-year remediation period. Currently, the Company cannot accurately predict the timing of future payments that may be made under this obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the future availability of alternative clean-up technologies. Although it is possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

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

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

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

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

One of the Company's strategies is to improve its products by licensing third-party ideas and technologies in a process referred to as "open innovation." 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 such third-party ideas or technologies arising from its open innovation projects, such a finding could result in the need to cease use of a trademark, trade secret, copyrighted work or patented invention in the Company's business and the obligation to pay a substantial amount for past infringement. It could also be necessary to pay a substantial amount in the future for rights if holders are willing to permit the Company to continue to use such intellectual property rights. Either having to cease use or pay such amounts could make the Company less competitive and could have a material adverse impact on its business, operating results and financial condition.

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

The Company has a significant amount of indebtedness. As of June 30, 2012, the Company had $2.7 billion of debt, including $850 million of senior unsecured notes that mature in fiscal year 2013. The Company's substantial indebtedness could have important consequences. For example, it could:

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

In addition, the Company may incur substantial additional indebtedness in the future to fund acquisitions, to repurchase shares or to fund other activities for general business purposes, subject to compliance with the Company's existing restrictive debt covenants. As of June 30, 2012, the Company could add approximately $1.1 billion in incremental debt and remain in compliance with restrictive debt covenants, although there is no assurance that the actual amount that the Company may be able to borrow in the future will equal this amount. If new debt is added to the current debt levels, the related risks that the Company now faces could intensify. In addition, the cost of incurring additional debt could increase due to possible downgrades in the Company's credit rating. Any decision regarding the Company's future borrowings will be based on the facts and circumstances existing at the time, including the Company's credit rating. If the Company were to borrow the maximum amount available to it, its credit rating could be downgraded.

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

Certain terms of the agreements governing the Company's over-the-counter derivative instruments contain provisions that require the Company's credit ratings, as assigned by Standard & Poor's and Moody's to the Company and its counterparties, to remain at a level equal to or better than the minimum of an investment grade credit rating. 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. As of June 30, 2012, the Company and each of its counterparties maintained investment-grade ratings with both Standard & Poor's and Moody's.

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

The Company's ability to repay and refinance its indebtedness, particularly the $850 million of senior unsecured notes that mature in fiscal year 2013, and to fund capital expenditures depends on the Company's cash flow. In addition, the Company's ability to pay cash dividends depends on cash flow and net earnings (as defined by Delaware law). The Company's cash flow and net earnings are often subject to general economic, financial, competitive, legislative, regulatory and other factors beyond the Company's control, and such factors may limit the Company's ability to repay indebtedness, declare and pay cash dividends and repatriate foreign earnings at an effective cost.

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

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

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

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

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

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

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

Significant judgment is required in determining the Company's effective tax rate and in evaluating its tax positions. The Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement criteria prescribed by applicable accounting standards. Fluctuations in federal, state, local and foreign taxes or a change to uncertain tax positions, including related interest and penalties, may impact the Company's effective tax rate and the Company's financial results. When particular tax matters arise, a number of years may elapse before such matters are audited and finally resolved. Unfavorable resolution of any tax matter could increase the effective tax rate. Any resolution of a tax issue may require the use of cash in the year of resolution. For additional information, refer to the information set forth in Note 18 - *Income Taxes* of the Notes to Consolidated Financial Statements beginning on page 55 of Exhibit 99.1 hereto.

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

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

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

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

The Company's business could be negatively affected as a result of an unsolicited takeover proposal or a proxy contest.

During fiscal years 2012 and 2011, the Company was the target of an unsolicited takeover proposal from a shareholder 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. In addition, such a proposal may disrupt the Company's operations and divert the attention of the Company's management and employees. In addition, any perceived uncertainties as to the Company's future direction resulting from such a situation could result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners, which could adversely affect the Company's business.

ITEM 1.B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Production and Distribution Facilities

The Company owns or leases and operates 24 manufacturing facilities in North America and owns and operates 15 manufacturing facilities outside North America. The Company also leases six regional distribution centers in North America and several other warehouse facilities. Management believes the Company's production and distribution facilities, together with additional facilities owned or leased and operated by various unaffiliated finished product suppliers and distribution center service providers that serve the Company, are adequate to support the business efficiently and that the Company's properties and equipment have generally been well maintained. The Company is continually performing a supply chain efficiency analysis, which may lead to further closures of domestic and international manufacturing facilities and the redistribution of production between its remaining facilities and contract manufacturers to optimize availability and capacity and seek to reduce operating costs.

Offices and Research and Development Facilities

The Company owns its general office building located in Oakland, Calif., its Technical and Data Center located in Pleasanton, Calif. and its research and development facility at its plant in Buenos Aires, Argentina. The Company anticipates selling the Technical and Data Center in fiscal year 2013. The Company leases a new facility located in Pleasanton, Calif., which will house the Company's research and development group, as well as other administrative and operational support personnel. The new facility features state-of-the-art labs and open work spaces to encourage creativity, collaboration and innovation. The relocation of personnel to the new facility from the Company's general office and from the previous Technical and Data Center is expected to be completed in fiscal year 2013.

The Company also conducts research and development activities and engineering research in leased facilities in Willowbrook, Il.; Cincinnati, Oh.; Midland, Mi.; Durham, NC.; and Kennesaw, Ga. Leased sales offices and other facilities are located at a number of other locations. The Company has outsourced a significant portion of its information technology activities to Hewlett-Packard, including its data centers, which are primarily located in Alpharetta, Ga.

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages, year first elected and current titles of each of the executive officers of the Company as of July 31, 2012, are set forth below:

Name	Age	Year First Elected Executive Officer	Title
Donald R. Knauss	61	2006	Chairman of the Board and Chief Executive Officer
Lawrence S. Peiros	57	1999	Executive Vice President and Chief Operating Officer
Stephen M. Robb	47	2011	Senior Vice President – Chief Financial Officer
Frank A. Tataseo	57	2004	Executive Vice President – Strategy & Growth and Professional Products
Jacqueline P. Kane	60	2004	Senior Vice President – Human Resources & Corporate Affairs
Laura Stein	50	2005	Senior Vice President – General Counsel
Thomas P. Britanik	54	2009	Senior Vice President – Chief Marketing Officer
Wayne L. Delker	58	2009	Senior Vice President – Chief Innovation Officer
Benno Dorer	48	2009	Senior Vice President – Cleaning Division & Canada
James Foster	50	2009	Senior Vice President – Chief Product Supply Officer
Grant J. LaMontagne	56	2009	Senior Vice President – Chief Customer Officer
George Roeth	51	2009	Senior Vice President – General Manager, Specialty Division
Michael J. Costello	46	2011	Vice President – General Manager, International

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

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

Lawrence S. Peiros was elected executive vice president and chief operating officer effective March 2011. From January 2007 through February 2011, he served as executive vice president and chief operating officer – North America. From January 1999 to January 2007, he served as group vice president – household.

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

Frank A. Tataseo was elected executive vice president – strategy & growth and professional products effective January 2009. From February 2007 to December 2008, he served as executive vice president – functional operations. From July 2004 through January 2007, he served as group vice president – functional operations.

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

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

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

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

Benno Dorer was elected senior vice president – cleaning division and Canada effective March 2011. He served as senior vice president – general manager, cleaning division from June 2009 to March 2011. From October 2007 through May 2009, he held the title of vice president – general manager, cleaning division. He previously held the position of vice president – general manager, household division from March 2007 to October 2007. He joined the Company in January 2005 as vice president – general manager, Glad ® products and served in that position to March 2007.

James Foster was elected senior vice president – chief product supply officer effective June 2009. From April 2009 to May 2009, he served as vice president – product supply. From October 2007 to April 2009, he served as vice president – manufacturing. He held the position of vice president – product supply, specialty products groups from July 2004 through September 2007.

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

George Roeth was elected senior vice president – general manager, specialty division effective June 2009. He held the title of vice president – general manager, specialty division from February 2007 through May 2009. From April 2004 to February 2007, he served as vice president – general manager, litter, food & charcoal.

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

PART II

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

Market Information

The Company's common stock is listed on the New York Stock Exchange. The high and low sales prices quoted for the New York Stock Exchange-Composite Transactions Report for each quarterly period during the past two fiscal years appear in Note 21 – *Unaudited Quarterly Data* of the Notes to Consolidated Financial Statements, which appears on page 65 of Exhibit 99.1 hereto, incorporated herein by reference.

Holders

The number of record holders of the Company's common stock as of July 31, 2012, was 12,566 based on information provided by the Company's transfer agent.

Dividends

The amount of quarterly dividends declared with respect to the Company's common stock during the past two fiscal years appears in Note 21 – *Unaudited Quarterly Data* of the Notes to Consolidated Financial Statements, which appears on page 65 of Exhibit 99.1 hereto, incorporated herein by reference.

Equity Compensation Plan Information

See Part III, Item 12 hereof.

Issuer Purchases of Equity Securities

The following table sets out the purchases of the Company's securities by the Company and any affiliated purchasers within the meaning of Rule 10b-18(a)(3) (17 CFR 240.10b-18(a)(3)) during the fourth quarter of fiscal year 2012.

	[a]	[b]	[c]	[d]
Period	**Total Number of Shares Purchased(1)**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)**
April 1 to 30, 2012	-	$ -	-	$ 821,030,117
May 1 to 31, 2012	990,840	$ 68.31	-	$ 821,030,117
June 1 to 30, 2012	10	$ 71.82	-	$ 821,030,117
Total	990,850	$ 68.31	-	$ 821,030,117

(1) Of the shares purchased in May 2012, 989,739 shares were acquired pursuant to the Company's share repurchase program to offset the potential impact of share dilution related to share-based awards. The remaining 1,101 shares purchased in May 2012 and the 10 shares purchased in June 2012 relate to the surrender to the Company of shares of common stock to satisfy employee tax withholding obligations in connection with the vesting of restricted stock.

(2) As of June 30, 2012, all of the $750,000,000 share repurchase program approved by the board of directors on May 18, 2011, remained available for repurchase, and $71,030,117 of the $750,000,000 share repurchase program approved by the board of directors on May 13, 2008, remained available for repurchase. On September 1, 1999, the Company announced a share repurchase program to reduce or eliminate dilution upon the issuance of shares pursuant to the Company's stock compensation plans. The program initiated in 1999 has no specified cap and, therefore, is not included in column [d] above. On November 15, 2005, the board of directors approved the extension of the 1999 program to reduce or eliminate dilution in connection with issuances of common stock pursuant to the Company's 2005 Stock Incentive Plan. None of these programs has a specified termination date.

ITEM 6. SELECTED FINANCIAL DATA

This information appears under "Five-Year Financial Summary," on page 66 of Exhibit 99.1 hereto, incorporated herein by reference.

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

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

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

This information appears under "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," on pages 18 through 19 of Exhibit 99.1 hereto, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

These statements and data appear on pages 28 through 66 of Exhibit 99.1 hereto, incorporated herein by reference.

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

Not applicable.

ITEM 9.A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

Management's report on internal control over financial reporting is set forth on page 25 of Exhibit 99.1 hereto, and is incorporated herein by reference. The Company's independent registered public accounting firm, Ernst & Young, LLP, has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2012. See "Report of Independent Registered Public Accounting Firm," which appears on page 27 of Exhibit 99.1 hereto.

Change in Internal Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the fourth fiscal quarter of the fiscal year ended June 30, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9.B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Schedules:

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

Reports of Independent Registered Public Accounting Firm.

Consolidated Statements of Earnings for the fiscal years ended June 30, 2012, 2011 and 2010.

Consolidated Balance Sheets as of June 30, 2012 and 2011.

Consolidated Statements of Stockholders' (Deficit) Equity for the fiscal years ended June 30, 2012, 2011 and 2010.

Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2012, 2011 and 2010.

Notes to Consolidated Financial Statements.

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

(b) Exhibits:

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

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

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

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

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

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

4.4 Indenture, dated as of October 9, 2007, by and between the Company and The Bank of New York Trust Company N.A., as trustee (filed as Exhibit 4.1 to the Registration Statement on Form S-3ASR, filed October 3, 2007, incorporated herein by reference).

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

4.6 Second Supplemental Indenture, dated as of November 9, 2009, between the Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed November 5, 2009, incorporated herein by reference).

4.7 Rights Agreement, dated as of July 18, 2011, between The Clorox Company and Computershare Trust Company, N.A., which includes the form of Certificate of Designations of Series A Junior Participating Preferred Stock as Exhibit A, the form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Shares as Exhibit C (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed July 19, 2011, incorporated herein by reference).

4.8 Form of Third Supplemental Indenture (filed as Exhibit 4.1 to the Current Report on Form 8-K, filed November 16, 2011, incorporated by reference).

10.1* 1993 Directors' Stock Option Plan, dated November 17, 1993, which was adopted by the stockholders at the Company's annual meeting of stockholders on November 17, 1993, and amended and restated on September 15, 2004 (filed as Exhibit 10-2 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).

10.2* Form of Option Award under the 1993 Directors' Stock Option Plan as amended and restated as of September 15, 2004 (filed as Exhibit 10-3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).

10.3* The Clorox Company Independent Directors' Stock-Based Compensation Plan, which was adopted by the stockholders at the Company's annual meeting of stockholders on November 19, 2003 (filed as Exhibit 10(xiv) to the Annual Report on Form 10-K for the year ended June 30, 2002, incorporated herein by reference).

10.4* The Clorox Company Independent Directors' Deferred Compensation Plan, amended and restated as of February 7, 2008 (filed as Exhibit 10.55 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).

10.5* Form of Officer Employment Agreement (filed as Exhibit 10(viii) to the Annual Report on Form 10-K for the year ended June 30, 2004, incorporated herein by reference).

10.6* Form of Amendment No. 1 to Employment Agreement (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, incorporated herein by reference).

10.7* Form of Amendment No. 2 to Employment Agreement (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed May 22, 2006, incorporated herein by reference).

10.8* Form of Officer Employment Agreement, amended and restated as of February 7, 2008 (filed as Exhibit 10.60 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).

10.9* Non-Qualified Deferred Compensation Plan, adopted as of January 1, 1996, and amended and restated as of July 20, 2004 (filed as Exhibit 10(x) to the Annual Report on Form 10-K for the year ended June 30, 2004, incorporated herein by reference).

10.10* The Clorox Company 1996 Stock Incentive Plan, which was adopted by the stockholders at the Company's annual meeting of stockholders on November 28, 2001, amended and restated as of September 15, 2004 (filed as Exhibit 10-4 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).

10.11* Form of Option Award under the Company's 1996 Stock Incentive Plan, amended and restated as of September 15, 2004 (filed as Exhibit 10-5 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, incorporated herein by reference).

10.12* The Clorox Company Annual Incentive Plan (formerly named The Clorox Company Management Incentive Compensation Plan), amended and restated as of August 13, 2009 (filed as Exhibit 10.11 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).

10.13* The Clorox Company 2005 Stock Incentive Plan, amended and restated as of September 15, 2009 (filed as Exhibit 10.12 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).

10.14* Form of Performance Share Award Agreement under the Company's 2005 Stock Incentive Plan (filed as Exhibit 10.13 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).

10.15* Form of Restricted Stock Award Agreement under the Company's 2005 Stock Incentive Plan (filed as Exhibit 10.14 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).

10.16* Form of Nonqualified Stock Option Award Agreement under the Company's 2005 Stock Incentive Plan (filed as Exhibit 10.15 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).

10.17* The Clorox Company 2005 Nonqualified Deferred Compensation Plan, amended and restated effective January 1, 2008 (filed as Exhibit 10.18 to the Annual Report on Form 10-K for the year ended June 30, 2008, incorporated herein by reference).

10.18* Amendment No.1 to The Clorox Company Amended and Restated 2005 Nonqualified Deferred Compensation Plan (filed as Exhibit 10.18 to the Annual Report on Form 10-K for the year ended June 30, 2011, incorporated herein by reference).

10.19* Amendment No. 1 to The Clorox Company Supplemental Executive Retirement Plan as of July 29, 2011 (filed as Exhibit 10.21 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, incorporated herein by reference).

10.20* The Clorox Company Supplemental Executive Retirement Plan, as restated effective January 1, 2005, as revised May 13, 2008 (filed as Exhibit 10.19 to the Annual Report on Form 10-K for the year ended June 30, 2008, incorporated herein by reference).

10.21* The Clorox Company Amended and Restated Replacement Supplemental Executive Retirement Plan, as restated effective January 5, 2005, as revised August 13, 2009 (filed as Exhibit 10.17 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, incorporated herein by reference).

10.22* Form of Change in Control Agreement, amended and restated as of February 7, 2008 (filed as Exhibit 10.59 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).

10.23* The Clorox Company Executive Incentive Compensation Plan, amended and restated as of February 7, 2008 (filed as Exhibit 10.58 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).

10.24* Employment Agreement between The Clorox Company and Donald R. Knauss, amended and restated as of February 7, 2008 (filed as Exhibit 10.57 to the Quarterly Report on Form 10-Q, for the quarter ended March 31, 2008, incorporated herein by reference).

10.25* Change in Control Agreement between The Clorox Company and Donald R. Knauss, amended and restated as of February 7, 2008 (filed as Exhibit 10.56 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, incorporated herein by reference).

10.26* Form of Indemnification Agreement (filed as Exhibit 10.27 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, incorporated herein by reference).

10.27*	Form of Severance Plan for Clorox Executive Committee Members as of May 19, 2010 (filed as Exhibit 10.25 to the Annual Report on Form 10-K for the year ended June 30, 2010, incorporated herein by reference).
10.28*	Form of Executive Change in Control Severance Plan for Clorox Executive Committee Members as of December 17, 2010 (filed as Exhibit 10.26 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2010, incorporated herein by reference).
10.29*	Amended and Restated Change in Control Agreement (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed November 18, 2011, incorporated herein by reference).
10.30*	The Clorox Company Executive Retirement Plan as of July 1, 2011 (filed as Exhibit 10.27 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, incorporated herein by reference).
10.31*	The Clorox Company 2011 Nonqualified Deferred Compensation Plan as of July 1, 2011 (filed as Exhibit 10.29 to the Annual Report on Form 10-K for the period ended June 30, 2011, incorporated herein by reference).
10.32*	Form of Executive Retirement Plan for Clorox Executive Committee Members as of February 15, 2011 (filed as Exhibit 10.27 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, incorporated herein by reference).
10.33	Issuing and Paying Agency Agreement by and between The Clorox Company and J.P. Morgan Trust Company, National Association (filed as Exhibit 10.5 to the Current Report on Form 8-K, filed November 16, 2004, incorporated herein by reference).
10.34	Purchase Agreement, dated November 30, 2004, relating to the Floating Rate Senior Notes due December 2007, 4.20% Senior Notes due January 2010 and 5.00% Senior Notes due January 2015 (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed December 3, 2004, incorporated herein by reference).
10.35	Credit Agreement, dated as of May 4, 2012 among The Clorox Company, the lenders listed therein, JPMorgan Chase Bank, N.A., Citibank, N.A. and Wells Fargo Bank, National Association, as Administrative Agents, and Citibank, N.A. as Servicing Agent (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed May 9, 2012, incorporated herein by reference).
10.36	Credit Agreement, dated as of April 16, 2008, among The Clorox Company, the banks listed therein, JPMorgan Chase Bank, N.A., Citicorp USA, Inc. and Wachovia Bank, N.A. as Administrative Agents, Citicorp USA, Inc. as Servicing Agent and The Bank of Tokyo-Mitsubishi UFJ, Ltd. and BNP Paribas as Documentation Agents (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed April 22, 2008, incorporated herein by reference).
10.37	Amendment No. 1 to Credit Agreement, dated as of April 2, 2009, among The Clorox Company, the banks listed therein, Citicorp USA, Inc., JPMorgan Chase Bank, N.A., Wachovia Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Lehman Brothers Bank, FSB, William Street LLC, Wells Fargo Bank, N.A., PNC Bank, N.A., The Northern Trust Company and Fifth Third Bank (filed as Exhibit 10.35 to the Annual Report on Form 10-K for the year ended June 30, 2009, incorporated herein by reference).
10.38	Form of Escrow Agreement (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed November 5, 2007, incorporated herein by reference).
10.39(+)	Amended and Restated Joint Venture Agreement dated as of January 31, 2003, between The Glad Products Company and certain affiliates and The Procter and Gamble Company and certain affiliates (filed as Exhibit 10 to the amended Quarterly Report on Form 10-Q/A for the quarter ended December 31, 2004, incorporated herein by reference).
10.40	Agreement and Plan of Merger among the Company, Burt's Bees, Inc., Buzz Acquisition Corp., and BBI Holdings LP, dated as of October 30, 2007 (filed as Exhibit 2.1 to the Current Report on Form 8-K, filed November 5, 2007, incorporated herein by reference).
10.41(^)	Purchase and Sale Agreement between The Clorox Company and Viking Acquisition Inc., dated September 21, 2010 (filed as Exhibit 2.01 to the Current Report on Form 8-K, filed September 22, 2010, incorporated herein by reference).

21.1	Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer of The Clorox Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of The Clorox Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Chief Financial Officer of The Clorox Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Financial Statements, Management's Report on Internal Control over Financial Reporting and Reports of Independent Registered Public Accounting Firm.
99.2	Valuation and Qualifying Accounts and Reserves.
99.3	Reconciliation of Economic Profit.
101	The following materials from The Clorox Company's Annual Report on Form 10-K for the year ended June 30, 2012 are formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Earnings, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Stockholders' (Deficit) Equity, (iv) the Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements.

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

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

(^) Schedules omitted pursuant to Item 601(b)(2) of Regulation S-K under the Exchange Act. The Company agrees to furnish a supplemental copy of any omitted schedule to the SEC upon request.

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 24, 2012

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

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

Signature	Title	Date
/s/ D. Boggan, Jr. D. Boggan, Jr.	Director	August 24, 2012
/s/ R. H. Carmona R. H. Carmona	Director	August 24, 2012
/s/ T. M. Friedman T. M. Friedman	Director	August 24, 2012
/s/ G. J. Harad G. J. Harad	Director	August 24, 2012
/s/ D. R. Knauss D. R. Knauss	Chairman and Chief Executive Officer (Principal Executive Officer)	August 24, 2012
/s/ R. W. Matschullat R. W. Matschullat	Director	August 24, 2012
/s/ G. G. Michael G. G. Michael	Director	August 24, 2012
/s/ E. A. Mueller E. A. Mueller	Director	August 24, 2012
/s/ P. Thomas-Graham P. Thomas-Graham	Director	August 24, 2012
/s/ C. M. Ticknor C. M. Ticknor	Director	August 24, 2012
/s/ S. M. Robb S. M. Robb	Senior Vice President — Chief Financial Officer (Principal Financial Officer)	August 24, 2012
/s/ S. Gentile S. Gentile	Vice President — Controller and Chief Accounting Officer (Principal Accounting Officer)	August 24, 2012

INDEX OF EXHIBITS

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32.1	Certification of the Chief Executive Officer and Chief Financial Officer of The Clorox Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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Exhibit 21.1

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

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

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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

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

of our reports dated August 24, 2012, with respect to the consolidated financial statements and schedule of The Clorox Company and subsidiaries, and the effectiveness of internal control over financial reporting of The Clorox Company and subsidiaries, included in this Annual Report (Form 10-K) for the year ended June 30, 2012.

/s/ Ernst & Young LLP

San Francisco, California
August 24, 2012

Exhibit 31.1

CERTIFICATION

I, Donald R. Knauss, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 24, 2012

/s/ Donald R. Knauss

Donald R. Knauss

Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stephen M. Robb, certify that:

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

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

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

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

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

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with 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 24, 2012

/s/ Stephen M. Robb

Stephen M. Robb
Senior Vice President - Chief Financial Officer

Exhibit 32.1

CERTIFICATION

In connection with the periodic report of The Clorox Company (the "Company") on Form 10-K for the period ended June 30, 2012, as filed with the Securities and Exchange Commission (the "Report"), we, Donald R. Knauss, Chief Executive Officer of the Company, and Stephen M. Robb, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

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

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

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

Date: August 24, 2012

/s/ Donald R. Knauss

Donald R. Knauss
Chairman and Chief Executive Officer

/s/ Stephen M. Robb

Stephen M. Robb
Senior Vice President – Chief Financial Officer

Exhibit 99.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
The Clorox Company
(Dollars in millions, except per share amounts)

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide a reader of the Company's financial statements with a narrative from the perspective of management on the Company's financial condition, results of operations, liquidity and certain other factors that may affect future results. 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
- New Accounting Pronouncements
- Critical Accounting Policies and Estimates
- Summary of Non-GAAP Financial Measures

EXECUTIVE OVERVIEW

The Clorox Company (the Company or Clorox) is a leading manufacturer and marketer of consumer and professional products with approximately 8,400 employees worldwide as of June 30, 2012, and fiscal year 2012 net sales of $5,468. Clorox sells its products primarily through mass merchandisers, grocery stores, other retail outlets, distributors and medical supply providers. Clorox markets some of consumers' most trusted and recognized brand names, including its namesake bleach and cleaning products, Clorox Healthcare™, HealthLink ® , Aplicare ® and Dispatch ® products, Green Works ® naturally derived home care products, Pine-Sol ® cleaners, Poett ® home care products, Fresh Step ® cat litter, Glad ® bags, wraps and containers, Kingsford ® charcoal, Hidden Valley ® and K C Masterpiece ® dressings and sauces, Brita ® water-filtration products, and Burt's Bees ® and güd ® natural personal care products. The Company manufactures products in more than two dozen countries and markets them in more than 100 countries.

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

The Company operates through strategic business units that are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International. Beginning in the fourth quarter of fiscal year 2012, natural personal care financial results outside the U.S. are being reported in the International segment rather than in the Lifestyle segment because management of the International segment now has primary oversight of the natural personal care financial results outside the U.S. All periods presented have been recast to reflect this change. 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 home care products under the Green Works ® brand; and professional cleaning and disinfecting products under the Clorox ® , Dispatch ® , Aplicare ® , HealthLink ® and Clorox Healthcare ™ brands.

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

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

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

Non-GAAP Financial Measures

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

- *Economic profit (EP)*
- *Free cash flow*
- *Free cash flow as a percentage of net sales*
- *Earnings before interest and taxes (EBIT) margin (EBIT as a percentage of net sales)*

Where indicated each of the following financial measures is presented on a U.S. GAAP basis as well as a non-GAAP basis to exclude the fiscal year 2011 noncash goodwill impairment charge:

- *Earnings from continuing operations*
- *Diluted net earnings per share from continuing operations*
- *Earnings from continuing operations before income taxes*

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 to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Strategic Goals and Initiatives – Centennial Strategy

Since 2006, Clorox has been operating under its Centennial Strategy, which guides its strategic choices and financial goals to drive growth through its 100-year anniversary in fiscal year 2013.

In May 2012, the Company updated its financial goals, including a target for annual organic sales growth in the range of 3-5 percent; 25-50 basis points of annual improvement in EBIT margin; and free cash flow as a percentage of net sales of 10-12 percent, which the Company anticipates using to invest in the business, maintain debt leverage within its target range and return cash to shareholders through dividends and share repurchases.

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

Clorox also will continue enhancing its capabilities in the “3Ds”: Desire, Decide and Delight, as a means of increasing consumer loyalty. 3D capabilities include breakthrough marketing communications to drive consumer *desire* , stand-out product packaging and in-store promotions to compel purchase decisions at the point of *decide* and superior quality products to *delight* consumers. Moreover, Clorox aims to accelerate its innovation efforts and has raised its annual target for sales growth from new products from 2 percent to 3 percent.

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

Fiscal Year 2012 Financial Highlights

The Company reported earnings from continuing operations for the fiscal year ended June 30, 2012, of $543 and diluted net earnings per share from continuing operations of $4.10 based on weighted average diluted shares outstanding of approximately 132 million. This compares to earnings from continuing operations for the fiscal year ended June 30, 2011, of $287 and diluted net earnings per share from continuing operations of $2.07 based on weighted average diluted shares outstanding of approximately 138 million. Excluding the noncash goodwill impairment charge of $258, which the Company recorded in fiscal year 2011, the Company reported earnings from continuing operations of $545 or $3.93 diluted net earnings per share from continuing operations for the fiscal year ended June 30, 2011.

In fiscal year 2012, the Company delivered solid growth and remains focused on rebuilding margins despite continuing to face a challenging business and consumer environment. The Company addressed these challenges through the execution of the 3D demand creation model, implementation of price increases, product innovation and product improvements that meet consumer demands and deliver value to consumers, as well as cost structure management.

Key fiscal year 2012 results are summarized as follows:

- The Company’s fiscal year 2012 net sales grew 5% with increases in all four reportable segments as a result of slightly improving U.S. categories, successful pricing execution, strong base business results and the benefit of the recent acquisitions of HealthLink, Aplicare, Inc. and Soy Vay Enterprises, Inc.

- The Company’s gross margin decreased to 42.1% in fiscal year 2012 from 43.5% in fiscal year 2011, reflecting higher costs for commodities, manufacturing and logistics. These results were partially offset by the benefit of price increases and cost savings.

- The Company responded to cost pressures by taking pricing actions, which resulted in a gross margin benefit of approximately $150, and aggressively managing costs, which generated approximately $100 of cost savings.

- EP increased to $402 in fiscal year 2012 compared to $393 in fiscal year 2011 (Refer to the reconciliation of EP to earnings from continuing operations before income taxes in Exhibit 99.3).

- The Company delivered diluted net earnings per share from continuing operations in fiscal year 2012 of $4.10, an increase of approximately 4% from fiscal year 2011 diluted net earnings per share of $3.93, excluding the fiscal year 2011 noncash goodwill impairment charge.

- Free cash flow was $428 or 8% of net sales in fiscal year 2012, a decline from $462 or 9% of net sales in fiscal year 2011 (Refer to “Free cash flow” below).

- The Company returned $315 in dividends to stockholders and in May 2012 announced an increase of nearly 7% in the cash dividend to $2.56 per share from $2.40 per share. In addition, using the remaining proceeds from the Company’s November 2010 sale of its global auto care businesses (Auto Businesses), the Company repurchased approximately 2.4 million shares of its common stock at a cost of approximately $158. In fiscal year 2012, the Company repurchased a total of 3.4 million shares of its common stock at a cost of approximately $225, reducing total common shares outstanding by a net of 1% for the fiscal year.

RESULTS OF OPERATIONS

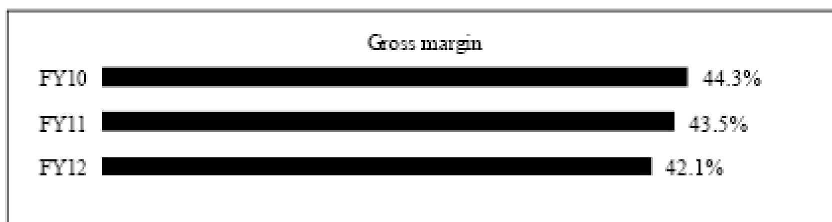
Management's discussion and analysis of the Company's results of operations, unless otherwise noted, compares fiscal year 2012 to fiscal year 2011, and fiscal year 2011 to fiscal year 2010, using percentage and basis point changes calculated on a rounded basis, except as noted.

CONSOLIDATED RESULTS

Continuing Operations

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

Net sales in fiscal year 2011 were flat, primarily due to the benefit of price increases offset by unfavorable product mix, the impact of customer pick-up allowances and unfavorable foreign exchange rates, primarily related to Venezuela. Volume was also flat, which reflected higher shipments of Burt's Bees ® natural personal care products, primarily driven by lip balm strength and international market growth; higher shipments of Pine-Sol ® cleaners, primarily due to increased merchandising events and distribution gains; and higher shipments of Fresh Step ® cat litter, driven by product improvements and increased merchandising events. These increases were offset by lower shipments of Glad ® food storage products and Glad ® trash bags, primarily due to competitive activity. Category consumption on an all-outlet basis was down approximately 2% for fiscal year 2011; however, the Company increased its all-outlet market share by approximately 0.5%. In addition, strong retailer merchandising in the prior fiscal year, primarily related to Kingsford ® charcoal products and Hidden Valley ® bottled salad dressings, contributed to the Company's flat sales.



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

Gross profit decreased 2% in fiscal year 2011, from $2,319 to $2,273, and gross margin decreased 80 basis points to 43.5%. Gross margin contraction in fiscal year 2011 reflects 160 basis points from higher commodity costs and 60 basis points from unfavorable product mix. These factors were partially offset by 170 basis points from cost savings and 80 basis points from the benefit of price increases.

Diluted net earnings per share from continuing operations

The following table includes a reconciliation of diluted net earnings per share from continuing operations to diluted net earnings per share from continuing operations before the noncash goodwill impairment charge of $258 recognized in fiscal year 2011:

	2012	2011	2010
Diluted net earnings per share from continuing operations	**$ 4.10**	$ 2.07	$ 3.69
Add back: Noncash goodwill impairment per share	**-**	1.86	-
Diluted net earnings per share from continuing operations before noncash goodwill impairment	**$ 4.10**	$ 3.93	$ 3.69
Percent change from prior fiscal year	**4.3%**	6.5%	10.8%

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

Excluding the fiscal year 2011 noncash goodwill impairment charge, the Company's diluted net earnings per share from continuing operations increased $0.24 in fiscal year 2011, primarily driven by cost savings, the benefit of price increases, lower employee incentive compensation costs, lower interest expense, a lower effective tax rate and share repurchases. These increases were partially offset by higher commodity costs, unfavorable product mix and higher manufacturing and logistics costs.

Free cash flow

	2012	2011	2010
Net cash provided by continuing operations	**$ 620**	$ 690	$ 764
Less: capital expenditures	**(192)**	(228)	(201)
Free cash flow	**$ 428**	$ 462	$ 563
Free cash flow as a percentage of net sales	**7.8%**	8.8%	10.8%

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

Free cash flow as a percentage of net sales decreased in fiscal year 2011, primarily due to changes in working capital and higher capital expenditures for investments in IT systems and the new Pleasanton facility.

Expenses

				Change		% of Net sales		
	2012	2011	2010	2012 to 2011	2011 to 2010	2012	2011	2010
Selling and administrative expenses	**$ 798**	$ 735	$ 734	**9%**	-%	**14.6%**	14.1%	14.0%
Advertising costs	**482**	502	494	**(4)**	2	**8.8**	9.6	9.4
Research and development costs	**121**	115	118	**5**	(3)	**2.2**	2.2	2.3

Selling and administrative expenses increased in fiscal year 2012, driven by higher employee incentive compensation costs and investments in the Company's IT systems and the new Pleasanton facility, partially offset by cost savings.

Selling and administrative expenses remained flat in fiscal year 2011, as increased investments in IT systems and the new Pleasanton facility were offset by lower employee incentive compensation costs and cost savings, primarily from the Company's restructuring activities.

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

Advertising costs increased in fiscal year 2011, as the Company increased its investment behind new products and its established brands, primarily related to Hidden Valley ® and K C Masterpiece ® dressings and sauces, the on-the-go Brita ® Bottle, and International initiatives. These increases were partially offset by decreased investment behind Green Works ® natural cleaning products and Glad ® trash bags, and cost savings.

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

Research and development costs decreased in fiscal year 2011, primarily due to lower employee incentive compensation costs and decreased investment behind Green Works ® natural cleaning products, partially offset by increased investment behind Burt's Bees ® natural personal care products, Brita ® water-filtration products and International initiatives.

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

	2012	2011	2010
Goodwill impairment	**$ -**	$ 258	$ -
Interest expense	**125**	123	139
Other (income) expense, net	**(13)**	(23)	29
Income taxes from continuing operations	**248**	276	279

Goodwill impairment

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

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

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

To determine the fair value of the Burt's Bees reporting unit, which was reflected in the Lifestyle reportable segment in fiscal year 2011, the Company used a discounted cash flow (DCF) approach, as it believed this approach was the most reliable indicator of the fair value of the business. Under this approach, the Company estimated the future cash flows of the Burt's Bees reporting unit and discounted these cash flows at a rate of return that reflected its relative risk.

The Company's trademarks and indefinite-lived intangible assets for the Burt's Bees reporting unit were tested for impairment in fiscal year 2011, the Company concluded that these assets were not impaired. No other instances of impairment were identified during fiscal years 2011 and 2010.

Interest expense increased $2 in fiscal year 2012, primarily due to higher average commercial paper balances. Interest expense decreased $16 in fiscal year 2011, primarily due to a decline in average debt balances.

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

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

Other (income) expense, net, of $29 in fiscal year 2010 included $26 of net foreign exchange transaction and remeasurement losses, primarily related to the Company's subsidiary in Venezuela and $9 of amortization of trademarks and other intangible assets; partially offset by $(9) of income from equity investees.

The effective tax rate on income from continuing operations was 31.4%, 49.0% and 34.7% in fiscal years 2012, 2011 and 2010, respectively. The decrease in the fiscal year 2012 effective tax rate was primarily due to the substantially higher tax rate in fiscal year 2011 as a result of the non-deductible noncash goodwill impairment charge of $258 related to the Burt's Bees reporting unit, as there was no substantial tax benefit associated with this noncash charge. Also contributing to the decrease in fiscal year 2012 was lower tax on foreign earnings, favorable tax settlements and a decrease in the blended state tax rate; partially offset by higher uncertain tax position releases in fiscal year 2011. The substantially higher tax rate in fiscal year 2011 as compared to fiscal year 2010 was also driven by the effect of the noncash goodwill impairment charge.

Discontinued operations

In September 2010, the Company entered into a definitive agreement to sell its Auto Businesses to an affiliate of Avista Capital Partners in an all-cash transaction. In November 2010, the Company completed the sale pursuant to the terms of a Purchase and Sale Agreement (Purchase Agreement) and received cash consideration of $755. The Company also received cash flows of approximately $30 related to net working capital that was retained by the Company as part of the sale. Included in earnings from discontinued operations for the fiscal year ended June 30, 2011, was an after-tax gain on the transaction of $247. In fiscal year 2012, the Company recognized $1 of additional income tax expense related to the gain on the sale, which was recorded in (losses) earnings from discontinued operations, net of tax.

As part of the Purchase Agreement, certain transition services were provided to the buyer from the date of sale, November 5, 2010, through May 5, 2012, a period of eighteen months. The purpose of the services was to provide short-term assistance to the buyer in assuming the operations of the Auto Businesses. These services did not confer to the Company the ability to influence the operating or financial policies of the Auto Businesses under their new ownership. Income from these transition services for the fiscal years ended June 30, 2012 and 2011, was $6 and $9, respectively, and was reported in other (income) expense, net, in continuing operations in the consolidated statements of earnings. The costs associated with the services were also reflected in continuing operations. Aside from the transition services, the Company included the financial results of the Auto Businesses in discontinued operations for all periods presented.

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

	2012	2011	2010
Net sales	$ -	$ 95	$ 300
Earnings before income taxes	$ -	$ 34	$ 120
Income tax expense on earnings	-	(11)	(43)
(Loss) gain on sale, net of tax	(1)	247	-
(Losses) earnings from discontinued operations, net of tax	$ (1)	$ 270	$ 77

SEGMENT RESULTS FROM CONTINUING OPERATIONS

Beginning in the fourth quarter of fiscal year 2012, natural personal care financial results outside the U.S. are being reported in the International segment rather than in the Lifestyle segment because management of the International segment now has primary oversight of natural personal care financial results outside the U.S. All periods presented have been recast to reflect this change. For additional information regarding the financial impacts to the Company's net sales and profit measures, refer to Note 20 of the Notes to Consolidated Financial Statements.

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

Cleaning

				Change	
	2012	2011	2010	2012 to 2011	2011 to 2010
Net sales	**$ 1,692**	$ 1,619	$ 1,624	**5%**	-%
Earnings from continuing operations before income taxes	**381**	356	368	**7**	(3)

Fiscal year 2012 versus fiscal year 2011: Net sales, volume and earnings from continuing operations before income taxes increased during fiscal year 2012. Volume growth of 2% was primarily driven by higher shipments in the professional products business, primarily due to the recent acquisitions of HealthLink and Aplicare, Inc. and distribution gains in health care channels; higher shipments of Clorox ® disinfecting wipes behind strong merchandising activities; and higher shipments of Clorox ® disinfecting bathroom cleaner due to product innovation. These increases were partially offset by lower shipments of Clorox ® laundry additives, primarily due to price increases. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 450 basis points), partially offset by unfavorable product mix (approximately 190 basis points). The increase in earnings from continuing operations before income taxes was primarily due to $73 of higher net sales, $22 of cost savings due to various manufacturing efficiencies and $10 of lower advertising and sales promotion expenses. These increases were partially offset by $30 of higher commodity costs, primarily resin, $14 of unfavorable product mix and $14 of higher manufacturing and logistics costs.

Fiscal year 2011 versus fiscal year 2010: Net sales were flat, volume increased and earnings from continuing operations before income taxes decreased during fiscal year 2011. Volume growth of 1% was primarily driven by increased shipments of disinfecting products in the professional products business. Also contributing to volume growth were increased shipments of several products, including Pine-Sol ® cleaners, Clorox ® Clean-Up ® Cleaner with Bleach, Clorox ® disinfecting bathroom cleaners and Clorox ® Disinfecting Wipes, primarily behind strong merchandising activities. These increases were partially offset by lower shipments of Clorox ® laundry additives due to category softness; and lower shipments of Tilex ® mold and mildew remover, due to competitive activity. Volume growth outpaced net sales primarily due to the impact of incremental customer pick-up allowances (approximately 60 basis points). The decrease in earnings from continuing operations before income taxes was primarily driven by $27 of higher commodity costs, $17 of unfavorable product mix and other smaller items. These decreases were partially offset by $29 of cost savings, due to various manufacturing efficiencies and network consolidations, and $12 of lower advertising and sales promotion activities.

Household

	2012	2011	2010	Change 2012 to 2011	Change 2011 to 2010
Net sales	**$ 1,676**	$ 1,611	$ 1,663	**4%**	(3)%
Earnings from continuing operations before income taxes	**298**	278	290	**7**	(4)

Fiscal year 2012 versus fiscal year 2011: Net sales, volume and earnings from continuing operations before income taxes increased during fiscal year 2012. Volume growth of 1% was primarily driven by higher shipments of Fresh Step ® cat litter behind new product innovation and higher shipments of Glad ® OdorShield ® trash bags with Febreze ®; partially offset by lower shipments of Glad ® base trash bags due to price increases. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 530 basis points). The increase in earnings from continuing operations before income taxes was primarily due to $65 of higher net sales and $35 of cost savings related to various manufacturing efficiencies. These increases were partially offset by $44 of higher commodity costs, primarily resin, and $30 of higher manufacturing and logistics costs.

Fiscal year 2011 versus fiscal year 2010: Net sales, volume and earnings from continuing operations before income taxes decreased during fiscal year 2011. Volume decline of 2% was primarily driven by lower shipments of Glad ® food-storage products, primarily due to competitive activity, and lower shipments of Kingsford ® charcoal products. Also contributing to volume decline was lower shipments of Glad ® base trash bags, primarily due to competitive activity and the impact of price increases. These decreases were partially offset by higher shipments of Fresh Step ® cat litter, driven by product improvements and increased merchandising events; and higher shipments of Glad ® premium trash bags, primarily due to product improvements.

The variance between net sales and volume was primarily due to the impact of incremental customer pick-up allowances (approximately 110 basis points) and unfavorable product mix (approximately 60 basis points), partially offset by the benefits of pricing (approximately 90 basis points). The decrease in earnings from continuing operations before income taxes was primarily due to lower net sales and $30 of higher commodity costs, primarily resin, partially offset by $30 of cost savings due to various manufacturing efficiencies and product improvements, and other smaller items.

Lifestyle

	2012	2011	2010	Change 2012 to 2011	Change 2011 to 2010
Net sales	**$ 901**	$ 849	$ 835	**6%**	2%
Earnings from continuing operations before income taxes	**265**	91	304	**191**	(70)
Noncash goodwill impairment	**-**	164	-		
Earnings from continuing operations before income taxes and noncash goodwill impairment charge	**$ 265**	$ 255	$ 304	**4%**	(16)%

Fiscal year 2012 versus fiscal year 2011: Net sales, volume and earnings from continuing operations before income taxes and noncash goodwill impairment charge increased during fiscal year 2012. Volume growth of 3% was primarily driven by higher shipments of Burt's Bees ® natural personal care products, primarily due to increased merchandising and new products, including the launch of the güd ® natural personal care line, higher shipments of the on-the-go Brita ® Bottle and the acquisition of Soy Vay Enterprises, Inc. These increases were partially offset by lower shipments of bottled Hidden Valley ® salad dressings due to price increases and lower shipments of Brita ® pour through water-filtration products. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 360 basis points). The increase in earnings from continuing operations before income taxes and noncash goodwill impairment charge was primarily due to $52 of higher net sales and $10 of cost savings related to various manufacturing efficiencies, partially offset by $20 of higher commodity costs, primarily soybean oil.

Fiscal year 2011 versus fiscal year 2010: Net sales and volume increased while earnings from continuing operations before income taxes and noncash goodwill impairment charge decreased during fiscal year 2011. Volume growth of 2% was primarily driven by higher shipments of Burt's Bees ® natural personal care products, due to lip balm strength. Also contributing to volume growth was higher shipments of Hidden Valley ® salad dressings and higher shipments of the new on-the-go Brita ® Bottle. These increases were partially offset by lower shipments of K C Masterpiece ® barbeque sauces. The decrease in earnings from continuing operations before income taxes and the noncash goodwill impairment charge was primarily due to $22 of higher advertising costs in support of product innovation; $7 of higher commodity costs, primarily soybean oil and garlic; $6 of higher manufacturing and logistics costs; and $4 of higher selling and administrative expenses. These factors were partially offset by $14 of higher net sales and $9 of cost savings, due to various manufacturing efficiencies, and other smaller items.

International

				Change	
	2012	**2011**	**2010**	**2012 to 2011**	**2011 to 2010**
Net sales	**$ 1,199**	$ 1,152	$ 1,112	**4%**	4%
Earnings from continuing operations before income taxes	**119**	55	143	**116**	(62)
Noncash goodwill impairment	**-**	94	-		
Earnings from continuing operations before income taxes and noncash goodwill impairment charge	**$ 119**	$ 149	$ 143	**(20)%**	4%

Fiscal year 2012 versus fiscal year 2011: Net sales and volume increased while earnings from continuing operations before income taxes and the noncash goodwill impairment charge decreased during fiscal year 2012. Volume growth of 2% was primarily due to higher shipments in Argentina; partially offset by lower shipments in the nonstrategic export business and Venezuela, primarily driven by the Venezuelan government's new price control law. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 530 basis points), partially offset by unfavorable foreign currency exchange rates (approximately 110 basis points). The decrease in earnings from continuing operations before income taxes and noncash goodwill impairment charge was primarily due to $37 of higher manufacturing and logistics costs due to the impact of inflationary pressures in Argentina and Venezuela; $25 of higher selling and administrative costs associated with investments in IT systems; and $19 of higher commodity costs, primarily resin. These decreases were partially offset by $47 of higher net sales and $14 of cost savings, primarily related to various manufacturing efficiencies.

Fiscal year 2011 versus fiscal year 2010: Net sales, volume and earnings from continuing operations before income taxes and noncash goodwill impairment charge increased during fiscal year 2011. Volume growth of 1% was primarily due to Burt's Bees ® growth in international markets. Net sales growth outpaced volume growth primarily due to the benefit of price increases (approximately 650 basis points); partially offset by the impact of unfavorable foreign exchange rates (approximately 150 basis points) and unfavorable product mix (approximately 110 basis points). The increase in earnings from continuing operations before income taxes and noncash goodwill impairment charge was primarily due to $40 of higher net sales driven by inflation in Latin America and $17 of cost savings. These increases were partially offset by $28 of higher manufacturing and logistics costs, primarily due to inflation in Latin America; $28 of higher selling and administration costs, primarily associated with investments in IT systems; $22 of higher commodity costs behind inflationary pressures in Latin America and other smaller items.

Venezuela

Prior to December 31, 2009, the Company translated its Venezuelan subsidiary's financial statements using Venezuela's official currency exchange rate, which had been fixed by the Venezuelan government at 2.15 bolivar Fuertes (VEFs) to the U.S dollar. Effective December 31, 2009, the Company began translating its Venezuelan subsidiary's financial statements using the then prevailing parallel market currency exchange rate (exchange rates negotiated with local financial intermediaries), the rate at which the Company expected to be able to remit dividends or return capital. The rate used at December 31, 2009, was 5.87 VEFs to the U.S. dollar. On a pretax basis, this change in the rate used for converting these currencies resulted in a remeasurement loss of $12, during the Company's fiscal quarter ended December 31, 2009, which related primarily to U.S dollar denominated inventory purchases.

Effective January 1, 2010, the financial statements for the Company's Venezuelan subsidiary are consolidated under the rules governing the translation of financial information in a highly inflationary economy. As such, the subsidiary's non-U.S dollar monetary assets and liabilities are remeasured into U.S dollars each reporting period and the exchange gains and losses from these remeasurements are reflected in the Company's current net earnings.

In May 2010, the Venezuelan government suspended the functioning of the parallel currency exchange market, and in June 2010, established an alternative currency exchange market controlled by the Central Bank of Venezuela. As a result, the Company began utilizing the exchange rate at which the Company was purchasing U.S. dollars through this alternative market as the remeasurement rate for the Company's Venezuelan subsidiary's financial statements. The average exchange rate for U.S. dollars purchased through this alternative market was 5.5 VEFs for both fiscal years ending June 30, 2012 and 2011, and 5.4 VEFs for the fiscal year ended June 30, 2010. This alternative market also includes volume restrictions on the amount of U.S dollars which may be converted each month.

For each of the fiscal years ended June 30, 2012, 2011 and 2010, Venezuela's net sales and total assets represented 2% and 1% of the Company's net sales and total assets, respectively.

In November 2011, the Venezuelan government enacted a price control law that negatively impacted the net selling prices of certain products sold in Venezuela. This impact was not significant for fiscal year 2012. The Company's ability to effectively manage net sales and net earnings in Venezuela will be affected by a number of factors including the Company's ability to mitigate the effect of the price controls, possible future currency devaluations, local economic conditions and the availability of raw materials and utilities.

Corporate

				Change	
	2012	2011	2010	2012 to 2011	2011 to 2010
Losses from continuing operations before income taxes	**$ (272)**	$ (217)	$ (300)	**25%**	(28)%

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

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

Fiscal year 2011 versus fiscal year 2010: The decrease in losses from continuing operations before income taxes was primarily due to lower employee benefit and incentive compensation costs; lower interest expense, primarily due to a decline in average debt balances; low-income housing partnership gains; cost savings associated with the Company's restructuring initiatives; and income from transition services related to the sale of the Auto Businesses.

FINANCIAL POSITION AND LIQUIDITY

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

The following table summarizes cash activities as of June 30:

	2012	2011	2010
Net cash provided by continuing operations	**$ 620**	$ 690	$ 764
Net cash (used for) provided by investing activities from continuing operations	**(277)**	544	(229)
Net cash used for financing activities	**(321)**	(1,078)	(706)

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 balances is held in U.S. dollars by foreign subsidiaries whose functional currency is their local currency. Such U.S. dollar balances are reported on the foreign subsidiaries' books, in their functional currency, with the impact from foreign currency exchange rate differences recorded in other (income) expense, net. The Company's cash holdings as of the end of fiscal years 2012, 2011 and 2010 were as follows:

	2012	2011	2010
Non-U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	**$ 81**	$ 98	$ 42
U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	**35**	15	13
Non-U.S. dollar balances held by U.S. dollar functional currency subsidiaries	**20**	26	7
U.S. dollar balances held by U.S. dollar functional currency subsidiaries	**131**	120	25
Total	**$ 267**	$ 259	$ 87

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

The Company's total cash balance increased $172 as of June 30, 2011, as compared to June 30, 2010. The increase was primarily attributable to the expiration of a U.S. federal tax law in June 2011 that provided tax relief for U.S. companies to borrow from their foreign subsidiaries on a short-term basis, borrowings which the Company used to pay down commercial paper balances in fiscal year 2010. As of June 30, 2010, the Company had short-term intercompany borrowings, with an initial maturity of 60 days, from its foreign subsidiaries of $155, pursuant to the provisions of this tax relief.

As of June 30, 2012 and 2011, total current liabilities exceeded total current assets (excluding assets held for sale) by $685 and $86, respectively. The year-over-year change was primarily attributable to $850 of current maturities of long-term debt at June 30, 2012.

Operating Activities

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

Net cash provided by continuing operations decreased to $690 in fiscal year 2011 from $764 in fiscal year 2010. The year-over-year decrease was primarily driven by higher fiscal year 2010 incentive compensation payments paid in fiscal year 2011, as compared to fiscal year 2009 incentive compensation payments paid in 2010, and other working capital changes; partially offset by lower tax payments.

Investing Activities

Capital expenditures were $192, $228 and $201, respectively, in fiscal years 2012, 2011 and 2010. Capital spending as a percentage of net sales was 3.5%, 4.4% and 3.8% for fiscal years 2012, 2011 and 2010, respectively. The decrease in fiscal year 2012 capital spending is primarily associated with higher spending for manufacturing efficiencies in the prior fiscal year. The Company estimates capital spending during fiscal year 2013 will be in the range of $230 to $240, which includes continuing investments in IT systems and the new Pleasanton facility.

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

Acquisitions

On December 31, 2011, the Company acquired HealthLink, Aplicare, Inc. and Soy Vay Enterprises, Inc. for purchase prices aggregating $97, funded through commercial paper borrowings. The amount paid of $93 represents the aggregate purchase prices less cash acquired. HealthLink, based in Jacksonville, Fla., and Aplicare, Inc., based in Meriden, Conn., are leading providers of infection control products for the health care industry, complementing and expanding the Company’s professional products business. Results for these businesses are reflected in the Cleaning reportable segment. Soy Vay Enterprises, Inc., a California-based operation, provides the Company’s food products business a presence in the growing market for Asian sauces. These acquisitions added a modest benefit of approximately 1% to the Company’s net sales and volume, respectively, for fiscal year 2012.

In January 2010, the Company acquired the assets of Caltech Industries, Inc., a company that provides disinfectants for the health care industry, for an aggregate price of $24, with the objective of expanding the Company’s capabilities in the areas of health and wellness. The Company paid for the acquisition in cash.

Financing Activities

Capital Resources and Liquidity

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

In November 2011, the Company filed a shelf registration statement with the SEC, which allows the Company to offer and sell an unlimited amount of its senior unsecured indebtedness from time to time. The shelf registration statement will expire in November 2014. Subsequently, in November 2011, the Company issued $300 of senior notes under the shelf registration statement. The notes carry an annual fixed interest rate of 3.80% payable semi-annually in May and November. The notes mature on November 15, 2021. Proceeds from the notes were used to retire commercial paper. The notes rank equally with all of the Company's existing and future senior indebtedness.

In fiscal years 2011 and 2010, $300 and $598, respectively, of long-term debt became due and was paid. The Company funded the debt repayments with commercial paper and operating cash flows.

In fiscal year 2010, the Company issued $300 of long-term debt in senior notes. The notes carry an annual fixed interest rate of 3.55% payable semi-annually in May and November. The notes mature on November 1, 2015. Proceeds from the notes were used to repay commercial paper. The notes rank equally with all of the Company's existing and future senior indebtedness.

Credit Arrangements

During fiscal year 2012, the Company entered into a new $1.1 billion revolving credit agreement, which expires in May 2017 and concurrently terminated its prior $1.1 billion revolving credit agreement, which was due to mature in April 2013. No termination fees or penalties were incurred by the Company in connection with the termination of the prior credit agreement. As of June 30, 2012, there were no borrowings under the agreement, and the Company believes that borrowings under the revolving credit facility are and will continue to be available for general corporate purposes. The agreement includes certain restrictive covenants and limitations. The primary restrictive covenant is a maximum ratio of total debt to earnings before interest, taxes, depreciation, amortization and other items (EBITDA) for the trailing four quarters (EBITDA ratio), as defined in the Company's revolving credit agreement, of 3.50. EBITDA, as defined, includes adjustments to exclude results from discontinued operations, and may not be comparable to similarly titled measures used by other entities.

The following table sets forth the calculation of the EBITDA ratio as of June 30, using EBITDA for the trailing four quarters, as contractually defined in the periods presented:

	2012	2011	2010
Net earnings	**$ 543**	$ 557	$ 603
Add back:			
Interest expense	**125**	123	139
Income tax expense	**248**	366	322
Depreciation and amortization	**178**	173	185
Goodwill impairment charge	**-**	258	-
Deduct:			
Interest income	**3**	3	3
Gain on sale	**-**	326	-
EBITDA	**$ 1,091**	$ 1,148	$ 1,246
Total debt	**$ 2,721**	$ 2,584	$ 2,795
EBITDA ratio	**2.49**	2.25	2.24

The Company is in compliance with all restrictive covenants and limitations as of June 30, 2012. The Company 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 facility, and currently expects that any drawing on the facility will be fully funded.

The Company had $44 of foreign and other credit lines at June 30, 2012, of which $29 was available for borrowing.

Based on the Company's working capital requirements, anticipated ability to generate positive cash flows from operations in the future, investment-grade credit ratings, demonstrated access to long- and short-term credit markets and current borrowing availability under credit agreements, the Company believes it will have the funds necessary to meet its financing requirements and other fixed obligations as they become due. In October 2012 and March 2013, $350 and $500 of senior unsecured notes will become due and payable, respectively. The Company anticipates that the debt repayment will be made through partial debt refinancing and use of operating cash flows. Should the Company undertake other transactions requiring funds in excess of its current cash levels and available credit lines, it would consider the issuance of additional debt or other securities to finance acquisitions, repurchase shares, refinance debt or fund other activities for general business purposes. The Company's access to or cost of such additional funds could be adversely affected by any decrease in credit ratings, which were the following as of June 30:

	2012		**2011**	
	Short-term	**Long-term**	Short-term	Long-term
Standard and Poor's	**A-2**	**BBB+**	A-2	BBB+
Moody's	**P-2**	**Baa1**	P-2	Baa1

Share Repurchases and Dividend Payments

The Company has three share repurchase programs: two open-market purchase programs and a program to offset the impact of share dilution related to share-based awards (the Evergreen Program). In May 2008, the Company's board of directors approved an open-market purchase program with a total authorization of $750, of which $71 remained available as of June 30, 2012. In May 2011, the board of directors approved a second open-market purchase program with a total authorization of $750, all of which remained available for repurchase as of June 30, 2012. The Evergreen Program has no authorization limit as to amount or timing of repurchases. The purpose of the Evergreen Program is to offset the impact of share dilution related to share-based awards.

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

	2012		**2011**		**2010**	
	Amount	**Shares (000)**	**Amount**	**Shares (000)**	**Amount**	**Shares (000)**
Open-market purchase programs	$ 158	2,429	$ 521	7,654	$ -	-
Evergreen Program	67	990	134	2,122	150	2,374
Total	$ 225	3,419	$ 655	9,776	$ 150	2,374

During fiscal years 2012, 2011 and 2010, the Company declared dividends per share of $2.44, $2.25 and $2.05, respectively. During fiscal years 2012, 2011 and 2010, the Company paid dividends per share of $2.40, $2.20 and $2.00, respectively, equivalent to $315, $303 and $282, respectively.

Contractual Obligations

The Company had contractual obligations as of June 30, 2012, payable or maturing in the following fiscal years:

	2013	2014	2015	2016	2017	Thereafter	Total
Long-term debt maturities including interest payments (See Note 9)	$ 959	$ 75	$ 650	$ 341	$ 35	$ 763	$ 2,823
Notes and loans payable (See Note 9)	300	-	-	-	-	-	300
Purchase obligations (1)	348	160	88	28	25	48	697
Operating leases (See Note 16)	38	34	30	28	26	95	251
ITS Agreement (service agreement only) (2)	34	9	-	-	-	-	43
Contributions to non-qualified supplemental post retirement plans (3)	19	16	15	15	17	82	164
Venture Agreement terminal obligation (See Note 11)	-	-	-	-	-	281	281
Total	$ 1,698	$ 294	$ 783	$ 412	$ 103	$ 1,269	$ 4,559

(1) Purchase obligations are defined as purchase agreements that are enforceable and legally binding and that specify all 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 IT and related services, advertising contracts, utility agreements, capital expenditure agreements, software acquisition and license commitments, and service contracts.

(2) In October 2006, the Company entered into an Information Technology Services (ITS) agreement with Hewlett-Packard (HP), a third-party service provider. Upon the terms and subject to the conditions set forth in the ITS Agreement, HP is providing certain IT and related services. The services began in March 2007 and will continue through October 2013. The total minimum contractual obligations at June 30, 2012, are $49, of which $6 are included in operating leases. The minimum contractual obligations are based on an annual service fee that is adjusted periodically based upon updates to services and equipment provided. Included in the ITS Agreement are certain acceleration payment clauses if the Company terminates the contract without cause.

(3) Represents expected payments through 2022. Based on the accounting rules for retirement and postretirement benefit plans, the liabilities reflected in the Company's consolidated balance sheets differ from these expected future payments (See Note 19 of the Notes to Consolidated Financial Statements).

At June 30, 2012, the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately $80. In the twelve months succeeding June 30, 2012, audit resolutions could potentially reduce total unrecognized tax benefits by up to $4, primarily as a result of cash settlement payments. Since the ultimate amount and timing of further cash settlements cannot be predicted due to the high degree of uncertainty, liabilities for uncertain tax positions are excluded from the contractual obligation table (See Note 18 of the Notes to Consolidated Financial Statements).

Off-Balance Sheet Arrangements

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

As of June 30, 2012, the Company was a party to a letter of credit of $15, related to one of its insurance carriers.

The Company had not recorded any liabilities on any of the aforementioned guarantees as of June 30, 2012.

CONTINGENCIES

The Company is involved in certain environmental matters, including response actions at various locations. The Company had a recorded liability of $14 and $15 as of June 30, 2012 and 2011, respectively, for its share of aggregate future remediation costs related to these matters. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounted for a substantial majority of the recorded liability as of both June 30, 2012 and 2011. The Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs for this matter pursuant to a cost-sharing arrangement with a third party. With the assistance of environmental consultants, the Company maintains an undiscounted liability representing its current best estimate of its share of the capital expenditures, maintenance and other costs that may be incurred over an estimated 30-year remediation period. Currently, the Company cannot accurately predict the timing of future payments that may be made under this obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the future availability of alternative clean-up technologies. Although it is possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

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

On August 7, 2012, an appellate court hearing was convened in a lawsuit pending in Brazil against the Company and one of its wholly-owned subsidiaries, The Glad Products Company ("Glad"). The pending lawsuit was initially filed in a Brazilian lower court in 2002 by two Brazilian companies and one Uruguayan company (collectively "Petroplus") related to joint venture agreements for the distribution of STP auto-care products in Brazil with three companies that became subsidiaries of the Company as a result of the Company's merger with First Brands Corporation in January 1999 (collectively, "Clorox Subsidiaries"). The pending lawsuit seeks indemnification for damages and losses for alleged breaches of the joint venture agreements and abuse of economic power by the Company and Glad. Petroplus had previously unsuccessfully raised the same claims and sought damages from the Company and the Clorox Subsidiaries in an International Chamber of Commerce ("ICC") arbitration proceeding in Miami filed in 2001. The ICC arbitration panel unanimously ruled against Petroplus in numerous rulings in 2001 through 2003, reaching a final decision against Petroplus in November 2003 ("Final ICC Arbitration Award"). The Final ICC Arbitration Award was ratified by the Superior Court of Justice of Brazil in May 2007 ("Foreign Judgment"), and the United States District Court for the Southern District of Florida subsequently confirmed the Final ICC Arbitration Award and recognized and adopted the Foreign Judgment as a judgment of the United States District Court for the Southern District of Florida ("U.S. Judgment"). Despite this, in March 2008 a Brazilian lower court ruled against the Company and Glad in the pending lawsuit and awarded Petroplus R$22,952,678 ($13) plus interest. The current value of that judgment, including interest and foreign exchange fluctuation as of August 14, 2012, is approximately $34.

Because the Final ICC Arbitration Award, the Foreign Judgment and the U.S. Judgment relate to the same claims as those in the pending lawsuit, the Company believes that Petroplus is precluded from re-litigating these claims. Prior to the August 2012 court hearing, the Company viewed a potential loss in excess of amounts accrued in connection with this matter as remote. Based on the proceedings in August, the Company now believes that it is reasonably possible that a loss could be incurred in this matter in excess of amounts accrued, although it is unable to reasonably estimate the amount of any such additional loss. The Company continues to believe that its defenses are meritorious. If the appellate court rules against the Company and Glad, they plan to appeal the decision to the highest courts of Brazil, which could take years to resolve. Expenses related to this litigation and any potential additional loss would be reflected in Discontinued Operations, consistent with the Company's classification of expenses related to its discontinued Brazil operations.

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

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 2012 and 2011, 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 balance sheet with an offset to net earnings or other comprehensive income, depending on whether or not, for accounting purposes, the derivative is designated and qualified as a hedge. In the event the Company has contracts not designated as hedges for accounting purposes, the Company recognizes the changes in the fair value of these contracts in other (income) expense, net.

Foreign Currency Risk

The Company seeks to minimize the impact of certain foreign currency fluctuations by hedging transactional exposures with foreign-currency forward contracts. At June 30, 2012, the Company's foreign-currency transactional exposures pertaining to derivative contracts existed with the Canadian dollar. At June 30, 2011, the Company's foreign-currency transactional exposure pertaining to derivative contracts existed with the Canadian and Australian dollars. Based on a hypothetical decrease or increase of 10% in the value of the U.S. dollar against the Canadian and Australian dollars at June 30, 2012 and June 30, 2011, the estimated fair value of the Company's foreign currency derivative contracts would decrease or increase by $1 and $4, respectively, with the corresponding impact included in accumulated other comprehensive net losses or other (income) expense, net, as appropriate.

Commodity Price Risk

The Company is exposed to changes in the price of commodities used as raw materials in the manufacturing of its products. The Company uses various strategies to manage cost exposures on certain raw material purchases with the objective of obtaining more predictable costs for these commodities, including long-term commodity purchase contracts and commodity derivative contracts, where available at a reasonable cost. At June 30, 2012 and June 30, 2011, the Company's raw materials exposures pertaining to derivative contracts existed with solvent and soybean oil. Based on a hypothetical decrease or increase of 10% in these commodity prices at June 30, 2012 and June 30, 2011, the estimated fair value of the Company's then-existing derivative contracts would decrease or increase by $4 and $5, respectively, with the corresponding impact included in accumulated other comprehensive net losses or other (income) expense, net, as appropriate.

Interest Rate Risk

The Company is exposed to interest rate volatility with regard to existing and anticipated future issuances of debt. Primary exposures related to existing debt include movements in U.S. commercial paper rates. Weighted average interest rates for commercial paper have been less than 1 percent during fiscal years 2012 and 2011. Assuming average variable rate debt levels during the fiscal year, a 100 basis point increase in interest rates would increase interest expense from commercial paper by approximately $4 in fiscal years 2012 and 2011. Assuming average variable rate debt levels in fiscal years 2012 and 2011, a decrease in interest rates to zero percent would decrease interest expense from commercial paper by approximately $2, and $1, 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 periodically used forward interest rate contracts to reduce interest rate volatility during fiscal years 2012 and 2011. Based on a hypothetical decrease or increase of 100 basis points on the underlying U.S. Treasury rates at June 30, 2012 and June 30, 2011, the estimated fair value of the Company's then-existing interest rate derivative contracts would decrease or increase by $21 and $25, respectively, with the corresponding impact included in accumulated other comprehensive net losses.

NEW ACCOUNTING PRONOUNCEMENTS

Recently Issued Pronouncements

On July 27, 2012, the Financial Accounting Standards Board (FASB) issued new guidance to simplify how entities test indefinite-lived intangible assets for impairment. The new guidance allows an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative indefinite-lived intangible asset impairment test. The new guidance is effective for annual indefinite-lived intangible asset impairment tests to be performed in fiscal year 2013, with early adoption permitted. The Company will adopt this guidance beginning in fiscal year 2013 and does not expect the adoption to have any impact on its consolidated financial statements.

On June 16, 2011, the FASB issued new requirements on the presentation of comprehensive income. Companies will be required to present the components of net income and other comprehensive income either in one continuous statement, referred to as the Statement of Comprehensive Income, or in two separate, consecutive statements. Presentation requirements also eliminate the current option to report other comprehensive income and its components in the Statement of Stockholders' (Deficit) Equity. The components recognized in net income or other comprehensive income under current accounting guidance will not change. The presentation requirements are required to be adopted by the Company in the first quarter of fiscal year 2013.

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

Revenue Recognition

Sales are recognized as revenue when the risk of loss and title pass to the customer and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed or determinable, and collection is reasonably assured. Sales are recorded net of allowances for trade-promotions and other discounts. The Company routinely commits to one-time or on-going trade-promotion programs with customers. Programs include shelf-price reductions, end-of-aisle or in-store displays of the Company's products and graphics and other trade-promotion activities conducted by the customer. Costs related to these programs are recorded as a reduction of sales. The Company's estimated costs of trade-promotions incorporate historical sales and spending trends by customer and category. The determination of these estimated costs requires judgment and may change in the future as a result of changes in customer promotion participation, particularly for new programs and for programs related to the introduction of new products. Final determination of the total cost of promotion is dependent upon customers providing information about proof of performance and other information related to the promotional event. This process of analyzing and settling trade-promotion programs with customers could impact the Company's results of operations and trade spending accruals depending on how actual results of the programs compare to original estimates. If the Company's trade spending accrual estimates at June 30, 2012, were to differ by 10%, the impact on net sales would be approximately $9 .

Valuation of Intangible Assets and Property, Plant and Equipment

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

Goodwill

During the fourth quarter of fiscal year 2012, the Company reassessed the structure of its International reporting units based on changes in the Company's international management structure. As a result, the Company's International reporting units for goodwill impairment testing purposes are Canada, Latin America and Rest of World. For the U.S., the Company's reporting units continue to be its Strategic Business Units (SBUs). These reporting units are components of the Company's business that are either operating segments or one level below an operating segment and for which discrete financial information is available that is reviewed by the managers of the respective operating segments. No instances of impairment were identified during the fiscal year 2012 impairment review and the change in reporting units did not prevent any impairment charges.

In its evaluation of goodwill impairment, the Company performs either an initial qualitative or quantitative evaluation for each of its reporting units. Factors considered in the qualitative test include reporting unit operating results as well as new events and circumstances impacting the operations. If a qualitative test is performed that indicates the potential for impairment, a quantitative test is also performed. For the quantitative test, impairment occurs when the carrying amount of a reporting unit's goodwill exceeds its implied fair value. An impairment charge is recorded for the difference between the carrying amount and the implied fair value of the reporting unit's goodwill.

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

Trademarks and Other Indefinite-Lived Intangible Assets

For trademarks and other intangible assets with indefinite lives, impairment occurs when the carrying amount of an asset is greater than its estimated fair value. An impairment charge is recorded for the difference between the carrying amount and the fair value. The Company uses an income approach, the relief-from-royalty method, to estimate the fair value of its trademarks and other intangible assets with indefinite lives. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. The determination of the fair values of trademarks and other intangible assets with indefinite lives requires significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value. Changes in such estimates or the application of alternative assumptions could produce different results. There were no instances of impairment identified during fiscal years 2012, 2011 and 2010.

Property, Plant and Equipment and Finite-Lived Intangible Assets

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

Employee Benefits

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

Incentive Compensation and Profit Sharing Programs

Through June 30, 2011, The Clorox Company 401(k) Plan (the "401(k) plan") has two components: a 401(k) matching component and a profit sharing component. Employee contributions made to the 401(k) component are partially matched with Company contributions. As of June 30, 2011, the Company's contributions to the profit sharing component above 3% of eligible employee earnings were discretionary and were based on the Company achieving certain financial targets. Effective July 1, 2011, The Clorox Company 401(k) Plan, was amended to enhance the matching provisions and also to provide for a fixed and non-discretionary annual contribution in place of the profit sharing component.

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

The Company accrues for the 401(k) contributions and annual incentive compensation program costs quarterly. The annual incentive compensation is based on estimated annual results versus targets established by the Company's Board of Directors and is adjusted to actual results at the end of the fiscal year. As of June 30, 2012, the Company accrued $15 for the 401(k) contribution and anticipates making the payment to the 401(k) plan by the third quarter of fiscal year 2013. As of June 30, 2012 and 2011, the Company accrued $65 and $26, respectively, related to the annual incentive compensation program.

Share-Based Compensation

The Company grants various nonqualified stock-based compensation awards, including stock options, performance units and restricted stock. The share-based compensation expense and related income tax benefit recognized in the consolidated statement of earnings in fiscal year 2012 were $27 and $10, respectively. As of June 30, 2012, there was $35 of unrecognized compensation costs related to non-vested stock options, restricted stock, and performance unit awards, which is expected to be recognized over a weighted average remaining vesting period of two years.

The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes valuation model, which requires management to make estimates regarding expected option life, stock price volatility and other assumptions. Groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The Company estimates stock option forfeitures based on historical data for each employee grouping and the estimated forfeiture rate is adjusted to reflect actual forfeitures upon vesting of such grouping. The adjustment of the forfeiture rate will result in a cumulative catch-up adjustment in the period the forfeiture estimate is changed. During fiscal year 2012, adjustments totaled less than $1.

The use of different assumptions in the Black-Scholes valuation model could lead to a different estimate of the fair value of each stock option. The expected volatility is based on implied volatility from publicly traded options on the Company's stock at the date of grant, historical implied volatility of the Company's publicly traded options and other factors. If the Company's assumption for the volatility rate increased by one percentage point, the fair value of options granted in fiscal year 2012 would have increased by $1. The expected life of the stock options is based on observed historical exercise patterns. If the Company's assumption for the expected life increased by one year, the fair value of options granted in fiscal year 2012 would have increased by less than $1.

The Company's performance unit grants provide for the issuance of common stock to certain managerial staff and executive management if the Company achieves specified performance targets. The performance unit grants generally vest after three years. The fair value of each grant issued is estimated on the date of grant based on the current market price of the stock. The total amount of compensation expense recognized reflects estimated forfeiture rates and the initial assumption that performance goals will be achieved. Compensation expense is adjusted based on management's assessment of the probability that performance goals will be achieved. If such goals are not met or it is determined that achievement of performance goals is not probable, previously recognized compensation expense is adjusted to reflect the expected payout level. If it is determined that the performance goals will be exceeded, additional compensation expense is recognized.

Retirement Income Plans

The determination of net periodic pension cost is based on actuarial assumptions including a discount rate to reflect the time value of money, the long-term rate of return on plan assets, employee compensation rates and demographic assumptions to determine the probability and timing of benefit payments. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation. The long-term rate of return on plan assets assumption is based on historical returns for similar classes of assets for each asset class and the current asset allocation. It is a summation of the estimated return of each asset class weighted by each class's proportion to the total plan assets. The actual net periodic pension cost could differ from the expected results because actuarial assumptions and estimates are used. In the calculation of pension expense related to domestic plans for 2012, the Company used a long-term rate of return on plan assets assumption of 7.75% and a beginning of year discount rate assumption of 5.3%. The use of a different discount rate or long-term rate of return on domestic plan assets can significantly impact pension expense. For example, at June 30, 2012, a decrease of 100 basis points in the discount rate would increase pension liability by approximately $74, and increase fiscal year 2012 pension expense by $1. A 100 basis point decrease in the long-term rate of return on plan assets would increase fiscal year 2012 pension expense by $4. In fiscal year 2012, the long-term rate of return is assumed to be 7.6% for the domestic plan assets. This change is a result of the change in the plan's target investment allocation. The Company also has defined benefit pension plans for eligible international employees, including Canadian and Australian employees, and different assumptions are used in the determination of pension expense for those plans, as appropriate. Refer to Note 19 of the Notes to Consolidated Financial Statements for further discussion of pension and other retirement plan obligations.

Income Taxes

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

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

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

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

SUMMARY OF NON-GAAP FINANCIAL MEASURES

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

Where indicated each of the following financial measures is presented on a U.S. GAAP basis as well as a non-GAAP basis to exclude the fiscal year 2011 noncash goodwill impairment charge:

- *Earnings from continuing operations before income taxes,*
- *Earnings from continuing operations*
- *Diluted net earnings per share from continuing operations*

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

EBIT represents earnings before income taxes, excluding goodwill impairment (for fiscal year 2011), interest income and interest expense. *EBIT margin* is a measure of EBIT as a percentage of net sales. The Company's management believes these measures provide additional useful information to investors about current trends in the business.

Economic profit (EP) is defined by the Company as earnings from continuing operations before income taxes, noncash restructuring related and asset impairment costs, noncash goodwill impairment (for fiscal year 2011) and interest expense; less an amount of tax based on the effective tax rate (before the fiscal year 2011 noncash goodwill charge) and less a capital charge. The Company's management uses EP to evaluate business performance and allocate resources, and is a component in determining management's incentive compensation. 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.)

Free cash flow is calculated as net cash provided by continuing operations less capital expenditures. The Company's management uses this measure and *free cash flow as a percentage of sales* to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. Refer to "Free cash flow" and "Free cash flow as a percentage of net sales" above for a reconciliation of these non-GAAP measures.

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 (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such forward-looking statements involve risks and uncertainties. Except for historical information, matters discussed below, including statements about future volume, sales, costs, cost savings, earnings, cash flows, plans, objectives, expectations, growth, or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Words such as "will," "could," "may," "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," and variations on such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed below. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for the fiscal year ended June 30, 2012, as updated from time to time in the Company's Securities and Exchange Commission (SEC) filings. These factors include, but are not limited to the Company's costs, including volatility and increases in commodity costs such as resin, diesel, chlor-alkali, sodium hypochlorite, high-strength bleach, agricultural commodities and other raw materials; increases in energy costs; the ability of the Company to implement and generate expected savings from its programs to reduce costs, including its supply chain restructuring and other restructuring plans; supply disruptions or any future supply constraints that may affect key commodities or product inputs; risks inherent in relationships with suppliers, including sole-source or single-source suppliers; risks related to the handling and/or transportation of hazardous substances, including, but not limited to, chlorine; the success of the Company's strategies; the ability to manage and realize the benefits of joint ventures and other cooperative relationships, including the Company's joint venture regarding the Company's Glad® plastic bags, wraps and containers business, and the agreements relating to the provision of information technology, procure to pay and other key services by third parties; risks relating to acquisitions, mergers and divestitures, and the costs associated therewith; risks inherent in maintaining an effective system of internal controls, including the potential impact of acquisitions or the use of third-party service providers, and the need to refine controls to adjust for accounting, financial reporting and other organizational changes or business conditions; the ability of the Company to successfully manage tax, regulatory, product liability, intellectual property, environmental and other legal matters, including the risk resulting from joint and several liability for environmental contingencies and risks inherent in litigation, including class action litigation and International litigation; risks related to maintaining and updating the Company's information systems, including potential disruptions, costs and the ability of the Company to implement adequate information systems in order to support the current business and to support the Company's potential growth; the ability of the Company to develop commercially successful products that delight the consumer; consumer and customer reaction to price changes; actions by competitors; risks related to customer concentration; customer-specific ordering patterns and trends; risks arising out of natural disasters; the impact of disease outbreaks or pandemics on the Company's, suppliers' or customers' operations; changes in the Company's tax rate; unfavorable worldwide, regional or local general economic and marketplace conditions and events, including consumer confidence and consumer spending levels, the rate of economic growth, the rate of inflation or deflation, and the financial condition of the Company's customers, suppliers and service providers; foreign currency exchange rate fluctuations and other risks of international operations, including government-imposed price controls; unfavorable political conditions in the countries where we do business and other operational risks in such countries; the impact of the volatility of the debt and equity markets on the Company's cost of borrowing, cost of capital and access to funds, including commercial paper and the Company's credit facility; risks relating to changes in the Company's capital structure, including risks related to the Company's ability to implement share repurchase plans and the impact thereof on the Company's capital structure and earnings per share; the impact of any unanticipated restructuring or asset-impairment charges and the ability of the Company to successfully implement restructuring plans; risks arising from declines in cash flow, whether resulting from declining sales, declining product categories, higher cost levels, tax payments, debt payments, share repurchases, higher capital spending, interest cost increases greater than management's expectations, interest rate fluctuations, increases in debt or changes in credit ratings, or otherwise; the costs and availability of shipping and transport services; potential costs in the event of stockholder activism; and the Company's ability to maintain its business reputation and the reputation of its brands.

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework* . Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting at June 30, 2012 and concluded that it is effective.

The Company's independent registered public accounting firm, Ernst & Young LLP has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2012.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of The Clorox Company and subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of earnings, stockholders' (deficit) equity, and cash flows for each of the three years in the period ended June 30, 2012. Our audits also included the financial statement schedule in Exhibit 99.2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Clorox Company and subsidiaries at June 30, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Clorox Company's internal control over financial reporting as of June 30, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 24, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, California
August 24, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited The Clorox Company and subsidiaries internal control over financial reporting as of June 30, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Clorox Company and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, The Clorox Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 30, 2012 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Clorox Company and subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of earnings, stockholders' (deficit) equity, and cash flows for each of the three years in the period ended June 30, 2012, of The Clorox Company and subsidiaries and our report dated August 24, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Francisco, California
August 24, 2012

CONSOLIDATED STATEMENTS OF EARNINGS
The Clorox Company

Years ended June 30 Dollars in millions, except per share amounts	2012	2011	2010
Net sales	$ 5,468	$ 5,231	$ 5,234
Cost of products sold	3,164	2,958	2,915
Gross profit	2,304	2,273	2,319
Selling and administrative expenses	798	735	734
Advertising costs	482	502	494
Research and development costs	121	115	118
Goodwill impairment	-	258	-
Interest expense	125	123	139
Other (income) expense, net	(13)	(23)	29
Earnings from continuing operations before income taxes	791	563	805
Income taxes on continuing operations	248	276	279
Earnings from continuing operations	543	287	526
(Losses) earnings from discontinued operations, net of tax	(2)	270	77
Net earnings	$ 541	$ 557	$ 603
Earnings (losses) per share			
Basic			
Continuing operations	$ 4.15	$ 2.09	$ 3.73
Discontinued operations	(0.01)	1.97	0.55
Basic net earnings per share	$ 4.14	$ 4.06	$ 4.28
Diluted			
Continuing operations	$ 4.10	$ 2.07	$ 3.69
Discontinued operations	(0.01)	1.95	0.55
Diluted net earnings per share	$ 4.09	$ 4.02	$ 4.24
Weighted average shares outstanding (in thousands)			
Basic	130,852	136,699	140,272
Diluted	132,310	138,101	141,534

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS
The Clorox Company

As of June 30 Dollars in millions, except share amounts	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 267	$ 259
Receivables, net	576	525
Inventories, net	384	382
Other current assets	149	113
Total current assets	1,376	1,279
Property, plant and equipment, net	1,081	1,039
Goodwill	1,112	1,070
Trademarks, net	556	550
Other intangible assets, net	86	83
Other assets	144	142
Total assets	$ 4,355	$ 4,163
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Notes and loans payable	$ 300	$ 459
Current maturities of long-term debt	850	-
Accounts payable	412	423
Accrued liabilities	494	442
Income taxes payable	5	41
Total current liabilities	2,061	1,365
Long-term debt	1,571	2,125
Other liabilities	739	619
Deferred income taxes	119	140
Total liabilities	4,490	4,249
Commitments and contingencies		
Stockholders' deficit		
Preferred stock: $0.001 par value; 5,000,000 shares authorized; none issued or outstanding	-	-
Common stock: $1.00 par value; 750,000,000 shares authorized; 158,741,461 shares issued at June 30, 2012 and 2011; and 129,562,082 and 131,066,864 shares outstanding at June 30, 2012 and 2011, respectively	159	159
Additional paid-in capital	633	632
Retained earnings	1,350	1,143
Treasury shares, at cost: 29,179,379 and 27,674,597 shares at June 30, 2012 and 2011, respectively	(1,881)	(1,770)
Accumulated other comprehensive net losses	(396)	(250)
Stockholders' deficit	(135)	(86)
Total liabilities and stockholders' deficit	$ 4,355	$ 4,163

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY

The Clorox Company

Dollars in millions, except share amounts	Preferred Stock Shares (000)	Preferred Stock Amount	Common Stock Shares (000)	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares Shares (000)	Treasury Shares Amount	Accumulated Other Comprehensive Net (Losses) Gains	Total	Total Comprehensive Income
Balance at June 30, 2009	-	$ -	158,741	$ 159	$ 579	$ 640	(19,583)	$ (1,206)	$ (347)	$ (175)	
Comprehensive income											
Net earnings						603				603	$ 603
Translation adjustments, net of tax of $1									9	9	9
Change in valuation of derivatives, net of tax of $4									10	10	10
Pension and postretirement benefit adjustments, net of tax of $26									(43)	(43)	(43)
Total comprehensive income											$ 579
Accrued dividends						(290)				(290)	
Employee stock plans					38	(26)	1,980	114		126	
Treasury stock purchased							(2,374)	(150)		(150)	
Other						(7)				(7)	
Balance at June 30, 2010	-	-	158,741	159	617	920	(19,977)	(1,242)	(371)	83	
Comprehensive income											
Net earnings						557				557	$ 557
Currency translation adjustments, net of tax of $12									54	54	54
Change in valuation of derivatives, net of tax of $3									5	5	5
Pension and postretirement benefit adjustments, net of tax of $39									64	64	64
Accrued dividends						(306)				(306)	
Employee stock plans and other					15	(28)	2,078	127	(2)	112	(2)
Total comprehensive income											$ 678
Treasury stock purchased							(9,776)	(655)		(655)	
Balance at June 30, 2011	-	-	158,741	159	632	1,143	(27,675)	(1,770)	(250)	(86)	
Comprehensive income											
Net earnings						541				541	$ 541
Translation adjustments, net of tax of $5									(41)	(41)	(41)
Change in valuation of derivatives, net of tax of $4									(37)	(37)	(37)
Pension and postretirement benefit adjustments, net of tax of $37									(68)	(68)	(68)
Total comprehensive income											$ 395
Accrued dividends						(320)				(320)	
Employee stock plans					1	(14)	1,915	114		101	
Treasury stock purchased							(3,419)	(225)		(225)	
Balance at June 30, 2012	-	$ -	158,741	$ 159	$ 633	$ 1,350	(29,179)	$ (1,881)	$ (396)	$ (135)	

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Clorox Company

Years ended June 30

Dollars in millions	2012	2011	2010
Operating activities:			
Net earnings	$ 541	$ 557	$ 603
Deduct: (Losses) earnings from discontinued operations	(2)	270	77
Earnings from continuing operations	543	287	526
Adjustments to reconcile earnings from continuing operations to net cash provided by continuing operations:			
Depreciation and amortization	178	173	183
Share-based compensation	27	32	60
Deferred income taxes	(12)	73	24
Goodwill impairment	-	258	-
Other	(36)	12	(15)
Changes in:			
Receivables, net	(52)	(33)	(21)
Inventories, net	1	(37)	6
Other current assets	(3)	21	(9)
Accounts payable and accrued liabilities	10	(52)	30
Income taxes payable	(36)	(44)	(20)
Net cash provided by continuing operations	620	690	764
Net cash (used for) provided by discontinued operations	(8)	8	55
Net cash provided by operations	612	698	819
Investing activities:			
Capital expenditures	(192)	(228)	(201)
Proceeds from sale of businesses, net of transaction costs	-	747	-
Businesses acquired, net of cash acquired	(93)	-	(19)
Other	8	25	(9)
Net cash (used for) provided by investing activities from continuing operations	(277)	544	(229)
Net cash used for investing activities from discontinued operations	-	-	(2)
Net cash (used for) provided by investing activities	(277)	544	(231)
Financing activities:			
Notes and loans payable, net	(164)	87	(52)
Long-term debt borrowings, net of issuance costs	297	-	296
Long-term debt repayments	-	(300)	(598)
Treasury stock purchased	(225)	(655)	(150)
Cash dividends paid	(315)	(303)	(282)
Issuance of common stock for employee stock plans and other	86	93	80
Net cash used for financing activities	(321)	(1,078)	(706)
Effect of exchange rate changes on cash and cash equivalents	(6)	8	(1)
Net increase (decrease) in cash and cash equivalents	8	172	(119)
Cash and cash equivalents:			
Beginning of year	259	87	206
End of year	$ 267	$ 259	$ 87
Supplemental cash flow information:			
Interest paid	$ 123	$ 131	$ 149
Income taxes paid, net of refunds	292	295	301
Non-cash financing activities:			
Dividends declared and accrued, but not paid	85	80	78

See Notes to Consolidated Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation

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

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Specific areas requiring the application of management’s estimates and judgments include assumptions pertaining to accruals for consumer and trade-promotion programs, share-based compensation costs, pension and post-employment benefit costs, future cash flows associated with impairment testing of goodwill and other long-lived assets, 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.

New Accounting Pronouncements

Recently Issued Pronouncements

On July 27, 2012, the Financial Accounting Standards Board (FASB) issued new guidance to simplify how entities test indefinite-lived intangible assets for impairment. The new guidance allows an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative indefinite-lived intangible asset impairment test. The new guidance is effective for annual indefinite-lived intangible asset impairment tests to be performed in fiscal year 2013, with early adoption permitted. The Company will adopt this guidance beginning in fiscal year 2013 and does not expect the adoption to have any impact on its consolidated financial statements.

On June 16, 2011, the FASB issued new requirements on the presentation of comprehensive income. Companies will be required to present the components of net income and other comprehensive income either in one continuous statement, referred to as the Statement of Comprehensive Income, or in two separate, consecutive statements. Presentation requirements also eliminate the current option to report other comprehensive income and its components in the Statement of Stockholders’ (Deficit) Equity. The components recognized in net income or other comprehensive income under current accounting guidance will not change. The presentation requirements are required to be adopted by the Company in the first quarter of fiscal year 2013.

Cash and Cash Equivalents

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 balances 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 expense (income), net. The Company's cash holdings were as follows as of June 30:

	2012	2011
Non-U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	$ 81	$ 98
U.S. dollar balances held by non-U.S. dollar functional currency subsidiaries	35	15
Non-U.S. dollar balances held by U.S. dollar functional currency subsidiaries	20	26
U.S. dollar balances held by U.S. dollar functional currency subsidiaries	131	120
Total	$ 267	$ 259

Inventories

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

Property, Plant and Equipment and Finite-Lived Intangible Assets

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

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

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

Impairment Review of Goodwill and Indefinite-Lived Intangible Assets

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

Capitalization of Software Costs

The Company capitalizes significant costs incurred in the acquisition and development of software for internal use, including the costs of the software, materials, consultants, interest and payroll and payroll-related costs for employees incurred in developing internal-use computer software once final selection of the software is made. Costs incurred prior to the final selection of software and costs not qualifying for capitalization are charged to expense. Capitalized software amortization was $18, $19 and $29, in fiscal years 2012, 2011 and 2010.

Share-Based Compensation

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

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

The Company's performance unit grants provide for the issuance of common stock to certain managerial staff and executive management if the Company achieves specified performance targets. The grants generally vest after three years. The fair value of each grant issued is estimated on the date of grant based on the current market price of the stock. The total amount of compensation expense recognized reflects estimated forfeiture rates and the initial assumption that performance goals will be achieved. Compensation expense is adjusted based on management's assessment of the probability that performance goals will be achieved. If such goals are not met or it is determined that achievement of performance goals is not probable, previously recognized compensation expense is adjusted to reflect the expected payout level. If it is determined that the performance goals will be exceeded, additional compensation expense is recognized.

Cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for share-based payment arrangements (excess tax benefit) are primarily classified as financing cash flows. For the fiscal years ended June 30, 2012, 2011 and 2010, $10, $9, and $10, respectively, of excess tax benefits were generated from share-based payment arrangements, and were recognized as financing cash flows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits

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

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

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

Environmental Costs

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

Revenue Recognition

Sales are recognized as revenue when the risk of loss and title pass to the customer and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed or determinable, and collection is reasonably assured. Sales are recorded net of allowances for returns, trade-promotions, coupons and other discounts. The Company routinely commits to one-time or on-going trade-promotion programs with customers and consumer coupon programs that require the Company to estimate and accrue the expected costs of such programs. Programs include shelf price reductions, end-of-aisle or in-store displays of the Company's products and graphics and other trade-promotion activities conducted by the customer. Coupons are recognized as a liability when distributed based upon expected consumer redemptions. The Company maintains liabilities at the end of each period for the estimated expenses incurred, but unpaid for these programs. Trade-promotion and coupon costs are recorded as a reduction of sales. The Company provides an allowance for doubtful accounts based on its historical experience and a periodic review of its accounts receivable. Receivables were presented net of an allowance for doubtful accounts of $7 and $5 at June 30, 2012 and 2011, respectively. The Company's provision for doubtful accounts was $3 in fiscal year 2012 and less than $1 for fiscal year 2011.

Cost of Products Sold

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

Costs associated with developing and designing new packaging are expensed as incurred and include design, artwork, films and labeling. Expenses for fiscal years ended June 30, 2012, 2011 and 2010 were $10, $11, and $8, respectively, of which $10, $10 and $7 were classified as cost of products sold, with the remainder classified as selling and administrative expenses.

Selling and Administrative Expenses

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

Advertising and Research and Development Costs

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

Income Taxes

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

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

Foreign Currency Transactions and Translation

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Venezuela

Prior to December 31, 2009, the Company translated its Venezuelan subsidiary's financial statements using Venezuela's official currency exchange rate, which had been fixed by the Venezuelan government at 2.15 bolivar Fuertes (VEFs) to the U.S dollar. Effective December 31, 2009, the Company began translating its Venezuelan subsidiary's financial statements using the then prevailing parallel market currency exchange rate (exchange rates negotiated with local financial intermediaries), the rate at which the Company expected to be able to remit dividends or return capital. The rate used at December 31, 2009, was 5.87 VEFs to the U.S. dollar.

Effective January 1, 2010, the financial statements for the Company's Venezuelan subsidiary are consolidated under the rules governing the translation of financial information in a highly inflationary economy. As such, the subsidiary's non-U.S dollar monetary assets and liabilities are remeasured into U.S dollars each reporting period and the exchange gains and losses from these remeasurements are reflected in the Company's current net earnings.

In May 2010, the Venezuelan government suspended the functioning of the parallel currency exchange market, and in June 2010, established an alternative currency exchange market controlled by the Central Bank of Venezuela. As a result, the Company began utilizing the exchange rate at which the Company was purchasing U.S. dollars through this alternative market as the remeasurement rate for the Company's Venezuelan subsidiary's financial statements. The average exchange rate for U.S. dollars purchased through this alternative market was 5.5 VEFs for both fiscal years ending June 30, 2012 and 2011, and 5.4 VEFs for the fiscal year ended June 30, 2010.

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 interest rates, foreign currencies and commodity prices. The Company's contracts are hedges for transactions with notional balances and periods consistent with the related exposures and do not constitute investments independent of these exposures.

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

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

NOTE 2. DISCONTINUED OPERATIONS

In September 2010, the Company entered into a definitive agreement to sell its global auto care businesses (Auto Businesses) to an affiliate of Avista Capital Partners in an all-cash transaction. In November 2010, the Company completed the sale pursuant to the terms of a Purchase and Sale Agreement (Purchase Agreement) and received cash consideration of $755. The Company also received cash flows of approximately $30 related to net working capital that was retained by the Company as part of the sale. Included in earnings from discontinued operations for the fiscal year ended June 30, 2011, was an after-tax gain on the transaction of $247. In fiscal year 2012, the Company recognized $1 of additional income tax expense related to the gain on the sale, which was recorded in (losses) earnings from discontinued operations, net of tax.

As part of the Purchase Agreement, certain transition services were provided to the buyer from the date of sale, November 5, 2010, through May 2012, a period of eighteen months. The purpose of the services was to provide short-term assistance to the buyer in assuming the operations of the Auto Businesses. These services did not confer to the Company the ability to influence the operating or financial policies of the Auto Businesses under their new ownership. Income from these transition services for the fiscal years ended June 30, 2012 and 2011, was $6 and $9, respectively, and was reported in other (income) expense, net, in continuing operations in the consolidated statements of earnings. The costs associated with the services were also reflected in continuing operations. Aside from the transition services, the Company included the financial results of the Auto Businesses in discontinued operations for all periods presented.

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

	2012	2011	2010
Net sales	$ -	$ 95	$ 300
Earnings before income taxes	$ -	$ 34	$ 120
Income tax expense on earnings	-	(11)	(43)
(Loss) gain on sale, net of tax	(1)	247	-
(Losses) earnings from discontinued operations, net of tax	$ (1)	$ 270	$ 77

NOTE 3. BUSINESSES ACQUIRED

Fiscal Year 2012

On December 31, 2011, the Company acquired HealthLink, Aplicare, Inc. and Soy Vay Enterprises, Inc., including each business' workforce, for purchase prices aggregating $97, funded through commercial paper borrowings. The amount paid of $93 represents the aggregate purchase prices less cash acquired. HealthLink, based in Jacksonville, Fla., and Aplicare, Inc., based in Meriden, Conn., are leading providers of infection control products for the health care industry, complementing and expanding the Company's professional products business. Results for these businesses are reflected in the Cleaning reportable segment. Soy Vay Enterprises, Inc., a California-based operation, provides the Company's food products business a presence in the growing market for Asian sauces. Results for this business are reflected in the Lifestyle reportable segment. Pro forma results reflecting the acquisitions were not presented because the acquisitions were not significant, individually or when aggregated, to the Company's consolidated financial results.

Fiscal Year 2010

In January 2010, the Company acquired the assets of Caltech Industries, Inc., a company that provides disinfectants for the health care industry, for an aggregate price of $24, with the objective of expanding the Company's capabilities in the areas of health and wellness. In connection with the purchase, the Company acquired Caltech Industries, Inc.'s workforce. The Company paid for the acquisition in cash. Results for this business are reflected in the Cleaning reportable segment. Pro forma results were not presented because the acquisition was not significant to the Company's consolidated financial results.

NOTE 4. INVENTORIES, NET

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

	2012	2011
Finished goods	$ 307	$ 315
Raw materials and packaging	120	104
Work in process	4	3
LIFO allowances	(37)	(29)
Allowances for obsolescence	(10)	(11)
Total	$ 384	$ 382

The last-in, first-out (LIFO) method was used to value approximately 39% and 37% of inventories as of June 30, 2012 and 2011, respectively. The carrying values for all other inventories, including inventories of all international businesses, are determined on the first-in, first-out (FIFO) method. The effect on earnings of the liquidation of LIFO layers was a benefit of $2, $1 and $3 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

During fiscal years 2012, 2011 and 2010, the Company's inventory obsolescence expense was $13, $15 and $11, respectively.

NOTE 5. OTHER CURRENT ASSETS

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

	2012	2011
Deferred tax assets	$ 92	$ 68
Prepaid expenses	43	36
Other	14	9
Total	$ 149	$ 113

NOTE 6. PROPERTY, PLANT AND EQUIPMENT, NET

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

	2012	2011
Machinery and equipment	$ 1,533	$ 1,540
Buildings	646	615
Capitalized software costs	328	360
Construction in progress	149	130
Land and improvements	142	137
Computer equipment	87	92
	2,885	2,874
Less: accumulated depreciation and amortization	(1,804)	(1,835)
Total	$ 1,081	$ 1,039

Depreciation and amortization expense related to property, plant and equipment, net, was $158, $153 and $163 in fiscal years 2012, 2011 and 2010, respectively.

NOTE 7. GOODWILL, TRADEMARKS AND OTHER INTANGIBLE ASSETS

Beginning in the fourth quarter of fiscal year 2012, natural personal care financial results outside the U.S. are being reported in the International segment rather than in the Lifestyle segment because management of the International segment now has primary oversight of natural personal care financial results outside the U.S. All periods presented have been recast to reflect this change. For fiscal year 2011, the Lifestyle and International reportable segments included a noncash goodwill impairment charge of $164 and $94, respectively, for the Burt's Bees business.

Changes in the carrying amount of goodwill, trademarks and other intangible assets for the fiscal years ended June 30, 2012 and 2011, were as follows:

	Goodwill				
	Cleaning	Lifestyle	Household	International	Total
Balance June 30, 2010	$ 275	$ 399	$ 85	$ 544	$ 1,303
Goodwill impairment	-	(164)	-	(94)	(258)
Translation adjustments and other	-	-	-	25	25
Balance June 30, 2011	$ 275	$ 235	$ 85	$ 475	$ 1,070
Acquisitions	48	8	-	-	56
Translation adjustments and other	-	1	-	(15)	(14)
Balance June 30, 2012	$ 323	$ 244	$ 85	$ 460	$ 1,112

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

	Trademarks			Other intangible assets subject to amortization		
	Subject to amortization	Not subject to amortization	Total	Technology and Product formulae	Other	Total
Balance June 30, 2010	$ 24	$ 526	$ 550	$ 37	$ 59	$ 96
Amortization	(3)	-	(3)	(9)	(5)	(14)
Translation adjustments and other	2	1	3	3	(2)	1
Balance June 30, 2011	23	527	550	31	52	83
Acquisitions	-	10	10	-	18	18
Amortization	(3)	-	(3)	(8)	(6)	(14)
Translation adjustments and other	(1)	-	(1)	-	(1)	(1)
Balance June 30, 2012	$ 19	$ 537	$ 556	$ 23	$ 63	$ 86

Intangible assets subject to amortization were net of total accumulated amortization of $257 and $243 at June 30, 2012 and 2011, respectively, of which $18 and $15, respectively, related to trademarks. Total accumulated amortization included $131 and $129 at June 30, 2012 and 2011, respectively, related to intangible assets subject to amortization that were fully amortized, of which $7 and $5, respectively, related to trademarks. Estimated amortization expense for these intangible assets is $17, $16, $12, $7 and $7 for fiscal years 2013, 2014, 2015, 2016 and 2017.

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

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

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

To determine the fair value of the Burt's Bees reporting unit, which was reflected in the Lifestyle reportable segment in fiscal year 2011, the Company used a discounted cash flow (DCF) approach, as it believed this approach was the most reliable indicator of the fair value of the business. Under this approach, the Company estimated the future cash flows of the Burt's Bees reporting unit and discounted these cash flows at a rate of return that reflected its relative risk.

The Company's trademarks and indefinite-lived intangible assets for the Burt's Bees reporting unit were tested for impairment in fiscal year 2011, and the Company concluded that these assets were not impaired. No other instances of impairment were identified during fiscal years 2011 and 2010.

NOTE 8. ACCRUED LIABILITIES

Accrued liabilities consisted of the following as of June 30:

	2012	2011
Compensation and employee benefit costs	$ 165	$ 120
Trade and sales promotion	105	88
Dividends	85	80
Interest	34	32
Other	105	122
Total	$ 494	$ 442

NOTE 9. DEBT

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

	2012	2011
Commercial paper	$ 289	$ 456
Foreign borrowings	11	3
Total	$ 300	$ 459

The weighted average interest rate on commercial paper was 0.46% and 0.33% as of June 30, 2012 and 2011, respectively. During the fiscal years ended June 30, 2012, 2011 and 2010, the weighted average interest rates on the average balance of notes and loans payable was 0.85%, 0.73% and 0.62%, respectively. The carrying value of notes and loans payable as of June 30, 2012 and 2011 approximated its fair value due to its short maturity.

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

	2012	2011
Senior unsecured notes and debentures:		
5.45%, $350 due October 2012	$ 350	$ 350
5.00%, $500 due March 2013	500	500
5.00%, $575 due January 2015	575	575
3.55%, $300 due November 2015	300	299
5.95%, $400 due October 2017	399	398
3.80%, $300 due November 2021	297	-
Foreign borrowings	-	3
Total	2,421	2,125
Less: Current maturities of long-term debt	(850)	-
Long-term debt	$ 1,571	$ 2,125

The weighted average interest rate on long-term debt was 5.18% and 5.20% as of June 30, 2012 and 2011, respectively. During the fiscal years ended June 30, 2012, 2011 and 2010, the weighted average interest rates on the average balance of long-term debt, including the effect of interest rate swaps, was 5.21%, 5.22% and 5.16%, respectively. The estimated fair value of long-term debt, including current maturities, was $2,606 and $2,303 as of June 30, 2012 and 2011, respectively. The fair value of long-term debt was determined using secondary market prices quoted by corporate bond dealers, and was classified as level 2.

NOTE 9. DEBT (Continued)

In November 2011, the Company filed a shelf registration statement with the SEC, which allows the Company to offer and sell an unlimited amount of its senior unsecured indebtedness from time to time. The shelf registration statement will expire in November 2014. Subsequently, in November 2011, the Company issued $300 of senior notes under the shelf registration statement. The notes carry an annual fixed interest rate of 3.80% payable semi-annually in May and November. The notes mature on November 15, 2021. Proceeds from the notes were used to retire commercial paper. The notes rank equally with all of the Company's existing and future senior indebtedness.

In fiscal years 2011 and 2010, $300 and $598, respectively, of long-term debt became due and was paid. The Company funded the debt repayments with commercial paper and operating cash flows.

In fiscal year 2010, the Company issued $300 of long-term debt in senior notes. The notes carry an annual fixed interest rate of 3.55% payable semi-annually in May and November. The notes mature on November 1, 2015. Proceeds from the notes were used to repay commercial paper. The notes rank equally with all of the Company's existing and future senior indebtedness.

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

	2012	2011
Revolving credit facility	$ 1,100	$ 1,100
Foreign credit lines	31	18
Other credit lines	13	13
Total	$ 1,144	$ 1,131

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

Of the $44 of foreign and other credit lines at June 30, 2012, $29 was available for borrowing.

Long-term debt maturities as of June 30, 2012, are $850, zero, $575, $300, zero and $700 in fiscal years 2013, 2014, 2015, 2016, 2017 and thereafter, respectively.

NOTE 10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that financial assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

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

As of June 30, 2012 and 2011, the Company's financial assets and liabilities that were measured at fair value on a recurring basis during the year included derivative financial instruments, which were all level 2.

Financial Risk Management and Derivative Instruments

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

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

Commodity Price Risk Management

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

As of June 30, 2012, the net notional value of commodity derivatives was $39, of which $22 related to jet fuel, $14 related to soybean oil, and $3 related to crude oil. As of June 30, 2011, the net notional value of commodity derivatives was $44, of which $22 related to jet fuel, $16 related to soybean oil, $3 related to crude oil and $3 related to diesel fuel.

Interest Rate Risk Management

The Company may enter into over-the-counter interest rate forward contracts to fix a portion of the benchmark interest rate prior to the anticipated issuance of fixed rate debt. These interest rate forward contracts generally have durations of less than twelve months. The interest rate contracts are measured at fair value using information quoted by U.S. government bond dealers. During the fiscal year ended June 30, 2012, the Company paid $36 to settle interest rate forward contracts, which were reflected as operating cash flows.

As of June 30, 2012 and 2011, the net notional value of interest rate forward contracts was $250 and $300, respectively.

Foreign Currency Risk Management

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

The net notional values of outstanding foreign currency forward contracts used by the Company's subsidiaries in Canada and Australia to hedge forecasted purchases of inventory were $28 and $0 as of June 30, 2012, respectively, and $28 and $13 as of June 30, 2011, respectively. The net notional values of outstanding foreign currency forward contracts used by the Company to economically hedge foreign exchange risk associated with certain intercompany transactions were $17 and $0 as of June 30, 2012 and 2011, respectively.

Counterparty Risk Management

Certain terms of the agreements governing the Company's over-the-counter derivative instruments require the Company or the counterparty to post collateral when the fair value of the derivative instruments exceeds contractually defined counterparty liability position limits. The $4 and $1 of derivative instruments in accrued liabilities as of June 30, 2012 and 2011, respectively, contain such terms. As of June 30, 2012, the Company was not required to post any collateral.

Certain terms of the agreements governing the over-the-counter derivative instruments contain provisions that require the credit ratings, as assigned by Standard & Poor's and Moody's to the Company and its counterparties, to remain at a level equal to or better than the minimum of an investment grade credit rating. If the Company's credit ratings were to fall below investment grade, the counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. As of June 30, 2012, the Company and each of its counterparties maintained investment grade ratings with both Standard & Poor's and Moody's.

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

Fair Value of Derivative Instruments

The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as a hedge, and, if so, on the type of the hedging relationship. For those derivative instruments designated and qualifying as hedging instruments, the Company must designate the hedging instrument as a fair value hedge or a cash flow hedge. The Company designates its commodity forward and future contracts for forecasted purchases of raw materials, interest rate forward contracts for forecasted interest payments, and foreign currency forward contracts for forecasted purchases of inventory as cash flow hedges. The Company does not designate its foreign currency forward contracts for certain intercompany transactions as accounting hedges.

During the fiscal years ended June 30, 2012, 2011 and 2010, the Company had no hedging instruments designated as fair value hedges.

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

	Balance Sheet classification	2012	2011
Assets			
Foreign exchange contracts	Other current assets	$ 1	$ -
Interest rate contracts	Other current assets	-	1
Commodity purchase contracts	Other current assets	-	4
		$ 1	$ 5
Liabilities			
Interest rate contracts	Accrued liabilities	$ 3	$ 1
Commodity purchase contracts	Accrued liabilities	1	-
		$ 4	$ 1

During the fiscal year ended June 30, 2012, the Company entered into foreign currency forward contracts that were not designated as accounting hedging instruments. These derivatives are used by the Company to economically hedge foreign exchange risk associated with certain intercompany transactions between subsidiaries in Canada and the U.S. The Company did not enter into any such transactions during the years ended June 30, 2011 and 2010.

The Company's derivative financial instruments not designated as hedging instruments were recorded at fair value in the consolidated balance sheets as of June 30 as follows:

	Balance Sheet classification	2012	2011
Assets			
Commodity purchase contracts	Other current assets	$ -	$ 1
Liabilities			
Foreign exchange contracts	Accrued liabilities	$ -	$ -

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

For derivative instruments designated and qualifying as cash flow hedges, the effective portion of gains or losses is reported as a component of other comprehensive income (OCI) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The estimated amount of the existing net loss as of June 30, 2012, expected to be reclassified into earnings within the next twelve months is $4. Gains and losses on derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. During the fiscal years ended June 30, 2012 and 2011, hedge ineffectiveness was not material. The Company de-designates cash flow hedge relationships whenever it determines that the hedge relationships are no longer highly effective or that the forecasted transaction is no longer probable. The portion of gains or losses on the derivative instrument previously accumulated in OCI for de-designated hedges remains in accumulated OCI until the forecasted transaction is recognized in earnings, or is recognized in earnings immediately if the forecasted transaction is no longer probable. Changes in the value of derivative instruments not designated as accounting hedges are recorded in other (income) expense, net. The effects of derivative instruments designated as hedging instruments on OCI and the consolidated statements of earnings were as follows during the fiscal years ended June 30:

	(Losses) gains recognized in OCI			Gains (losses) reclassified from OCI and recognized in earnings		
	2012	2011	2010	2012	2011	2010
Commodity purchase contracts	$ (1)	$ 8	$ (3)	$ 4	$ 3	$ (15)
Interest rate contracts	(39)	3	-	(2)	-	-
Foreign exchange contracts	3	(4)	(2)	2	(3)	(3)
Total	$ (37)	$ 7	$ (5)	$ 4	$ -	$ (18)

The gains and losses reclassified from OCI and recognized in earnings during the fiscal years ended June 30, 2012, 2011 and 2010 for commodity purchase contracts and foreign exchange contracts were included in cost of products sold. The loss reclassified from OCI and recognized in earnings during the fiscal year ended June 30, 2012 for interest rate contracts was included in interest expense. Of the losses reclassified from OCI and recognized in earnings during fiscal year 2010, $16 was included in cost of products sold and $2 was included in earnings from discontinued operations.

The loss from derivatives not designated as accounting hedges was $0 during the fiscal year ended June 30, 2012. The gain reclassified from OCI and recognized in earnings from de-designated hedges was $0 for fiscal years ended June 30, 2012, 2011 and 2010. Changes in the value of derivative instruments after de-designation were included in other (income) expense, net, and amounted to $0, $(6) and $3 for fiscal years 2012, 2011 and 2010, respectively.

Other

During fiscal year 2011, the Company determined that the book value of the Burt's Bees reporting unit exceeded its fair value and recognized a noncash goodwill impairment charge of $258 (See Note 7). The implied fair value was based on significant unobservable inputs, and as a result, the fair value measurement was classified as level 3. During the fiscal years ended June 30, 2012, 2011 and 2010, the Company did not recognize any other significant fair value measurements classified as level 3.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values as of June 30, 2012 and 2011, due to their nature.

NOTE 11. OTHER LIABILITIES

Other liabilities consisted of the following as of June 30:

	2012	2011
Employee benefit obligations	$ 312	$ 215
Venture agreement net terminal obligation	281	277
Taxes	82	89
Other	64	38
Total	$ 739	$ 619

Venture Agreement

The Company has an agreement with The Procter & Gamble Company (P&G) for its Glad ® plastic bags, wraps and containers business. The Company maintains a net terminal obligation liability, which reflects the estimated value of the contractual requirement to repurchase P&G's interest at the termination of the agreement. As of June 30, 2012 and 2011, P&G had a 20% interest in the venture. The Company pays a royalty to P&G for its interest in the profits, losses and cash flows, as contractually defined, of the Glad ® business, which is included in cost of products sold.

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

NOTE 12. OTHER CONTINGENCIES AND GUARANTEES

Contingencies

The Company is involved in certain environmental matters, including response actions at various locations. The Company had a recorded liability of $14 and $15 as of June 30, 2012 and 2011, respectively, for its share of aggregate future remediation costs related to these matters. One matter in Dickinson County, Michigan, for which the Company is jointly and severally liable, accounted for a substantial majority of the recorded liability as of both June 30, 2012 and 2011. The Company has agreed to be liable for 24.3% of the aggregate remediation and associated costs for this matter pursuant to a cost-sharing arrangement with a third party. With the assistance of environmental consultants, the Company maintains an undiscounted liability representing its current best estimate of its share of the capital expenditures, maintenance and other costs that may be incurred over an estimated 30-year remediation period. Currently, the Company cannot accurately predict the timing of future payments that may be made under this obligation. In addition, the Company's estimated loss exposure is sensitive to a variety of uncertain factors, including the efficacy of remediation efforts, changes in remediation requirements and the future availability of alternative clean-up technologies. Although it is possible that the Company's exposure may exceed the amount recorded, any amount of such additional exposures, or range of exposures, is not estimable at this time.

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

NOTE 12. OTHER CONTINGENCIES AND GUARANTEES (Continued)

On August 7, 2012, an appellate court hearing was convened in a lawsuit pending in Brazil against the Company and one of its wholly-owned subsidiaries, The Glad Products Company ("Glad"). The pending lawsuit was initially filed in a Brazilian lower court in 2002 by two Brazilian companies and one Uruguayan company (collectively "Petroplus") related to joint venture agreements for the distribution of STP auto-care products in Brazil with three companies that became subsidiaries of the Company as a result of the Company's merger with First Brands Corporation in January 1999 (collectively, "Clorox Subsidiaries"). The pending lawsuit seeks indemnification for damages and losses for alleged breaches of the joint venture agreements and abuse of economic power by the Company and Glad. Petroplus had previously unsuccessfully raised the same claims and sought damages from the Company and the Clorox Subsidiaries in an International Chamber of Commerce ("ICC") arbitration proceeding in Miami filed in 2001. The ICC arbitration panel unanimously ruled against Petroplus in numerous rulings in 2001 through 2003, reaching a final decision against Petroplus in November 2003 ("Final ICC Arbitration Award"). The Final ICC Arbitration Award was ratified by the Superior Court of Justice of Brazil in May 2007 ("Foreign Judgment"), and the United States District Court for the Southern District of Florida subsequently confirmed the Final ICC Arbitration Award and recognized and adopted the Foreign Judgment as a judgment of the United States District Court for the Southern District of Florida ("U.S. Judgment"). Despite this, in March 2008 a Brazilian lower court ruled against the Company and Glad in the pending lawsuit and awarded Petroplus R$22,952,678 ($13) plus interest. The current value of that judgment, including interest and foreign exchange fluctuation as of August 14, 2012, is approximately $34.

Because the Final ICC Arbitration Award, the Foreign Judgment and the U.S. Judgment relate to the same claims as those in the pending lawsuit, the Company believes that Petroplus is precluded from re-litigating these claims. Prior to the August 2012 court hearing, the Company viewed a potential loss in excess of amounts accrued in connection with this matter as remote. Based on the proceedings in August, the Company now believes that it is reasonably possible that a loss could be incurred in this matter in excess of amounts accrued, although it is unable to reasonably estimate the amount of any such additional loss. The Company continues to believe that its defenses are meritorious. If the appellate court rules against the Company and Glad, they plan to appeal the decision to the highest courts of Brazil, which could take years to resolve. Expenses related to this litigation and any potential additional loss would be reflected in Discontinued Operations, consistent with the Company's classification of expenses related to its discontinued Brazil operations.

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

Guarantees

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

As of June 30, 2012, the Company was a party to a letter of credit of $15, related to one of its insurance carriers.

The Company had not recorded any liabilities on any of the aforementioned guarantees as of June 30, 2012.

NOTE 13. STOCKHOLDERS' (DEFICIT) EQUITY

The Company has three share repurchase programs: two open-market purchase programs and a program to offset the impact of share dilution related to share-based awards (the Evergreen Program). In May 2008, the Company's board of directors approved an open-market purchase program with a total authorization of $750, of which $71 remained available as of June 30, 2012. In May 2011, the board of directors approved a second open-market purchase program with a total authorization of $750, all of which remained available for repurchase as of June 30, 2012. The Evergreen Program has no authorization limit as to amount or timing of repurchases. The purpose of the Evergreen Program is to offset the impact of share dilution related to share-based awards.

NOTE 13. STOCKHOLDERS' (DEFICIT) EQUITY (Continued)

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

	2012		2011		2010	
	Amount	Shares (000)	Amount	Shares (000)	Amount	Shares (000)
Open-market purchase programs	$ 158	2,429	$ 521	7,654	$ -	-
Evergreen Program	67	990	134	2,122	150	2,374
Total	$ 225	3,419	$ 655	9,776	$ 150	2,374

During fiscal years 2012, 2011 and 2010, the Company declared dividends per share of $2.44, $2.25 and $2.05, respectively, and paid dividends per share of $2.40, $2.20 and $2.00, respectively.

Accumulated other comprehensive net losses at June 30, 2012, 2011 and 2010 included the following net-of-tax gains (losses):

	2012	2011	2010
Currency translation	$ (198)	$ (157)	$ (211)
Derivatives	(33)	4	1
Pension and postretirement benefit adjustments	(165)	(97)	(161)
Total	$ (396)	$ (250)	$ (371)

Preferred Stock and Shareholder Rights Plan

The Company is authorized to issue up to 5.0 million shares of preferred stock, of which 1.4 million shares have been designated as Series A Junior Participating Preferred Stock in connection with the adoption of a Rights Agreement (see below). As of June 30, 2012 and 2011, no shares of preferred stock were issued or outstanding. The Company's board of directors may issue preferred stock in one or more series from time to time. The board of directors is authorized 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.

On July 18, 2011, the Board of Directors adopted a stockholder rights plan (the "Rights Agreement"). Pursuant to the Rights Agreement, the Board of Directors declared a dividend distribution of one right for each share of common stock (the "Rights"). Each Right entitled the holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock at an initial exercise price of $350 per share. The Rights expired on July 16, 2012.

NOTE 14. NET EARNINGS PER SHARE

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

	2012	2011	2010
Earnings from continuing operations	$ 543	$ 287	$ 526
(Loss) earnings from discontinued operations	(2)	270	77
Net earnings	541	557	603
Less: Earnings allocated to participating securities	-	2	3
Net earnings applicable to common stock	$ 541	$ 555	$ 600

NOTE 14. NET EARNINGS PER SHARE (Continued)

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

	2012	2011	2010
Basic	130,852	136,699	140,272
Dilutive effect of stock options and other	1,458	1,402	1,262
Diluted	132,310	138,101	141,534

During fiscal years 2012, 2011 and 2010, the Company did not include stock options to purchase approximately 1.8 million, 2.0 million and 4.0 million shares, respectively, of the Company's common stock in the calculations of diluted net EPS because their exercise price was greater than the average market price, making them anti-dilutive.

NOTE 15. SHARE-BASED COMPENSATION PLANS

In November 2005, the Company's stockholders approved the 2005 Stock Incentive Plan (2005 Plan). The 2005 Plan permits the Company to grant various nonqualified, share-based compensation awards, including stock options, restricted stock, performance units, deferred stock units, restricted stock units, stock appreciation rights and other stock-based awards. The Company is authorized to grant up to 7 million common shares under the 2005 Plan, and, as of June 30, 2012, approximately 4 million common shares were available for grant under the plan.

Compensation cost and the related income tax benefit recognized in the Company's fiscal years 2012, 2011 and 2010 consolidated financial statements for share-based compensation plans were classified as indicated below.

	2012	2011	2010
Cost of products sold	$ 3	$ 4	$ 8
Selling and administrative expenses	22	26	46
Research and development costs	2	2	6
Total compensation cost	$ 27	$ 32	$ 60
Related income tax benefit	$ 10	$ 12	$ 22

Cash received during fiscal years 2012, 2011 and 2010 from stock options exercised under all share-based payment arrangements was $79, $84 and $69, respectively. The Company issues shares for share-based compensation plans from treasury stock. The Company may repurchase shares under its Evergreen Program to offset the estimated impact of share dilution related to share-based awards (See Note 13).

NOTE 15. SHARE-BASED COMPENSATION PLANS (Continued)

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

Stock Options

The fair value of each stock option award granted during fiscal years 2012, 2011 and 2010 was estimated on the date of grant using the Black-Scholes valuation model and assumptions noted in the following table:

	2012	2011	2010
Expected life	4.9 - 5.7 years	4.9 - 5.9 years	5.1 - 5.4 years
Weighted-average expected life	5.7 years	5.4 years	5.2 years
Expected volatility	21.9% to 25.9%	20.6% to 21.0%	21.6% to 22.9%
Weighted-average volatility	23.5%	20.6%	22.0%
Risk-free interest rate	0.9% to 1.1%	1.5%	2.2% to 2.4%
Weighted-average risk-free interest rate	0.9%	1.5%	2.4%
Dividend yield	3.5%-3.8%	3.4%-3.6%	3.4% to 3.6%
Weighted-average dividend yield	3.5%	3.4%	3.6%

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

	Number of Shares	Weighted-Average Exercise Price per Share	Average Remaining Contractual Life	Aggregate Intrinsic Value
	(In thousands)			
Outstanding at June 30, 2011	9,954	$ 59	6 years	$ 83
Granted	1,894	68		
Exercised	(1,530)	52		
Cancelled	(214)	59		
Outstanding at June 30, 2012	10,104	$ 62	6 years	$ 108
Options vested at June 30, 2012	5,792	$ 59	5 years	$ 78

The weighted-average fair value per share of each option granted during fiscal years 2012, 2011, and 2010, estimated at the grant date using the Black-Scholes option pricing model, was $9.24, $8.27 and $8.34, respectively. The total intrinsic value of options exercised in fiscal years 2012, 2011 and 2010 was $29, $38 and $36, respectively.

Stock option awards outstanding as of June 30, 2012, have been granted at prices that are either equal to or above the market value of the stock on the date of grant. Stock option grants generally vest over four years and expire no later than ten years after the grant date. The Company recognizes compensation expense ratably over the vesting period. As of June 30, 2012, there was $17 of total unrecognized compensation cost related to non-vested options, which is expected to be recognized over a remaining weighted-average vesting period of two years, 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 three to four years. The total number of restricted stock awards expected to vest is adjusted by estimated forfeiture rates. Restricted stock grants prior to July 1, 2009, receive dividend distributions during their vesting period. Restricted stock grants after July 1, 2009, receive dividend distributions earned during the vesting period upon vesting.

As of June 30, 2012, there was $1 of total unrecognized compensation cost related to non-vested restricted stock awards, which is expected to be recognized over a remaining weighted-average vesting period of two years. The total fair value of the shares that vested in fiscal years 2012, 2011 and 2010 was $3, $4 and $5, respectively. The weighted-average grant-date fair value of awards granted was $68.52, $67.58 and $58.91 per share for fiscal years 2012, 2011 and 2010, respectively.

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

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
	(In thousands)	
Restricted stock awards at June 30, 2011	68	$ 64
Granted	4	69
Vested	(47)	64
Forfeited	(3)	65
Restricted stock awards at June 30, 2012	22	$ 65

Performance Units

The Company’s performance unit grants provide for the issuance of common stock to certain managerial staff and executive management if the Company achieves certain performance targets. The performance unit grants vest after three years. Performance unit grants prior to July 1, 2009 receive dividend distributions during their vesting periods. Performance unit grants after July 1, 2009 receive dividends earned during the vesting period upon vesting.

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

The number of shares issued will be dependent upon vesting and the achievement of specified performance targets. At June 30, 2012, there was $17 in unrecognized compensation cost related to non-vested performance unit grants that is expected to be recognized over a remaining weighted-average performance period of two years. The weighted-average grant-date fair value of awards granted was $68.17, $66.48 and $57.28 per share for fiscal years 2012, 2011 and 2010, respectively.

NOTE 15. SHARE-BASED COMPENSATION PLANS (Continued)

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

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
	(In thousands)	
Performance unit awards as of June 30, 2011	1,479	$ 60
Granted	579	68
Distributed	(602)	64
Forfeited	(86)	64
Performance unit awards as of June 30, 2012	1,370	$ 62
Performance units vested and deferred as of June 30, 2012	210	$ 51

The non-vested performance units outstanding at June 30, 2012 and 2011 were 1,160,000 and 1,203,000, respectively, and the weighted average grant date fair value was $64.04 and $62.55 per share, respectively. Total shares vested during fiscal year 2012 were 536,000 which had a weighted average grant date fair value per share of $63.95. The total fair value of shares vested was $34, $27 and $33 during fiscal years 2012, 2011 and 2010, respectively. Upon vesting, the recipients of the grants receive the distribution as shares or, if previously elected by eligible recipients, as deferred stock. During fiscal years 2012 and 2011, $33 and $25, respectively, of the vested awards were paid by the issuance of shares. During fiscal years 2012 and 2011, $1 and $2, respectively, of the vested awards were deferred. Deferred shares receive dividend distributions during their deferral period.

Deferred Stock Units for Nonemployee Directors

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

During fiscal year 2012, the Company granted 22,500 deferred stock units, reinvested dividends of 7,600 units and distributed 16,400 shares, which had a weighted-average fair value on grant date of $66.95, $67.54 and $60.93 per share, respectively. As of June 30, 2012, 222,900 units were outstanding, which had a weighted-average fair value on grant date of $58.80 per share.

NOTE 16. LEASES AND OTHER COMMITMENTS

The Company leases transportation equipment, certain information technology equipment and various manufacturing, warehousing, and office facilities. The Company's leases are classified as operating leases, and the Company's existing contracts will expire by 2024. The Company expects that, in the normal course of business, existing contracts will be renewed or replaced by other leases. The future minimum rental payments required under the Company's existing non-cancelable lease agreements at June 30, 2012, are expected to be $38, $34, $30, $28, $26 and $95 in fiscal years 2013, 2014, 2015, 2016, 2017 and thereafter, respectively.

In the fourth quarter of fiscal year 2012, the Company began the process of relocating certain employees from its general office building in Oakland, Calif. to a new facility located in Pleasanton Calif. Employees from its Technical and Data Center in Pleasanton, Calif. are also expected to be relocated to the new facility by the end of fiscal year 2013. The new facility consists of approximately 343,000 square feet of leased space and will house the Company's research and development group, as well as other administrative and operational support personnel. The future minimum rental payments required under the Company's existing non-cancelable lease agreement for the new facility at June 30, 2012, are expected to be $4, $6, $6, $7, $7 and $43 in fiscal years 2013, 2014, 2015, 2016, 2017 and thereafter, respectively. These amounts are included in the Company's future minimum rental payments disclosed above.

NOTE 16. LEASES AND OTHER COMMITMENTS (Continued)

Rental expense for all operating leases was $68, $62 and $59 in fiscal years 2012, 2011 and 2010, respectively. Certain space not occupied by the Company in its general office building is rented to other tenants under operating leases expiring through 2017. Future minimum rentals to be received under these leases total $3 and do not exceed $1 in any one year.

The Company is also a party to certain purchase obligations, which are defined as purchase agreements that are enforceable and legally-binding and that specify all significant terms, including quantity, price and the approximate timing of the transaction. Examples of the Company's purchase obligations include contracts to purchase raw materials, commitments to contract manufacturers, commitments for information technology and related services, advertising contracts, utility agreements, capital expenditure agreements, software acquisition and license commitments, and service contracts. At June 30, 2012, the Company's purchase obligations, including the services related to the Information Technology Services (ITS) Agreement, totaled $382, $169, $88, $28, $25 and $48 for fiscal years 2013 through 2017, and thereafter, respectively. Estimates for the ITS Agreement are based on an annual service fee that is adjusted periodically based upon updates to services and equipment provided. Included in the ITS Agreement are certain acceleration payment clauses if the Company terminates the contract without cause.

NOTE 17. OTHER (INCOME) EXPENSE, NET

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

	2012	2011	2010
Income from equity investees	$ (11)	$ (8)	$ (9)
Income from transition services (Note 2)	(6)	(9)	-
Low-income housing partnership (gains) losses	(2)	(13)	1
Amortization of trademarks and other intangible assets (Note 7)	9	9	9
Foreign exchange transaction losses (gains), net (Note 1)	1	(2)	26
Other, net	(4)	-	2
Total	$ (13)	$ (23)	$ 29

As of June 30, 2012, the Company owns, directly or indirectly, limited partnership interests of up to 99% in 24 low-income housing partnerships. In fiscal year 2011, the Company sold three properties and recognized a gain of $13.

Approximately $24 of the fiscal year 2010 foreign exchange transaction losses, net, represent remeasurement losses for the Company's Venezuelan subsidiary (see Note 1).

NOTE 18. INCOME TAXES

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

	2012	2011	2010
Current			
Federal	$ 200	$ 139	$ 193
State	12	19	23
Foreign	48	45	39
Total current	260	203	255
Deferred			
Federal	-	71	18
State	1	2	2
Foreign	(13)	-	4
Total deferred	(12)	73	24
Total	$ 248	$ 276	$ 279

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

	2012	2011	2010
United States	$ 655	$ 446	$ 664
Foreign	136	117	141
Total	$ 791	$ 563	$ 805

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

	2012	2011	2010
Statutory federal tax rate	35.0%	35.0%	35.0%
State taxes (net of federal tax benefits)	1.1	2.3	2.2
Tax differential on foreign earnings	(2.5)	(1.0)	(1.0)
Domestic manufacturing deduction	(2.2)	(3.5)	(1.8)
Noncash goodwill impairment	-	16.0	-
Other differences	-	0.2	0.3
Effective tax rate	31.4%	49.0%	34.7%

The substantially different effective tax rate in fiscal year 2011 primarily resulted from the 16.0% impact of the non-deductible noncash goodwill impairment charge of $258 related to the Burt's Bees reporting unit as there was no substantial tax benefit associated with this noncash charge.

Applicable U.S. income taxes and foreign withholding taxes have not been provided on approximately $146 of undistributed earnings of certain foreign subsidiaries at June 30, 2012, because these earnings are considered indefinitely reinvested. The net federal income tax liability that would arise if these earnings were not indefinitely reinvested is approximately $36. Applicable U.S. income and foreign withholding taxes are provided on these earnings in the periods in which they are no longer considered indefinitely reinvested.

NOTE 18. INCOME TAXES (Continued)

Tax benefits resulting from share-based payment arrangements that are in excess of the tax benefits recorded in net earnings over the vesting period of those arrangements are recorded as increases to additional paid-in capital. Excess tax benefits of approximately $10, $9, and $10, were realized and recorded to additional paid-in capital for the fiscal years 2012, 2011 and 2010, respectively. The components of deferred tax assets (liabilities) as of June 30 are shown below:

	2012	2011
Deferred tax assets		
Compensation and benefit programs	$ 203	$ 157
Basis difference related to Venture Agreement	30	30
Accruals and reserves	49	34
Inventory costs	22	13
Net operating loss and tax credit carryforwards	21	18
Other	23	36
Subtotal	348	288
Valuation allowance	(20)	(14)
Total deferred tax assets	328	274
Deferred tax liabilities		
Fixed and intangible assets	(268)	(258)
Low-income housing partnerships	(29)	(27)
Other	(32)	(35)
Total deferred tax liabilities	(329)	(320)
Net deferred tax liabilities	$ (1)	$ (46)

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

	2012	2011
Valuation allowance at beginning of year	$ (14)	$ (12)
Net decrease in realizability of foreign deferred tax assets	(3)	(1)
Net increase in foreign net operating loss carryforward and other	(3)	(1)
Valuation allowance at end of year	$ (20)	$ (14)

At June 30, 2012, the Company had foreign tax credit carryforwards of $7 for U.S. income tax purposes. Tax benefits from foreign net operating loss carryforwards of $8 have expiration dates between fiscal years 2013 and 2021. Tax benefits from foreign net operating loss carryforwards of $6 may be carried forward indefinitely.

The Company files income tax returns in the U.S. federal and various state, local and foreign jurisdictions. In the first quarter of fiscal year 2010, the Company paid federal tax and interest of $8 related to audits of the 2004 and 2006 fiscal tax years. In the first quarter of fiscal year 2011, certain issues relating to 2003, 2004 and 2006 were effectively settled by the Company and the IRS Appeals Division. Tax and interest payments of $18 were made with respect to these issues in the second quarter of fiscal year 2011. Interest payments of $4 were made with respect to these issues in the third quarter of fiscal year 2011. No tax benefits had previously been recognized for the issues related to the 2003, 2004 and 2006 tax settlements. The federal statute of limitations has expired for all tax years through June 30, 2008. Various income tax returns in state and foreign jurisdictions are currently in the process of examination.

NOTE 18. INCOME TAXES (Continued)

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of June 30, 2012 and 2011, the total balance of accrued interest and penalties related to uncertain tax positions was $7 and $8, respectively. Interest and penalties included in income tax expense resulted in a net benefit of $3, a net benefit of $3 and a net expense of $5 in fiscal years 2012, 2011 and 2010, respectively. The following is a reconciliation of the beginning and ending amounts of the Company's gross unrecognized tax benefits:

	2012	2011	2010
Unrecognized tax benefits - July 1	$ 97	$ 84	$ 98
Gross increases - tax positions in prior periods	4	3	10
Gross decreases - tax positions in prior periods	(16)	(9)	(15)
Gross increases - current period tax positions	6	45	5
Gross decreases - current period tax positions	(1)	-	-
Settlements	(10)	(26)	(14)
Unrecognized tax benefits - June 30	$ 80	$ 97	$ 84

Included in the balance of unrecognized tax benefits at June 30, 2012, 2011 and 2010, are potential benefits of $56, $68 and $57, respectively, which if recognized, would affect the effective tax rate on earnings.

In the twelve months succeeding June 30, 2012, audit resolutions could potentially reduce total unrecognized tax benefits by up to $4, primarily as a result of cash settlement payments. Audit outcomes and the timing of audit settlements are subject to significant uncertainty.

NOTE 19. EMPLOYEE BENEFIT PLANS

Retirement Income Plans

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

The Company did not make any contributions to its domestic qualified retirement income plan during the fiscal year 2012. It contributed $15 and $43 in fiscal years 2011 and 2010, respectively. Contributions made to the domestic non-qualified retirement income plans were $11, $8 and $8 in fiscal years 2012, 2011 and 2010, respectively. The Company has also contributed $1, $1, and $2 to its foreign retirement income plans for fiscal years 2012, 2011 and 2010, respectively. The Company's funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit tax laws plus additional amounts as the Company may determine to be appropriate.

Retirement Health Care

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

The assumed domestic health care cost trend rate used in measuring the accumulated postretirement benefit obligation (APBO) was 7.8% for medical and 8.7% for prescription drugs for fiscal year 2012. These rates have been assumed to gradually decrease each year until an assumed ultimate trend of 4.5% is reached in 2028. The health care cost trend rate assumption has an effect on the amounts reported. The effect of a hypothetical 100 basis point increase or decrease in the assumed domestic health care cost trend rate on the total service and interest cost components, and the postretirement benefit obligation would have been $1 for the fiscal year ended June 30, 2012, and less than $1 for both fiscal years ended June 30, 2011 and 2010.

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

Financial Information Related to Retirement Income and Retirement Health Care

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

	Retirement Income		Retirement Health Care	
	2012	2011	2012	2011
Change in benefit obligations:				
Projected benefit obligation at beginning of year	$ 566	$ 560	$ 58	$ 78
Service cost	-	12	1	2
Interest cost	29	29	3	4
Employee contributions to deferred compensation plans	5	7	-	-
Actuarial (gain) loss	82	(12)	3	(23)
Plan amendments	-	-	-	(2)
Curtailment (gain) loss	-	(1)	-	-
Translation adjustment	-	3	(1)	-
Benefits paid	(36)	(32)	(1)	(1)
Projected benefit obligation at end of year	646	566	63	58
Change in plan assets:				
Fair value of assets at beginning of year	410	335	-	-
Actual return on plan assets	9	80	-	-
Employer contributions to qualified and nonqualified plans	12	24	1	1
Translation adjustment	(1)	3	-	-
Benefits paid	(36)	(32)	(1)	(1)
Fair value of plan assets at end of year	394	410	-	-
Accrued benefit cost, net funded status	$ (252)	$ 156	$ (63)	$ (58)
Amount recognized in the balance sheets consists of:				
Pension benefit assets	$ -	$ 1	$ -	$ -
Current accrued benefit liability	(14)	(11)	(6)	(5)
Non-current accrued benefit liability	(238)	(146)	(57)	(53)
Accrued benefit cost, net	$ (252)	$ (156)	$ (63)	$ (58)

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

	Pension Plans		Other Retirement Plans	
	2012	2011	2012	2011
Projected benefit obligation	$ 561	$ 473	$ 84	$ 71
Accumulated benefit obligation	561	469	84	71
Fair value of plan assets	393	388	-	-

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

The ABO for all pension plans was $561, $490 and $490, respectively, as of June 30, 2012, 2011 and 2010. The ABO for all retirement income plans increased by $85 in fiscal year 2012, primarily due to a decrease in the discount rate. The net costs of the retirement income and health care plans for the fiscal years ended June 30 include the following components:

	Retirement Income			Retirement Health Care		
	2012	2011	2010	2012	2011	2010
Service cost	$ -	$ 12	$ 9	$ 1	$ 2	$ 2
Interest cost	29	29	30	3	4	4
Expected return on plan assets	(31)	(33)	(31)	-	-	-
Curtailment gain	-	(1)	-	-	-	-
Amortization of unrecognized items	8	17	9	(3)	(2)	(2)
Total	$ 6	$ 24	$ 17	$ 1	$ 4	$ 4

Items not yet recognized as a component of postretirement expense as of June 30, 2012, consisted of:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain)	$ 286	$ (22)
Prior service cost (benefit)	1	(2)
Net deferred income tax (assets) liabilities	(107)	9
Accumulated other comprehensive loss (income)	$ 180	$ (15)

Net actuarial loss (gain) recorded in accumulated other comprehensive net losses for the fiscal year ended June 30, 2012, included the following:

	Retirement Income	Retirement Health Care
Net actuarial loss (gain) at beginning of year	$ 186	$ (28)
Amortization during the year	(7)	2
Loss during the year	107	4
Net actuarial loss (gain) at end of year	$ 286	$ (22)

The Company uses the straight line amortization method for unrecognized prior service costs and benefits. In fiscal year 2013, the Company expects to recognize, on a pretax basis, approximately less than $1 of the prior service cost and $12 of the net actuarial loss, and approximately $1 of the prior service credit and $2 of the net actuarial gain, as a component of net periodic benefit cost for the retirement income and retirement health care plans, respectively.

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

	Retirement Income		Retirement Health Care	
	2012	2011	2012	2011
Discount rate	3.87%	5.31%	3.86%	5.29%
Rate of compensation increase	3.71%	3.93%	n/a	n/a

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

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

	Retirement Income		
	2012	2011	2010
Discount rate	5.31%	5.34%	6.81%
Rate of compensation increase	3.93%	4.20%	4.22%
Expected return on plan assets	8.12%	8.11%	8.11%

	Retirement Health Care		
	2012	2011	2010
Discount rate	5.29%	5.36%	6.80%

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

Expected benefit payments for the Company's pension and other postretirement plans as of June 30 are as follows:

	Retirement Income	Retirement Health Care
2013	$ 34	$ 6
2014	34	6
2015	35	5
2016	35	4
2017	37	4
Fiscal years 2018 — 2021	189	19

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

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

	% Target	% of Plan Assets	
	Allocation	2012	2011
U.S. equity	29%	29%	50%
International equity	30	29	19
Fixed income	36	37	25
Other	5	5	6
Total	100%	100%	100%

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

NOTE 19. EMPLOYEE BENEFIT PLANS (Continued)

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

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

	2011		
	Level 1	Level 2	Total
Cash equivalents	$ 3	$ -	$ 3
Mutual funds			
Domestic equity fund	96	-	96
International equity funds	75	-	75
Bond fund	48	-	48
Real Estate fund	19	-	19
Total mutual funds	238	-	238
Common/collective trusts			
Domestic equity fund	-	96	96
International equity funds	-	11	11
Bond funds	-	62	62
Total common/collective trusts	-	169	169
Total assets at fair value	$ 241	$ 169	$ 410

The carrying value of cash equivalents approximates their fair value as of June 30, 2012 and 2011.

Mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the plans as of June 30, 2011. As of June 30, 2012, the plan is not invested in mutual funds.

Common/collective trust funds are valued at a net asset value unit price determined by the portfolio's sponsor based on the fair value of underlying assets held by the common collective trust fund on June 30, 2012 and 2011.

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 defined contribution plans for most of its domestic employees. The plans include The Clorox Company 401(k) Plan. Effective July 1, 2011, The Clorox Company 401(k) Plan was amended to enhance the matching of employee contributions and to provide for a fixed and non-discretionary annual contribution in place of the profit sharing component. Prior to July 1, 2011, Company contributions to the profit sharing component above 3% of employee eligible earnings were discretionary and were based on certain Company performance targets for eligible employees. The aggregate cost of the defined contribution plans was $46, $21, and $33 in fiscal years 2012, 2011 and 2010, respectively. Included in the 2011 and 2010 costs was $17, and $29, respectively, of profit sharing contributions. The Company also has defined contribution plans for certain of its international employees. The aggregate cost of these foreign plans was $1, $1 and $3 in fiscal years 2012, 2011 and 2010, respectively.

NOTE 20. SEGMENT REPORTING

The Company operates through strategic business units that are aggregated into four reportable segments: Cleaning, Household, Lifestyle and International. Beginning in the fourth quarter of fiscal year 2012, natural personal care financial results outside the U.S. are being reported in the International segment rather than in the Lifestyle segment because management of the International segment now has primary oversight of natural personal care financial results outside the U.S. All periods presented have been recast to reflect this change. 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 home care products under the Green Works ® brand; and professional cleaning and disinfecting products under the Clorox ® , Dispatch ® , Aplicare ® , HealthLink ® and Clorox Healthcare ™ brands.

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

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

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

Certain non-allocated administrative costs, interest income, interest expense and various other non-operating income and expenses are reflected in Corporate. Corporate assets include cash and cash equivalents, other investments and deferred taxes.

NOTE 20. SEGMENT REPORTING (Continued)

	Fiscal Year	Cleaning	Household	Lifestyle	International	Corporate	Total Company
Net sales	2012	$ 1,692	$ 1,676	$ 901	$ 1,199	$ -	$ 5,468
	2011	1,619	1,611	849	1,152	-	5,231
	2010	1,624	1,663	835	1,112	-	5,234
Earnings (losses) from continuing operations before income taxes	2012	381	298	265	119	(272)	791
	2011	356	278	91	55	(217)	563
	2010	368	290	304	143	(300)	805
Income from equity investees	2012	-	-	-	11	-	11
	2011	-	-	-	8	-	8
	2010	-	-	-	9	-	9
Total assets	2012	942	818	887	1,219	489	4,355
	2011	838	848	886	1,201	390	4,163
Capital expenditures	2012	63	79	18	32	-	192
	2011	72	95	24	37	-	228
	2010	74	79	18	30	-	201
Depreciation and amortization	2012	45	73	18	25	17	178
	2011	44	73	18	22	16	173
	2010	51	77	21	22	12	183
Significant noncash charges included in earnings before income taxes:							
Share-based compensation	2012	13	12	6	1	(5)	27
	2011	14	13	6	2	(3)	32
	2010	11	10	5	2	32	60
Noncash goodwill impairment	2012	-	-	-	-	-	-
	2011	-	-	164	94	-	258
	2010	-	-	-	-	-	-

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

Fiscal years 2011 and 2010 net sales for the International segment included $34 and $29, respectively, that was previously reported in the Lifestyle segment. Fiscal years 2011 and 2010 earnings (losses) from continuing operations before income taxes for the International segment also included $92 and $1 of losses, respectively, that were previously reported in the Lifestyle segment. In addition, total assets for fiscal year 2011 for the International segment included $264 that was previously reported in the Lifestyle segment.

NOTE 20. SEGMENT REPORTING (Continued)

Total assets for Corporate included $267 and $259 of cash and cash equivalents for fiscal years 2012 and 2011, respectively.

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

Net sales to the Company's largest customer, Walmart Stores, Inc. and its affiliates, were 26%, 27% and 27% for the fiscal years ended 2012, 2011 and 2010, respectively, of consolidated net sales and occurred in each of the Company's reportable segments. No other customers exceeded 10% of consolidated net sales in any year. During fiscal years 2012, 2011 and 2010, the Company's five largest customers accounted for 44%, 44% and 45% of its net sales, respectively.

The Company has three product lines that have accounted for 10% or more of consolidated net sales during each of the past three fiscal years. In fiscal years 2012, 2011 and 2010, respectively, sales of liquid bleach represented approximately 13%, 14% and 13% of the Company's consolidated net sales, approximately 26%, 27% and 28% of net sales in the Cleaning segment and approximately 22%, 23% and 22% of net sales in the International segment. In fiscal years 2012, 2011 and 2010, respectively, sales of trash bags represented approximately 13%, 13% and 12% of the Company's consolidated net sales, approximately 35%, 34% and 31% of net sales in the Household segment and approximately 10%, 11% and 10% of net sales in the International segment. Sales of charcoal represented approximately 11% of the Company's consolidated net sales in each of the fiscal years 2012, 2011 and 2010 and approximately 35%, 34% and 36% of net sales in the Household segment, respectively.

Net sales and long-lived assets 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	2012	$ 4,316	$ 1,152	$ 5,468
	2011	4,125	1,106	5,231
	2010	4,172	1,062	5,234
Property, plant and equipment, net	2012	$ 906	$ 175	$ 1,081
	2011	881	158	1,039

NOTE 21. UNAUDITED QUARTERLY DATA

	Quarters Ended				
	September 30	December 31	March 31	June 30	Total Year
Fiscal year ended June 30, 2012					
Net sales	$ 1,305	$ 1,221	$ 1,401	$ 1,541	$ 5,468
Cost of products sold	$ 759	$ 714	$ 808	$ 883	$ 3,164
Earnings from continuing operations	$ 130	$ 105	$ 134	$ 174	$ 543
Losses from discontinued operations, net of tax	$ -	$ -	$ (2)	$ -	$ (2)
Net earnings	$ 130	$ 105	$ 132	$ 174	$ 541
Per common share:					
Basic					
Continuing operations	$ 0.99	$ 0.79	$ 1.03	$ 1.34	$ 4.15
Discontinued operations	-	-	(0.01)	-	(0.01)
Basic net earnings per share	$ 0.99	$ 0.79	$ 1.02	$ 1.34	$ 4.14
Diluted					
Continuing operations	$ 0.98	$ 0.79	$ 1.02	$ 1.32	$ 4.10
Discontinued operations	-	-	(0.01)	-	(0.01)
Diluted net earnings per share	$ 0.98	$ 0.79	$ 1.01	$ 1.32	$ 4.09
Dividends declared per common share	$ 0.60	$ 0.60	$ 0.60	$ 0.64	$ 2.44
Market price (NYSE)					
High	$ 75.44	$ 69.61	$ 70.89	$ 73.54	$ 75.44
Low	63.56	63.06	66.37	66.72	63.06
Year-end					72.46
Fiscal year ended June 30, 2011					
Net sales	$ 1,266	$ 1,179	$ 1,304	$ 1,482	$ 5,231
Cost of products sold	$ 705	$ 687	$ 729	$ 837	$ 2,958
Earnings (losses) from continuing operations	$ 140	$ (163)	$ 141	$ 169	$ 287
Earnings from discontinued operations, net of tax	$ 76	$ 184	$ 10	$ -	$ 270
Net earnings	$ 216	$ 21	$ 151	$ 169	$ 557
Per common share:					
Basic					
Continuing operations	$ 0.99	$ (1.17)	$ 1.03	$ 1.27	$ 2.09
Discontinued operations	0.55	1.32	0.07	-	1.97
Basic net earnings per share	$ 1.54	$ 0.15	$ 1.10	$ 1.27	$ 4.06
Diluted					
Continuing operations	$ 0.98	$ (1.17)	$ 1.02	$ 1.26	$ 2.07
Discontinued operations	0.54	1.32	0.07	-	1.95
Diluted net earnings per share	$ 1.52	$ 0.15	$ 1.09	$ 1.26	$ 4.02
Dividends declared per common share	$ 0.55	$ 0.55	$ 0.55	$ 0.60	$ 2.25
Market price (NYSE)					
High	$ 67.86	$ 69.00	$ 72.43	$ 71.00	$ 72.43
Low	61.52	61.45	60.56	65.97	60.56
Year-end					67.44

Fiscal year 2011 earnings (losses) from continuing operations and net earnings included a $258 noncash goodwill impairment charge recognized for the Burt's Bees business. Fiscal year 2011 diluted net earnings per share from continuing operations included the impact of $1.86 from this noncash goodwill impairment charge.

FIVE-YEAR FINANCIAL SUMMARY

The Clorox Company

Dollars in millions, except share data	Years ended June 30				
	2012	2011 [1][2]	2010 [1]	2009 [1]	2008 [1][3]
OPERATIONS					
Net sales	$ 5,468	$ 5,231	$ 5,234	$5,158	$ 4,954
Gross profit	2,304	2,273	2,319	2,204	2,012
Earnings from continuing operations	$ 543	$ 287	$ 526	$ 472	$ 382
(Losses) earnings from discontinued operations, net of tax	(2)	270	77	65	79
Net earnings	$ 541	$ 557	$ 603	$ 537	$ 461
COMMON STOCK					
Earnings per share					
Continuing operations					
Basic	$ 4.15	$ 2.09	$ 3.73	$ 3.36	$ 2.71
Diluted	4.10	2.07	3.69	3.33	2.68
Dividends declared per share	$ 2.44	$ 2.25	$ 2.05	$ 1.88	$ 1.66
OTHER DATA					
Total assets	$ 4,355	$ 4,163	$ 4,548	$4,569	$ 4,704
Long-term debt	1,571	2,125	2,124	2,151	2,720

(1) In November 2010, the Company completed the sale of the Auto Businesses pursuant to the terms of a Purchase and Sale Agreement and received cash consideration of $755. Included in earnings from discontinued operations for fiscal year ended June 30, 2011, is an after-tax gain on the transaction of $247. In connection with the discontinued operations presentation in the consolidated financial statements, certain financial statement footnotes have been updated to reflect the impact of discontinued operations.

(2) Earnings from continuing operations and net earnings included the $258 noncash goodwill impairment charge recognized in fiscal year 2011 for the Burt's Bees business. Diluted net earnings per share from continuing operations included the impact of $1.86 from this noncash goodwill impairment charge.

(3) In fiscal year 2008, the Company acquired Burt's Bees Inc. for an aggregate price of $913 excluding $25 paid for tax benefits associated with the acquisition. In addition, the Company entered into an accelerated share repurchase agreement under which it repurchased 12 million of its shares for an aggregate price of $750.

Exhibit 99.2

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES (Dollars in millions)

Column A	Column B	Column C		Column D		Column E
		Additions		Deductions		
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Credited to costs and expenses	Credited to other accounts	Balance at end of period
Allowance for doubtful accounts						
Year ended June 30, 2012	$ (5)	$ (3)	$ -	$ 1	$ -	$ (7)
Year ended June 30, 2011	(6)	-	-	1	-	(5)
Year ended June 30, 2010	(6)	-	-	-	-	(6)
LIFO allowance						
Year ended June 30, 2012	$ (29)	$ (8)	$ -	$ -	$ -	$ (37)
Year ended June 30, 2011	(28)	(1)	-	-	-	(29)
Year ended June 30, 2010	(31)	-	-	3	-	(28)
Valuation allowance on deferred tax assets						
Year ended June 30, 2012	$ (14)	$ (6)	$ -	$ -	$ -	$ (20)
Year ended June 30, 2011	(12)	(2)	-	-	-	(14)
Year ended June 30, 2010	(6)	(6)	-	-	-	(12)
Allowance for inventory obsolescence						
Year ended June 30, 2012	$ (11)	$ (13)	$ -	$ -	$ 14	$ (10)
Year ended June 30, 2011	(10)	(15)	-	-	14	(11)
Year ended June 30, 2010	(10)	(11)	-	-	11	(10)

THE CLOROX COMPANY
RECONCILIATION OF ECONOMIC PROFIT

Dollars in millions	FY12	FY11 [1]	FY10 [1]
Earnings from continuing operations before income taxes	**$ 791**	**$ 563**	**$ 805**
Noncash restructuring-related and asset impairment costs	4	6	4
Noncash goodwill impairment	-	258	-
Interest expense	125	123	139
Earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense	$ 920	$ 950	$ 948
Adjusted after tax profit [2]	**$ 631**	**$ 629**	**$ 619**
Average capital employed [3]	2,544	2,618	2,525
Capital charge [4]	**229**	**236**	**227**
Economic profit (Adjusted after tax profit less capital charge)	**$ 402**	**$ 393**	**$ 392**
% change over prior year	+2.3%	+0.3%	+12.6%

(1) In the fiscal year 2011 Annual Report to Shareholders and in the Company's Annual Report on Form 10-K, economic profit (EP) for all fiscal years presented included the results of the Auto Businesses (but excluded the net gain on sale) because this was the method used by the Company to calculate EP to determine the amount of short-term compensation for fiscal year 2011. In the current fiscal year and in this table, EP calculations for all fiscal years presented exclude the Auto Businesses.

(2) Adjusted after tax profit represents earnings from continuing operations before income taxes, noncash restructuring-related and asset impairment costs, noncash goodwill impairment and interest expense, after tax. The tax rate applied is the effective tax rate on continuing operations before the noncash goodwill impairment charge for fiscal year 2011, which was 31.4%, 33.8% and 34.7% in fiscal years 2012, 2011 and 2010, respectively. The difference between the fiscal year 2011 effective tax rate on continuing operations before the noncash goodwill impairment charge and the effective tax rate on continuing operations of 49% is (16.0)% related to the non-deductible noncash goodwill impairment charge and 0.8% for other tax effects related to excluding this charge.

(3) Total capital employed represents total assets less non-interest bearing liabilities. Adjusted capital employed represents total capital employed adjusted to add back current year noncash restructuring-related and asset impairment costs and noncash goodwill impairment. Average capital employed represents a two-point average of adjusted capital employed for the current year and total capital employed for the prior year, based on year-end balances. See below for details of the average capital employed calculation:

	FY12	FY11 [1]	FY10 [1]
Total assets	$ 4,355	$ 4,163	$ 4,548
Adjustments related to the Auto Businesses	-	-	(405)
Total assets adjusted for the Auto Businesses	4,355	4,163	4,143
Less:			
Accounts payable	412	423	409
Accrued liabilities	494	442	491
Income taxes payable	5	41	74
Other liabilities	739	619	677
Deferred income taxes	119	140	19
Non-interest bearing liabilities	1,769	1,665	1,670
Total capital employed	**2,586**	**2,498**	**2,473**
Noncash restructuring-related and asset impairment costs	4	6	4
Noncash goodwill impairment	-	258	-
Adjusted capital employed	**$ 2,590**	**$ 2,762**	**$ 2,477**
Average capital employed	**$ 2,544**	**$ 2,618**	**$ 2,525**

(4) Capital charge represents average capital employed multiplied by the weighted-average cost of capital. The weighted-average cost of capital used to calculate the capital charge was 9% for all fiscal years presented.