

Section 1: 10-K (FY1617 10-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-434

THE PROCTER & GAMBLE COMPANY

One Procter & Gamble Plaza, Cincinnati, Ohio 45202

Telephone (513) 983-1100

IRS Employer Identification No. 31-0411980

State of Incorporation: Ohio

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

Title of each class	Name of each exchange on which registered
Common Stock, without Par Value	New York Stock Exchange, NYSE Euronext-Paris

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 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 website, 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if smaller reporting company)	
		Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The aggregate market value of the voting stock held by non-affiliates amounted to \$215 billion on December 31, 2016.

There were 2,550,014,230 shares of Common Stock outstanding as of July 31, 2017.

Documents Incorporated by Reference

Portions of the Proxy Statement for the 2017 Annual Meeting of Shareholders, which was filed on August 1, 2017 (2017 Proxy Statement), are incorporated by reference into Part III of this report to the extent described herein.

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PART I

Item 1. Business.

Additional information required by this item is incorporated herein by reference to Management's Discussion and Analysis (MD&A); and Notes 1 and 2 to our Consolidated Financial Statements. Unless the context indicates otherwise, the terms the "Company," "P&G," "we," "our" or "us" as used herein refer to The Procter & Gamble Company (the registrant) and its subsidiaries.

The Procter & Gamble Company is focused on providing branded consumer packaged goods of superior quality and value to improve the lives of the world's consumers. The Company was incorporated in Ohio in 1905, having been built from a business founded in 1837 by William Procter and James Gamble. Today, our products are sold in more than 180 countries and territories.

Throughout this Form 10-K, we incorporate by reference information from other documents filed with the Securities and Exchange Commission (SEC).

The Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments thereto, are filed electronically with the SEC. The SEC maintains an internet site that contains these reports at: www.sec.gov. You can also access these reports through links from our website at: www.pginvestor.com.

Copies of these reports are also available, without charge, by contacting Wells Fargo, 1100 Centre Pointe Curve, Suite 101, Mendota, MN 55120-4100.

Financial Information about Segments

As of June 30, 2017, the Company has five reportable segments under U.S. GAAP: Beauty; Grooming; Health Care; Fabric & Home Care; and Baby, Feminine & Family Care. Many of the factors necessary for understanding these businesses are similar. Operating margins of the individual businesses vary due to the nature of materials and processes used to manufacture the products, the capital intensity of the businesses and differences in selling, general and administrative expenses as a percentage of net sales. Net sales growth by business is also expected to vary slightly due to the underlying growth of the markets and product categories in which they operate. While none of our reportable segments are highly seasonal, components within certain reportable segments, such as Appliances (Grooming) and Personal Health Care (Health), are seasonal.

Additional information about our reportable segments can be found in the MD&A and Note 2 to our Consolidated Financial Statements.

Narrative Description of Business

Business Model. Our business model relies on the continued growth and success of existing brands and products, as well as the creation of new products. The markets and industry segments in which we offer our products are highly competitive. Our products are sold in more than 180 countries and territories primarily through mass merchandisers, grocery

stores, membership club stores, drug stores, department stores, distributors, wholesalers, baby stores, specialty beauty stores, e-commerce, high-frequency stores and pharmacies. We utilize our superior marketing and online presence to win with consumers at the "zero moment of truth" - when they are searching for information about a brand or product. We work collaboratively with our customers to improve the in-store and online presence of our products and win the "first moment of truth" - when a consumer is shopping in the store or online. We must also win the "second moment of truth" - when a consumer uses the product, evaluates how well it met his or her expectations and decides whether it was a good value. We believe we must continue to provide new, innovative products and branding to the consumer in order to grow our business. Accordingly, marketing and research and product development activities, designed to enable sustained organic growth, continued to carry a high priority during the past fiscal year.

Key Product Categories. Information on key product categories can be found in Note 2 to our Consolidated Financial Statements.

Key Customers. Our customers include mass merchandisers, grocery stores, membership club stores, drug stores, department stores, distributors, wholesalers, baby stores, specialty beauty stores, e-commerce, high-frequency stores and pharmacies. Sales to Wal-Mart Stores, Inc. and its affiliates represent approximately 16% of our total sales in 2017, and 15% in 2016 and 2015. No other customer represents more than 10% of our total sales. Our top ten customers accounted for approximately 35% of our total sales in 2017, 2016 and 2015. The nature of our business results in no material backlog orders or contracts with the government. We believe our practices related to working capital items for customers and suppliers are consistent with the industry segments in which we compete.

Sources and Availability of Materials. Almost all of the raw and packaging materials used by the Company are purchased from others, some of which are single-source suppliers. We produce certain raw materials, primarily chemicals, for further use in the manufacturing process. In addition, fuel, natural gas and derivative products are important commodities consumed in our manufacturing process and in the transportation of input materials and of finished product to customers. The prices we pay for materials and other commodities are subject to fluctuation. When prices for these items change, we may or may not pass the change to our customers. The Company purchases a substantial variety of other raw and packaging materials, none of which is material to our business taken as a whole.

Trademarks and Patents. We own or have licenses under patents and registered trademarks, which are used in connection with our activity in all businesses. Some of these patents or licenses cover significant product formulation and processes used to manufacture our products. The trademarks are important to the overall marketing and branding of our products. All major trademarks in each business are registered.

In part, our success can be attributed to the existence and continued protection of these trademarks, patents and licenses.

Competitive Condition. The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products we compete against other branded products as well as retailers' private-label brands. We are well positioned in the industry segments and markets in which we operate, often holding a leadership or significant market share position. We support our products with advertising, promotions and other marketing vehicles to build awareness and trial of our brands and products in conjunction with an extensive sales force. We believe this combination provides the most efficient method of marketing for these types of products. Product quality, performance, value and packaging are also important differentiating factors.

Research and Development Expenditures. Research and development (R&D) expenditures enable us to develop technologies and obtain patents across all categories in order to meet the needs and improve the lives of our consumers. Research and development expenses were \$1.9 billion in 2017 and 2016 and \$2.0 billion in 2015 (reported in Net earnings from continuing operations).

Expenditures for Environmental Compliance. Expenditures for compliance with federal, state and local environmental laws and regulations are fairly consistent from year to year and are not material to the Company. No material change is expected in fiscal year 2018.

Employees. Total number of employees is an estimate of total Company employees excluding interns, co-ops, contractors and employees of joint ventures as of the years ended June 30. The number of employees includes manufacturing and non-manufacturing employees. A discussion of progress on non-manufacturing enrollment objectives is included in Note 3 to our Consolidated Financial Statements. The number of employees includes employees of discontinued operations.

	Total Number of Employees
2017	95,000
2016	105,000
2015	110,000
2014	118,000
2013	121,000
2012	126,000

Financial Information about Foreign and Domestic Operations. Net sales in the U.S. account for 42% of total net sales. No other individual country exceeds 10% of total net sales. Operations outside the U.S. are generally characterized by the same conditions discussed in the description of the business above and may be affected by additional factors including changing currency values, different rates of inflation, economic growth and political and economic uncertainties and disruptions.

Our sales by geography for the fiscal years ended June 30 were as follows:

	2017	2016	2015
North America ⁽¹⁾	45%	44%	41%
Europe	23%	23%	24%
Asia Pacific	9%	9%	8%
Greater China	8%	8%	9%
Latin America	8%	8%	10%
IMEA ⁽²⁾	7%	8%	8%

⁽¹⁾ North America includes results for the United States, Canada and Puerto Rico only.

⁽²⁾ IMEA includes India, Middle East and Africa.

Net sales and total assets in the United States and internationally were as follows (in billions):

Net Sales (years ended June 30)	United States	International
2017	\$27.3	\$37.8
2016	\$27.0	\$38.3
2015	\$26.8	\$43.9
Total Assets (years ended June 30)	United States	International
2017	\$59.8	\$60.6
2016	\$64.4	\$62.7
2015	\$65.0	\$64.5

Item 1A. Risk Factors.

We discuss our expectations regarding future performance, events and outcomes, such as our business outlook and objectives in this Form 10-K, quarterly and annual reports, press releases and other written and oral communications. All statements, except for historical and present factual information, are “forward-looking statements” and are based on financial data and business plans available only as of the time the statements are made, which may become outdated or incomplete. We assume no obligation to update any forward-looking statements as a result of new information, future events or other factors. Forward-looking statements are inherently uncertain, and investors must recognize that events could significantly differ from our expectations.

The following discussion of “risk factors” identifies significant factors that may adversely affect our business, operations, financial position or future financial performance. This information should be read in conjunction with the MD&A and the Consolidated Financial Statements and related Notes incorporated in this report. The following discussion of risks is not all inclusive, but is designed to highlight what we believe are important factors to consider when evaluating our expectations. These and other factors could cause our future results to differ from those in the forward-looking statements and from historical trends.

Our business is subject to numerous risks as a result of our having significant operations and sales in international markets, including foreign currency fluctuations, currency exchange or pricing controls and localized volatility.

We are a global company, with operations in approximately 70 countries and products sold in more than 180 countries and territories around the world. We hold assets, incur liabilities, earn revenues and pay expenses in a variety of currencies other than the U.S. dollar, and our operations outside the U.S. generate a significant portion of our net revenue. Fluctuations in exchange rates for foreign currencies may reduce the U.S. dollar value of revenues, profits and cash flows we receive from non-U.S. markets, increase our supply costs (as measured in U.S. dollars) in those markets, negatively impact our competitiveness in those markets or otherwise adversely impact our business results or financial condition. Moreover, discriminatory or conflicting fiscal or trade policies in different countries could adversely affect our results. See also the Results of Operations and Cash Flow, Financial Condition and Liquidity sections of the MD&A and Note 9 to our Consolidated Financial Statements.

We also have businesses and maintain local currency cash balances in a number of countries with exchange, import authorization, pricing or other controls or restrictions, including Nigeria and Ukraine. Our results of operations and financial condition could be adversely impacted if we are unable to successfully manage such controls and restrictions, continue existing business operations and repatriate earnings from overseas, or if new or increased tariffs, quotas, exchange or price controls, trade barriers or similar restrictions are imposed on our business.

Additionally, our business, operations or employees may be adversely affected by political volatility, labor market disruptions or other crises or vulnerabilities in individual countries or regions, including political instability or upheaval, broad economic instability or sovereign risk related to a default by or deterioration in the credit worthiness of local governments, particularly in emerging markets.

Uncertain global economic conditions may adversely impact demand for our products or cause our customers and other business partners to suffer financial hardship, which could adversely impact our business.

Our business could be negatively impacted by reduced demand for our products related to one or more significant local, regional or global economic disruptions, such as: a slow-down in the general economy; reduced market growth rates; tighter credit markets for our suppliers, vendors or customers; a significant shift in government policies; or the inability to conduct day-to-day transactions through our financial intermediaries to pay funds to or collect funds from our customers, vendors and suppliers. Additionally, economic conditions may cause our suppliers, distributors, contractors or other third party partners to suffer financial difficulties that they cannot overcome, resulting in their inability to provide us with the materials and services we need, in which case our business and results of operations could be adversely affected. Customers may also suffer financial hardships due to economic

conditions such that their accounts become uncollectible or are subject to longer collection cycles. In addition, if we are unable to generate sufficient income and cash flow, it could affect the Company's ability to achieve expected share repurchase and dividend payments.

Disruptions in credit markets or changes to our credit ratings may reduce our access to credit.

A disruption in the credit markets or a downgrade of our current credit rating could increase our future borrowing costs and impair our ability to access capital and credit markets on terms commercially acceptable to us, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital.

Disruption in our global supply chain may negatively impact our business results.

Our ability to meet our customers' needs and achieve cost targets depends on our ability to maintain key manufacturing and supply arrangements, including execution of supply chain optimizations and certain sole supplier or sole manufacturing plant arrangements. The loss or disruption of such manufacturing and supply arrangements, including for issues such as labor disputes, loss or impairment of key manufacturing sites, discontinuity in our internal information and data systems, inability to procure sufficient raw or input materials, significant changes in trade policy, natural disasters, acts of war or terrorism or other external factors over which we have no control, could interrupt product supply and, if not effectively managed and remedied, have an adverse impact on our business, financial condition or results of operations.

Our businesses face cost fluctuations and pressures that could affect our business results.

Our costs are subject to fluctuations, particularly due to changes in the prices of commodities and raw materials and the costs of labor, transportation, energy, pension and healthcare. Therefore, our business results are dependent, in part, on our continued ability to manage these fluctuations through pricing actions, cost saving projects and sourcing decisions, while maintaining and improving margins and market share. Failure to manage these fluctuations could adversely impact our financial results.

Our ability to meet our growth targets depends on successful product, marketing and operations innovation and successful responses to competitive innovation and changing consumer habits.

We are a consumer products company that relies on continued global demand for our brands and products. Achieving our business results depends, in part, on successfully developing, introducing and marketing new products and on making significant improvements to our equipment and manufacturing processes. The success of such innovation depends on our ability to correctly anticipate customer and consumer acceptance and trends, to obtain, maintain and enforce necessary intellectual property protections and to avoid infringing upon the intellectual property rights of others. We must also successfully respond to technological advances made by, and intellectual property rights granted to, competitors. Failure to continually innovate, improve and

respond to competitive moves and changing consumer habits could compromise our competitive position and adversely impact our results.

The ability to achieve our business objectives is dependent on how well we can compete with our local and global competitors in new and existing markets and channels.

The consumer products industry is highly competitive. Across all of our categories, we compete against a wide variety of global and local competitors. As a result, we experience ongoing competitive pressures in the environments in which we operate, as well as challenges in maintaining profit margins. To address these challenges, we must be able to successfully respond to competitive factors, including pricing, promotional incentives and trade terms. In addition, evolving sales channels and business models may affect customer and consumer preferences as well as market dynamics, which, for example, may be seen in the growing consumer preference for shopping online. Failure to successfully respond to competitive factors and effectively compete in growing sales channels and business models, particularly e-commerce, could negatively impact our results.

A significant change in customer relationships or in customer demand for our products could have a significant impact on our business.

We sell most of our products via retail customers, which include mass merchandisers, grocery stores, membership club stores, drug stores, department stores, distributors, wholesalers, baby stores, specialty beauty stores, e-commerce, high-frequency stores and pharmacies. Our success is dependent on our ability to successfully manage relationships with our retail trade customers, which includes our ability to offer trade terms that are mutually acceptable and are aligned with our pricing and profitability targets. Continued concentration among our retail customers could create significant cost and margin pressure on our business, and our business performance could suffer if we cannot reach agreement with a key customer on trade terms and principles. Our business could also be negatively impacted if a key customer were to significantly reduce the inventory level of our products or experience a significant business disruption.

If the reputation of the Company or one or more of our brands erodes significantly, it could have a material impact on our financial results.

The Company's reputation, and the reputation of our brands, form the foundation of our relationships with key stakeholders and other constituencies, including consumers, customers and suppliers. The quality and safety of our products are critical to our business. Many of our brands have worldwide recognition and our financial success is directly dependent on the success of our brands. The success of our brands can suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Our results could also be negatively impacted if one of our brands suffers substantial harm to its reputation due to a significant product recall, product-related litigation, changing consumer perceptions of certain ingredients, allegations of product tampering or the distribution and sale of

counterfeit products. Additionally, negative or inaccurate postings or comments on social media or networking websites about the Company or one of its brands could generate adverse publicity that could damage the reputation of our brands or the Company. If we are unable to effectively manage real or perceived issues, including concerns about safety, quality, ingredients, efficacy or similar matters, sentiments toward the Company or our products could be negatively impacted and our financial results could suffer. Our Company also devotes significant time and resources to programs that are consistent with our corporate values and are designed to protect and preserve our reputation, such as social responsibility and environmental sustainability. If these programs are not executed as planned or suffer negative publicity, the Company's reputation and financial results could be adversely impacted.

We rely on third parties in many aspects of our business, which creates additional risk.

Due to the scale and scope of our business, we must rely on relationships with third parties, including our suppliers, distributors, contractors, joint venture partners and external business partners, for certain functions. If we are unable to effectively manage our third party relationships and the agreements under which our third party partners operate, our financial results could suffer. Additionally, while we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance and compliance, thereby potentially increasing our financial, legal, reputational and operational risk.

An information security incident, including a cybersecurity breach, or the failure of one or more key information technology systems, networks, hardware, processes, and/or associated sites owned or operated by the Company or one of its service providers could have a material adverse impact on our business or reputation.

We rely extensively on information technology (IT) systems, networks and services, including internet and intranet sites, data hosting and processing facilities and tools, physical security systems and other hardware, software and technical applications and platforms, many of which are managed, hosted, provided and/or used by third parties or their vendors, to assist in conducting our business. The various uses of these IT systems, networks and services include, but are not limited to:

- ordering and managing materials from suppliers;
- converting materials to finished products;
- shipping products to customers;
- marketing and selling products to consumers;
- collecting, transferring, storing and/or processing customer, consumer, employee, vendor, investor, and other stakeholder information and personal data;
- summarizing and reporting results of operations, including financial reporting;
- hosting, processing and sharing, as appropriate, confidential and proprietary research, business plans and financial information;

- collaborating via an online and efficient means of global business communications;
- complying with regulatory, legal and tax requirements;
- providing data security; and
- handling other processes necessary to manage our business.

Numerous and evolving information security threats, including advanced persistent cybersecurity threats, pose a risk to the security of our IT systems, networks and services, as well as to the confidentiality, availability and integrity of our data and of our critical business operations. As cybersecurity threats rapidly evolve in sophistication and become more prevalent across the industry globally, the Company is continually increasing its attention to these threats. We continue to assess potential threats and vulnerabilities and make investments seeking to address them, including monitoring of networks and systems, increasing information security skills, deploying employee security training, and updating security policies for the Company and its third-party providers. However, because the techniques used in cyber attacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures or mitigating harms after such an attack. Our IT databases and systems and our third-party providers' databases and systems have been, and will likely continue to be, subject to advanced computer viruses or other malicious codes, unauthorized access attempts, denial of service attacks, phishing and other cyber-attacks. To date, we have seen no material impact on our business or operations from these attacks; however, we cannot guarantee that our security efforts or the security efforts of our third-party providers will prevent breaches, operational incidents or other breakdowns to our or our third-party providers' databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly or cause operational outages or aberrations, or if we or one of our third-party providers suffer a loss, significant unavailability of key operations or disclosure of our sensitive business or stakeholder information, due to any number of causes, ranging from catastrophic events or power outages to improper data handling or security incidents, and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive, operational and business harm as well as litigation and regulatory action. The costs and operational consequences of responding to the above items and implementing remediation measures could be significant and could adversely impact our results.

Changing political conditions could adversely impact our business and financial results.

Changes in the political conditions in markets in which we manufacture, sell or distribute our products may be difficult to predict and may adversely affect our business and financial results. For example, the United Kingdom's decision to leave the European Union has created uncertainty regarding, among other things, the U.K.'s future legal and economic framework and how the U.K. will interact with other countries, including with respect to the free movement of goods, services and people. In addition, results of elections, referendums or other

political processes in certain markets in which our products are manufactured, sold or distributed could create uncertainty regarding how existing governmental policies, laws and regulations may change, including with respect to sanctions, taxes, the movement of goods, services and people between countries and other matters. The potential implications of such uncertainty, which include, among others, exchange rate fluctuations and market contraction, could adversely affect the Company's business and financial results.

We must successfully manage compliance with laws and regulations, as well as manage new and pending legal and regulatory matters in the U.S. and abroad.

Our business is subject to a wide variety of laws and regulations across all of the countries in which we do business, including those laws and regulations involving intellectual property, product liability, marketing, antitrust, privacy, environmental, employment, anti-bribery, anti-corruption, tax, accounting and financial reporting or other matters. Rapidly changing laws, regulations and related interpretations, as well as increased enforcement actions, create challenges for the Company, including our compliance and ethics programs, and may alter the environment in which we do business, which could adversely impact our financial results. If we are unable to continue to meet these challenges and comply with all laws, regulations and related interpretations, it could negatively impact our reputation and our business results. Failure to successfully manage regulatory and legal matters and resolve such matters without significant liability or damage to our reputation may materially adversely impact our results of operations and financial position. Furthermore, if pending legal or regulatory matters result in fines or costs in excess of the amounts accrued to date, that may also materially impact our results of operations and financial position.

Changes in applicable tax regulations and resolutions of tax disputes could negatively affect our financial results.

The Company is subject to taxation in the U.S. and numerous foreign jurisdictions. Because the U.S. maintains a worldwide corporate tax system, the foreign and U.S. tax systems are somewhat interdependent. For example, certain income that is earned and taxed in countries outside the U.S. is not taxed in the U.S., provided those earnings are indefinitely reinvested outside the U.S. If those same foreign earnings are instead repatriated to the U.S., additional residual U.S. taxation will likely occur, due to the U.S.'s worldwide tax system and higher U.S. corporate tax rate. The U.S. is considering corporate tax reform that may significantly change the corporate tax rate and the U.S. international tax rules. Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are evolving as a result of the Base Erosion and Profit Shifting reporting requirements ("BEPS") recommended by the G8, G20 and Organization for Economic Cooperation and Development ("OECD"). As these and other tax laws and related regulations change, our financial results could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be

cumulatively positive or negative for our earnings and cash flow, but such changes could adversely impact our financial results.

Furthermore, we are subject to regular review and audit by both foreign and domestic tax authorities. While we believe our tax positions will be sustained, the final outcome of tax audits and related litigation, including maintaining our intended tax treatment of divestiture transactions such as the fiscal 2017 Beauty Brands transaction with Coty, may differ materially from the tax amounts recorded in our Consolidated Financial Statements, which could adversely impact our cash flows and financial results.

We must successfully manage ongoing acquisition, joint venture and divestiture activities.

As a company that manages a portfolio of consumer brands, our ongoing business model includes a certain level of acquisition, joint venture and divestiture activities. We must be able to successfully manage the impacts of these activities, while at the same time delivering against our business objectives. Specifically, our financial results could be adversely impacted by the dilutive impacts from the loss of earnings associated with divested brands. Our financial results could also be impacted in the event of acquisitions or joint venture activities if: 1) changes in the cash flows or other market-based assumptions cause the value of acquired assets to fall below book value, or 2) we are not able to deliver the expected cost and growth synergies associated with such acquisitions and joint ventures, which could also have an impact on goodwill and intangible assets.

Our business results depend on our ability to successfully manage productivity improvements and ongoing organizational change.

Our financial projections assume certain ongoing productivity improvements and cost savings, including staffing adjustments as well as employee departures. Failure to deliver these planned productivity improvements and cost savings, while continuing to invest in business growth, could adversely impact our financial results. Additionally, successfully executing management transitions at leadership levels of the Company and retention of key employees is critical to our business success. We are generally a build-from-within company and

our success is dependent on identifying, developing and retaining key employees to provide uninterrupted leadership and direction for our business. This includes developing and retaining organizational capabilities in key growth markets where the depth of skilled or experienced employees may be limited and competition for these resources is intense, as well as continuing the development and execution of robust leadership succession plans.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

In the U.S., we own and operate 24 manufacturing sites located in 18 different states or territories. In addition, we own and operate 89 manufacturing sites in 38 other countries. Many of the domestic and international sites manufacture products for multiple businesses. Beauty products are manufactured at 24 of these locations; Grooming products at 21; Health Care products at 17; Fabric & Home Care products at 43; and Baby, Feminine & Family Care at 41. Management believes that the Company's manufacturing sites are adequate to support the business and that the properties and equipment have been well maintained.

Item 3. Legal Proceedings.

The Company is subject, from time to time, to certain legal proceedings and claims arising out of our business, which cover a wide range of matters, including antitrust and trade regulation, product liability, advertising, contracts, environmental issues, patent and trademark matters, labor and employment matters and tax. See Note 12 to our Consolidated Financial Statements for information on certain legal proceedings for which there are contingencies.

This item should be read in conjunction with the Company's Risk Factors in Part I, Item 1A for additional information.

Item 4. Mine Safety Disclosure.

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions held by the Executive Officers of the Company on August 7, 2017, are:

Name	Position	Age	First Elected to Officer Position
David S. Taylor	Chairman of the Board, President and Chief Executive Officer	59	2013
Jon R. Moeller	Vice Chairman and Chief Financial Officer	53	2009
Steven D. Bishop	Group President - Global Health Care	53	2016
Giovanni Ciserani	Group President - Global Fabric and Home Care and Global Baby and Feminine Care	55	2013
Mary Lynn Ferguson-McHugh	Group President - Global Family Care and P&G Ventures	57	2016
Charles E. Pierce	Group President - Global Grooming	60	2016
Carolyn M. Tastad	Group President - North America Selling and Market Operations	56	2014
Mark F. Biegger	Chief Human Resources Officer	55	2012
Gary A. Coombe	President - Europe Selling and Market Operations	53	2014
Kathleen B. Fish	Chief Technology Officer	60	2014
R. Alexandra Keith	President - Global Hair Care and Beauty Sector	49	2017
Deborah P. Majoras	Chief Legal Officer and Secretary	53	2010
Juan Fernando Posada	President - Latin America Selling and Market Operations	55	2015
Matthew Price	President - Greater China Selling and Market Operations	51	2015
Marc S. Pritchard	Chief Brand Officer	57	2008
Mohamed Samir	President - India, Middle East and Africa (IMEA) Selling and Market Operations	50	2014
Jeffrey K. Schomburger	Global Sales Officer	55	2015
Valarie L. Sheppard	Senior Vice President, Comptroller and Treasurer	53	2005
Yannis Skoufalos	Global Product Supply Officer	60	2011
Magesvaran Suranjan	President - Asia Pacific Selling and Market Operations	47	2015

All the Executive Officers named above have been employed by the Company for more than the past five years.

PART IIItem 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**ISSUER PURCHASES OF EQUITY SECURITIES**

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽³⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under Our Share Repurchase Program
4/1/2017 - 4/30/2017	5,568,038	89.80	5,568,038	(3)
5/1/2017 - 5/31/2017	2,315,036	86.39	2,315,036	(3)
6/1/2017 - 6/30/2017	—	—	—	(3)
Total	7,883,074	\$88.80	7,883,074	(3)

⁽¹⁾ All transactions were made in the open market with large financial institutions. This table excludes shares withheld from employees to satisfy minimum tax withholding requirements on option exercises and other equity-based transactions. The Company administers cashless exercises through an independent third party and does not repurchase stock in connection with cashless exercises.

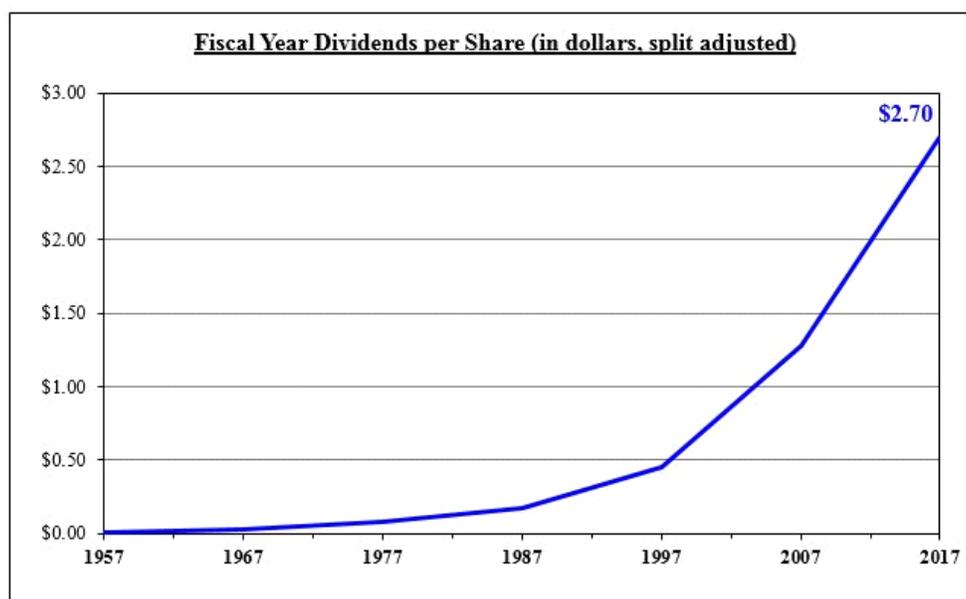
⁽²⁾ Average price paid per share is calculated on a settlement basis and excludes commission.

⁽³⁾ On April 26, 2017, the Company stated that in fiscal year 2017 the Company expected to reduce outstanding shares at a value of approximately \$15 billion, through a combination of direct share repurchase and shares exchanged in the Beauty Brands transaction, notwithstanding any purchases under the Company's compensation and benefit plans. The share repurchases were authorized pursuant to a resolution issued by the Company's Board of Directors and were financed through a combination of operating cash flows and issuance of long-term and short-term debt. The total value of the shares purchased under the share repurchase plan and exchanged in the Beauty Brands transaction was \$14.9 billion. The share repurchase plan ended on June 30, 2017.

Additional information required by this item can be found in Part III, Item 12 of this Form 10-K.

SHAREHOLDER RETURN PERFORMANCE GRAPHS**Market and Dividend Information**

P&G has been paying a dividend for 127 consecutive years since its original incorporation in 1890 and has increased its dividend for 61 consecutive years. Over the past five years, the dividend has increased at an annual compound average rate of 5%. Nevertheless, as in the past, further dividends will be considered after reviewing dividend yields, profitability expectations and financing needs and will be declared at the discretion of the Company's Board of Directors.



(in dollars; split-adjusted)	1957	1967	1977	1987	1997	2007	2017
Dividends per share	\$ 0.01	\$ 0.03	\$ 0.08	\$ 0.17	\$ 0.45	\$ 1.28	\$ 2.70

Quarterly Dividends

Quarter Ended	2016 - 2017	2015 - 2016
September 30	\$ 0.6695	\$ 0.6629
December 31	0.6695	0.6629
March 31	0.6695	0.6629
June 30	0.6896	0.6695

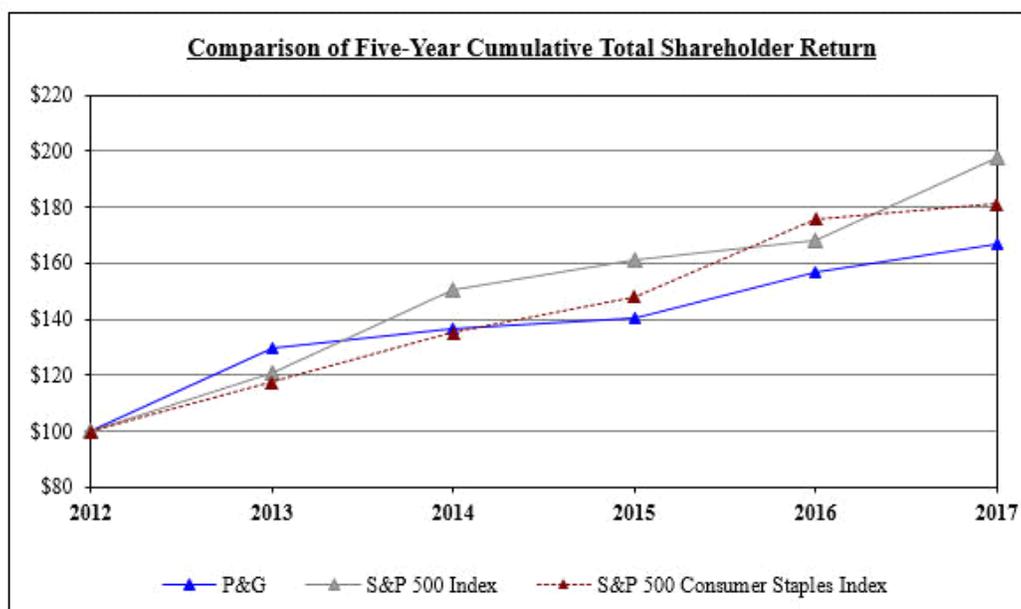
Common Stock Price Range

Quarter Ended	2016 - 2017		2015 - 2016	
	High	Low	High	Low
September 30	\$ 90.22	\$ 84.32	\$ 82.55	\$ 65.02
December 31	90.32	81.18	81.23	71.30
March 31	92.00	83.24	83.87	74.46
June 30	91.13	85.52	84.80	79.10

P&G trades on the New York Stock Exchange and NYSE Euronext-Paris under the stock symbol PG. There were approximately 3.0 million common stock shareowners, including shareowners of record, participants in the P&G Shareholder Investment Program, participants in P&G stock ownership plans and beneficial owners with accounts at banks and brokerage firms, as of June 30, 2017.

Shareholder Return

The following graph compares the cumulative total return of P&G's common stock for the five-year period ended June 30, 2017, against the cumulative total return of the S&P 500 Stock Index (broad market comparison) and the S&P 500 Consumer Staples Index (line of business comparison). The graph and table assume \$100 was invested on June 30, 2012, and that all dividends were reinvested.



Company Name/Index	Cumulative Value of \$100 Investment, through June 30					
	2012	2013	2014	2015	2016	2017
P&G	\$ 100	\$ 130	\$ 137	\$ 140	\$ 157	\$ 167
S&P 500 Index	100	121	150	161	168	198
S&P 500 Consumer Staples Index	100	117	135	148	176	181

Item 6. Selected Financial Data.

The information required by this item is incorporated by reference to Note 1 and Note 2 to our Consolidated Financial Statements. For further details behind the business drivers for recent results presented below, see the Management's Discussion and Analysis.

Financial Summary (Unaudited)

<u>Amounts in millions, except per share amounts</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net sales	\$ 65,058	\$ 65,299	\$ 70,749	\$ 74,401	\$ 73,910	\$ 73,138
Gross profit	32,523	32,390	33,693	35,371	35,858	35,254
Operating income	13,955	13,441	11,049	13,910	13,051	12,495
Net earnings from continuing operations	10,194	10,027	8,287	10,658	10,346	8,864
Net earnings/(loss) from discontinued operations	5,217	577	(1,143)	1,127	1,056	2,040
Net earnings attributable to Procter & Gamble	15,326	10,508	7,036	11,643	11,312	10,756
Net earnings margin from continuing operations	15.7%	15.4%	11.7%	14.3%	14.0%	12.1%
Basic net earnings per common share: ⁽¹⁾						
Earnings from continuing operations	\$ 3.79	\$ 3.59	\$ 2.92	\$ 3.78	\$ 3.65	\$ 3.08
Earnings/(loss) from discontinued operations	2.01	0.21	(0.42)	0.41	0.39	0.74
Basic net earnings per common share	\$ 5.80	\$ 3.80	\$ 2.50	\$ 4.19	\$ 4.04	\$ 3.82
Diluted net earnings per common share: ⁽¹⁾						
Earnings from continuing operations	\$ 3.69	\$ 3.49	\$ 2.84	\$ 3.63	\$ 3.50	\$ 2.97
Earnings/(loss) from discontinued operations	1.90	0.20	(0.40)	0.38	0.36	0.69
Diluted net earnings per common share	\$ 5.59	\$ 3.69	\$ 2.44	\$ 4.01	\$ 3.86	\$ 3.66
Dividends per common share	\$ 2.70	\$ 2.66	\$ 2.59	\$ 2.45	\$ 2.29	\$ 2.14
Research and development expense	\$ 1,874	\$ 1,879	\$ 1,991	\$ 1,910	\$ 1,867	\$ 1,874
Advertising expense	7,118	7,243	7,180	7,867	8,188	7,839
Total assets	120,406	127,136	129,495	144,266	139,263	132,244
Capital expenditures	3,384	3,314	3,736	3,848	4,008	3,964
Long-term debt	18,038	18,945	18,327	19,807	19,111	21,080
Shareholders' equity	\$ 55,778	\$ 57,983	\$ 63,050	\$ 69,976	\$ 68,709	\$ 64,035

⁽¹⁾ Basic net earnings per common share and Diluted net earnings per common share are calculated based on Net earnings attributable to Procter & Gamble.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis

Forward-Looking Statements

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including, without limitation, in the following sections: “Management's Discussion and Analysis” and “Risk Factors.” These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result” and similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. A detailed discussion of risks and uncertainties that could cause results and events to differ materially from such forward-looking statements is included in the section titled “Economic Conditions and Uncertainties” and the section titled “Risk Factors” (Item 1A of this Form 10-K). Forward-looking statements are made as of the date of this report, and we undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise.

The purpose of Management's Discussion and Analysis (MD&A) is to provide an understanding of Procter & Gamble's financial condition, results of operations and cash flows by focusing on changes in certain key measures from year to year. The MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and accompanying notes. The MD&A is organized in the following sections:

- Overview
- Summary of 2017 Results
- Economic Conditions and Uncertainties
- Results of Operations
- Segment Results
- Cash Flow, Financial Condition and Liquidity
- Significant Accounting Policies and Estimates
- Other Information

Throughout the MD&A we refer to measures used by management to evaluate performance, including unit volume growth, net sales and net earnings. We also refer to a number of financial measures that are not defined under accounting principles generally accepted in the United States of America (U.S. GAAP), including organic sales growth, core earnings per share (Core EPS), adjusted free cash flow and adjusted free

cash flow productivity. Organic sales growth is net sales growth excluding the impacts of the Venezuela deconsolidation, acquisitions, divestitures and foreign exchange from year-over-year comparisons. Core EPS is diluted net earnings per share from continuing operations excluding certain items that are not judged to be part of the Company's sustainable results or trends. Adjusted free cash flow is operating cash flow less capital spending and certain divestiture impacts. Adjusted free cash flow productivity is the ratio of adjusted free cash flow to net earnings excluding certain one-time items. We believe these measures provide our investors with additional information about our underlying results and trends, as well as insight to some of the metrics used to evaluate management. The explanation at the end of the MD&A provides more details on the use and the derivation of these measures.

Management also uses certain market share and market consumption estimates to evaluate performance relative to competition despite some limitations on the availability and comparability of share and consumption information. References to market share and market consumption in the MD&A are based on a combination of vendor-reported consumption and market size data, as well as internal estimates. All market share references represent the percentage of sales in dollar terms on a constant currency basis of our products, relative to all product sales in the category.

OVERVIEW

P&G is a global leader in fast-moving consumer goods, focused on providing branded consumer packaged goods of superior quality and value to our consumers around the world. Our products are sold in more than 180 countries and territories primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, distributors, baby stores, specialty beauty stores, e-commerce, high-frequency stores and pharmacies. We have on-the-ground operations in approximately 70 countries.

Our market environment is highly competitive with global, regional and local competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products, as well as retailers' private-label brands. Additionally, many of the product segments in which we compete are differentiated by price tiers (referred to as super-premium, premium, mid-tier and value-tier products). We are well positioned in the industry segments and markets in which we operate, often holding a leadership or significant market share position.

ORGANIZATIONAL STRUCTURE

Our organizational structure is comprised of Global Business Units (GBUs), Selling and Market Operations (SMOs), Global Business Services (GBS) and Corporate Functions (CF).

Global Business Units

Our GBUs are organized into ten product categories. Under U.S. GAAP, the GBUs underlying the ten product categories are aggregated into five reportable segments: Beauty; Grooming; Health Care; Fabric & Home Care; and Baby, Feminine & Family Care. The GBUs are responsible for developing overall brand strategy, new product upgrades and innovations and marketing plans. The following provides additional detail on our reportable segments and the ten product categories and brand composition within each segment.

Reportable Segments	% of Net Sales ⁽¹⁾	% of Net Earnings ⁽¹⁾	Product Categories (Sub-Categories)	Major Brands
Beauty	18%	19%	Hair Care (<i>Conditioner, Shampoo, Styling Aids, Treatments</i>)	Head & Shoulders, Pantene, Rejoice
			Skin and Personal Care (<i>Antiperspirant and Deodorant, Personal Cleansing, Skin Care</i>)	Olay, Old Spice, Safeguard, SK-II
Grooming	10%	16%	Grooming ⁽²⁾ (<i>Shave Care - Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Shave Care; Appliances</i>)	Braun, Fusion, Gillette, Mach3, Prestobarba, Venus
Health Care	12%	13%	Oral Care (<i>Toothbrushes, Toothpaste, Other Oral Care</i>)	Crest, Oral-B
			Personal Health Care (<i>Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Other Personal Health Care</i>)	Prilosec, Vicks
Fabric & Home Care	32%	27%	Fabric Care (<i>Fabric Enhancers, Laundry Additives, Laundry Detergents</i>)	Ariel, Downy, Gain, Tide
			Home Care (<i>Air Care, Dish Care, P&G Professional, Surface Care</i>)	Cascade, Dawn, Febreze, Mr. Clean, Swiffer
Baby, Feminine & Family Care	28%	25%	Baby Care (<i>Baby Wipes, Diapers and Pants</i>)	Luvs, Pampers
			Feminine Care (<i>Adult Incontinence, Feminine Care</i>)	Always, Tampax
			Family Care (<i>Paper Towels, Tissues, Toilet Paper</i>)	Bounty, Charmin

⁽¹⁾ Percent of Net sales and Net earnings from continuing operations for the year ended June 30, 2017 (excluding results held in Corporate).

⁽²⁾ The Grooming product category is comprised of the Shave Care and Appliances GBUs.

Recent Developments: During fiscal 2017, the Company completed the previously announced plan to significantly streamline our product portfolio by divesting, discontinuing or consolidating about 100 non-strategic brands. The resulting portfolio of about 65 key brands are in 10 category-based businesses where P&G has leading market positions, strong brands and consumer-meaningful product technologies.

During fiscal 2017, the Company completed the divestiture of four product categories, which included 43 of the Company's beauty brands ("Beauty Brands"), including the global salon professional hair care and color, retail hair color, cosmetics and the fine fragrance businesses, along with select hair styling brands. The Beauty Brands had historically been part of the Company's Beauty reportable segment. The results of the Beauty Brands are presented as discontinued operations and, as such, are excluded from both continuing operations and segment results for all periods presented. Additionally, the Beauty Brands balance sheet positions as of June 30, 2016 are presented as held for sale in the Consolidated Balance Sheets. The Company recorded an after-tax gain on the final transaction of \$5.3 billion (\$1.95 per share), net of transaction and related costs.

During fiscal 2016, the Company completed the divestiture of its Batteries business. The Batteries business had historically been part of the Company's Fabric & Home Care reportable segment. The results of the Batteries business are presented as discontinued operations and, as such, are excluded from both continuing operations and segment results for all periods presented.

During fiscal 2015, the Company completed the divestiture of its Pet Care business. The gain on the transaction was not material. The results of the Pet Care business are presented as discontinued operations and, as such, are excluded from both continuing operations and segment results for all periods presented.

Refer to Note 13 to our Consolidated Financial Statements for more details on each of these divestiture transactions.

While our ongoing business model may include a certain level of acquisition and divestiture activity, with the aforementioned transactions and other recent minor brand divestitures, the Company has completed the strategic portfolio reshaping program.

As of June 30, 2015, the Company deconsolidated our Venezuelan subsidiaries and began accounting for our investment in those subsidiaries using the cost method of accounting. This change resulted in a fiscal 2015 one-time after-tax charge of \$2.1 billion (\$0.71 per share). Beginning in fiscal 2016, our financial results only include sales of finished goods to our Venezuelan subsidiaries to the extent we receive cash payments from Venezuela (expected to be largely through the DIPRO and DICOM exchange market). Accordingly, we no longer include the results of our Venezuelan subsidiaries' operations in reporting periods following fiscal 2015 (see Note 1 to the Consolidated Financial Statements and additional discussion in the MD&A under "Venezuela Impacts" in Results of Operations).

Beauty: We are a global market leader in the beauty category. Most of the beauty markets in which we compete are highly fragmented with a large number of global and local competitors. We compete in skin and personal care and in hair care. In skin and personal care, we offer a wide variety of products, ranging from deodorants to personal cleansing to skin care, such as our Olay brand, which is one of the top facial skin care brands in the world with nearly 6% global market share. We are the global market leader in the retail hair care market with over 20% global market share primarily behind our Pantene and Head & Shoulders brands.

Grooming: We compete in Shave Care and Appliances. In Shave Care, we are the global market leader in the blades and razors market. Our global blades and razors market share is nearly 65%, primarily behind the Gillette franchise including our Fusion, Mach3, Prestobarba and Venus brands. Our appliances, such as electric razors and epilators, are sold under the Braun brand in a number of markets around the world where we compete against both global and regional competitors. We hold nearly 25% of the male shavers market and over 50% of the female epilators market.

Health Care: We compete in oral care and personal health care. In oral care, there are several global competitors in the market and we have the number two market share position with nearly 20% global market share behind our Oral-B and Crest brands. In personal health care, we are a top ten competitor in a large, highly fragmented industry, primarily behind respiratory treatments (Vicks brand), non-prescription heartburn medications (Prilosec OTC brand) and digestive wellness products (Metamucil, Pepto Bismol, and Align brands). Nearly all of our sales outside the U.S. in personal health care are generated through the PGT Healthcare partnership with Teva Pharmaceuticals Ltd.

Fabric & Home Care: This segment is comprised of a variety of fabric care products including laundry detergents, additives and fabric enhancers; and home care products including dishwashing liquids and detergents, surface cleaners and air fresheners. In fabric care, we generally have the number one or number two market share position in the markets in which we compete and are the global market leader with over 25% global market share, primarily behind our Tide, Ariel and Downy brands. Our global home care market share is over 20% across the categories in which we compete.

Baby, Feminine & Family Care: In baby care, we are the global market leader and compete mainly in diapers, pants and baby wipes with over 25% global market share. We are the number one or number two baby care competitor in most of the key markets in which we compete, primarily behind Pampers, the Company's largest brand, with annual net sales of more than \$8 billion. We are the global market leader in the feminine care category with over 25% global market share, primarily behind Always. We also compete in the adult incontinence category in certain markets, achieving over 10% market share in the markets where we compete. Our family care business is predominantly a North American business comprised largely of the Bounty paper towel and Charmin toilet paper brands. U.S. market shares are over 40% for Bounty and over 25% for Charmin.

Selling and Market Operations

Our SMOs are responsible for developing and executing go-to-market plans at the local level. The SMOs include dedicated retail customer, trade channel and country-specific teams. Our SMOs are organized under six regions comprised of North America, Europe, Latin America, Asia Pacific, Greater China and India, Middle East and Africa (IMEA). Throughout the MD&A, we reference business results in developed markets, which are comprised of North America, Western Europe and Japan, and developing markets which are all other markets not included in developed.

Corporate Functions

CF provides company-level strategy and portfolio analysis, corporate accounting, treasury, tax, external relations, governance, human resources and legal, as well as other centralized functional support.

Global Business Services

GBS provides technology, processes and standard data tools to enable the GBUs, the SMOs and Corporate Functions to better understand the business and better serve consumers and customers. The GBS organization is responsible for providing world-class solutions at a low cost and with minimal capital investment.

STRATEGIC FOCUS

P&G aspires to serve the world's consumers better than our best competitors in every category and in every country in which we compete, and, as a result, deliver total shareholder return in the top one-third of our peer group. Delivering and sustaining leadership levels of shareholder value creation requires balanced top-line growth, bottom-line growth and strong cash generation.

Our strategic choices are focused on winning with consumers. The consumers who purchase and use our products are at the center of everything we do. We increase the number of users - and the usage - of our brands when we win at the zero, first and second moments of truth: when consumers research our categories and brands, purchase them in a store or online and use them in their homes.

Winning with consumers around the world and against our best competitors requires innovation. Innovation has always been, and continues to be, P&G's lifeblood. Innovation requires

consumer insights and technology advancements that lead to product improvements, improved marketing and merchandising programs and game-changing inventions that create new brands and categories.

Productivity improvement is critical to delivering our balanced top-line growth, bottom-line growth and value creation objectives. Productivity improvement and sales growth reinforce and fuel each other. We are driving productivity improvement across all elements of cost, including cost of goods sold, marketing and promotional expenses and non-manufacturing overhead. Productivity improvements and cost savings are being reinvested in product and packaging improvements, brand awareness-building advertising and trial-building sampling programs, increased sales coverage and R&D programs.

We are improving operational effectiveness and organizational culture through enhanced clarity of roles and responsibilities, accountability and incentive compensation programs.

The Company has undertaken an effort to focus and strengthen its business portfolio to compete in categories and with brands that are structurally attractive and that play to P&G's strengths.

The ongoing portfolio of businesses consists of 10 product categories. These are categories where P&G has leading market positions, strong brands and consumer-meaningful product technologies.

We believe these strategies are right for the long-term health of the Company and our objective of delivering total shareholder return in the top one-third of our peer group.

The Company expects the delivery of the following long-term annual financial targets will result in total shareholder returns in the top third of the competitive peer group:

- Organic sales growth above market growth rates in the categories and geographies in which we compete;
- Core EPS growth of mid-to-high single digits; and
- Adjusted free cash flow productivity of 90% or greater.

In periods with significant macroeconomic pressures, we intend to maintain a disciplined approach to investing so as not to sacrifice the long-term health of our businesses to meet short-term objectives in any given year.

SUMMARY OF 2017 RESULTS

<u>Amounts in millions, except per share amounts</u>	2017	Change vs. Prior Year	2016	Change vs. Prior Year	2015
Net sales	\$ 65,058	— %	\$ 65,299	(8)%	\$ 70,749
Operating income	13,955	4 %	13,441	22 %	11,049
Net earnings from continuing operations	10,194	2 %	10,027	21 %	8,287
Net earnings/(loss) from discontinued operations	5,217	804 %	577	N/A	(1,143)
Net earnings attributable to Procter & Gamble	15,326	46 %	10,508	49 %	7,036
Diluted net earnings per common share	5.59	51 %	3.69	51 %	2.44
Diluted net earnings per share from continuing operations	3.69	6 %	3.49	23 %	2.84
Core earnings per share	3.92	7 %	3.67	(2)%	3.76
Cash flow from operating activities	12,753	(17)%	15,435	6 %	14,608

- Net sales were unchanged at \$65.1 billion including a negative 2% impact from foreign exchange.
 - Organic sales increased 2% on a 2% increase in organic volume.
 - Unit volume increased 1%. Volume increased low single digits in Grooming, Health Care, Fabric & Home Care and Baby, Feminine & Family Care. Volume decreased low single digits in Beauty.
- Net earnings from continuing operations increased \$167 million or 2% in fiscal 2017, driven by higher operating income and a lower effective tax rate, partially offset by an increase in other non-operating expense. Foreign exchange impacts negatively affected net earnings from continuing operations by approximately \$420 million or 4%.
- Net earnings from discontinued operations increased \$4.6 billion primarily due to the net impact of a gain on the sale of our Beauty business in fiscal 2017, partially offset by

- the base period results, which included the net earnings of the Batteries and Beauty Brands businesses prior to divestiture, a gain on the sale of the Batteries business and impairment charges on the Batteries business prior to divestiture.
- Net earnings attributable to Procter & Gamble were \$15.3 billion, an increase of \$4.8 billion or 46% versus the prior year primarily due to the aforementioned increases in net earnings from both continuing and from discontinued operations.
- Diluted net earnings per share increased 51% to \$5.59.
 - Diluted net earnings per share from continuing operations increased 6% to \$3.69.
 - Core EPS increased 7% to \$3.92.
- Cash flow from operating activities was \$12.8 billion.
 - Adjusted free cash flow was \$9.8 billion.
 - Adjusted free cash flow productivity was 94%.

ECONOMIC CONDITIONS AND UNCERTAINTIES

We discuss expectations regarding future performance, events and outcomes, such as our business outlook and objectives, in annual and quarterly reports, press releases and other written and oral communications. All such statements, except for historical and present factual information, are "forward-looking statements" and are based on financial data and our business plans available only as of the time the statements are made, which may become out-of-date or incomplete. We assume no obligation to update any forward-looking statements as a result of new information, future events or other factors. Forward-looking statements are inherently uncertain and investors must recognize that events could be significantly different from our expectations. For more information on risks that could impact our results, refer to Item 1A Risk Factors in this Form 10-K.

Global Economic Conditions. Current macroeconomic factors remain dynamic, and any causes of market size contraction, such as reduced GDP in commodity-dependent economies, greater political unrest in the Middle East and Central & Eastern Europe, further economic instability in the European Union, political instability in certain Latin American markets, further economic slowdowns in Japan and China and changes to international trade agreements in North America and elsewhere, could reduce our sales or erode our operating margin, in either case reducing our earnings.

Changes in Costs. Our costs are subject to fluctuations, particularly due to changes in commodity prices and our own productivity efforts. We have significant exposures to certain commodities, in particular certain oil-derived materials like resins, and volatility in the market price of these commodity input materials has a direct impact on our costs. If we are unable to manage commodity fluctuations through pricing actions, cost savings projects and sourcing decisions as well as through consistent productivity improvements, it may adversely impact our gross margin, operating margin and net earnings. Sales could also be adversely impacted following pricing actions if there is a negative impact on consumption of our products. We strive to implement, achieve and sustain cost improvement plans, including outsourcing projects, supply chain optimization and general overhead and workforce optimization. As discussed later in this MD&A, we initiated certain non-manufacturing overhead reduction projects along with manufacturing and other supply chain cost improvements projects in fiscal 2012. In fiscal 2017, we announced an additional multi-year cost reduction program. These programs are resulting in significant enrollment and other savings. If we are not successful in executing and sustaining these changes, there could be a negative impact on our operating margin and net earnings.

Foreign Exchange. We have both translation and transaction exposure to the fluctuation of exchange rates. Translation exposures relate to exchange rate impacts of measuring income statements of foreign subsidiaries that do not use the U.S. dollar as their functional currency. Transaction exposures relate to 1) the impact from input costs that are denominated in a currency other than the local reporting currency and 2) the revaluation of transaction-related working capital balances

denominated in currencies other than the functional currency. Over the past four years, the U.S. dollar has strengthened versus a number of foreign currencies leading to lower sales and earnings from these foreign exchange impacts. Certain countries experiencing significant exchange rate fluctuations, like Argentina, Egypt, Nigeria, and the United Kingdom have had, and could continue to have, a significant impact on our sales, costs and earnings. Increased pricing in response to these fluctuations in foreign currency exchange rates may offset portions of the currency impacts but could also have a negative impact on consumption of our products, which would affect our sales.

Government Policies. Our net earnings could be affected by changes in U.S. or foreign government tax policies. For example, the U.S. is considering corporate tax reform that may significantly impact the corporate tax rate and change the U.S. tax treatment of international earnings. Additionally, we attempt to carefully manage our debt and currency exposure in certain countries with currency exchange, import authorization and pricing controls, such as Nigeria and Ukraine. Changes in government policies in these areas might cause an increase or decrease in our sales, operating margin and net earnings. For example, during fiscal 2015, the Company deconsolidated its Venezuelan subsidiaries due to evolving conditions that resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar and restricted our ability to pay dividends and satisfy certain other obligations denominated in U.S. dollars.

RESULTS OF OPERATIONS

The key metrics included in our discussion of our consolidated results of operations include net sales, gross margin, selling, general and administrative costs (SG&A), other non-operating items and income taxes. The primary factors driving year-over-year changes in net sales include overall market growth in the categories in which we compete, product initiatives, competitive activities (the level of initiatives and other activities by competitors), geographic expansion and acquisition and divestiture activity, all of which drive changes in our underlying unit volume, as well as pricing actions (which can also indirectly impact volume), changes in product and geographic mix and foreign currency impacts on sales outside the U.S.

Most of our cost of products sold and SG&A are to some extent variable in nature. Accordingly, our discussion of these operating costs focuses primarily on relative margins rather than the absolute year-over-year changes in total costs. The primary drivers of changes in gross margin are input costs (energy and other commodities), pricing impacts, geographic mix (for example, gross margins in developed markets are generally higher than in developing markets for similar products), product mix (for example, the Beauty segment has higher gross margins than the Company average), foreign exchange rate fluctuations (in situations where certain input costs may be tied to a different functional currency than the underlying sales), the impacts of manufacturing savings projects and reinvestments (for example, product or package improvements) and to a lesser extent scale impacts (for costs

that are fixed or less variable in nature). The primary drivers of SG&A are marketing-related costs and non-manufacturing overhead costs. Marketing-related costs are primarily variable in nature, although we may achieve some level of scale benefit over time due to overall growth and other marketing efficiencies. Overhead costs are also variable in nature, but on a relative basis, less so than marketing costs due to our ability to leverage our organization and systems infrastructures to support business growth. Accordingly, we generally experience more scale-related impacts for these costs.

The Company is in the midst of a productivity and cost savings plan to reduce costs in the areas of supply chain, certain marketing activities and overhead expenses. The plan is designed to accelerate cost reductions by streamlining management decision making, manufacturing and other work processes to fund the Company's growth strategy.

Net Sales

Fiscal year 2017 compared with fiscal year 2016

Net sales were unchanged at \$65.1 billion in 2017 on a 1% increase in unit volume versus the prior year period. Volume increased low single digits in Grooming, Health Care, Fabric & Home Care and Baby, Feminine & Family Care. Volume decreased low single digits in Beauty.

Volume increased low single digits in developed regions and was unchanged in developing regions. Organic volume increased low single digits in both developed and developing markets. Unfavorable foreign exchange reduced net sales by 2%. Neither pricing nor mix had any net impact on net sales for the year. Organic sales grew 2% driven by a 2% increase in organic volume.

Fiscal year 2016 compared with fiscal year 2015

Net sales decreased 8% to \$65.3 billion in 2016 on a 3% decrease in unit volume versus the prior year period. Volume decreased low single digits in Grooming, Health Care, Fabric & Home Care and Baby, Feminine & Family Care and decreased mid-single digits in Beauty. Volume increased low single digits in developed regions and declined high single digits in developing regions, in part due to increased pricing to address foreign exchange devaluations and due to the Venezuela deconsolidation and minor brand divestitures. Organic volume declined mid-single digits in developing markets. Unfavorable foreign exchange reduced net sales by 6%, while higher pricing drove a 1% favorable impact on net sales. Organic volume decreased 1% and organic sales grew 1% driven by higher pricing.

Operating Costs

<u>Comparisons as a percentage of net sales; Years ended June 30</u>	<u>2017</u>	<u>Basis Point Change</u>	<u>2016</u>	<u>Basis Point Change</u>	<u>2015</u>
Gross margin	50.0%	40	49.6%	200	47.6%
Selling, general and administrative expense	28.5%	(50)	29.0%	(10)	29.1%
Operating margin	21.5%	90	20.6%	500	15.6%
Earnings from continuing operations before income taxes	20.4%	(10)	20.5%	490	15.6%
Net earnings from continuing operations	15.7%	30	15.4%	370	11.7%
Net earnings attributable to Procter & Gamble	23.6%	750	16.1%	620	9.9%

Fiscal year 2017 compared with fiscal year 2016

Gross margin increased 40 basis points (bps) to 50.0% of net sales in 2017. Gross margin increased primarily due to:

- a 230 basis-point positive impact from total manufacturing cost savings (210 basis points net of product and packaging reinvestments),
- a 20 basis-point benefit from lower restructuring charges and
- a 10 basis-point benefit from positive scale impacts due to higher volume.

These impacts were partially offset by:

- a 90 basis-point decrease from unfavorable product mix between segments (caused primarily by the lower relative proportion of sales in Grooming, which has higher than company-average gross margins) and within segments (due to disproportionate growth of lower margin products, forms and package sizes in certain businesses),
- a 40 basis-point negative impact from unfavorable foreign exchange and

- a combined 70 basis-point impact due to higher commodities and other costs.

Total SG&A decreased 2% to \$18.6 billion as increased overhead and advertising spending were more than offset by a reduction in other operating expenses, primarily due to a reduction in net foreign exchange transactional costs and gains on real estate sales. SG&A as a percentage of net sales decreased 50 basis points to 28.5% as a result of the decline in other operating expenses.

- Marketing spending as a percentage of net sales increased 10 basis points due to an increase in marketing activities, partially offset by productivity savings.
- Overhead costs as a percentage of net sales increased 20 basis points, primarily driven by wage inflation and increased sales personnel in certain businesses, partially offset by 20 basis points of productivity savings.
- Other operating expenses as a percent of net sales declined 80 basis points. Lower foreign exchange transactional charges reduced SG&A as a percentage of net sales by

approximately 20 basis points. The balance of the reduction is primarily driven by gains on sales of real estate.

Fiscal year 2016 compared with fiscal year 2015

Gross margin increased 200 basis points to 49.6% of net sales in 2016. Gross margin increased primarily due to:

- a 210 basis-point positive impact from manufacturing cost savings,
- a 110 basis-point benefit from lower commodity costs and
- a 70 basis-point benefit of higher pricing.

These impacts were partially offset by:

- a 70 basis-point negative impact from unfavorable foreign exchange,
- a 70 basis-point decrease due to unfavorable product mix caused by the disproportionate decline of higher margin segments like Beauty and by product form mix within the segments,
- a 20 basis-point decrease from negative scale impacts due to lower volume and
- a 20 basis-point decline due to incremental restructuring activity.

Total SG&A decreased 8% to \$18.9 billion in 2016 primarily due to reduced overhead spending and a decrease in foreign exchange transaction charges. SG&A as a percentage of net sales declined 10 basis points to 29.0%, as negative scale impacts of lower net sales and inflationary impacts were more than offset by cost savings efforts, mainly in overhead spending, and lower foreign exchange transactional charges.

- Marketing spending as a percentage of net sales increased 90 basis points due to the negative scale impacts from reduced sales.
- Overhead costs as a percentage of net sales decreased 20 basis points, as 90 basis points of productivity savings were partially offset by wage inflation, increased sales personnel in certain businesses and investments in research and development.
- Lower foreign exchange transactional charges reduced SG&A as a percentage of net sales by approximately 70 basis points. A pre-deconsolidation balance sheet remeasurement charge in Venezuela in fiscal year 2015 drove 20 basis points of this decline. The balance of the reduction relates to lower transactional charges from revaluing receivables and payables from transactions denominated in a currency other than a local entity's functional currency.

In addition to the gross margin expansion and decrease in SG&A as a percent of net sales discussed above, operating margin also increased by 290 basis points in 2016 due to a \$2.0 billion charge in 2015 related to the deconsolidation of the Company's Venezuelan subsidiaries.

Non-Operating Items

Fiscal year 2017 compared with fiscal year 2016

- Interest expense was \$465 million in 2017, a decrease of \$114 million versus the prior year due to a decrease in weighted average interest rates.

- Interest income was \$171 million in 2017, comparable to 2016.
- Other non-operating income/(expense), which consists primarily of divestiture gains, investment income, and other non-operating items, was a net expense of \$404 million in 2017 versus a net income of \$325 million in 2016, a \$729 million year-over-year decrease. This change is due to a \$543 million current-year charge related to early extinguishment of long-term debt and a reduction in gains on minor brand divestitures. In 2017, we had approximately \$110 million in minor brand divestiture gains, including Hipoglos (a baby care brand sold primarily in Brazil) and other minor brands. The prior year divestiture activities included approximately \$300 million in minor brand divestiture gains, including Escudo and certain hair care brands in Europe and IMEA.

Fiscal year 2016 compared with fiscal year 2015

- Interest expense was \$579 million in 2016, a decrease of \$47 million versus the prior year due to lower average debt balances.
- Interest income was \$182 million in 2016, an increase of \$33 million versus the prior year primarily due to increasing cash, cash equivalents and investment securities balances.
- Other non-operating income, which primarily includes divestiture gains and investment income, decreased \$115 million to \$325 million in 2016, due primarily to lower gains on minor brand divestitures. In 2016, we had approximately \$300 million in minor brand divestiture gains, including Escudo and certain hair care brands in Europe and IMEA. The prior year acquisition and divestiture activities included approximately \$450 million in divestiture gains, including Zest, Camay, Fekkai and Wash & Go hair care brands and Vaposteam.

Income Taxes

Fiscal year 2017 compared with fiscal year 2016

The effective tax rate on continuing operations decreased 190 basis points to 23.1%. The rate declined due to:

- a 130 basis-points impact from excess tax benefits associated with share-based payments due to the adoption of FASB Accounting Standards Update (ASU) 2016-09 Improvements to Employee Share-based Payment Accounting in 2017,
- a 150 basis-point benefit from discrete impacts related to uncertain income tax positions (which netted to approximately 205 basis points in the current year versus 55 basis points in the prior year),
- a 50 basis-point benefit from the tax impact of the early extinguishment of long-term debt, and
- a 130 basis-point benefit from the prior year establishment of a valuation allowance on deferred tax assets related to net operating loss carryforwards.

These benefits were partially offset by a 230 basis-point increase from unfavorable geographic mix, primarily due to a greater proportion of total income taxed in the U.S. and a 40 basis-point increase due to the impact of minor brand divestitures.

Fiscal year 2016 compared with fiscal year 2015

The effective tax rate on continuing operations increased 30 basis points to 25.0% in 2016 mainly due to:

- a 260 basis-point negative impact from the unfavorable geographic mix of earnings, and
- a 130 basis-point impact in 2016 from the establishment of valuation allowances on deferred tax assets related to net operating loss carryforwards and the impact of favorable discrete adjustments related to uncertain income tax positions (which netted to 55 basis points in 2016 versus 85 basis points in 2015).

These benefits were partially offset by a 400 basis point decrease related to the non-deductibility of the Venezuelan deconsolidation charge in 2015.

Net Earnings*Fiscal year 2017 compared with fiscal year 2016*

Net earnings from continuing operations increased \$167 million, or 2%, to \$10.2 billion. Operating income improved \$514 million, or 4%, due to improved gross margin and reduced SG&A costs. Net earnings also benefitted from a lower tax rate in 2017. These benefits were partially offset by the increase in net non-operating expenses, discussed above. Foreign exchange impacts reduced net earnings by approximately \$420 million in 2017 due to weakening of certain currencies against the U.S. dollar, including those in Argentina, Nigeria, Egypt and the United Kingdom. This impact includes both transactional charges as discussed above in Operating Costs and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars.

Net earnings from discontinued operations increased \$4.6 billion in 2017 to \$5.2 billion. This change was driven by the \$5.3 billion gain on the sale of the Beauty Brands in the current year, partially offset by the impact of the base period results, which included the net earnings of the Batteries and Beauty Brands businesses prior to divestiture, a gain on the sale of the Batteries business and impairment charges on the Batteries business prior to divestiture (see Note 13 to the Consolidated Financial Statements).

Net earnings attributable to Procter & Gamble increased \$4.8 billion, or 46%, to \$15.3 billion.

Diluted net earnings per share from continuing operations increased \$0.20, or 6%, to \$3.69 due to the increase in net earnings from continuing operations and a reduction in the number of weighted average shares outstanding following the shares tendered in the sale of the Beauty Brands to Coty (see Note 13 to the Consolidated Financial Statements), along with ongoing share repurchases.

Diluted net earnings per share from discontinued operations were \$1.90. This was an increase of \$1.70 per share versus the prior year primarily resulting from the gain on the sale of the Beauty Brands. Diluted net earnings per share increased \$1.90, or 51%, to \$5.59.

Core EPS increased 7% to \$3.92. Core EPS in fiscal year 2017 represents diluted net earnings per share from continuing operations excluding the charge related to early extinguishment of long-term debt and incremental

restructuring charges related to our productivity and cost savings plan. The increase was driven by operating margin expansion, lower effective tax rate and the reduction in the number of weighted average shares outstanding discussed above.

Fiscal year 2016 compared with fiscal year 2015

Net earnings from continuing operations increased \$1.7 billion, or 21%, to \$10.0 billion in 2016 primarily due to the base period charge of \$2.1 billion after-tax related to the deconsolidation of Venezuelan subsidiaries. Earnings also declined due to the impact of the decline in net sales in fiscal 2016, partially offset by improved gross margin and the reduction in SG&A. Foreign exchange impacts reduced net earnings by about \$880 million in 2016 due to weakening of certain key currencies against the U.S. dollar, primarily in Argentina, Brazil, Canada, Mexico and Russia. This impact includes both transactional charges as discussed above in Operating Costs and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars.

Net earnings from discontinued operations improved \$1.7 billion in 2016 to \$577 million. Batteries drove a \$2.1 billion improvement due primarily to a \$1.8 billion reduction in after-tax impairment charges in the Batteries business (\$350 million in 2016 compared to \$2.1 billion in 2015) and a \$422 million after-tax gain in 2016 from the sale of the Batteries business. This was partially offset by a decrease in the earnings of the Beauty Brands in 2016 (see Notes 4 and 13 to the Consolidated Financial Statements).

Net earnings attributable to Procter & Gamble increased \$3.5 billion, or 49% to \$10.5 billion.

Diluted net earnings per share from continuing operations increased \$0.65, or 23%, to \$3.49 in 2016 due to the increase in net earnings and a decline in the average number of shares outstanding. Diluted net earnings per share from discontinued operations were \$0.20 primarily resulting from the gain on the sale of the Batteries business. This was an improvement of \$0.60 per share versus the prior year. Diluted net earnings per share increased \$1.25, or 51%, to \$3.69.

Core EPS decreased 2% to \$3.67 in 2016. Core EPS in fiscal year 2016 represents diluted net earnings per share from continuing operations excluding charges for certain European legal matters and incremental restructuring related to our productivity and cost savings plan. The decline was driven by reduced net sales and foreign exchange impacts, partially offset by gross margin expansion.

Venezuela Impacts

There are a number of currency and other operating controls and restrictions in Venezuela, which have evolved over time and may continue to evolve in the future. These evolving conditions resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar and restricted our Venezuelan operations' ability to pay dividends or pay for certain raw and package materials, finished goods and services denominated in U.S. dollars. For accounting purposes, this resulted in a lack of control over our Venezuelan subsidiaries. Therefore, in accordance with the applicable accounting standards for consolidation, effective

June 30, 2015, we deconsolidated our Venezuelan subsidiaries and began accounting for our investment in those subsidiaries using the cost method of accounting. This resulted in a write-off of all of the net assets of our Venezuelan subsidiaries, along with Venezuela related assets held by other subsidiaries. Beginning in fiscal 2016, our financial results only include

sales of finished goods to our Venezuelan subsidiaries to the extent we receive payments from Venezuela. Accordingly, we no longer include the results of our Venezuelan subsidiaries' operations in our financial results.

SEGMENT RESULTS

Segment results reflect information on the same basis we use for internal management reporting and performance evaluation. The results of these reportable segments do not include certain non-business unit specific costs such as interest expense, investing activities and certain restructuring and asset impairment costs. These costs are reported in our Corporate segment and are included as part of our Corporate segment discussion. Additionally, as described in Note 2 to the Consolidated Financial Statements, we apply blended statutory tax rates in the segments. Eliminations to adjust segment results to arrive at our consolidated effective tax rate are included in Corporate. All references to net earnings throughout the discussion of segment results refer to net earnings from continuing operations.

Net Sales Change Drivers 2017 vs. 2016 ⁽¹⁾

	Volume with Acquisitions & Divestitures	Volume Excluding Acquisitions & Divestitures	Foreign Exchange	Price	Mix	Other ⁽²⁾	Net Sales Growth
Beauty	(2)%	1%	(2)%	1%	2%	1%	—%
Grooming	2%	3%	(2)%	(1)%	(2)%	—%	(3)%
Health Care	3%	4%	(2)%	—%	1%	—%	2%
Fabric & Home Care	1%	2%	(2)%	—%	1%	—%	—%
Baby, Feminine & Family Care	2%	2%	(2)%	(1)%	—%	—%	(1)%
TOTAL COMPANY	1%	2%	(2)%	—%	—%	1%	—%

Net Sales Change Drivers 2016 vs. 2015 ⁽¹⁾

	Volume with Acquisitions & Divestitures	Volume Excluding Acquisitions & Divestitures	Foreign Exchange	Price	Mix	Other ⁽²⁾	Net Sales Growth
Beauty	(5)%	(2)%	(6)%	2%	—%	—%	(9)%
Grooming	(2)%	(2)%	(9)%	5%	(2)%	—%	(8)%
Health Care	(2)%	(2)%	(6)%	2%	1%	—%	(5)%
Fabric & Home Care	(1)%	1%	(6)%	—%	—%	—%	(7)%
Baby, Feminine & Family Care	(3)%	(2)%	(6)%	—%	—%	—%	(9)%
TOTAL COMPANY	(3)%	(1)%	(6)%	1%	—%	—%	(8)%

⁽¹⁾ Net sales percentage changes are approximations based on quantitative formulas that are consistently applied.

⁽²⁾ Other includes the sales mix impact from acquisitions and divestitures and rounding impacts necessary to reconcile volume to net sales.

BEAUTY

(\$ millions)	2017	Change vs. 2016	2016	Change vs. 2015
Volume	N/A	(2)%	N/A	(5)%
Net sales	\$11,429	—%	\$11,477	(9)%
Net earnings	\$1,914	(3)%	\$1,975	(9)%
% of net sales	16.7%	(50) bps	17.2%	(10) bps

Fiscal year 2017 compared with fiscal year 2016

Beauty net sales were unchanged at \$11.4 billion in 2017 on a 2% decrease in unit volume. Unfavorable foreign exchange

reduced net sales by 2%. Price increases had a 1% positive impact on net sales. Favorable product mix added 2% to net sales, primarily due to growth of the super-premium SK-II brand, which has higher than segment average selling prices. Organic sales increased 3% on organic volume that increased 1%. Global market share of the Beauty segment decreased 0.6 points. Volume decreased low single digits in developed regions. Volume decreased low single digits in developing regions. Excluding minor brand divestitures, organic volume in developing regions increased low single digits.

- Volume in Hair Care decreased low single digits due to minor brand divestitures. Organic volume increased low single digits. Developed regions decreased low single

digits mainly due to competitive activity. Developing regions decreased low single digits due to minor brand divestitures. Organic volume increased low single digits in developing regions behind product innovation and market growth. Global market share of the hair care category decreased more than half a point.

- Volume in Skin and Personal Care was unchanged including the impact of minor brand divestitures. Organic volume increased low single digits. Developed market volume decreased low single digits following increased pricing and due to competitive activity. Volume increased low single digits in developing regions behind innovation and market growth. Global market share of the skin and personal care category decreased half a point.

Net earnings decreased 3% to \$1.9 billion due to a 50 basis point decrease in net earnings margin, behind an increase in SG&A as a percentage of net sales. SG&A as a percentage of net sales increased due to increased overhead spending including investments in sales resources and incremental marketing activity. Gross margin decreased slightly as the benefits from productivity savings and higher pricing were more than offset by higher commodity costs and unfavorable mix impacts (driven by Hair Care from an increase in the proportion of lower margin forms and categories, and unfavorable geographic mix, which more than offset benefit from Skin and Personal Care, driven by the growth of SK-II).

Fiscal year 2016 compared with fiscal year 2015

Beauty net sales decreased 9% to \$11.5 billion in fiscal 2016 on a 5% decrease in unit volume. Unfavorable foreign exchange reduced net sales by 6%. Price increases had a 2% positive impact on net sales. Organic sales were unchanged on organic volume that decreased 2%. Global market share of the Beauty segment decreased 1.0 points. Volume decreased low single digits in developed markets and decreased high single digits in developing markets.

- Volume in Hair Care was down mid-single digits. Developed markets declined mid-single digits due to competitive activity while developing markets declined mid-single digits driven by increased pricing, the Venezuela deconsolidation and minor brand divestitures. Global market share of the hair care category decreased more than a point.
- Volume in Skin and Personal Care decreased high single digits, while organic volume decreased low single digits, with the difference attributable to the Camay and Zest brand divestitures and the Venezuela deconsolidation. Organic volume was unchanged in developed regions as commercial innovation was offset by ongoing competitive activity. Organic volume declined mid-single digits in developing regions primarily due to increased pricing and competitive activity. Global market share of the skin and personal care category decreased nearly a point.

Net earnings decreased 9% to \$2.0 billion in 2016 primarily due to the reduction in net sales, along with a 10 basis-point decrease in net earnings margin. Net earnings margin decreased due to an increase in SG&A as a percentage of net sales, largely offset by gross margin expansion. Gross margin

improved due to productivity savings, increased pricing and lower commodity costs, partially offset by negative mix. SG&A as a percentage of net sales increased as lower marketing and overhead spending from the Company's focus on efficiencies was more than offset by the negative scale impacts from the reduction in sales.

GROOMING

(\$ millions)	2017	Change vs. 2016	2016	Change vs. 2015
Volume	N/A	2%	N/A	(2)%
Net sales	\$6,642	(3)%	\$6,815	(8)%
Net earnings	\$1,537	(1)%	\$1,548	(13)%
% of net sales	23.1%	40 bps	22.7%	(130) bps

Fiscal year 2017 compared with fiscal year 2016

Grooming net sales decreased 3% to \$6.6 billion in 2017 on a 2% increase in unit volume. Unfavorable foreign exchange reduced net sales by 2%. Unfavorable mix reduced net sales by 2% driven by disproportionate growth in emerging markets, where average selling prices are lower than in developed regions, in part due to a higher relative proportion of disposable razors in those markets. Price reductions in the U.S. during the second half of the year taken to address consumer price-competitiveness drove a 1% reduction in net sales. Organic sales were unchanged on organic volume that increased 3%. Global market share of the Grooming segment decreased 0.7 points. Volume increased low single digits in developed and developing regions.

- Shave Care volume increased low single digits. Shave Care volume decreased low single digits in developed regions due to competitive activity and increased low single digits in developing regions behind product innovation. Global market share of the shave care category decreased half a point.
- Volume in Appliances increased double digits. Volume increased double digits in developed regions and increased low single digits in developing regions due to product innovation. Global market share of the appliances category increased nearly half a point.

Net earnings decreased 1% to \$1.5 billion due to the reduction in net sales, partially offset by an increase in net earnings margin. Net earnings margin increased 40 basis points due to a decrease in SG&A as a percent of net sales and improved gross margin. SG&A as a percent of net sales decreased due to a gain on the sale of real estate, partially offset by increased overhead spending. Gross margin increased as the benefits of productivity efforts were only partially offset by unfavorable foreign exchange impacts, reduced pricing and negative mix driven by growth in emerging markets, where average selling prices are lower than in developed regions, in part due to a higher relative proportion of disposable razors in those markets.

Fiscal year 2016 compared with fiscal year 2015

Grooming net sales decreased 8% to \$6.8 billion in 2016 on a 2% decrease in unit volume. Unfavorable foreign exchange reduced net sales by 9%. Price increases in Shave Care contributed 5% to net sales. Unfavorable product mix decreased net sales by 2% due to a higher relative mix of disposable razors, which have lower than segment average selling prices compared to system razor cartridges. Organic sales increased 2%. Global market share of the Grooming segment decreased 1.1 points. Volume decreased low single digits in developed and developing regions.

- Shave Care volume decreased low single digits in both developed and developing regions due to competitive activity and increased pricing. Global market share of the shave care category decreased more than half a point.
- Volume in Appliances was up mid-single digits due to a mid-single-digit increase in developed regions from product innovation. Volume in developing regions increased low single digits due to growth from product innovation, partially offset by reductions due to increased pricing. Global market share of the Appliances category decreased more than half a point.

Net earnings decreased 13% to \$1.5 billion in 2016 due to the reduction in net sales and a 130 basis-point decrease in net earnings margin. Net earnings margin decreased due to increased SG&A as a percentage of net sales partially offset by a lower tax rate. Gross margin was unchanged as the benefits of increased pricing and productivity efforts were largely offset by unfavorable foreign exchange impacts and negative product mix caused by an increase in the proportion of disposable razor sales compared to system razor cartridges. SG&A as a percentage of net sales increased due to increased marketing spending and the negative scale impact of lower net sales. The tax rate declined due to the geographic mix of earnings.

HEALTH CARE

(\$ millions)	2017	Change vs. 2016	2016	Change vs. 2015
Volume	N/A	3%	N/A	(2)%
Net sales	\$7,513	2%	\$7,350	(5)%
Net earnings	\$1,280	2%	\$1,250	7%
% of net sales	17.0%	—	17.0%	190 bps

Fiscal year 2017 compared with fiscal year 2016

Health Care net sales increased 2% to \$7.5 billion in 2017 on a 3% increase in unit volume. Unfavorable foreign exchange reduced net sales by 2%. Favorable product mix contributed 1% to net sales due primarily to an increase in power toothbrushes in Oral Care, which have higher than segment-average selling prices. Organic sales increased 5% on organic volume that increased 4%. Global market share of the Health Care segment decreased 0.2 points. Volume increased low single digits in developed regions and increased mid-single digits in developing regions.

- Oral Care volume increased mid-single digits. Volume increased low single digits in developed regions and

increased mid-single digits in developing regions driven by market growth and product innovation. Global market share of the oral care category decreased slightly.

- Volume in Personal Health Care increased low single digits. Volume increased low single digits in both developed and developing regions behind a stronger cough/cold season relative to prior year, product innovation and expanded distribution. Global market share of the personal health care category was unchanged.

Net earnings increased 2% to \$1.3 billion due to the increase in net sales. Operating margin was unchanged as a higher gross margin was offset by increased SG&A as a percentage of net sales. Gross margin increased due to productivity cost savings, partially offset by unfavorable geographic mix driven by the disproportionate growth of developing regions, which have lower than segment-average margins. SG&A increased as a percentage of net sales due to increased overhead spending, partially offset by reduced marketing spending.

Fiscal year 2016 compared with fiscal year 2015

Health Care net sales were down 5% to \$7.4 billion in 2016 on a 2% decrease in unit volume. Unfavorable foreign exchange reduced net sales by 6%. Price increases contributed 2% to net sales, mainly in developing markets. Favorable geographic mix increased net sales 1%, primarily driven by a decline in Oral Care volume in developing regions, which have lower than segment average selling prices. Organic sales increased 2%. Global market share of the Health Care segment decreased 0.7 points. Volume was up low single digits in developed regions and declined high single digits in developing regions.

- Oral Care volume declined low single digits due to a high single-digit decrease in developing regions caused by increased pricing, competitive activity and reduced customer inventory. Volume in developed regions increased low single digits driven by product innovation. Global market share of the oral care category was down less than a point.
- Volume in Personal Health Care decreased mid-single digits primarily due to a mid-single-digit decrease in developed regions driven by competitive activity and a weak cough/cold season. Volume in developing markets decreased low single digits due to increased pricing. Global market share of the personal health care category decreased half a point.

Net earnings increased 7% to \$1.3 billion in 2016 as the reduction in net sales was more than offset by a 190 basis-point increase in net earnings margin. Gross margin increased primarily due to manufacturing cost savings and increased pricing. SG&A as a percentage of net sales decreased primarily due to reduced marketing spending from the focus on productivity and cost savings efforts.

FABRIC & HOME CARE

(\$ millions)	2017	Change vs. 2016	2016	Change vs. 2015
Volume	N/A	1%	N/A	(1)%
Net sales	\$20,717	—%	\$20,730	(7)%
Net earnings	\$2,713	(2)%	\$2,778	5%
% of net sales	13.1%	(30) bps	13.4%	160 bps

Fiscal year 2017 compared with fiscal year 2016

Fabric & Home Care net sales were unchanged in 2017 at \$20.7 billion on a 1% increase in unit volume. Unfavorable foreign exchange reduced net sales by 2%. Favorable geographic mix increased net sales 1%, primarily driven by increased volume in developed regions, which have higher than segment-average selling prices. Organic sales increased 3% on organic volume that increased 2%. Global market share of the Fabric & Home Care segment decreased 0.1 points. Volume increased low single digits in developed regions and decreased low single digits in developing regions. Excluding minor brand divestitures, organic volume increased mid-single digits in developed regions and decreased low single digits in developing regions.

- Fabric Care volume increased low single digits as a mid-single digit volume increase in developed regions, due primarily to product innovation, was partially offset by a low single-digit decrease in developing regions, driven by competitive activity and reduced distribution of less profitable brands. Global market share of the fabric care category was unchanged.
- Home Care volume increased low single digits driven by a low single-digit increase in both developed and developing regions due to market growth and product innovation. Global market share of the home care category was unchanged.

Net earnings decreased 2% to \$2.7 billion due to a 30 basis-point decrease in net earnings margin. Net earnings margin decreased due to an increase in the effective tax rate driven by the geographic mix of earnings. Gross margin expanded slightly, driven by manufacturing cost savings, partially offset by unfavorable foreign exchange impacts and increased commodity costs. SG&A as a percentage of net sales increased slightly due to increased overhead spending.

Fiscal year 2016 compared with fiscal year 2015

Fabric & Home Care net sales in 2016 were down 7% to \$20.7 billion on unit volume that declined 1%. Unfavorable foreign exchange reduced net sales by 6%. Organic sales increased 1% on a 1% increase in organic volume, which excludes minor brand divestitures and the Venezuela deconsolidation. Global market share of the Fabric & Home Care segment decreased 0.2 points. Volume increased mid-single digits in developed regions and was down high single digits in developing regions.

- Fabric Care volume declined low single digits due to a double-digit decrease in developing regions driven by increased pricing, reduced distribution of less profitable brands, minor brand divestitures and the Venezuela

deconsolidation. Organic volume in developing regions decreased high single digits. Volume in developed markets increased mid-single digits due to innovation and increased marketing. Global market share of the fabric care category was flat.

- Home Care volume increased low single digits. Developed market volume increased low single digits as benefits from product innovation more than offset impacts from competitive activity. This was partially offset by a low single-digit decrease in developing regions following increased pricing. Global market share of the home care category was down slightly.

Net earnings increased 5% to \$2.8 billion in 2016 behind a 160 basis-point increase in net earnings margin, which more than offset the reduction in net sales. Net earnings margin increased due to gross margin expansion, partially offset by increased SG&A as a percentage of net sales. Increased gross margin was driven by manufacturing cost savings and lower commodity costs. SG&A as a percentage of net sales increased due to an increase in marketing spending and the negative scale impacts from the reduction in net sales.

BABY, FEMININE & FAMILY CARE

(\$ millions)	2017	Change vs. 2016	2016	Change vs. 2015
Volume	N/A	2%	N/A	(3)%
Net sales	\$18,252	(1)%	\$18,505	(9)%
Net earnings	\$2,503	(6)%	\$2,650	(10)%
% of net sales	13.7%	(60) bps	14.3%	(20) bps

Fiscal year 2017 compared with fiscal year 2016

Baby, Feminine & Family Care net sales decreased 1% to \$18.3 billion in 2017 on a 2% increase in unit volume. Unfavorable foreign exchange reduced net sales by 2%. Lower pricing had a negative 1% impact on net sales. Organic sales increased 1% on organic volume that increased 2%. Global market share of the Baby, Feminine & Family Care segment decreased 0.1 points. Volume increased low single digits in developed regions and was unchanged in developing regions.

- Volume in Baby Care was unchanged. Volume in developed regions decreased low single digits, primarily due to competitive activity, and volume in developing regions increased low single digits, due to market growth and product innovation. Global market share of the baby care category decreased more than half a point.
- Volume in Feminine Care increased low single digits. Volume in developed regions increased low single digits, driven by product innovation, and volume in developing regions decreased low single digits due to competitive activity and reduced exports to our Venezuelan subsidiaries. Global market share of the feminine care category was unchanged.
- Volume in Family Care, which is predominantly a North American business, increased mid-single digits driven by product innovation and increased merchandising. In the U.S., all-outlet share of the family care category increased less than a point.

Net earnings decreased 6% to \$2.5 billion due to the reduction in net sales and a 60 basis point decrease in net earnings margin. Net earnings margin decreased as increased SG&A as a percent of net sales was only partially offset by an increase in gross margin. SG&A as a percentage of net sales increased due to increased marketing and overhead spending. Gross margin increased driven by manufacturing cost savings partially offset by unfavorable foreign exchange impacts, lower pricing and unfavorable product mix across business units due to increased net sales in product forms and larger package sizes with lower than segment-average margins.

Fiscal year 2016 compared with fiscal year 2015

Baby, Feminine & Family Care net sales decreased 9% to \$18.5 billion in 2016 on a 3% decline in unit volume. Unfavorable foreign exchange reduced net sales by 6%. Organic sales declined 1% on a 2% decline in organic volume. Global market share of the Baby, Feminine & Family Care segment decreased 1.1 points. Volume increased low single digits in developed regions and decreased double digits in developing regions.

- Volume in Baby Care was down mid-single digits due to a high single-digit decrease in developing regions caused by price increases in the previous fiscal year, the Venezuela deconsolidation and competitive activity. Organic volume in developing markets was down mid-single digits. Volume was up low single digits in developed regions as product innovation and market growth more than offset competitive activity. Global market share of the baby care category decreased less than two points, primarily attributable to developing markets.
- Volume in Feminine Care declined low single digits due to a mid-single-digit decrease in developing regions caused by competitive activity and price increases in the previous fiscal year, partially offset by market growth. In developed regions, volume was unchanged. Global market share of the feminine care category decreased more than half a point.
- Volume in Family Care decreased low single digits due to a double-digit decline in developing regions driven by the discontinuation of non-strategic products. Volume in developed regions increased low single digits due to product innovation and increased merchandising. In the U.S., all-outlet share of the family care category decreased nearly half a point.

Net earnings decreased 10% to \$2.7 billion in 2016 primarily due to the reduction in net sales. Net earnings margin decreased 20 basis points as higher gross margin was more than offset by an increase in SG&A as a percentage of net sales and a higher tax rate. Gross margin increased driven by manufacturing cost savings and lower commodity costs, partially offset by negative product mix. SG&A as a percentage of net sales increased due to the negative scale impact from the reduction in net sales. The higher tax rate versus the prior year was due to the geographic mix of earnings.

CORPORATE

(\$ millions)	2017	Change vs. 2016	2016	Change vs. 2015
Net sales	\$505	20%	\$422	(9)%
Net earnings/ (loss)	\$247	N/A	\$(174)	N/A

Corporate includes certain operating and non-operating activities not allocated to specific business segments. These include: the incidental businesses managed at the corporate level; financing and investing activities; certain employee benefit costs; other general corporate items; gains and losses related to certain divested brands and categories; and certain restructuring-type activities to maintain a competitive cost structure, including manufacturing and workforce optimization. Corporate also includes reconciling items to adjust the accounting policies used in the segments to U.S. GAAP. The most significant reconciling item is income taxes to adjust from blended statutory rates that are reflected in the segments to the overall Company effective tax rate.

Fiscal year 2017 compared with fiscal year 2016

Corporate net sales increased 20%, or \$83 million, to \$505 million in 2017 primarily due to an increase in the incidental businesses managed at the corporate level. Corporate net earnings from continuing operations improved by approximately \$421 million in 2017, primarily due to:

- lower restructuring charges in 2017 compared to the prior year,
- a gain on the sale of real estate in the current fiscal year,
- lower foreign exchange transactional charges,
- a reduction in the proportion of corporate overhead spending not allocated to the segments, consisting in part of reduced stranded overheads following divestitures, and
- current year tax benefits resulting from the adoption of a new accounting standard on the tax impacts of share-based payments to employees (see Note 1 to the Consolidated Financial Statements).

These benefits were partially offset by a \$345 million after-tax charge on the early extinguishment of long-term debt in fiscal 2017 and lower gains from minor brand divestitures compared to 2016.

Fiscal year 2016 compared with fiscal year 2015

Corporate net sales decreased \$44 million in 2016 to \$422 million. Corporate net earnings from continuing operations improved by approximately \$2.2 billion in 2016, primarily due to the \$2.1 billion Venezuela deconsolidation charge in the prior fiscal year and lower foreign currency transactional charges. Additional discussion of these items impacting net earnings in Corporate are included in the Results of Operations section.

Productivity and Cost Savings Plan

In 2012, the Company initiated a productivity and cost savings plan to reduce costs and better leverage scale in the areas of supply chain, research and development, marketing and overheads. The plan was designed to accelerate cost reductions by streamlining management decision making, manufacturing

and other work processes to fund the Company's growth strategy. In 2016 the Company communicated additional multi-year productivity and cost savings targets. In 2017, the Company communicated specific elements of the productivity and cost savings targets.

As part of the original plan, the Company incurred approximately \$5.6 billion in before-tax restructuring costs over a six-year period (from fiscal 2012 through fiscal 2017). Savings generated from the restructuring costs are difficult to estimate, given the nature of the activities, the timing of the execution and the degree of reinvestment. Through 2017, these costs and other non-manufacturing enrollment reductions delivered approximately \$2.9 billion in annual before-tax gross savings.

The additional productivity and cost savings plan will further reduce costs in the areas of supply chain, certain marketing activities and overhead expenses. As part of this plan, the Company expects to incur approximately \$1.2 billion in total before-tax restructuring costs in fiscal 2018 and 2019. This program is expected to result in meaningful non-manufacturing enrollment reductions, along with further optimization of the supply chain and other manufacturing processes.

Restructuring accruals of \$277 million as of June 30, 2017 are classified as current liabilities. During fiscal 2017, 48% of the restructuring charges incurred either have been or will be settled with cash. Consistent with our historical policies for ongoing restructuring-type activities, the resulting charges are funded by and included within Corporate for segment reporting.

In addition to our restructuring programs, we have additional ongoing savings efforts in our supply chain, marketing and overhead areas that yield additional benefits to our operating margins.

Refer to Note 3 to the Consolidated Financial Statements for more details on the restructuring program and to the Operating Costs section of the MD&A for more information about the total benefit to operating margins from our total savings efforts.

CASH FLOW, FINANCIAL CONDITION AND LIQUIDITY

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and to readily access capital markets at competitive rates.

Operating cash flow provides the primary source of cash to fund operating needs and capital expenditures. Excess operating cash is used first to fund shareholder dividends. Other discretionary uses include share repurchases and acquisitions to complement our portfolio of businesses, brands and geographies. As necessary, we may supplement operating cash flow with debt to fund these activities. The overall cash position of the Company reflects our strong business results and a global cash management strategy that takes into account liquidity management, economic factors and tax considerations.

Operating Cash Flow

Fiscal year 2017 compared with fiscal year 2016

Operating cash flow was \$12.8 billion in 2017, a 17% decrease from the prior year. Net earnings, adjusted for non-cash items (depreciation and amortization, share-based compensation, deferred income taxes, loss/(gain) on sale of assets and impairment charges) and the loss on early extinguishment of debt generated \$13.0 billion of operating cash flow. Working capital and other impacts used \$281 million of operating cash flow.

- An increase in accounts receivable used \$322 million of cash due to higher relative sales late in the period as compared to the prior period, partially offset by collection of approximately \$150 million of retained receivables from the Beauty Brands business. In addition, the number of days sales outstanding increased 1 day due in part to foreign exchange impacts.
- Lower inventory generated \$71 million of cash mainly due to supply chain optimizations, partially offset by increases to support business growth and increased commodity costs. Inventory days on hand decreased approximately 1 day primarily due to supply chain optimizations.
- Accounts payable, accrued and other liabilities decreased, using \$149 million in operating cash flow. This was caused by reduced accruals from lower fourth quarter marketing and overhead activities as compared to the base period, as well as the payment of approximately \$595 million of accounts payable and accrued liabilities related to the divestiture of the Beauty Brands business, including liabilities retained by the Company pursuant to the terms of the agreement. These impacts were partially offset by approximately \$700 million related to extended payment terms with our suppliers. These factors, along with the impact of foreign exchange, drove a 4 day increase in days payable outstanding. Although difficult to project due to market and other dynamics, we anticipate incremental cash flow benefits from the extended payment terms with suppliers could decline slightly over the next fiscal year.
- Other operating assets and liabilities used \$43 million of cash.

Fiscal year 2016 compared with fiscal year 2015

Operating cash flow was \$15.4 billion in 2016, a 6% increase from the prior year. Net earnings, adjusted for non-cash items (depreciation and amortization, share-based compensation, deferred income taxes, loss/(gain) on sale of assets and impairment charges) generated \$13.6 billion of operating cash flow. Working capital and other impacts generated \$1.8 billion of operating cash flow.

- Reduced accounts receivable generated \$35 million of cash due to improved collection results partially offset by sales mix. The number of days sales outstanding increased 1 day due to foreign exchange impacts.
- Lower inventory generated \$116 million of cash mainly due to supply chain optimizations and lower commodity costs. Inventory days on hand increased 4 days primarily due to foreign exchange impacts.

- Accounts payable, accrued and other liabilities increased, generating \$1.3 billion in operating cash flow, of which approximately \$0.8 billion was driven by extended payment terms with our suppliers. The balance was primarily driven by an increase in fourth quarter marketing activity versus the prior year. These items, along with the impact of foreign exchange, drove a 24 day increase in days payable outstanding.
- Other operating assets and liabilities generated \$204 million of cash.

Adjusted Free Cash Flow. We view adjusted free cash flow as an important measure because it is a factor impacting the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investment. It is defined as operating cash flow less capital expenditures and excluding tax payments related to certain divestitures and is one of the measures used to evaluate senior management and determine their at-risk compensation.

Fiscal year 2017 compared with fiscal year 2016

Adjusted free cash flow was \$9.8 billion in 2017, a decrease of 19% versus the prior year. The decrease was primarily driven by the decrease in operating cash flows. Adjusted free cash flow productivity, defined as the ratio of adjusted free cash flow to net earnings, excluding the loss on debt extinguishment and impacts of the sale of the Beauty Brands, was 94% in 2017.

Fiscal year 2016 compared with fiscal year 2015

Adjusted free cash flow was \$12.1 billion in 2016, an increase of 4% versus the prior year. The increase was driven by the increase in operating cash flows and decrease in capital spending. Adjusted free cash flow productivity, defined as the ratio of adjusted free cash flow to net earnings excluding the impairment charges and gain on the sale of the Batteries business, was 115% in 2016.

Investing Cash Flow

Fiscal year 2017 compared with fiscal year 2016

Net investing activities consumed \$5.7 billion in cash in 2017 mainly due to capital spending and purchases of short-term investments, partially offset by proceeds from asset sales, transactions related to the close of the Beauty Brands divestiture and sales and maturities of short-term investments.

Fiscal year 2016 compared with fiscal year 2015

Net investing activities consumed \$5.6 billion in cash in 2016 mainly due to capital spending, divestiture transactions and purchases of short-term investments, partially offset by sales and maturities of short-term investments.

Capital Spending. Capital expenditures, primarily to support capacity expansion, innovation and cost efficiencies, were \$3.4 billion in 2017 and \$3.3 billion in 2016. Capital spending as a percentage of net sales increased 10 basis points to 5.2% in 2017. Capital spending as a percentage of net sales was 5.1% in 2016.

Acquisitions. Acquisition activity was not material in 2017 or 2016.

Proceeds from Divestitures and Other Asset Sales. Proceeds from asset sales in 2017 contributed \$571 million in cash, primarily from real estate sales and other minor brand divestitures. Proceeds from asset sales contributed \$432 million in cash in 2016 primarily from plant asset sales and other minor brand divestitures. In fiscal 2016, the Company invested \$1.0 billion of cash, received from the pre-Beauty Brands divestiture issuance of transaction-related debt, in restricted cash. In fiscal 2017, the Company invested an additional \$874 million of cash, received from the issuance of debt, in restricted cash. At the closing of the Beauty Brands transaction, \$1.9 billion of restricted cash was released and returned to cash and cash equivalents and \$475 million of cash was transferred to the discontinued Beauty Brands business.

Financing Cash Flow

Dividend Payments. Our first discretionary use of cash is dividend payments. Dividends per common share increased 1.5% to \$2.70 per share in 2017. Total dividend payments to common and preferred shareholders were \$7.2 billion in 2017 and \$7.4 billion in 2016. In April 2017, the Board of Directors declared an increase in our quarterly dividend from \$0.6695 to \$0.6896 per share on Common Stock and Series A and B ESOP Convertible Class A Preferred Stock. This represents a 3% increase compared to the prior quarterly dividend and is the 61st consecutive year that our dividend has increased. We have paid a dividend for 127 years, every year since our incorporation in 1890.

Long-Term and Short-Term Debt. We maintain debt levels we consider appropriate after evaluating a number of factors, including cash flow expectations, cash requirements for ongoing operations, investment and financing plans (including acquisitions and share repurchase activities) and the overall cost of capital. Total debt was \$31.6 billion as of June 30, 2017 and \$30.6 billion as of June 30, 2016.

Treasury Purchases. Total share repurchases were \$5.2 billion in 2017 and \$4.0 billion in 2016. In addition, the cash infusion of \$1.7 billion in the Batteries divestiture was reflected as a purchase of treasury stock in 2016.

Liquidity

At June 30, 2017, our current liabilities exceeded current assets by \$3.7 billion largely due to short-term borrowings under our commercial paper program. We anticipate being able to support our short-term liquidity and operating needs largely through cash generated from operations. The Company regularly assesses its cash needs and the available sources to fund these needs. As of June 30, 2017, \$15.0 billion of the Company's cash, cash equivalents and marketable securities is held off-shore by foreign subsidiaries. Amounts held by foreign subsidiaries are generally subject to U.S. income taxation upon repatriation to the U.S. Under current law, we do not expect restrictions or taxes on repatriation of cash held outside of the U.S. to have a material effect on our overall liquidity, financial condition or the results of operations for the foreseeable future. Of the June 30, 2017 balance of off-shore cash, cash equivalents and marketable securities, the majority relates to various Western European countries. As of June 30, 2017, we did not have material cash, cash equivalents and

marketable securities balances in any country subject to exchange controls that significantly restrict our ability to access or repatriate the funds.

We utilize short- and long-term debt to fund discretionary items, such as acquisitions and share repurchases. We have strong short- and long-term debt ratings, which have enabled, and should continue to enable, us to refinance our debt as it becomes due at favorable rates in commercial paper and bond markets. In addition, we have agreements with a diverse group of financial institutions that, if needed, should provide sufficient credit funding to meet short-term financing requirements.

On June 30, 2017, our short-term credit ratings were P-1 (Moody's) and A-1+ (Standard & Poor's), while our long-term credit ratings were Aa3 (Moody's) and AA- (Standard & Poor's), all with a stable outlook.

We maintain bank credit facilities to support our ongoing commercial paper program. The current facility is an \$8.0

billion facility split between a \$3.2 billion five-year facility and a \$4.8 billion 364-day facility, which expire in November 2021 and November 2017, respectively. Both facilities can be extended for certain periods of time as specified in the terms of the credit agreement. These facilities are currently undrawn and we anticipate that they will remain undrawn. These credit facilities do not have cross-default or ratings triggers, nor do they have material adverse events clauses, except at the time of signing. In addition to these credit facilities, we have an automatically effective registration statement on Form S-3 filed with the SEC that is available for registered offerings of short- or long-term debt securities. For additional details on debt see Note 10 to the Consolidated Financial Statements.

Guarantees and Other Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, which we believe could have a material impact on our financial condition or liquidity.

Contractual Commitments

The following table provides information on the amount and payable date of our contractual commitments as of June 30, 2017.

<u>Amounts in millions</u>	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>After 5 Years</u>
RECORDED LIABILITIES					
Total debt	\$ 31,455	\$ 13,543	\$ 3,101	\$ 4,236	\$ 10,575
Capital leases	51	13	20	10	8
Uncertain tax positions (1)	18	18	—	—	—
OTHER					
Interest payments relating to long-term debt	5,220	594	1,014	887	2,725
Operating leases (2)	1,493	261	510	354	368
Minimum pension funding (3)	378	123	255	—	—
Purchase obligations (4)	1,607	843	393	169	202
TOTAL CONTRACTUAL COMMITMENTS	\$ 40,222	\$ 15,395	\$ 5,293	\$ 5,656	\$ 13,878

(1) As of June 30, 2017, the Company's Consolidated Balance Sheet reflects a liability for uncertain tax positions of \$585 million, including \$120 million of interest and penalties. Due to the high degree of uncertainty regarding the timing of future cash outflows of liabilities for uncertain tax positions beyond one year, a reasonable estimate of the period of cash settlement beyond twelve months from the balance sheet date of June 30, 2017, cannot be made.

(2) Operating lease obligations are shown net of guaranteed sublease income.

(3) Represents future pension payments to comply with local funding requirements. These future pension payments assume the Company continues to meet its future statutory funding requirements. Considering the current economic environment in which the Company operates, the Company believes its cash flows are adequate to meet the future statutory funding requirements. The projected payments beyond fiscal year 2020 are not currently determinable.

(4) Primarily reflects future contractual payments under various take-or-pay arrangements entered into as part of the normal course of business. Commitments made under take-or-pay obligations represents minimum commitments under take-or-pay agreements with suppliers and are in line with expected usage. This includes service contracts for information technology, human resources management and facilities management activities that have been outsourced. Such amounts also include arrangements with suppliers that qualify as embedded operating leases. While the amounts listed represent contractual obligations, we do not believe it is likely that the full contractual amount would be paid if the underlying contracts were canceled prior to maturity. In such cases, we generally are able to negotiate new contracts or cancellation penalties, resulting in a reduced payment. The amounts do not include other contractual purchase obligations that are not take-or-pay arrangements. Such contractual purchase obligations are primarily purchase orders at fair value that are part of normal operations and are reflected in historical operating cash flow trends. We do not believe such purchase obligations will adversely affect our liquidity position.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

In preparing our financial statements in accordance with U.S. GAAP, there are certain accounting policies that may require

a choice between acceptable accounting methods or may require substantial judgment or estimation in their application. These include income taxes, certain employee benefits and goodwill and intangible assets. We believe these accounting

policies, and others set forth in Note 1 to the Consolidated Financial Statements, should be reviewed as they are integral to understanding the results of operations and financial condition of the Company.

The Company has discussed the selection of significant accounting policies and the effect of estimates with the Audit Committee of the Company's Board of Directors.

Income Taxes

Our annual tax rate is determined based on our income, statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. Also inherent in determining our annual tax rate are judgments and assumptions regarding the recoverability of

certain deferred tax balances, primarily net operating loss and other carryforwards, and our ability to uphold certain tax positions.

Realization of net operating losses and other carryforwards is dependent upon generating sufficient taxable income in the appropriate jurisdiction prior to the expiration of the carryforward periods, which involves business plans, planning opportunities and expectations about future outcomes. Although realization is not assured, management believes it is more likely than not that our deferred tax assets, net of valuation allowances, will be realized.

We operate in multiple jurisdictions with complex tax policy and regulatory environments. In certain of these jurisdictions, we may take tax positions that management believes are supportable, but are potentially subject to successful challenge by the applicable taxing authority. These interpretational differences with the respective governmental taxing authorities can be impacted by the local economic and fiscal environment.

A core operating principle is that our tax structure is based on our business operating model, such that profits are earned in line with the business substance and functions of the various legal entities. However, because of the complexity of transfer pricing concepts, we may have income tax uncertainty related to the determination of intercompany transfer prices for our various cross-border transactions. We have obtained and continue to prioritize the strategy of seeking advance rulings with tax authorities to reduce this uncertainty. We estimate that our current portfolio of advance rulings reduces this uncertainty with respect to over 70% of our global earnings. We evaluate our tax positions and establish liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. We review these tax uncertainties in light of changing facts and circumstances, such as the progress of tax audits, and adjust them accordingly. We have a number of audits in process in various jurisdictions. Although the resolution of these tax positions is uncertain, based on currently available information, we believe that the ultimate outcomes will not have a material adverse effect on our financial position, results of operations or cash flows.

Because there are a number of estimates and assumptions inherent in calculating the various components of our tax provision, certain changes or future events such as changes in tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans could have an impact on

those estimates and our effective tax rate. For additional details on the Company's income taxes, see Note 5 to the Consolidated Financial Statements.

Employee Benefits

We sponsor various post-employment benefits throughout the world. These include pension plans, both defined contribution plans and defined benefit plans, and other post-employment benefit (OPEB) plans, consisting primarily of health care and life insurance for retirees. For accounting purposes, the defined benefit pension and OPEB plans require assumptions to estimate the projected and accumulated benefit obligations, including the following variables: discount rate; expected salary increases; certain employee-related factors, such as turnover, retirement age and mortality; expected return on assets; and health care cost trend rates. These and other assumptions affect the annual expense and obligations recognized for the underlying plans. Our assumptions reflect our historical experiences and management's best judgment regarding future expectations. As permitted by U.S. GAAP, the net amount by which actual results differ from our assumptions is deferred. If this net deferred amount exceeds 10% of the greater of plan assets or liabilities, a portion of the deferred amount is included in expense for the following year. The cost or benefit of plan changes, such as increasing or decreasing benefits for prior employee service (prior service cost), is deferred and included in expense on a straight-line basis over the average remaining service period of the employees expected to receive benefits.

The expected return on plan assets assumption impacts our defined benefit expense since many of our defined benefit pension plans and our primary OPEB plan are partially funded. The process for setting the expected rates of return is described in Note 8 to the Consolidated Financial Statements. For 2017, the average return on assets assumptions for pension plan assets and OPEB assets was 6.9% and 8.3%, respectively. A change in the rate of return of 100 basis points for both pension and OPEB assets would impact annual after-tax benefit expense by approximately \$100 million.

Since pension and OPEB liabilities are measured on a discounted basis, the discount rate impacts our plan obligations and expenses. Discount rates used for our U.S. defined benefit pension and OPEB plans are based on a yield curve constructed from a portfolio of high quality bonds for which the timing and amount of cash outflows approximate the estimated payouts of the plan. For our international plans, the discount rates are set by benchmarking against investment grade corporate bonds rated AA or better. The average discount rate on the defined benefit pension plans of 2.4% represents a weighted average of local rates in countries where such plans exist. A 1.0% change in the discount rate would impact annual after-tax benefit expense by approximately \$200 million. The average discount rate on the OPEB plan of 3.9% reflects the higher interest rates generally applicable in the U.S., which is where a majority of the plan participants receive benefits. A 1.0% change in the discount rate would impact annual after-tax OPEB expense by approximately \$70 million. For additional details on our defined benefit pension and OPEB plans, see Note 8 to the Consolidated Financial Statements.

Goodwill and Intangible Assets

Significant judgment is required to estimate the fair value of our goodwill reporting units and intangible assets. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant goodwill reporting units and intangible assets. The fair value estimates are based on available historical information and on future expectations. We typically estimate the fair value of these assets using the income method, which is based on the present value of estimated future cash flows attributable to the respective assets. The valuations used to test goodwill and intangible assets for impairment are dependent on a number of significant estimates and assumptions, including macroeconomic conditions, overall category growth rates, competitive activities, cost containment and margin expansion, Company business plans and the discount rate applied to cash flows.

Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections and operating plans. We believe these estimates and assumptions are reasonable and comparable to those that would be used by other marketplace participants. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. For example, future changes in the judgments, assumptions and estimates that are used in our impairment testing for goodwill and indefinite lived intangible assets, including discount and tax rates or future cash flow projections, could result in significantly different estimates of the fair values. In addition, changes to, or a failure to, achieve business plans or deterioration of macroeconomic conditions could result in reduced cash flows or higher discount rates, leading to a lower valuation that would trigger an impairment of the goodwill and intangible assets of these businesses.

We test individual indefinite lived intangible assets by comparing the book value of each asset to the estimated fair value. Our impairment testing for goodwill is performed separately from our impairment testing of indefinite lived intangible assets. The test to evaluate goodwill for impairment is a two step process. In the first step, we compare the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit is less than its carrying value, we perform a second step to determine the implied fair value of the reporting unit's goodwill. The second step of the impairment analysis requires a valuation of a reporting unit's tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the resulting implied fair value of the reporting unit's goodwill is less than its carrying value, that difference represents an impairment.

Determining the useful life of an intangible asset also requires judgment. Certain brand intangible assets are expected to have indefinite lives based on their history and our plans to continue to support and build the acquired brands. Other acquired intangible assets (e.g., certain brands, all customer relationships, patents and technologies) are expected to have determinable useful lives. Our assessment as to brands that have an indefinite life and those that have a determinable life

is based on a number of factors including competitive environment, market share, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the brands are sold. Determinable-lived intangible assets are amortized to expense over their estimated lives. Impairment assessment for determinable-lived intangibles is only required when an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable. Indefinite-lived intangible assets and goodwill are not amortized, but are tested separately at least annually for impairment.

Most of our goodwill reporting units are comprised of a combination of legacy and acquired businesses and as a result have fair value cushions that, at a minimum, exceed two times their underlying carrying values. Certain of our goodwill reporting units, in particular Shave Care and Appliances, are comprised entirely of acquired businesses and as a result have fair value cushions that are not as high. Both of these wholly-acquired reporting units have fair value cushions that currently exceed the underlying carrying values. However, the Shave Care cushion, as well as the related Gillette indefinite-lived intangible asset cushion, have been reduced to below 10% due in large part to an increased competitive market environment in the U.S., a deceleration of category growth caused by changing grooming habits and significant currency devaluations in a number of countries relative to the U.S. dollar that have occurred in recent years and resulted in reduced cash flow projections. As a result, this unit is more susceptible to impairment risk from adverse changes in business operating plans, category development and macroeconomic environment conditions, including any further significant devaluation of major currencies relative to the U.S. dollar. While management has implemented strategies to address these events, adverse changes in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that could trigger future impairment charges of the business unit's goodwill and indefinite-lived intangibles (carrying values of Shave Care goodwill and the Gillette indefinite-lived intangible asset as of June 30, 2017 are \$19 billion and \$16 billion, respectively).

See Note 4 to the Consolidated Financial Statements for additional discussion on goodwill and intangible asset impairment testing results.

New Accounting Pronouncements

Refer to Note 1 to the Consolidated Financial Statements for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of June 30, 2017.

OTHER INFORMATION

Hedging and Derivative Financial Instruments

As a multinational company with diverse product offerings, we are exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. We evaluate exposures on a centralized basis to take advantage of natural exposure correlation and netting. Except within financing operations, we leverage the Company's diversified portfolio of exposures as a natural hedge and prioritize operational hedging activities over financial market instruments. To the extent we choose to further manage volatility associated with the net exposures, we enter into various financial transactions which we account for using the applicable accounting guidance for derivative instruments and hedging activities. These financial transactions are governed by our policies covering acceptable counterparty exposure, instrument types and other hedging practices. See Note 9 to the Consolidated Financial Statements for a discussion of our accounting policies for derivative instruments.

Derivative positions are monitored using techniques including market valuation, sensitivity analysis and value-at-risk modeling. The tests for interest rate, currency rate and commodity derivative positions discussed below are based on the CorporateManager™ value-at-risk model using a one-year horizon and a 95% confidence level. The model incorporates the impact of correlation (the degree to which exposures move together over time) and diversification (from holding multiple currency, commodity and interest rate instruments) and assumes that financial returns are normally distributed. Estimates of volatility and correlations of market factors are drawn from the RiskMetrics™ dataset as of June 30, 2017. In cases where data is unavailable in RiskMetrics™, a reasonable proxy is included.

Our market risk exposures relative to interest rates, currency rates and commodity prices, as discussed below, have not changed materially versus the previous reporting period. In addition, we are not aware of any facts or circumstances that would significantly impact such exposures in the near term.

Interest Rate Exposure on Financial Instruments. Interest rate swaps are used to hedge exposures to interest rate movement on underlying debt obligations. Certain interest rate swaps denominated in foreign currencies are designated to hedge exposures to currency exchange rate movements on our investments in foreign operations. These currency interest rate swaps are designated as hedges of the Company's foreign net investments.

Based on our interest rate exposure as of and during the year ended June 30, 2017, including derivative and other instruments sensitive to interest rates, we believe a near-term change in interest rates, at a 95% confidence level based on historical interest rate movements, would not materially affect our financial statements.

Currency Rate Exposure on Financial Instruments. Because we manufacture and sell products and finance operations in a number of countries throughout the world, we are exposed to the impact on revenue and expenses of movements in currency exchange rates. Corporate policy prescribes the range of

allowable hedging activity. To manage the exchange rate risk associated with the financing of our operations, we primarily use forward contracts with maturities of less than 18 months. In addition, we have entered into certain currency swaps with maturities of up to five years to hedge our exposure to exchange rate movements on intercompany financing transactions.

Based on our currency rate exposure on derivative and other instruments as of and during the year ended June 30, 2017, we believe, at a 95% confidence level based on historical currency rate movements, the impact on such instruments of a near-term change in currency rates would not materially affect our financial statements.

Commodity Price Exposure on Financial Instruments. We use raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. We may use futures, options and swap contracts to manage the volatility related to the above exposures.

As of and during the years ended June 30, 2017 and June 30, 2016, we did not have any commodity hedging activity.

Measures Not Defined By U.S. GAAP

Our discussion of financial results includes several "non-GAAP" financial measures. We believe that these measures provide useful perspective of underlying business trends (i.e. trends excluding non-recurring or unusual items) and results and provide a supplemental measure of year-on-year results. The non-GAAP measures described below are used by management in making operating decisions, allocating financial resources and for business strategy purposes. These measures may be useful to investors as they provide supplemental information about business performance and provide investors a view of our business results through the eyes of management. These measures are also used to evaluate senior management and are a factor in determining their at-risk compensation. These non-GAAP measures are not intended to be considered by the user in place of the related GAAP measure, but rather as supplemental information to our business results. These non-GAAP measures may not be the same as similar measures used by other companies due to possible differences in method and in the items or events being adjusted. These measures include:

Organic Sales Growth. Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of the Venezuela deconsolidation, acquisitions, divestitures and foreign exchange from year-over-year comparisons. We believe this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis, and this measure is used in assessing achievement of management goals for at-risk compensation.

The following tables provide a numerical reconciliation of organic sales growth to reported net sales growth:

Year ended June 30, 2017	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact ⁽¹⁾	Organic Sales Growth
Beauty	— %	2%	1%	3 %
Grooming	(3)%	2%	1%	— %
Health Care	2 %	2%	1%	5 %
Fabric & Home Care	— %	2%	1%	3 %
Baby, Feminine & Family Care	(1)%	2%	—%	1 %
TOTAL COMPANY	— %	2%	—%	2 %

Year ended June 30, 2016	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact ⁽¹⁾	Organic Sales Growth
Beauty	(9)%	6%	3%	— %
Grooming	(8)%	9%	1%	2 %
Health Care	(5)%	6%	1%	2 %
Fabric & Home Care	(7)%	6%	2%	1 %
Baby, Feminine & Family Care	(9)%	6%	2%	(1)%
TOTAL COMPANY	(8)%	6%	3%	1 %

⁽¹⁾ Acquisition/Divestiture Impact also includes the impact of the Venezuela deconsolidation and the rounding impacts necessary to reconcile net sales to organic sales.

Adjusted Free Cash Flow. Adjusted free cash flow is defined as operating cash flow less capital spending and excluding certain divestiture impacts (tax payments related to certain divestitures). Adjusted free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. We view adjusted free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investment.

The following table provides a numerical reconciliation of adjusted free cash flow (\$ millions):

	Operating Cash Flow	Capital Spending	Divestiture impacts ⁽¹⁾	Adjusted Free Cash Flow
2017	\$ 12,753	\$ (3,384)	\$ 418	\$ 9,787
2016	15,435	(3,314)	—	12,121
2015	14,608	(3,736)	729	11,601

⁽¹⁾ Divestiture impacts relate to tax payments for the Beauty Brands divestiture in fiscal 2017 and the Pet Care divestiture in fiscal 2015.

Adjusted Free Cash Flow Productivity. Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding Batteries impairments, the gain on the sale of the Batteries and Beauty Brands businesses, the loss on early debt extinguishment and the Venezuela deconsolidation charges. We view adjusted free cash flow productivity as a useful measure to help investors understand P&G's ability to generate cash. Adjusted free cash flow productivity is used by management in making operating decisions, in allocating financial resources and for budget planning purposes. This measure is used in assessing the achievement of management goals for at-risk compensation. The Company's long-term target is to generate annual adjusted free cash flow productivity at or above 90 percent.

The following table provides a numerical reconciliation of adjusted free cash flow productivity (\$ millions):

	Net Earnings	Adjustments to Net Earnings ⁽¹⁾	Net Earnings Excluding Adjustments	Adjusted Free Cash Flow	Adjusted Free Cash Flow Productivity
2017	\$ 15,411	\$ (4,990)	\$ 10,421	\$ 9,787	94%
2016	10,604	(72)	10,532	12,121	115%
2015	7,144	4,187	11,331	11,601	102%

⁽¹⁾ Adjustments to Net Earnings relate to the loss on early debt extinguishment and gain on the sale of the Beauty Brands business in fiscal 2017, the gain on the sale of the Batteries business and the Batteries impairment in fiscal 2016, and the Batteries impairment and Venezuela deconsolidation charges in fiscal 2015.

Core EPS. Core EPS is a measure of the Company's diluted net earnings per share from continuing operations adjusted as indicated. Management views these non-GAAP measures as a useful supplemental measure of Company performance over time. The table below provides a reconciliation of diluted net earnings per share to Core EPS, including the following reconciling items:

- **Incremental restructuring:** The Company has had and continues to have an ongoing level of restructuring activities. Such activities have resulted in ongoing annual restructuring related charges of approximately \$250 - \$500 million before tax. Beginning in 2012 Procter & Gamble began a \$10 billion strategic productivity and cost savings initiative that includes incremental restructuring activities. In 2017, the company announced elements of an additional multi-year productivity and cost savings plan. These plans result in incremental restructuring charges to accelerate productivity efforts and cost savings. The adjustment to Core earnings includes only the restructuring costs above what we believe are the normal recurring level of restructuring costs.
- **Early debt extinguishment charges:** During fiscal 2017, the Company recorded a charge of \$345 million after tax due to the early extinguishment of certain long-term debt. This charge represents the difference between the reacquisition price and the par value of the debt extinguished.

- **Charges for certain European legal matters:** Several countries in Europe issued separate complaints alleging that the Company, along with several other companies, engaged in violations of competition laws in prior periods. The Company established Legal Reserves related to these charges.
- **Venezuela deconsolidation charge:** For accounting purposes, evolving conditions resulted in a lack of control over our Venezuelan subsidiaries. Therefore, in accordance with the applicable accounting standards for consolidation, effective June 30, 2015, we deconsolidated our Venezuelan subsidiaries and began accounting for our investment in those subsidiaries using the cost method of accounting. The charge was incurred to write off our net assets related to Venezuela.
- **Venezuela balance sheet remeasurement & devaluation impacts:** Venezuela is a highly inflationary economy under U.S. GAAP. Prior to deconsolidation, the government enacted episodic changes to currency exchange mechanisms and rates, which resulted in currency remeasurement charges for non-dollar denominated monetary assets and liabilities held by our Venezuelan subsidiaries.

We do not view the above items to be indicative of underlying business results and their exclusion from Core earnings measures provides a more comparable measure of year-on-year results. These items are also excluded when evaluating senior management in determining their at-risk compensation.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Reconciliation of Non-GAAP Measures

	Twelve Months Ended June 30, 2017						
	AS REPORTED (GAAP)	DISCONTINUED OPERATIONS	INCREMENTAL RESTRUCTURING	EARLY DEBT EXTINGUISHMENT	ROUNDING	NON-GAAP (CORE)	
COST OF PRODUCTS SOLD	\$ 32,535	\$ —	\$ (498)	\$ —	\$ —	\$ 32,037	
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSE	18,568	—	99	—	—	18,667	
OPERATING INCOME	13,955	—	399	—	—	14,354	
INCOME TAX ON CONTINUING OPERATIONS	3,063	—	120	198	—	3,381	
NET EARNINGS ATTRIBUTABLE TO P&G	15,326	(5,217)	279	345	(1)	10,732	
		—	—	—	—		Core EPS
DILUTED NET EARNINGS PER COMMON SHARE*	\$ 5.59	\$ (1.90)	\$ 0.10	\$ 0.13	\$ —	\$ 3.92	

* Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble.

CHANGE VERSUS YEAR AGO

CORE EPS

7%

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions Except Per Share Amounts)
Reconciliation of Non-GAAP Measures

Twelve Months Ended June 30, 2016							
	AS REPORTED (GAAP)	DISCONTINUED OPERATIONS	INCREMENTAL RESTRUCTURING	CHARGES FOR EUROPEAN LEGAL MATTERS	ROUNDING	NON-GAAP (CORE)	
COST OF PRODUCTS SOLD	\$ 32,909	\$ —	\$ (624)	\$ —	\$ —	\$ 32,285	
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSE	18,949	—	31	(13)	—	18,967	
OPERATING INCOME	13,441	—	593	13	—	14,047	
INCOME TAX ON CONTINUING OPERATIONS	3,342	—	94	2	(1)	3,437	
NET EARNINGS ATTRIBUTABLE TO P&G	10,508	(577)	499	11	—	10,441	
							Core EPS
DILUTED NET EARNINGS PER COMMON SHARE*	\$ 3.69	\$ (0.20)	\$ 0.18	\$ —	\$ —	\$ 3.67	

* Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble.

CHANGE VERSUS YEAR AGO

CORE EPS (2)%

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions Except Per Share Amounts)
Reconciliation of Non-GAAP Measures

Twelve Months Ended June 30, 2015									
	AS REPORTED (GAAP)	DISCON- TINUED OPERATIONS	INCRE- MENTAL RESTRUC- TURING	VENEZUELA BALANCE SHEET DEVALUA-TION	VENEZUELA DECONSOL- IDATION	CHARGES FOR EUROPEAN LEGAL MATTERS	ROUND- ING	NON-GAAP (CORE)	
COST OF PRODUCTS SOLD	\$ 37,056	\$ —	\$ (518)	\$ —	\$ —	\$ —	\$ (1)	\$ 36,537	
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSE	20,616	—	(103)	(138)	—	(28)	1	20,348	
OPERATING INCOME	11,049	—	621	138	2,028	28	—	13,864	
INCOME TAX ON CONTINUING OPERATIONS	2,725	—	145	34	(24)	—	(1)	2,879	
NET EARNINGS ATTRIBUTABLE TO P&G	7,036	1,153	476	104	2,052	28	1	10,850	
									Core EPS
DILUTED NET EARNINGS PER COMMON SHARE*	\$ 2.44	\$ 0.40	\$ 0.17	\$ 0.04	\$ 0.71	\$ 0.01	\$ (0.01)	\$ 3.76	

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information required by this item is incorporated by reference to the section entitled Other Information under Management's Disclosure and Analysis, and Note 9 to the Consolidated Financial Statements.

Item 8. Financial Statements and Supplementary Data.**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting of The Procter & Gamble Company (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting is 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 in the United States of America.

Strong internal controls is an objective that is reinforced through our *Worldwide Business Conduct Manual*, which sets forth our commitment to conduct business with integrity, and within both the letter and the spirit of the law. Our people are deeply committed to our Purpose, Values, and Principles, which unite us in doing what's right. Our system of internal controls includes written policies and procedures, segregation of duties, and the careful selection and development of employees. Additional key elements of our internal control structure include our Global Leadership Council, which is actively involved in oversight of the business strategies, initiatives, results and controls, our Disclosure Committee, which is responsible for evaluating disclosure implications of significant business activities and events, our Board of Directors, which provides strong and effective corporate governance, and our Audit Committee, which reviews significant accounting policies, financial reporting and internal control matters.

The Company's internal control over financial reporting includes a Control Self-Assessment Program that is conducted annually for critical financial reporting areas of the Company and is audited by our Global Internal Audit organization. Management takes the appropriate action to correct any identified control deficiencies. Global Internal Audit also performs financial and compliance audits around the world, provides training, and continuously improves our internal control processes.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2017, using criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the Company maintained effective internal control over financial reporting as of June 30, 2017, based on these criteria.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2017, as stated in their report which is included herein.

/s/ David S. Taylor

David S. Taylor

Chairman of the Board, President and Chief Executive Officer

/s/ Jon R. Moeller

Jon R. Moeller

Vice Chairman and Chief Financial Officer

August 7, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of The Procter & Gamble Company

Cincinnati, Ohio

We have audited the accompanying Consolidated Balance Sheets of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2017 and 2016, and the related Consolidated Statements of Earnings, Comprehensive Income, Shareholders' Equity, and Cash Flows for each of the three years in the period ended June 30, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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, such Consolidated Financial Statements present fairly, in all material respects, the financial position of The Procter & Gamble Company and subsidiaries at June 30, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 7, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 7, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of The Procter & Gamble Company
Cincinnati, Ohio

We have audited the internal control over financial reporting of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We 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 by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the 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 Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Financial Statements as of and for the year ended June 30, 2017 of the Company and our report dated August 7, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 7, 2017

Consolidated Statements of Earnings

Amounts in millions except per share amounts; Years ended June 30	2017	2016	2015
NET SALES	\$ 65,058	\$ 65,299	\$ 70,749
Cost of products sold	32,535	32,909	37,056
Selling, general and administrative expense	18,568	18,949	20,616
Venezuela deconsolidation charge	—	—	2,028
OPERATING INCOME	13,955	13,441	11,049
Interest expense	465	579	626
Interest income	171	182	149
Other non-operating income/(expense), net	(404)	325	440
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	13,257	13,369	11,012
Income taxes on continuing operations	3,063	3,342	2,725
NET EARNINGS FROM CONTINUING OPERATIONS	10,194	10,027	8,287
NET EARNINGS/(LOSS) FROM DISCONTINUED OPERATIONS	5,217	577	(1,143)
NET EARNINGS	15,411	10,604	7,144
Less: Net earnings attributable to noncontrolling interests	85	96	108
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE	\$ 15,326	\$ 10,508	\$ 7,036
BASIC NET EARNINGS PER COMMON SHARE: ⁽¹⁾			
Earnings from continuing operations	\$ 3.79	\$ 3.59	\$ 2.92
Earnings/(loss) from discontinued operations	2.01	0.21	(0.42)
BASIC NET EARNINGS PER COMMON SHARE	\$ 5.80	\$ 3.80	\$ 2.50
DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾			
Earnings from continuing operations	\$ 3.69	\$ 3.49	\$ 2.84
Earnings/(loss) from discontinued operations	1.90	0.20	(0.40)
DILUTED NET EARNINGS PER COMMON SHARE	\$ 5.59	\$ 3.69	\$ 2.44
DIVIDENDS PER COMMON SHARE	\$ 2.70	\$ 2.66	\$ 2.59

⁽¹⁾ Basic net earnings per common share and Diluted net earnings per common share are calculated on Net earnings attributable to Procter & Gamble.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

<u>Amounts in millions; Years ended June 30</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NET EARNINGS	\$ 15,411	\$ 10,604	\$ 7,144
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX			
Financial statement translation	239	(1,679)	(7,220)
Unrealized gains/(losses) on hedges (net of \$(186), \$5 and \$739 tax, respectively)	(306)	1	1,234
Unrealized gains/(losses) on investment securities (net of \$(6), \$7 and \$0 tax, respectively)	(59)	28	24
Unrealized gains/(losses) on defined benefit retirement plans (net of \$551, \$(621) and \$328 tax, respectively)	1,401	(1,477)	844
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX	1,275	(3,127)	(5,118)
TOTAL COMPREHENSIVE INCOME	16,686	7,477	2,026
Less: Total comprehensive income attributable to noncontrolling interests	85	96	108
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROCTER & GAMBLE	\$ 16,601	\$ 7,381	\$ 1,918

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

Amounts in millions; As of June 30	2017	2016
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,569	\$ 7,102
Available-for-sale investment securities	9,568	6,246
Accounts receivable	4,594	4,373
INVENTORIES		
Materials and supplies	1,308	1,188
Work in process	529	563
Finished goods	2,787	2,965
Total inventories	4,624	4,716
Deferred income taxes	—	1,507
Prepaid expenses and other current assets	2,139	2,653
Current assets held for sale	—	7,185
TOTAL CURRENT ASSETS	26,494	33,782
PROPERTY, PLANT AND EQUIPMENT, NET	19,893	19,385
GOODWILL	44,699	44,350
TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET	24,187	24,527
OTHER NONCURRENT ASSETS	5,133	5,092
TOTAL ASSETS	\$ 120,406	\$ 127,136
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Accounts payable	\$ 9,632	\$ 9,325
Accrued and other liabilities	7,024	7,449
Current liabilities held for sale	—	2,343
Debt due within one year	13,554	11,653
TOTAL CURRENT LIABILITIES	30,210	30,770
LONG-TERM DEBT	18,038	18,945
DEFERRED INCOME TAXES	8,126	9,113
OTHER NONCURRENT LIABILITIES	8,254	10,325
TOTAL LIABILITIES	64,628	69,153
SHAREHOLDERS' EQUITY		
Convertible Class A preferred stock, stated value \$1 per share (600 shares authorized)	1,006	1,038
Non-Voting Class B preferred stock, stated value \$1 per share (200 shares authorized)	—	—
Common stock, stated value \$1 per share (10,000 shares authorized; shares issued: 2017 - 4,009.2, 2016 - 4,009.2)	4,009	4,009
Additional paid-in capital	63,641	63,714
Reserve for ESOP debt retirement	(1,249)	(1,290)
Accumulated other comprehensive income/(loss)	(14,632)	(15,907)
Treasury stock, at cost (shares held: 2017 -1,455.9, 2016 - 1,341.2)	(93,715)	(82,176)
Retained earnings	96,124	87,953
Noncontrolling interest	594	642
TOTAL SHAREHOLDERS' EQUITY	55,778	57,983
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 120,406	\$ 127,136

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

<u>Dollars in millions; shares in thousands</u>	Common Shares Outstanding	Common Stock	Preferred Stock	Add-itional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumulated Other Comprehensive Income/ (Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total Shareholders' Equity
BALANCE JUNE 30, 2014	2,710,806	\$4,009	\$1,111	\$63,911	(\$1,340)	(\$7,662)	(\$75,805)	\$84,990	\$762	\$69,976
Net earnings								7,036	108	7,144
Other comprehensive loss						(5,118)				(5,118)
Dividends to shareholders:										
Common								(7,028)		(7,028)
Preferred, net of tax benefits								(259)		(259)
Treasury purchases	(54,670)						(4,604)			(4,604)
Employee plan issuances	54,100			156			3,153			3,309
Preferred stock conversions	4,335		(34)	4			30			—
ESOP debt impacts					20			68		88
Noncontrolling interest, net				(219)					(239)	(458)
BALANCE JUNE 30, 2015	2,714,571	\$4,009	\$1,077	\$63,852	(\$1,320)	(\$12,780)	(\$77,226)	\$84,807	\$631	\$63,050
Net earnings								10,508	96	10,604
Other comprehensive loss						(3,127)				(3,127)
Dividends to shareholders:										
Common								(7,181)		(7,181)
Preferred, net of tax benefits								(255)		(255)
Treasury purchases ⁽¹⁾	(103,449)						(8,217)			(8,217)
Employee plan issuances	52,089			(144)			3,234			3,090
Preferred stock conversions	4,863		(39)	6			33			—
ESOP debt impacts					30			74		104
Noncontrolling interest, net									(85)	(85)
BALANCE JUNE 30, 2016	2,668,074	\$4,009	\$1,038	\$63,714	(\$1,290)	(\$15,907)	(\$82,176)	\$87,953	\$642	\$57,983
Net earnings								15,326	85	15,411
Other comprehensive loss						1,275				1,275
Dividends to shareholders:										
Common								(6,989)		(6,989)
Preferred, net of tax benefits								(247)		(247)
Treasury purchases ⁽²⁾	(164,866)						(14,625)			(14,625)
Employee plan issuances	45,848			(77)			3,058			2,981
Preferred stock conversions	4,241		(32)	4			28			—
ESOP debt impacts					41			81		122
Noncontrolling interest, net									(133)	(133)
BALANCE JUNE 30, 2017	2,553,297	\$4,009	\$1,006	\$63,641	(\$1,249)	(\$14,632)	(\$93,715)	\$96,124	\$594	\$55,778

⁽¹⁾ Includes \$4,213 of treasury shares acquired in the divestiture of the Batteries business (see Note 13).

⁽²⁾ Includes \$9,421 of treasury shares received as part of the share exchange in the Beauty Brands transaction (see Note 13).

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Amounts in millions; Years ended June 30	2017	2016	2015
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 7,102	\$ 6,836	\$ 8,548
OPERATING ACTIVITIES			
Net earnings	15,411	10,604	7,144
Depreciation and amortization	2,820	3,078	3,134
Loss on early extinguishment of debt	543	—	—
Share-based compensation expense	351	335	337
Deferred income taxes	(601)	(815)	(803)
Gain on sale of assets	(5,490)	(41)	(766)
Venezuela deconsolidation charge	—	—	2,028
Goodwill and intangible asset impairment charges	—	450	2,174
Change in accounts receivable	(322)	35	349
Change in inventories	71	116	313
Change in accounts payable, accrued and other liabilities	(149)	1,285	928
Change in other operating assets and liabilities	(43)	204	(976)
Other	162	184	746
TOTAL OPERATING ACTIVITIES	12,753	15,435	14,608
INVESTING ACTIVITIES			
Capital expenditures	(3,384)	(3,314)	(3,736)
Proceeds from asset sales	571	432	4,498
Cash related to deconsolidated Venezuela operations	—	—	(908)
Acquisitions, net of cash acquired	(16)	(186)	(137)
Purchases of short-term investments	(4,843)	(2,815)	(3,647)
Proceeds from sales and maturities of short-term investments	1,488	1,354	1,203
Pre-divestiture addition of restricted cash related to the Beauty Brands divestiture	(874)	(996)	—
Cash transferred at closing related to the Beauty Brands divestiture	(475)	—	—
Release of restricted cash upon closing of the Beauty Brands divestiture	1,870	—	—
Cash transferred in Batteries divestiture	—	(143)	—
Change in other investments	(26)	93	(163)
TOTAL INVESTING ACTIVITIES	(5,689)	(5,575)	(2,890)
FINANCING ACTIVITIES			
Dividends to shareholders	(7,236)	(7,436)	(7,287)
Change in short-term debt	2,727	(418)	(2,580)
Additions to long-term debt	3,603	3,916	2,138
Reductions of long-term debt	(4,931) ⁽¹⁾	(2,213)	(3,512)
Treasury stock purchases	(5,204)	(4,004)	(4,604)
Treasury stock from cash infused in Batteries divestiture	—	(1,730)	—
Impact of stock options and other	2,473	2,672	2,826
TOTAL FINANCING ACTIVITIES	(8,568)	(9,213)	(13,019)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(29)	(381)	(411)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,533)	266	(1,712)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,569	\$ 7,102	\$ 6,836
SUPPLEMENTAL DISCLOSURE			
Cash payments for interest	\$ 518	\$ 569	\$ 678
Cash payment for income taxes	3,714	3,730	4,558
Divestiture of Batteries business in exchange for shares of P&G stock ⁽²⁾	—	4,213	—
Divestiture of Beauty business in exchange for shares of P&G stock and assumption of debt	11,360	—	—

Assets acquired through non-cash capital leases are immaterial for all periods.

⁽¹⁾ Includes \$543 of costs related to early extinguishment of debt.

⁽²⁾ Includes \$1,730 from cash infused into the Batteries business pursuant to the divestiture agreement (see Note 13).

Notes to Consolidated Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Procter & Gamble Company's (the "Company," "Procter & Gamble," "we" or "us") business is focused on providing branded consumer packaged goods of superior quality and value. Our products are sold in more than 180 countries and territories primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, distributors, baby stores, specialty beauty stores, e-commerce, high-frequency stores and pharmacies. We have on-the-ground operations in approximately 70 countries.

Basis of Presentation

The Consolidated Financial Statements include the Company and its controlled subsidiaries. Intercompany transactions are eliminated.

There are a number of currency and other operating controls and restrictions in Venezuela, which have evolved over time and may continue to evolve in the future. These evolving conditions resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar and restricted our Venezuelan operations' ability to pay dividends and satisfy certain other obligations denominated in U.S. dollars. For accounting purposes, this resulted in a lack of control over our Venezuelan subsidiaries. Therefore, in accordance with the applicable accounting standards for consolidation, effective June 30, 2015, we deconsolidated our Venezuelan subsidiaries and began accounting for our investment in those subsidiaries using the cost method of accounting. This resulted in a write-off of all of the net assets of our Venezuelan subsidiaries, along with Venezuela related assets held by other subsidiaries. Beginning with the first quarter of fiscal 2016, our financial results only include sales of finished goods to our Venezuelan subsidiaries to the extent we receive payments from Venezuela. Accordingly, we no longer include the results of our Venezuelan subsidiaries' operations in our financial results.

Use of Estimates

Preparation of 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 the amounts reported in the Consolidated Financial Statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, consumer and trade promotion accruals, restructuring reserves, pensions, post-employment benefits, stock options, valuation of acquired intangible assets, useful lives for depreciation and amortization of long-lived assets, future cash flows associated with impairment testing for goodwill, indefinite-lived intangible assets and other long-lived assets, deferred tax assets and liabilities, uncertain income tax positions and contingencies. Actual results may

ultimately differ from estimates, although management does not generally believe such differences would materially affect the financial statements in any individual year. However, in regard to ongoing impairment testing of goodwill and indefinite-lived intangible assets, significant deterioration in future cash flow projections or other assumptions used in estimating fair values versus those anticipated at the time of the initial valuations, could result in impairment charges that materially affect the financial statements in a given year.

Revenue Recognition

Sales are recognized when revenue is realized or realizable and has been earned. Revenue transactions represent sales of inventory. The revenue recorded is presented net of sales and other taxes we collect on behalf of governmental authorities. The revenue includes shipping and handling costs, which generally are included in the list price to the customer. Our policy is to recognize revenue when title to the product, ownership and risk of loss transfer to the customer, which can be on the date of shipment or the date of receipt by the customer. A provision for payment discounts and product return allowances is recorded as a reduction of sales in the same period the revenue is recognized.

Trade promotions, consisting primarily of customer pricing allowances, merchandising funds and consumer coupons, are offered through various programs to customers and consumers. Sales are recorded net of trade promotion spending, which is recognized as incurred, generally at the time of the sale. Most of these arrangements have terms of approximately one year. Accruals for expected payouts under these programs are included as accrued marketing and promotion in the Accrued and other liabilities line item in the Consolidated Balance Sheets.

Cost of Products Sold

Cost of products sold is primarily comprised of direct materials and supplies consumed in the manufacturing of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of products sold also includes the cost to distribute products to customers, inbound freight costs, internal transfer costs, warehousing costs and other shipping and handling activity.

Selling, General and Administrative Expense

Selling, general and administrative expense (SG&A) is primarily comprised of marketing expenses, selling expenses, research and development costs, administrative and other indirect overhead costs, depreciation and amortization expense on non-manufacturing assets and other miscellaneous operating items. Research and development costs are charged to expense as incurred and were \$1.9 billion in 2017, \$1.9 billion in 2016 and \$2.0 billion in 2015 (reported in Net earnings from continuing operations). Advertising costs, charged to expense as incurred, include worldwide television, print, radio, internet and in-store advertising expenses and were \$7.1 billion in 2017, \$7.2 billion in 2016 and \$7.2 billion in 2015 (reported in Net earnings from continuing operations). Non-advertising related components of the Company's total

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marketing spending reported in SG&A include costs associated with consumer promotions, product sampling and sales aids.

Other Non-Operating Income/(Expense), Net

Other non-operating income/(expense), net, primarily includes net acquisition and divestiture gains, investment income and other non-operating items.

Currency Translation

Financial statements of operating subsidiaries outside the U.S. generally are measured using the local currency as the functional currency. Adjustments to translate those statements into U.S. dollars are recorded in Other comprehensive income (OCI). For subsidiaries operating in highly inflationary economies, the U.S. dollar is the functional currency. Re-measurement adjustments for financial statements in highly inflationary economies and other transactional exchange gains and losses are reflected in earnings.

Cash Flow Presentation

The Consolidated Statements of Cash Flows are prepared using the indirect method, which reconciles net earnings to cash flow from operating activities. Cash flows from foreign currency transactions and operations are translated at an average exchange rate for the period. Cash flows from hedging activities are included in the same category as the items being hedged. Cash flows from derivative instruments designated as net investment hedges are classified as financing activities. Realized gains and losses from non-qualifying derivative instruments used to hedge currency exposures resulting from intercompany financing transactions are also classified as financing activities. Cash flows from other derivative instruments used to manage interest, commodity or other currency exposures are classified as operating activities. Cash payments related to income taxes are classified as operating activities. Cash flows from the Company's discontinued operations are included in the Consolidated Statements of Cash Flows. See Note 13 for significant cash flow items related to discontinued operations.

Investments

Investment securities consist of readily marketable debt and equity securities. Unrealized gains or losses from investments classified as trading, if any, are charged to earnings. Unrealized gains or losses on securities classified as available-for-sale are generally recorded in OCI. If an available-for-sale security is other than temporarily impaired, the loss is charged to either earnings or OCI depending on our intent and ability to retain the security until we recover the full cost basis and the extent of the loss attributable to the creditworthiness of the issuer. Investment securities are included as Available-for-sale investment securities and Other noncurrent assets in the Consolidated Balance Sheets.

Investments in certain companies over which we exert significant influence, but do not control the financial and operating decisions, are accounted for as equity method investments. Other investments that are not controlled, and over which we do not have the ability to exercise significant influence, are accounted for under the cost method. Both equity

and cost method investments are included as Other noncurrent assets in the Consolidated Balance Sheets.

Inventory Valuation

Inventories are valued at the lower of cost or market value. Product-related inventories are maintained on the first-in, first-out method. The cost of spare part inventories is maintained using the average-cost method.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost reduced by accumulated depreciation. Depreciation expense is recognized over the assets' estimated useful lives using the straight-line method. Machinery and equipment includes office furniture and fixtures (15-year life), computer equipment and capitalized software (3- to 5-year lives) and manufacturing equipment (3- to 20-year lives). Buildings are depreciated over an estimated useful life of 40 years. Estimated useful lives are periodically reviewed and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually or more often if indicators of a potential impairment are present. Our annual impairment testing of goodwill is performed separately from our impairment testing of indefinite-lived intangible assets.

We have acquired brands that have been determined to have indefinite lives. Those assets are evaluated annually for impairment. We evaluate a number of factors to determine whether an indefinite life is appropriate, including the competitive environment, market share, brand history, product life cycles, operating plans and the macroeconomic environment of the countries in which the brands are sold. In addition, when certain events or changes in operating conditions occur, an additional impairment assessment is performed and indefinite-lived assets may be adjusted to a determinable life.

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Patents, technology and other intangible assets with contractual terms are generally amortized over their respective legal or contractual lives. Customer relationships, brands and other non-contractual intangible assets with determinable lives are amortized over periods generally ranging from 5 to 30 years. When certain events or changes in operating conditions occur, an impairment assessment is performed and remaining lives of intangible assets with determinable lives may be adjusted.

For additional details on goodwill and intangible assets see Note 4.

Fair Values of Financial Instruments

Certain financial instruments are required to be recorded at fair value. Changes in assumptions or estimation methods could affect the fair value estimates; however, we do not believe any such changes would have a material impact on our financial condition, results of operations or cash flows. Other financial instruments, including cash equivalents, certain investments and short-term debt, are recorded at cost, which approximates fair value. The fair values of long-term debt and financial instruments are disclosed in Note 9.

New Accounting Pronouncements and Policies

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. We plan to adopt the standard on July 1, 2018. While we are currently assessing the impact of the new standard, our revenue is primarily generated from the sale of finished product to customers. Those sales predominantly contain a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer. The timing of revenue recognition is not impacted by the new standard. The provisions of the new standard may impact the classification of certain payments to customers, moving an immaterial amount of such payments from expense to a deduction from net sales. The impact would reduce net sales by less than 1%. We are still assessing the impact on financial disclosures related to the new standard. We do not expect this new guidance to have any other material impacts on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This guidance simplifies the presentation of deferred taxes on the balance sheet by requiring that all deferred tax assets and liabilities be classified as non-current. The new standard is effective for us beginning July 1, 2017, with early adoption permitted. We elected to early adopt the new guidance on a prospective basis in the first quarter of fiscal year 2017. The impact was not significant.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The standard requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. We plan to adopt the standard on July 1, 2019. We are currently assessing the impact that the new standard will have on our Consolidated Financial Statements, which will consist primarily of a balance sheet gross up of our operating leases to show equal and offsetting lease assets and lease liabilities. For additional details on operating leases, see Note 12.

In March 2016, the FASB issued ASU 2016-09, "Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," which changes the accounting for certain aspects of share-based payments to employees. The new guidance requires excess tax benefits (which represent the excess of actual tax benefits received at vest or settlement over the benefits recognized at issuance of share-based payments) and tax deficiencies (which represent the amount by which actual tax benefits received at vest or settlement is lower than

the benefits recognized at issuance of share-based payments) to be recorded in the income statement when the awards vest or are settled. The amended guidance also requires excess tax benefits to be classified as an operating activity in the statement of cash flows, rather than a financing activity. The standard further provides an accounting policy election to account for forfeitures as they occur rather than utilizing the estimated amount of forfeitures at the time of issuance. The new standard is effective for us beginning July 1, 2017, with early adoption permitted. We elected to early adopt the new guidance on a prospective basis in the first quarter of fiscal year 2017. The primary impact of adoption was the recognition of excess tax benefits in our Income taxes on continuing operations rather than in Additional paid-in capital for fiscal year 2017. As a result, we recognized excess tax benefits of \$169 in Income taxes on continuing operations during fiscal year 2017. We also elected to adopt the cash flow presentation of the excess tax benefits prospectively commencing in the first quarter of fiscal 2017. We have elected to continue to estimate forfeitures expected to occur to determine the amount of compensation cost to be recognized in each period. The adoption of this amended guidance did not have a material impact on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." The standard simplifies the accounting for goodwill impairment by requiring a goodwill impairment to be measured using a single step impairment model, whereby the impairment equals the difference between the carrying amount and the fair value of the specified reporting units in their entirety. This eliminates the second step of the current impairment model that requires companies to first estimate the fair value of all assets in a reporting unit and measure impairments based on those fair values and a residual measurement approach. It also specifies that any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. We will adopt the standard no later than July 1, 2020. The impact of the new standard will be dependent on the specific facts and circumstances of future individual impairments, if any.

In March 2017, the FASB issued ASU 2017-07, "Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)." This guidance requires an entity to disaggregate the current service cost component from the other components of net benefit costs in the face of the income statement. It requires the service cost component to be presented with other current compensation costs for the related employees in the operating section of the income statement, with other components of net benefit cost presented outside of income from operations. We will adopt the standard retrospectively no later than July 1, 2018. The adoption of ASU 2017-07 is not expected to have a material impact on our Consolidated Financial Statements. We currently classify all net periodic pension costs within operating costs (as part of Cost of products sold and Selling, general and administrative expense). Had this standard been effective and adopted during fiscal 2017, Cost of products sold

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and Selling, general and administrative costs would have increased approximately \$104 and \$85, respectively, for the year ended June 30, 2017 with a corresponding increase in Other non-operating income/ (expense), net.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on our Consolidated Financial Statements.

NOTE 2

SEGMENT INFORMATION

During fiscal 2017, the Company completed the divestiture of four product categories, comprised of 43 of its beauty brands. The transactions included the global salon professional hair care and color, retail hair color, cosmetics and the fragrance businesses, along with select hair styling brands. In fiscal 2016, the Company completed the divestiture of its Batteries business to Berkshire Hathaway. The Company completed the divestiture of its Pet Care business in fiscal year 2015. Each of these businesses are reported as discontinued operations for all periods presented (see Note 13).

Under U.S. GAAP, our remaining Global Business Units (GBUs) are aggregated into five reportable segments: 1) Beauty, 2) Grooming, 3) Health Care, 4) Fabric & Home Care and 5) Baby, Feminine & Family Care. Our five reportable segments are comprised of:

- *Beauty*: Hair Care (Conditioner, Shampoo, Styling Aids, Treatments); Skin and Personal Care (Antiperspirant and Deodorant, Personal Cleansing, Skin Care);
- *Grooming*: Shave Care (Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Shave Care); Appliances
- *Health Care*: Oral Care (Toothbrushes, Toothpaste, Other Oral Care); Personal Health Care (Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Other Personal Health Care);
- *Fabric & Home Care*: Fabric Care (Fabric Enhancers, Laundry Additives, Laundry Detergents); Home Care (Air Care, Dish Care, P&G Professional, Surface Care); and
- *Baby, Feminine & Family Care*: Baby Care (Baby Wipes, Diapers and Pants); Feminine Care (Adult Incontinence, Feminine Care); Family Care (Paper Towels, Tissues, Toilet Paper).

The accounting policies of the segments are generally the same as those described in Note 1. Differences between these policies and U.S. GAAP primarily reflect income taxes, which are reflected in the segments using applicable blended statutory rates. Adjustments to arrive at our effective tax rate are included in Corporate.

Corporate includes certain operating and non-operating activities that are not reflected in the operating results used internally to measure and evaluate the businesses, as well as items to adjust management reporting principles to U.S. GAAP. Operating activities in Corporate include the results of incidental businesses managed at the corporate level. Operating elements also include certain employee benefit costs, the costs of certain restructuring-type activities to

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maintain a competitive cost structure, including manufacturing and workforce optimization, certain significant asset impairment and deconsolidation charges, certain balance sheet impacts from significant foreign exchange devaluations and other general Corporate items. The non-operating elements in Corporate primarily include interest expense, certain acquisition and divestiture gains and interest and investing income.

Total assets for the reportable segments include those assets managed by the reportable segment, primarily inventory, fixed assets and intangible assets. Other assets, primarily cash, accounts receivable, investment securities and goodwill, are included in Corporate.

Our business units are comprised of similar product categories. Nine business units individually accounted for 5% or more of consolidated net sales as follows:

% of Sales by Business Unit ⁽¹⁾			
Years ended June 30	2017	2016	2015
Fabric Care	22%	22%	22%
Baby Care	14%	14%	15%
Hair Care	10%	10%	11%
Home Care	10%	10%	9%
Shave Care	9%	9%	9%
Family Care	8%	8%	8%
Oral Care	8%	8%	8%
Skin and Personal Care	8%	8%	7%
Feminine Care	6%	6%	6%
All Other	5%	5%	5%
TOTAL	100%	100%	100%

⁽¹⁾ % of sales by business unit excludes sales held in Corporate.

The Company had net sales in the U.S. of \$27.3 billion, \$27.0 billion and \$26.8 billion for the years ended June 30, 2017, 2016 and 2015, respectively. Long-lived assets in the U.S. totaled \$8.8 billion and \$8.5 billion as of June 30, 2017 and 2016, respectively. Long-lived assets consists of property, plant and equipment. No other country's net sales or long-lived assets exceed 10% of the Company totals.

Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 16% of consolidated net sales in 2017, and 15% of consolidated net sales in 2016 and 2015. No other customer represents more than 10% of our consolidated net sales.

Global Segment Results		Net Sales	Earnings/(Loss) from Continuing Operations Before Income Taxes	Net Earnings/ (Loss) from Continuing Operations	Depreciation and Amortization	Total Assets	Capital Expenditures
BEAUTY	2017	\$ 11,429	\$ 2,546	\$ 1,914	\$ 220	\$ 4,184	\$ 599
	2016	11,477	2,636	1,975	218	3,888	435
	2015	12,608	2,895	2,181	247	4,004	411
GROOMING	2017	6,642	1,985	1,537	433	22,759	341
	2016	6,815	2,009	1,548	451	22,819	383
	2015	7,441	2,374	1,787	540	23,090	372
HEALTH CARE	2017	7,513	1,898	1,280	209	5,194	283
	2016	7,350	1,812	1,250	204	5,139	240
	2015	7,713	1,700	1,167	202	5,212	218
FABRIC & HOME CARE	2017	20,717	4,249	2,713	513	6,886	797
	2016	20,730	4,249	2,778	531	6,919	672
	2015	22,274	4,059	2,634	547	7,155	986
BABY, FEMININE & FAMILY CARE	2017	18,252	3,868	2,503	874	9,920	1,197
	2016	18,505	4,042	2,650	886	9,863	1,261
	2015	20,247	4,317	2,938	924	10,109	1,337
CORPORATE ⁽¹⁾	2017	505	(1,289)	247	571	71,463	167
	2016	422	(1,379)	(174)	788	78,508	323
	2015	466	(4,333)	(2,420)	674	79,925	412
TOTAL COMPANY	2017	\$ 65,058	\$ 13,257	\$ 10,194	\$ 2,820	\$ 120,406	\$ 3,384
	2016	65,299	13,369	10,027	3,078	127,136	3,314
	2015	70,749	11,012	8,287	3,134	129,495	3,736

⁽¹⁾ The Corporate reportable segment includes depreciation and amortization, total assets and capital expenditures of the Beauty Brands, Batteries and Pet Care businesses prior to their divestiture.

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 3**SUPPLEMENTAL FINANCIAL INFORMATION**

The components of property, plant and equipment were as follows:

As of June 30	2017	2016
PROPERTY, PLANT AND EQUIPMENT		
Buildings	\$ 6,943	\$ 6,885
Machinery and equipment	29,505	29,506
Land	765	769
Construction in progress	2,935	2,706
TOTAL PROPERTY, PLANT AND EQUIPMENT	40,148	39,866
Accumulated depreciation	(20,255)	(20,481)
PROPERTY, PLANT AND EQUIPMENT, NET	\$ 19,893	\$ 19,385

Selected components of current and noncurrent liabilities were as follows:

As of June 30	2017	2016
ACCRUED AND OTHER LIABILITIES - CURRENT		
Marketing and promotion	\$ 2,792	\$ 2,820
Compensation expenses	1,344	1,457
Restructuring reserves	277	315
Taxes payable	449	397
Legal and environmental	168	158
Other	1,994	2,302
TOTAL	\$ 7,024	\$ 7,449
OTHER NONCURRENT LIABILITIES		
Pension benefits	\$ 5,487	\$ 6,761
Other postretirement benefits	1,333	1,808
Uncertain tax positions	564	952
Other	870	804
TOTAL	\$ 8,254	\$ 10,325

RESTRUCTURING PROGRAM

The Company has historically incurred an ongoing annual level of restructuring-type activities to maintain a competitive cost structure, including manufacturing and workforce optimization. Before-tax costs incurred under the ongoing program have generally ranged from \$250 to \$500 annually. In fiscal 2012, the Company initiated an incremental restructuring program as part of a productivity and cost savings plan to reduce costs in the areas of supply chain, research and development, marketing and overheads. The productivity and cost savings plan was designed to accelerate cost reductions by streamlining management decision making, manufacturing and other work processes in order to help fund the Company's growth strategy.

The Company incurred \$5.6 billion in before-tax restructuring costs over a six year period (from fiscal 2012 through fiscal 2017), including costs incurred as part of the incremental restructuring program. The program included a non-

manufacturing overhead enrollment reduction target of approximately 25% - 30% by the end of fiscal year 2017. Through fiscal 2017, the Company reduced non-manufacturing enrollment by approximately 26%. The reductions were enabled by the elimination of duplicate work, simplification through the use of technology and optimization of various functional and business organizations and the Company's global footprint. In addition, the plan included integration of newly acquired companies and the optimization of the supply chain and other manufacturing processes.

In fiscal 2017 the Company announced specific elements of an additional multi-year productivity and cost savings plan to further reduce costs in the areas of supply chain, certain marketing activities and overhead expenses. Over the next two fiscal years (fiscal 2018 and 2019), the Company expects to incur approximately \$1.2 billion total before-tax restructuring costs under the plan. This program is expected to result in meaningful additional non-manufacturing enrollment reductions, along with further optimization of the supply chain and other manufacturing processes.

Restructuring costs incurred consist primarily of costs to separate employees, asset-related costs to exit facilities and other costs. The Company incurred total restructuring charges of approximately \$754 and \$977 for the years ended June 30, 2017 and 2016, respectively. Approximately \$137 and \$202 of these charges were recorded in SG&A for the years ended June 30, 2017 and 2016, respectively and approximately \$593 and \$718 of these charges were recorded in Cost of products sold for the years ended June 30, 2017 and 2016, respectively. The remainder of the charges were included in Net earnings from discontinued operations. Of the total costs incurred since the inception of this restructuring program, \$2.5 billion were related to separations, \$1.8 billion were asset-related and \$1.3 billion were related to other restructuring-type costs. The following table presents restructuring activity for the years ended June 30, 2017 and 2016:

Amounts in millions	Separations	Asset-Related Costs	Other	Total
RESERVE JUNE 30, 2015	\$ 362	\$ —	\$ 27	\$ 389
Charges	262	432	283	977
Cash spent	(381)	—	(238)	(619)
Charges against assets	—	(432)	—	(432)
RESERVE JUNE 30, 2016	243	—	72	315
Charges	206	397	151	754
Cash spent ⁽¹⁾	(221)	—	(174)	(395)
Charges against assets	—	(397)	—	(397)
RESERVE JUNE 30, 2017	\$ 228	\$ —	\$ 49	\$ 277

⁽¹⁾ Includes liabilities transferred to Coty related to our Beauty Brands divestiture.

Amounts in millions of dollars except per share amounts or as otherwise specified.

Separation Costs

Employee separation charges for the years ended June 30, 2017 and 2016, related to severance packages for approximately 2,120 and 2,770 employees, respectively. For the years ended June 30, 2017 and 2016, these severance packages included approximately 380 and 920 non-manufacturing employees, respectively. The packages were predominantly voluntary and the amounts were calculated based on salary levels and past service periods. Severance costs related to voluntary separations are generally charged to earnings when the employee accepts the offer. Since its inception, the restructuring program has incurred separation charges related to approximately 19,190 employees, of which approximately 9,920 are non-manufacturing overhead personnel.

Asset-Related Costs

Asset-related costs consist of both asset write-downs and accelerated depreciation. Asset write-downs relate to the establishment of a new fair value basis for assets held-for-sale or disposal. These assets were written down to the lower of their current carrying basis or amounts expected to be realized upon disposal, less minor disposal costs. Charges for accelerated depreciation relate to long-lived assets that will be taken out of service prior to the end of their normal service period. These assets relate primarily to manufacturing consolidations and technology standardizations. The asset-related charges will not have a significant impact on future depreciation charges.

Other Costs

Other restructuring-type charges are incurred as a direct result of the restructuring program. Such charges primarily include asset removal and termination of contracts related to supply chain optimization.

Consistent with our historical policies for ongoing restructuring-type activities, the restructuring program charges are funded by and included within Corporate for both management and segment reporting. Accordingly, all of the charges under the program are included within the Corporate reportable segment. However, for informative purposes, the following table summarizes the total restructuring costs related to our reportable segments:

Years ended June 30	2017	2016	2015
Beauty	\$ 90	\$ 72	\$ 63
Grooming	45	42	57
Health Care	15	26	32
Fabric & Home Care	144	250	197
Baby, Feminine & Family Care	231	225	192
Corporate ⁽¹⁾	229	362	527
Total Company	\$ 754	\$ 977	\$ 1,068

⁽¹⁾ Corporate includes costs related to allocated overheads, including charges related to our Sales and Market Operations, Global Business Services and Corporate Functions activities and costs related to discontinued operations from our Batteries and Beauty Brands businesses.

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 4**GOODWILL AND INTANGIBLE ASSETS**

The change in the net carrying amount of goodwill by reportable segment was as follows:

	Beauty	Grooming	Health Care	Fabric & Home Care	Baby, Feminine & Family Care	Corporate	Total Company
Balance at June 30, 2015 - Net ^{(1) (2)}	12,704	19,619	5,876	1,874	4,549	—	44,622
Acquisitions and divestitures	(2)	—	(2)	—	—	—	(4)
Translation and other	(57)	(142)	(34)	(18)	(17)	—	(268)
Balance at June 30, 2016 - Net ⁽¹⁾	12,645	19,477	5,840	1,856	4,532	—	44,350
Acquisitions and divestitures	—	—	(10)	(3)	(24)	—	(37)
Translation and other	146	150	48	4	38	—	386
Balance at June 30, 2017 - Net ⁽¹⁾	\$ 12,791	\$ 19,627	\$ 5,878	\$ 1,857	\$ 4,546	\$ —	\$ 44,699

⁽¹⁾ Grooming goodwill balance is net of \$1.2 billion accumulated impairment losses.

⁽²⁾ The Batteries goodwill at June 30, 2015, net of \$2.1 billion accumulated impairment losses, was reported in Current assets held for sale in the Consolidated Balance Sheet. The Batteries business was divested in February 2016.

During fiscal 2017, the Company completed the divestiture of four product categories, comprised of 43 of its beauty brands ("Beauty Brands"). The transactions included the global salon professional hair care and color, retail hair color and cosmetics businesses and the fine fragrances business, along with select hair styling brands (see Note 13). The Beauty Brands have historically been part of the Company's Beauty reportable segment. In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Beauty Brands are presented as discontinued operations. As a result, the goodwill attributable to the Beauty Brands as of June 30, 2016 and 2015 is excluded from the preceding table and is reported as Current assets held for sale in the Consolidated Balance Sheets as of June 30, 2016.

In February 2016, the Company completed the divestiture of its Batteries business to Berkshire Hathaway (BH). Prior to the transaction, the Company recorded a non-cash, before-tax impairment charge of \$402 (\$350 after tax) during fiscal 2016, which reflected the value of BH's shares in P&G stock as of the date of the impairment charges (see Note 13). This impairment charge as well as accumulated Batteries impairment charges totaling \$2.1 billion through fiscal 2015 were included as part of discontinued operations.

The change in goodwill during fiscal 2017 and the remaining change during fiscal 2016 was primarily due to currency translation across all reportable segments.

All of the goodwill and indefinite-lived intangible asset impairment charges that are not reflected in discontinued operations are included in Corporate for segment reporting.

The goodwill and intangible asset valuations are dependent on a number of significant estimates and assumptions, including macroeconomic conditions, overall category growth rates, competitive activities, cost containment and margin expansion and Company business plans. We believe these estimates and assumptions are reasonable and are comparable to those that would be used by other marketplace participants. However, actual events and results could differ substantially from those

used in our valuations. To the extent such factors result in a failure to achieve the level of projected cash flows used to estimate fair value, we may need to record additional non-cash impairment charges in the future.

Identifiable intangible assets were comprised of:

As of June 30	2017		2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
INTANGIBLE ASSETS WITH DETERMINABLE LIVES				
Brands	\$ 3,094	\$ (1,898)	\$ 3,409	\$ (2,032)
Patents and technology	2,617	(2,261)	2,624	(2,164)
Customer relationships	1,377	(564)	1,382	(514)
Other	239	(132)	246	(130)
TOTAL	\$ 7,327	\$ (4,855)	\$ 7,661	\$ (4,840)
INTANGIBLE ASSETS WITH INDEFINITE LIVES				
Brands	21,715	—	21,706	—
TOTAL	\$ 29,042	\$ (4,855)	\$ 29,367	\$ (4,840)

Due to the divestiture of the Beauty Brands, intangible assets specific to this business as of June 30, 2016 are reported in Current assets held for sale in accordance with the accounting principles for assets held for sale.

Amortization expense of intangible assets was as follows:

Years ended June 30	2017	2016	2015
Intangible asset amortization	\$ 325	\$ 388	\$ 457

Estimated amortization expense over the next five fiscal years is as follows:

Years ending June 30	2018	2019	2020	2021	2022
Estimated amortization expense	\$ 292	\$ 275	\$ 249	\$ 201	\$ 185

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 5**INCOME TAXES**

Income taxes are recognized for the amount of taxes payable for the current year and for the impact of deferred tax assets and liabilities, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using the enacted statutory tax rates and are adjusted for any changes in such rates in the period of change.

Earnings from continuing operations before income taxes consisted of the following:

Years ended June 30	2017	2016	2015
United States	\$ 9,031	\$ 8,788	\$ 8,496
International	4,226	4,581	2,516
TOTAL	\$ 13,257	\$ 13,369	\$ 11,012

Income taxes on continuing operations consisted of the following:

Years ended June 30	2017	2016	2015
CURRENT TAX EXPENSE			
U.S. federal	\$ 1,531	\$ 1,673	\$ 2,127
International	1,243	1,483	1,142
U.S. state and local	241	224	252
	3,015	3,380	3,521
DEFERRED TAX EXPENSE			
U.S. federal	28	33	(607)
International and other	20	(71)	(189)
	48	(38)	(796)
TOTAL TAX EXPENSE	\$ 3,063	\$ 3,342	\$ 2,725

A reconciliation of the U.S. federal statutory income tax rate to our actual income tax rate on continuing operations is provided below:

Years ended June 30	2017	2016	2015
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Country mix impacts of foreign operations	(6.8) %	(9.1) %	(14.0) %
Changes in uncertain tax positions	(2.0) %	(0.5) %	(0.9) %
Excess tax benefits from the exercise of stock options	(1.3) %	— %	— %
Venezuela deconsolidation charge	— %	— %	6.6 %
Other	(1.8) %	(0.4) %	(2.0) %
EFFECTIVE INCOME TAX RATE	23.1 %	25.0 %	24.7 %

Country mix impacts of foreign operations includes the effects of foreign subsidiaries' earnings taxed at rates other than the

U.S. statutory rate, the U.S. tax impacts of non-U.S. earnings repatriation and any net impacts of intercompany transactions. Changes in uncertain tax positions represent changes in our net liability related to prior year tax positions. Excess tax benefits from the exercise of stock options reflect the impact of adopting ASU 2016-09, "Stock Compensation (Topic 718): Improvements to Employee-Share-Based Payment Accounting."

Tax costs charged to shareholders' equity totaled \$333 for the year ended June 30, 2017. This primarily relates to the impact of certain adjustments to pension obligations recorded in stockholders' equity, partially offset by the tax effects of net investment hedges. Tax benefits credited to shareholders' equity totaled \$899 for the year ended June 30, 2016. This primarily relates to the impact of certain adjustments to pension obligations recorded in stockholders' equity and the impact of excess tax benefits from the exercise of stock options.

We have undistributed earnings of foreign subsidiaries of approximately \$49 billion at June 30, 2017, for which deferred taxes have not been provided. Such earnings are considered indefinitely invested in the foreign subsidiaries. If such earnings were repatriated, additional tax expense may result. However, the calculation of the amount of deferred U.S. income tax on these earnings is not practicable because of the large number of assumptions necessary to compute the tax.

A reconciliation of the beginning and ending liability for uncertain tax positions is as follows:

Years ended June 30	2017	2016	2015
BEGINNING OF YEAR	\$ 857	\$ 1,096	\$ 1,437
Increases in tax positions for prior years	87	124	87
Decreases in tax positions for prior years	(147)	(97)	(146)
Increases in tax positions for current year	75	97	118
Settlements with taxing authorities	(381)	(301)	(250)
Lapse in statute of limitations	(22)	(39)	(27)
Currency translation	(4)	(23)	(123)
END OF YEAR	\$ 465	\$ 857	\$ 1,096

Included in the total liability for uncertain tax positions at June 30, 2017, is \$284 that, depending on the ultimate resolution, could impact the effective tax rate in future periods.

The Company is present in approximately 140 taxable jurisdictions and, at any point in time, has 50-60 jurisdictional audits underway at various stages of completion. We evaluate our tax positions and establish liabilities for uncertain tax positions that may be challenged by local authorities and may not be fully sustained, despite our belief that the underlying tax positions are fully supportable. Uncertain tax positions are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law and the closing of statutes of

Amounts in millions of dollars except per share amounts or as otherwise specified.

limitation. Such adjustments are reflected in the tax provision as appropriate. We have tax years open ranging from 2008 and forward. We are generally not able to reliably estimate the ultimate settlement amounts until the close of the audit. While we do not expect material changes, it is possible that the amount of unrecognized benefit with respect to our uncertain tax positions could increase or decrease within the next 12 months. At this time, we are not able to make a reasonable estimate of the range of impact on the balance of uncertain tax positions or the impact on the effective tax rate related to these items.

We recognize the additional accrual of any possible related interest and penalties relating to the underlying uncertain tax position in income tax expense. As of June 30, 2017, 2016 and 2015, we had accrued interest of \$100, \$323 and \$347 and accrued penalties of \$20, \$20 and \$19, respectively, which are not included in the above table. During the fiscal years ended June 30, 2017, 2016 and 2015, we recognized \$62, \$2 and \$15 in interest benefit/(expense) and \$0, \$(2) and \$13 in penalties benefit/(expense), respectively. The net benefits recognized resulted primarily from the favorable resolution of tax positions for prior years.

Deferred income tax assets and liabilities were comprised of the following:

<u>As of June 30</u>	<u>2017</u>	<u>2016</u>
DEFERRED TAX ASSETS		
Pension and postretirement benefits	\$ 1,775	\$ 2,226
Loss and other carryforwards	1,516	1,077
Stock-based compensation	732	845
Unrealized loss on financial and foreign exchange transactions	259	122
Fixed assets	212	216
Accrued marketing and promotion	210	240
Advance payments	121	515
Inventory	75	61
Accrued interest and taxes	30	55
Other	709	764
Valuation allowances	(505)	(467)
TOTAL	\$ 5,134	\$ 5,654
DEFERRED TAX LIABILITIES		
Goodwill and other intangible assets	\$ 9,403	\$ 9,461
Fixed assets	1,495	1,533
Unrealized gain on financial and foreign exchange transactions	314	387
Other	26	105
TOTAL	\$ 11,238	\$ 11,486

Net operating loss carryforwards were \$3.3 billion and \$3.2 billion at June 30, 2017 and 2016, respectively. If unused, \$1.1 billion will expire between 2017 and 2036. The remainder, totaling \$2.2 billion at June 30, 2017, may be carried forward indefinitely.

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 6**EARNINGS PER SHARE**

Basic net earnings per common share are calculated by dividing Net earnings attributable to Procter & Gamble less preferred dividends (net of related tax benefits) by the weighted average number of common shares outstanding during the year. Diluted net earnings per common share are calculated on the basis of the weighted average number of common shares outstanding plus the dilutive effect of stock options and other stock-based awards (see Note 7) and the assumed conversion of preferred stock (see Note 8).

Net earnings per share were as follows:

Years ended June 30	2017			2016			2015		
	Continuing Operations	Dis-continued Operations	Total	Continuing Operations	Dis-continued Operations	Total	Continuing Operations	Dis-continued Operations	Total
CONSOLIDATED AMOUNTS									
Net earnings/(loss)	\$ 10,194	\$ 5,217	\$ 15,411	\$ 10,027	\$ 577	\$ 10,604	\$ 8,287	\$ (1,143)	\$ 7,144
Net earnings attributable to noncontrolling interests	(85)	—	(85)	(96)	—	(96)	(98)	(10)	(108)
Net earnings/(loss) attributable to P&G (Diluted)	10,109	5,217	15,326	9,931	577	10,508	8,189	(1,153)	7,036
Preferred dividends, net of tax	(247)	—	(247)	(255)	—	(255)	(259)	—	(259)
Net earnings/(loss) attributable to P&G available to common shareholders (Basic)	\$ 9,862	\$ 5,217	\$ 15,079	\$ 9,676	\$ 577	\$ 10,253	\$ 7,930	\$ (1,153)	\$ 6,777
SHARES IN MILLIONS									
Basic weighted average common shares outstanding	2,598.1	2,598.1	2,598.1	2,698.9	2,698.9	2,698.9	2,711.7	2,711.7	2,711.7
Add: Effect of dilutive securities									
Conversion of preferred shares ⁽¹⁾	99.3	99.3	99.3	103.9	103.9	103.9	108.6	108.6	108.6
Impact of stock options and other unvested equity awards ⁽²⁾	43.0	43.0	43.0	41.6	41.6	41.6	63.3	63.3	63.3
Diluted weighted average common shares outstanding	2,740.4	2,740.4	2,740.4	2,844.4	2,844.4	2,844.4	2,883.6	2,883.6	2,883.6
PER SHARE AMOUNTS									
Basic net earnings/(loss) per common share⁽³⁾	\$ 3.79	\$ 2.01	\$ 5.80	\$ 3.59	\$ 0.21	\$ 3.80	\$ 2.92	\$ (0.42)	\$ 2.50
Diluted net earnings/(loss) per common share⁽³⁾	\$ 3.69	\$ 1.90	\$ 5.59	\$ 3.49	\$ 0.20	\$ 3.69	\$ 2.84	\$ (0.40)	\$ 2.44

⁽¹⁾ Despite being included currently in Diluted net earnings per common share, the actual conversion to common stock occurs when the preferred shares are sold. Shares may only be sold after being allocated to the ESOP participants pursuant to the repayment of the ESOP's obligations through 2035.

⁽²⁾ Weighted average outstanding stock options of approximately 20 million in 2017, 55 million in 2016 and 8 million in 2015 were not included in the Diluted net earnings per share calculation because the options were out of the money or to do so would have been antidilutive (i.e., the total proceeds upon exercise would have exceeded the market value of the underlying common shares).

⁽³⁾ Basic net earnings per common share and Diluted net earnings per common share are calculated on Net earnings/(loss) attributable to Procter & Gamble.

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 7**STOCK-BASED COMPENSATION**

We have two primary stock-based compensation programs under which we annually grant stock option, restricted stock unit (RSU) and performance stock unit (PSU) awards to key managers and directors.

In our main long-term incentive program, key managers can elect to receive options or RSUs. All options granted vest after three years. Exercise prices on options granted have been, and continue to be, set equal to the market price of the underlying shares on the date of the grant. The stock options granted from July 1998 through August 2002 had a 15-year life and expired during fiscal year 2017. The options granted since September 2002 have a 10-year life.

RSUs granted in February 2017 vest and settle in shares of common stock three years from the grant date. RSUs granted prior to February 2017 vest and settle in shares of common stock five years from the grant date.

Senior-level executives participate in an additional long-term incentive program that awards PSUs, which are paid in shares after the end of a three-year performance period. Under this program, the number of PSUs that will vest is based on the Company's performance relative to pre-established performance goals during that three year period.

In addition to these long-term incentive programs, we award RSUs to the Company's directors and make other minor stock option and RSU grants to employees for which the terms are not substantially different than our long-term incentive awards.

A total of 185 million shares of common stock were authorized for issuance under the stock-based compensation plan approved by shareholders in 2014. A total of 95 million shares remain available for grant under the 2014 plan.

The Company recognizes stock-based compensation expense based on the fair value of the awards at the date of grant. The fair value is amortized on a straight-line basis over the requisite service period. Awards to employees eligible for retirement prior to the award becoming fully vested are recognized as compensation expense from the grant date through the date the employee first becomes eligible to retire and is no longer required to provide services to earn the award. Stock-based compensation expense, which is included as part of Cost of products sold and SG&A in the Consolidated Statement of Earnings, and the related tax benefit were as follows:

Years ended June 30	2017	2016	2015
Stock options	\$ 216	\$ 199	\$ 223
RSUs and PSUs	150	143	114
Total stock-based expense (1)	\$ 366	\$ 342	\$ 337
Income tax benefit (1)	\$ 111	\$ 85	\$ 109

(1) Includes amounts related to discontinued operations, which are not material in any period presented.

We utilize an industry standard lattice-based valuation model to calculate the fair value for stock options granted. Assumptions utilized in the model, which are evaluated and revised to reflect market conditions and experience, were as follows:

Years ended June 30	2017	2016	2015
Interest rate	0.8 - 2.6%	0.7 - 1.9%	0.1 - 2.1%
Weighted average interest rate	2.6%	1.8%	2.0%
Dividend yield	3.2%	3.2%	3.1%
Expected volatility	12 - 16%	15 - 17%	11 - 15%
Weighted average volatility	15%	16%	15%
Expected life in years	9.6	8.3	8.3

Lattice-based option valuation models incorporate ranges of assumptions for inputs and those ranges are disclosed in the preceding table. Expected volatilities are based on a combination of historical volatility of our stock and implied volatilities of call options on our stock. We use historical data to estimate option exercise and employee termination patterns within the valuation model. The expected life of options granted is derived from the output of the option valuation model and represents the average period of time that options granted are expected to be outstanding. The interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of options, RSUs and PSUs outstanding under the plans as of June 30, 2017 and activity during the year then ended is presented below:

Options	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Contract-ual Life in Years	Aggregate Intrinsic Value
Outstanding, beginning of year	230,397	\$ 68.02		
Granted	21,425	90.70		
Exercised	(44,070)	59.11		
Canceled	(1,267)	69.76		
OUTSTANDING, END OF YEAR	206,485	\$ 72.46	5.4	\$ 3,109
EXERCISABLE	140,803	\$ 66.71	3.9	\$ 2,878

The weighted average grant-date fair value of options granted was \$10.45, \$8.48 and \$9.38 per share in 2017, 2016 and 2015, respectively. The total intrinsic value of options exercised was \$1,334, \$1,388 and \$1,814 in 2017, 2016 and 2015, respectively. The total grant-date fair value of options that vested during 2017, 2016 and 2015 was \$246, \$200 and \$241, respectively. At June 30, 2017, there was \$208 of compensation cost that has not yet been recognized related to stock option grants. That cost is expected to be recognized over a remaining weighted average period of 2.0 years. Cash received from options exercised was \$2,630, \$2,332 and \$2,631 in 2017, 2016 and 2015, respectively. The actual tax

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benefit for the tax deductions from option exercises totaled \$421, \$433 and \$519 in 2017, 2016 and 2015, respectively.

Other stock-based awards	RSUs		PSUs	
	Units (in thousands)	Weighted Average Grant Date Fair Value	Units (in thousands)	Weighted Average Grant Date Fair Value
Non-vested at July 1, 2016	5,274	\$ 65.53	1,146	\$ 75.25
Granted	1,730	89.74	623	91.03
Vested	(1,586)	66.70	(575)	77.55
Forfeited	(59)	69.21	—	—
Non-vested at June 30, 2017	5,359	\$ 74.98	1,194	\$ 82.40

At June 30, 2017, there was \$255 of compensation cost that has not yet been recognized related to restricted stock, RSUs and PSUs. That cost is expected to be recognized over a remaining weighted average period of 2.5 years. The total grant date fair value of shares vested was \$163, \$97 and \$79 in 2017, 2016 and 2015, respectively.

The Company settles equity issuances with treasury shares. We have no specific policy to repurchase common shares to mitigate the dilutive impact of options, RSUs and PSUs. However, we have historically made adequate discretionary purchases, based on cash availability, market trends and other factors, to offset the impacts of such activity.

NOTE 8

POSTRETIREMENT BENEFITS AND EMPLOYEE STOCK OWNERSHIP PLAN

We offer various postretirement benefits to our employees.

Defined Contribution Retirement Plans

We have defined contribution plans, which cover the majority of our U.S. employees, as well as employees in certain other countries. These plans are fully funded. We generally make contributions to participants' accounts based on individual base salaries and years of service. Total global defined contribution expense was \$270, \$292 and \$305 in 2017, 2016 and 2015, respectively.

The primary U.S. defined contribution plan (the U.S. DC plan) comprises the majority of the expense for the Company's defined contribution plans. For the U.S. DC plan, the contribution rate is set annually. Total contributions for this plan approximated 14% of total participants' annual wages and salaries in 2017 in 2016 and 2015.

We maintain The Procter & Gamble Profit Sharing Trust (Trust) and Employee Stock Ownership Plan (ESOP) to provide a portion of the funding for the U.S. DC plan and other retiree benefits (described below). Operating details of the ESOP are provided at the end of this Note. The fair value of the ESOP Series A shares allocated to participants reduces our cash contribution required to fund the U.S. DC plan.

Defined Benefit Retirement Plans and Other Retiree Benefits

We offer defined benefit retirement pension plans to certain employees. These benefits relate primarily to local plans outside the U.S. and, to a lesser extent, plans assumed in previous acquisitions covering U.S. employees.

We also provide certain other retiree benefits, primarily health care and life insurance, for the majority of our U.S. employees, who become eligible for these benefits when they meet minimum age and service requirements. Generally, the health care plans require cost sharing with retirees and pay a stated percentage of expenses, reduced by deductibles and other coverages. These benefits are primarily funded by ESOP Series B shares and certain other assets contributed by the Company.

Amounts in millions of dollars except per share amounts or as otherwise specified.

Obligation and Funded Status. The following provides a reconciliation of benefit obligations, plan assets and funded status of these defined benefit plans:

Years ended June 30	Pension Benefits ⁽¹⁾		Other Retiree Benefits ⁽²⁾	
	2017	2016	2017	2016
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year ⁽³⁾	\$ 17,285	\$ 15,951	\$ 5,632	\$ 4,904
Service cost	310	314	133	124
Interest cost	300	466	175	219
Participants' contributions	14	17	74	74
Amendments	2	8	—	(40)
Net actuarial loss/(gain)	(643)	1,927	(554)	589
Acquisitions/(divestitures) ⁽⁴⁾	(413)	(21)	(31)	(7)
Curtailments	(132)	—	(37)	—
Special termination benefits	4	6	21	12
Currency translation and other	35	(826)	16	(14)
Benefit payments	(602)	(557)	(242)	(229)
BENEFIT OBLIGATION AT END OF YEAR ⁽³⁾	\$ 16,160	\$ 17,285	\$ 5,187	\$ 5,632
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	\$ 10,269	\$ 10,605	\$ 3,787	\$ 3,470
Actual return on plan assets	884	630	136	408
Acquisitions/(divestitures) ⁽⁴⁾	(34)	(13)	—	—
Employer contributions	316	306	36	32
Participants' contributions	14	17	74	74
Currency translation and other	(18)	(719)	(4)	(8)
ESOP debt impacts ⁽⁵⁾	—	—	44	40
Benefit payments	(602)	(557)	(242)	(229)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	\$ 10,829	\$ 10,269	\$ 3,831	\$ 3,787
Reclassification of net obligation to held for sale liabilities	—	402	—	16
FUNDED STATUS	\$ (5,331)	\$ (6,614)	\$ (1,356)	\$ (1,829)

⁽¹⁾ Primarily non-U.S.-based defined benefit retirement plans.

⁽²⁾ Primarily U.S.-based other postretirement benefit plans.

⁽³⁾ For the pension benefit plans, the benefit obligation is the projected benefit obligation. For other retiree benefit plans, the benefit obligation is the accumulated postretirement benefit obligation.

⁽⁴⁾ For the year ended June 30, 2017, this represents the obligations and plans which were classified as held for sale at June 30, 2016.

⁽⁵⁾ Represents the net impact of ESOP debt service requirements, which is netted against plan assets for other retiree benefits.

The underfunding of pension benefits is primarily a function of the different funding incentives that exist outside of the U.S. In certain countries, there are no legal requirements or financial incentives provided to companies to pre-fund pension obligations prior to their due date. In these instances, benefit payments are typically paid directly from the Company's cash as they become due.

Years ended June 30	Pension Benefits		Other Retiree Benefits	
	2017	2016	2017	2016
CLASSIFICATION OF NET AMOUNT RECOGNIZED				
Noncurrent assets	\$ 196	\$ 180	\$ —	\$ —
Current liabilities	(40)	(33)	(23)	(21)
Noncurrent liabilities	(5,487)	(6,761)	(1,333)	(1,808)
NET AMOUNT RECOGNIZED	\$ (5,331)	\$ (6,614)	\$ (1,356)	\$ (1,829)
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME (AOCI)				
Net actuarial loss	\$ 4,548	\$ 6,088	\$ 1,819	\$ 2,247
Prior service cost/(credit)	245	270	(293)	(334)
NET AMOUNTS RECOGNIZED IN AOCI	\$ 4,793	\$ 6,358	\$ 1,526	\$ 1,913

Amounts in millions of dollars except per share amounts or as otherwise specified.

The accumulated benefit obligation for all defined benefit pension plans was \$14,512 and \$15,546 as of June 30, 2017 and 2016, respectively. Pension plans with accumulated benefit obligations in excess of plan assets and plans with projected benefit obligations in excess of plan assets consisted of the following:

As of June 30	Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets		Projected Benefit Obligation Exceeds the Fair Value of Plan Assets	
	2017	2016	2017	2016
Projected benefit obligation	\$ 13,699	\$ 15,233	\$ 14,181	\$ 15,853
Accumulated benefit obligation	12,276	13,587	12,630	14,149
Fair value of plan assets	8,279	8,082	8,654	8,657

Net Periodic Benefit Cost. Components of the net periodic benefit cost were as follows:

Years ended June 30	Pension Benefits			Other Retiree Benefits		
	2017	2016	2015	2017	2016	2015
AMOUNTS RECOGNIZED IN NET PERIODIC BENEFIT COST						
Service cost ⁽¹⁾	\$ 310	\$ 314	\$ 317	\$ 133	\$ 124	\$ 156
Interest cost	300	466	545	175	219	240
Expected return on plan assets	(675)	(731)	(732)	(431)	(416)	(406)
Amortization of net actuarial loss	375	265	275	122	78	105
Amortization of prior service cost/(credit)	28	29	30	(45)	(52)	(20)
Amortization of net actuarial loss/ prior service cost due to settlements and curtailments	186 ⁽²⁾	—	—	16 ⁽²⁾	—	—
Special termination benefits	4	6	11	21 ⁽²⁾	12	23
GROSS BENEFIT COST/(CREDIT)	528	349	446	(9)	(35)	98
Dividends on ESOP preferred stock	—	—	—	(45)	(52)	(58)
NET PERIODIC BENEFIT COST/(CREDIT)	\$ 528	\$ 349	\$ 446	\$ (54)	\$ (87)	\$ 40
CHANGE IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN AOCI						
Net actuarial loss/(gain) - current year	\$ (852)	\$ 2,028		\$ (259)	\$ 597	
Prior service cost/(credit) - current year	2	8		—	(40)	
Amortization of net actuarial loss	(375)	(265)		(122)	(78)	
Amortization of prior service (cost)/credit	(28)	(29)		45	52	
Amortization of net actuarial loss/prior service costs due to settlements and curtailments	(186)	—		(16)	—	
Reduction in net actuarial losses resulting from curtailment	(132)	—		(37)	—	
Currency translation and other	6	(172)		2	(3)	
TOTAL CHANGE IN AOCI	(1,565)	1,570		(387)	528	
NET AMOUNTS RECOGNIZED IN PERIODIC BENEFIT COST AND AOCI	\$ (1,037)	\$ 1,919		\$ (441)	\$ 441	

⁽¹⁾ Service cost includes amounts related to discontinued operations, which are not material for any period.

⁽²⁾ Amortization of net actuarial loss / prior service cost due to settlement and curtailments and \$18 of the special termination benefits are included in Net earnings from discontinued operations.

Amounts expected to be amortized from AOCI into net periodic benefit cost during the year ending June 30, 2018, are as follows:

	Pension Benefits	Other Retiree Benefits
Net actuarial loss	\$ 289	\$ 67
Prior service cost/(credit)	28	(35)

Amounts in millions of dollars except per share amounts or as otherwise specified.

Assumptions. We determine our actuarial assumptions on an annual basis. These assumptions are weighted to reflect each country that may have an impact on the cost of providing retirement benefits. The weighted average assumptions used to determine benefit obligations recorded on the Consolidated Balance Sheets as of June 30, were as follows: ⁽¹⁾

<u>As of June 30</u>	<u>Pension Benefits</u>		<u>Other Retiree Benefits</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	2.4%	2.1%	3.9%	3.6%
Rate of compensation increase	3.0%	2.9%	N/A	N/A
Health care cost trend rates assumed for next year	N/A	N/A	6.4%	7.2%
Rate to which the health care cost trend rate is assumed to decline (ultimate trend rate)	N/A	N/A	4.9%	4.9%
Year that the rate reaches the ultimate trend rate	N/A	N/A	2022	2021

⁽¹⁾ Determined as of end of year.

The weighted average assumptions used to determine net benefit cost recorded on the Consolidated Statement of Earnings for the years ended June 30, were as follows: ⁽¹⁾

<u>Years ended June 30</u>	<u>Pension Benefits</u>			<u>Other Retiree Benefits</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Discount rate	2.1%	3.1%	3.5%	3.6%	4.5%	4.4%
Expected return on plan assets	6.9%	7.2%	7.2%	8.3%	8.3%	8.3%
Rate of compensation increase	2.9%	3.1%	3.2%	N/A	N/A	N/A

⁽¹⁾ Determined as of beginning of year.

For the fiscal year 2017, the Company changed its method of determining service and interest costs for plans that make up the majority of our obligation from the single weighted average discount rate approach to specific spot rates along the yield curve, which management has concluded is a more precise estimate. Prior to this change in methodology, the Company measured service and interest costs utilizing a single weighted-average discount rate derived from the yield curve used to measure the plan obligations. The Company has accounted for this change as a change in accounting estimate and, accordingly, has accounted for it on a prospective basis. This change does not impact the benefit obligation and did not have a material impact on fiscal year 2017 results.

Several factors are considered in developing the estimate for the long-term expected rate of return on plan assets. For the defined benefit retirement plans, these factors include historical rates of return of broad equity and bond indices and projected long-term rates of return obtained from pension investment consultants. The expected long-term rates of return for plan assets are 8 - 9% for equities and 5 - 6% for bonds. For other retiree benefit plans, the expected long-term rate of return reflects that the assets are comprised primarily of Company stock. The expected rate of return on Company stock is based on the long-term projected return of 8.5% and reflects the historical pattern of returns.

Assumed health care cost trend rates could have a significant effect on the amounts reported for the other retiree benefit plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	<u>One-Percentage Point Increase</u>	<u>One-Percentage Point Decrease</u>
Effect on the total service and interest cost components	\$ 74	\$ (55)
Effect on the accumulated postretirement benefit obligation	950	(697)

Plan Assets. Our investment objective for defined benefit retirement plan assets is to meet the plans' benefit obligations and to improve plan self-sufficiency for future benefit obligations. The investment strategies focus on asset class diversification, liquidity to meet benefit payments and an appropriate balance of long-term investment return and risk. Target ranges for asset allocations are determined by assessing different investment risks and matching the actuarial projections of the plans' future liabilities and benefit payments with current as well as expected long-term rates of return on the assets, taking into account investment return volatility and correlations across asset classes. Plan assets are diversified across several investment managers and are generally invested in liquid funds that are selected to track broad market equity and bond indices. Investment risk is carefully controlled with plan assets rebalanced to target allocations on a periodic basis and with continual monitoring of investment managers' performance relative to the investment guidelines established with each investment manager.

Amounts in millions of dollars except per share amounts or as otherwise specified.

Our target asset allocation for the year ended June 30, 2017, and actual asset allocation by asset category as of June 30, 2017 and 2016, were as follows:

Asset Category	Target Asset Allocation		Actual Asset Allocation at June 30			
	Pension Benefits	Other Retiree Benefits	Pension Benefits		Other Retiree Benefits	
			2017	2016	2017	2016
Cash	2%	2%	2%	2%	1%	2%
Debt securities	57%	3%	53%	55%	4%	4%
Equity securities	41%	95%	45%	43%	95%	94%
TOTAL	100%	100%	100%	100%	100%	100%

The following tables set forth the fair value of the Company's plan assets as of June 30, 2017 and 2016 segregated by level within the fair value hierarchy (refer to Note 9 for further discussion on the fair value hierarchy and fair value principles). Company stock listed as Level 2 in the hierarchy represents preferred shares which are valued based on the value of Company common stock. The majority of our Level 3 pension assets are insurance contracts. Their fair values are based on their cash equivalent or models that project future cash flows and discount the future amounts to a present value using market-based observable inputs, including credit risk and interest rate curves. There was no significant activity within the Level 3 pension and other retiree benefits plan assets during the years presented. Investments valued using net asset value as a practical expedient are primarily equity and fixed income collective funds. These assets are not valued using the fair value hierarchy, but rather valued using the net asset value reported by the managers of the funds and as supported by the unit prices of actual purchase and sale transactions. For additional details on the fair value hierarchy, see Note 9.

As of June 30	Pension Benefits			Other Retiree Benefits		
	Fair Value Hierarchy Level	2017	2016	Fair Value Hierarchy Level	2017	2016
ASSETS AT FAIR VALUE						
Cash and cash equivalents	1	\$ 134	\$ 151	1	\$ 6	\$ 70
Company stock ⁽¹⁾		—	—	2	3,643	3,545
Other ⁽²⁾	1, 2 & 3	165	166	1	7	—
TOTAL ASSETS IN THE FAIR VALUE HEIRARCHY		\$ 299	\$ 317		\$ 3,656	\$ 3,615
Investments valued at net asset value		\$ 10,530	9,952		\$ 175	172
TOTAL ASSETS AT FAIR VALUE		\$ 10,829	10,269		\$ 3,831	3,787

⁽¹⁾ Company stock is net of ESOP debt discussed below.

⁽²⁾ The Company's other pension plan assets measured at fair value are generally classified as Level 3 within the fair value hierarchy. There are no material other pension plan asset balances classified as Level 1 or Level 2 within the fair value hierarchy.

Cash Flows. Management's best estimate of cash requirements and discretionary contributions for the defined benefit retirement plans and other retiree benefit plans for the year ending June 30, 2018, is \$125 and \$39, respectively. For the defined benefit retirement plans, this is comprised of \$75 in expected benefit payments from the Company directly to participants of unfunded plans and \$50 of expected contributions to funded plans. For other retiree benefit plans, this is comprised of \$24 in expected benefit payments from the

Company directly to participants of unfunded plans and \$15 of expected contributions to funded plans. Expected contributions are dependent on many variables, including the variability of the market value of the plan assets as compared to the benefit obligation and other market or regulatory conditions. In addition, we take into consideration our business investment opportunities and resulting cash requirements. Accordingly, actual funding may differ significantly from current estimates.

Amounts in millions of dollars except per share amounts or as otherwise specified.

Total benefit payments expected to be paid to participants, which include payments funded from the Company's assets and payments from the plans are as follows:

<u>Years ending June 30</u>	<u>Pension Benefits</u>	<u>Other Retiree Benefits</u>
EXPECTED BENEFIT PAYMENTS		
2018	\$ 524	\$ 198
2019	530	211
2020	539	222
2021	575	232
2022	596	242
2023 - 2027	3,221	1,334

Employee Stock Ownership Plan

We maintain the ESOP to provide funding for certain employee benefits discussed in the preceding paragraphs.

The ESOP borrowed \$1.0 billion in 1989 and the proceeds were used to purchase Series A ESOP Convertible Class A Preferred Stock to fund a portion of the U.S. DC plan. Principal and interest requirements of the borrowing were paid by the Trust from dividends on the preferred shares and from advances provided by the Company. The original borrowing of \$1.0 billion has been repaid in full, and advances from the Company of \$62 remain outstanding at June 30, 2017. Each share is convertible at the option of the holder into one share of the Company's common stock. The dividend for the current year was equal to the common stock dividend of \$2.70 per share. The liquidation value is \$6.82 per share.

In 1991, the ESOP borrowed an additional \$1.0 billion. The proceeds were used to purchase Series B ESOP Convertible Class A Preferred Stock to fund a portion of retiree health care benefits. These shares, net of the ESOP's debt, are considered plan assets of the other retiree benefits plan discussed above. Debt service requirements are funded by preferred stock dividends, cash contributions and advances provided by the Company, of which \$770 are outstanding at June 30, 2017. Each share is convertible at the option of the holder into one share of the Company's common stock. The dividend for the current year was equal to the common stock dividend of \$2.70 per share. The liquidation value is \$12.96 per share.

Our ESOP accounting practices are consistent with current ESOP accounting guidance, including the permissible continuation of certain provisions from prior accounting guidance. ESOP debt, which is guaranteed by the Company, is recorded as debt (see Note 10) with an offset to the Reserve for ESOP debt retirement, which is presented within Shareholders' equity. Advances to the ESOP by the Company are recorded as an increase in the Reserve for ESOP debt retirement. Interest incurred on the ESOP debt is recorded as Interest expense. Dividends on all preferred shares, net of related tax benefits, are charged to Retained earnings.

The series A and B preferred shares of the ESOP are allocated to employees based on debt service requirements. The number of preferred shares outstanding at June 30 was as follows:

<u>Shares in thousands</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Allocated	36,488	39,241	42,044
Unallocated	5,060	6,095	7,228
TOTAL SERIES A	41,548	45,336	49,272
Allocated	25,378	23,925	23,074
Unallocated	30,412	32,319	34,096
TOTAL SERIES B	55,790	56,244	57,170

For purposes of calculating diluted net earnings per common share, the preferred shares held by the ESOP are considered converted from inception.

NOTE 9

RISK MANAGEMENT ACTIVITIES AND FAIR VALUE MEASUREMENTS

As a multinational company with diverse product offerings, we are exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. We evaluate exposures on a centralized basis to take advantage of natural exposure correlation and netting. To the extent we choose to manage volatility associated with the net exposures, we enter into various financial transactions that we account for using the applicable accounting guidance for derivative instruments and hedging activities. These financial transactions are governed by our policies covering acceptable counterparty exposure, instrument types and other hedging practices.

At inception, we formally designate and document qualifying instruments as hedges of underlying exposures. We formally assess, at inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposures. Fluctuations in the value of these instruments generally are offset by changes in the fair value or cash flows of the underlying exposures being hedged. This is driven by the high degree of effectiveness between the exposure being hedged and the hedging instrument. The ineffective portion of a change in the fair value of a qualifying instrument is immediately recognized in earnings. The amount of ineffectiveness recognized was immaterial for all years presented.

Credit Risk Management

We have counterparty credit guidelines and normally enter into transactions with investment grade financial institutions, to the extent commercially viable. Counterparty exposures are monitored daily and downgrades in counterparty credit ratings are reviewed on a timely basis. We have not incurred, and do not expect to incur, material credit losses on our risk management or other financial instruments.

Substantially all of the Company's financial instruments used in hedging transactions are governed by industry standard

Amounts in millions of dollars except per share amounts or as otherwise specified.

netting and collateral agreements with counterparties. If the Company's credit rating were to fall below the levels stipulated in the agreements, the counterparties could demand either collateralization or termination of the arrangements. The aggregate fair value of the instruments covered by these contractual features that are in a net liability position as of June 30, 2017, was not material. The Company has not been required to post collateral as a result of these contractual features.

Interest Rate Risk Management

Our policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage this risk in a cost-efficient manner, we enter into interest rate swaps whereby we agree to exchange with the counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to a notional amount.

Interest rate swaps that meet specific accounting criteria are accounted for as fair value or cash flow hedges. For fair value hedges, the changes in the fair value of both the hedging instruments and the underlying debt obligations are immediately recognized in Interest expense. For cash flow hedges, the effective portion of the changes in fair value of the hedging instrument is reported in OCI and reclassified into Interest expense over the life of the underlying debt obligation. The ineffective portion for both cash flow and fair value hedges, which was not material for any year presented, was immediately recognized in Interest expense.

Foreign Currency Risk Management

We manufacture and sell our products and finance our operations in a number of countries throughout the world. As a result, we are exposed to movements in foreign currency exchange rates.

To manage the exchange rate risk primarily associated with the financing of our operations, we have historically used a combination of forward contracts, options and currency swaps. Historically, we have had currency swaps with original maturities up to five years, which were intended to offset the effect of exchange rate fluctuations on intercompany loans denominated in foreign currencies. These swaps were accounted for as cash flow hedges. The effective portion of the changes in fair value of these instruments was reported in OCI and reclassified into SG&A and Interest expense in the same period or periods during which the related hedged transactions affected earnings. The ineffective portion, which was not material for any year presented, was immediately recognized in SG&A.

The change in fair values of certain non-qualifying instruments used to manage foreign exchange exposure of intercompany financing transactions and certain balance sheet items subject to revaluation are immediately recognized in earnings, substantially offsetting the foreign currency mark-to-market impact of the related exposures.

Net Investment Hedging

We hedge certain net investment positions in foreign subsidiaries. To accomplish this, we either borrow directly in foreign currencies and designate all or a portion of the foreign

currency debt as a hedge of the applicable net investment position or we enter into foreign currency swaps that are designated as hedges of net investments. Changes in the fair value of these instruments are recognized in OCI to offset the change in the value of the net investment being hedged. The ineffective portion of these hedges, which was not material in any year presented, was immediately recognized in Interest expense.

Commodity Risk Management

Certain raw materials used in our products or production processes are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. To manage the volatility related to anticipated purchases of certain of these materials, we have historically, on a limited basis, used futures and options with maturities generally less than one year and swap contracts with maturities up to five years. As of and during the years ended June 30, 2017 and 2016, we did not have any commodity hedging activity.

Insurance

We self-insure for most insurable risks. However, we purchase insurance for Directors and Officers Liability and certain other coverage where it is required by law or by contract.

Fair Value Hierarchy

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 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 or external inputs from inactive markets.

When applying fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company has not changed its valuation techniques used in measuring the fair value of any financial assets or liabilities during the year. Our fair value estimates take into consideration the credit risk of both the Company and our counterparties.

When active market quotes are not available for financial assets and liabilities, we use industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including credit risk, interest rate curves, foreign currency rates and forward and spot prices for currencies. In circumstances where market-based observable inputs are not available, management judgment is used to develop assumptions to estimate fair value. Generally, the fair value of our Level 3 instruments is estimated as the net present value of expected future cash flows based on external inputs.

Amounts in millions of dollars except per share amounts or as otherwise specified.

The following table sets forth the Company's financial assets as of June 30, 2017 and 2016 that were measured at fair value on a recurring basis during the period:

As of June 30	Fair Value Asset	
	2017	2016
Investments:		
U.S. government securities	\$ 6,297	\$ 4,839
Corporate bond securities	3,271	1,407
Other investments	132	28
TOTAL	\$ 9,700	\$ 6,274

Investment securities are presented in Available-for-sale investment securities and Other noncurrent assets. The amortized cost of the U.S. government securities with maturities less than one year was \$2,494 and \$292 as of June 30, 2017 and 2016, respectively. The amortized cost of the U.S. government securities with maturities between one and five years was \$3,824 and \$4,513 as of June 30, 2017 and 2016, respectively. The amortized cost of corporate bond securities with maturities of less than a year was \$730 and \$382 as of June 30, 2017 and 2016, respectively. The amortized cost of corporate bond securities with maturities between one and five years was \$2,547 and \$1,018 as of June 30, 2017 and 2016, respectively. The Company's investments measured at fair value are generally classified as Level 2 within the fair value hierarchy. There are no material investment balances classified as Level 1 or Level 3 within the fair value hierarchy, or using net asset value as a practical expedient. Fair values are generally estimated based upon quoted market prices for similar instruments.

The fair value of long-term debt was \$21,396 and \$24,362 as of June 30, 2017 and 2016, respectively. This includes the current portion of debt instruments (\$1,694 and \$2,761 as of June 30, 2017 and 2016, respectively). Certain long-term debt approximates fair value. Certain long-term debt is not recorded at fair value on a recurring basis, but is measured at fair value for disclosure purposes. Long-term debt with fair value of \$1,716 and \$2,331 as of June 30, 2017 and 2016, respectively, is classified as Level 2 within the fair value hierarchy. All remaining long-term debt is classified as Level 1 within the fair value hierarchy. Fair values are generally estimated based on quoted market prices for identical or similar instruments.

Disclosures about Derivative Instruments

The notional amounts and fair values of qualifying and non-qualifying derivative instruments used in hedging transactions as of June 30, 2017 and 2016 are as follows:

As of June 30	Notional Amount		Fair Value Asset		Fair Value (Liability)	
	2017	2016	2017	2016	2017	2016
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS						
Foreign currency contracts	\$ —	\$ 798	\$ —	\$ 94	\$ —	\$ (63)
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS						
Interest rate contracts	\$ 4,552	\$ 4,993	\$ 180	\$ 371	\$ (2)	\$ —
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS						
Net investment hedges	\$ 6,102	\$ 3,013	\$ 14	\$ 28	\$ (177)	\$ (115)
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS						
Foreign currency contracts	\$ 4,969	\$ 6,482	\$ 25	\$ 28	\$ (7)	\$ (38)

All derivative assets are presented in Prepaid expenses and other current assets or Other noncurrent assets. All derivative liabilities are presented in Accrued and other liabilities or Other noncurrent liabilities. The decrease in the notional balance of foreign currency cash flow hedges is reflective of the decrease in the underlying intercompany loans. The increase in the notional balance of net investment hedges primarily reflects a movement into lower yielding foreign currency swaps. The decrease in the notional balance of foreign currency contracts not designated as hedging instruments reflects changes in the level of intercompany financing activity during the period. All of the Company's derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy.

The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each quarter. There were no transfers between levels during the periods presented. In addition, there was no significant activity within the Level 3 assets and liabilities during the periods presented. Except for the impairment charges related to our Batteries business (see Note 4), there were no significant assets or liabilities that were re-measured at fair value on a non-recurring basis during the years ended June 30, 2017 and 2016.

Amounts in millions of dollars except per share amounts or as otherwise specified.

Years ended June 30	Amount of Gain/(Loss) Recognized in AOCI on Derivatives (Effective Portion)	
	2017	2016
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS		
Interest rate contracts	\$ (2)	\$ (2)
Foreign currency contracts	—	—
TOTAL	\$ (2)	\$ (2)
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS		
Net investment hedges	\$ (104)	\$ (53)

During the next 12 months, the amount of the June 30, 2017 AOCI balance that will be reclassified to earnings is expected to be immaterial. The amounts of gains and losses included in earnings from qualifying and non-qualifying financial instruments used in hedging transactions for the years ended June 30, 2017 and 2016 were as follows:

Years ended June 30	Amount of Gain/(Loss) Reclassified from AOCI into Earnings	
	2017	2016
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS		
Interest rate contracts	\$ —	\$ 3
Foreign currency contracts	69	(106)
TOTAL	\$ 69	\$ (103)

Years ended June 30	Amount of Gain/(Loss) Recognized in Earnings	
	2017	2016
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS		
Interest rate contracts	\$ (193)	\$ 212
Debt	193	(212)
TOTAL	\$ —	\$ —
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS		
Net investment hedges	\$ 6	\$ (2)
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS		
Foreign currency contracts ⁽¹⁾	\$ 59	\$ (120)

⁽¹⁾ The gain or loss on non-qualifying foreign currency contracts substantially offsets the foreign currency mark-to-market impact of the related exposure.

NOTE 10**SHORT-TERM AND LONG-TERM DEBT**

As of June 30	2017	2016
DEBT DUE WITHIN ONE YEAR		
Current portion of long-term debt	\$ 1,676	\$ 2,760
Commercial paper	11,705	8,690
Other	173	203
TOTAL	\$ 13,554	\$ 11,653
Short-term weighted average interest rates ⁽¹⁾	0.5%	0.2%

⁽¹⁾ Short-term weighted average interest rates include the effects of interest rate swaps discussed in Note 9.

As of June 30	2017	2016
LONG-TERM DEBT		
5.13% EUR note due October 2017	1,078	1,221
1.60% USD note due November 2018	1,000	1,000
1.90% USD note due November 2019	550	550
0.28% JPY note due May 2020	894	973
4.13% EUR note due December 2020	686	666
9.36% ESOP debentures due 2017-2021 ⁽¹⁾	417	498
1.85% USD note due February 2021	600	600
1.70% USD note due November 2021	875	—
2.00% EUR note due November 2021	858	833
2.30% USD note due February 2022	1,000	1,000
2.00% EUR note due August 2022	1,144	1,110
3.10% USD note due August 2023	1,000	1,000
1.13% EUR note due November 2023	1,430	1,388
2.70% USD note due February 2026	600	600
2.45% USD note due November 2026	875	—
4.88% EUR note due May 2027	1,144	1,110
5.55% USD note due March 2037	1,130	1,400
Capital lease obligations	51	45
All other long-term debt	4,382	7,711
Current portion of long-term debt	(1,676)	(2,760)
TOTAL	\$18,038	\$18,945
Long-term weighted average interest rates ⁽²⁾	2.6%	3.1%

⁽¹⁾ Debt issued by the ESOP is guaranteed by the Company and is recorded as debt of the Company, as discussed in Note 8.

⁽²⁾ Long-term weighted average interest rates include the effects of interest rate swaps discussed in Note 9.

Long-term debt maturities during the next five fiscal years are as follows:

Years ending June 30	2018	2019	2020	2021	2022
Debt maturities	\$1,676	\$1,111	\$2,010	\$1,411	\$2,890

The Procter & Gamble Company fully and unconditionally guarantees the registered debt and securities issued by its 100% owned finance subsidiaries.

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 11**ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)**

The table below presents the changes in Accumulated other comprehensive income/(loss) (AOCI), including the reclassifications out of Accumulated other comprehensive income/(loss) by component:

Changes in Accumulated Other Comprehensive Income/(Loss) by Component

	Hedges	Investment Securities	Pension and Other Retiree Benefits	Financial Statement Translation	Total
BALANCE at JUNE 30, 2015	\$ (2,642)	\$ 6	\$ (4,321)	\$ (5,823)	\$ (12,780)
OCI before reclassifications ⁽¹⁾	(103)	29	(1,710)	(1,679)	(3,463)
Amounts reclassified from AOCI ⁽²⁾	104	(1)	233	—	336
Net current period OCI	1	28	(1,477)	(1,679)	(3,127)
BALANCE at JUNE 30, 2016	(2,641)	34	(5,798)	(7,502)	(15,907)
OCI before reclassifications ⁽³⁾	(237)	(49)	910	356	980
Amounts reclassified from AOCI ⁽⁴⁾	(69)	(10)	491	(117)	295
Net current period OCI	(306)	(59)	1,401	239	1,275
BALANCE at JUNE 30, 2017	\$ (2,947)	\$ (25)	\$ (4,397)	\$ (7,263)	\$ (14,632)

⁽¹⁾ Net of tax (benefit) / expense of \$6, \$7 and \$(708) for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2016.

⁽²⁾ Net of tax (benefit) / expense of \$(1), \$0 and \$87 for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2016.

⁽³⁾ Net of tax (benefit) / expense of \$(186), \$(6) and \$360 for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2017.

⁽⁴⁾ Net of tax (benefit) / expense of \$0, \$0 and \$191 for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2017.

The below provides additional details on amounts reclassified from AOCI into the Consolidated Statement of Earnings:

- Hedges: see Note 9 for classification of gains and losses from hedges in the Consolidated Statements of Earnings.
- Investment securities: amounts reclassified from AOCI into Other non-operating income, net.
- Pension and other retiree benefits: amounts reclassified from AOCI into Cost of product sold, SG&A, and Net earnings from discontinued operations and included in the computation of net periodic pension cost (see Note 8 for additional details).
- Financial statement translation: amounts reclassified from AOCI into Net earnings from discontinued operations. These amounts relate to accumulated translation associated with foreign entities sold as part of the sale of the Beauty Brands business.

NOTE 12**COMMITMENTS AND CONTINGENCIES****Guarantees**

In conjunction with certain transactions, primarily divestitures, we may provide routine indemnifications (e.g., indemnification for representations and warranties and retention of previously existing environmental, tax and employee liabilities) for which terms range in duration and, in some circumstances, are not explicitly defined. The maximum obligation under some indemnifications is also not explicitly stated and, as a result, the overall amount of these obligations cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not made significant payments for these indemnifications. We believe that if we were to incur a loss on any of these matters, the loss would not have a material effect on our financial position, results of operations or cash flows.

In certain situations, we guarantee loans for suppliers and customers. The total amount of guarantees issued under such arrangements is not material.

Off-Balance Sheet Arrangements

We do not have off-balance sheet financing arrangements, including variable interest entities, that have a material impact on our financial statements.

Purchase Commitments and Operating Leases

We have purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. Commitments made under take-or-pay obligations are as follows:

Years ending June 30	2018	2019	2020	2021	2022	Thereafter
Purchase obligations	\$ 843	\$ 225	\$ 168	\$ 99	\$ 70	202

Such amounts represent minimum commitments under take-or-pay agreements with suppliers and are in line with expected usage. These amounts include purchase commitments related to service contracts for information technology, human resources management and facilities management activities that have been outsourced to third-party suppliers. Such amounts also include arrangements with suppliers that qualify as embedded operating leases. Due to the proprietary nature

of many of our materials and processes, certain supply contracts contain penalty provisions for early termination. We do not expect to incur penalty payments under these provisions that would materially affect our financial position, results of operations or cash flows.

We also lease certain property and equipment for varying periods. Future minimum rental commitments under non-cancelable operating leases, net of guaranteed sublease income, are as follows:

<u>Years ending</u> <u>June 30</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>
Operating leases	\$ 261	\$ 273	\$ 237	\$ 194	\$ 160	368

Litigation

We are subject, from time to time, to certain legal proceedings and claims arising out of our business, which cover a wide range of matters, including antitrust and trade regulation, product liability, advertising, contracts, environmental, patent and trademark matters, labor and employment matters and tax.

While considerable uncertainty exists, in the opinion of management and our counsel, the ultimate resolution of the various lawsuits and claims will not materially affect our financial position, results of operations or cash flows.

We are also subject to contingencies pursuant to environmental laws and regulations that in the future may require us to take action to correct the effects on the environment of prior manufacturing and waste disposal practices. Based on currently available information, we do not believe the ultimate resolution of environmental remediation will materially affect our financial position, results of operations or cash flows.

NOTE 13

DISCONTINUED OPERATIONS

On October 1, 2016, the Company completed the divestiture of four product categories to Coty, Inc. (“Coty”). The divestiture included 41 of the Company's beauty brands (“Beauty Brands”), including the global salon professional hair care and color, retail hair color, cosmetics and a majority of the fine fragrance businesses, along with select hair styling brands. The form of the divestiture transaction was a Reverse Morris Trust split-off, in which P&G shareholders were given the election to exchange their P&G shares for shares of a new corporation that held the Beauty Brands (Galleria Co.), and then immediately exchange those shares for Coty shares. The value P&G received in the transaction was \$11.4 billion. The value was comprised of 105 million shares of common stock of the Company, which were tendered by shareholders of the Company and exchanged for the Galleria Co. shares, valued at approximately \$9.4 billion, and the assumption of \$1.9 billion of debt by Galleria Co. The shares tendered in the transaction were reflected as an addition to treasury stock and the cash received related to the debt assumed by Coty was reflected as an investing activity in the Consolidated Statement of Cash Flows. The Company recorded an after-tax gain on the final transaction of \$5.3 billion, net of transaction and related costs.

Two of the fine fragrance brands, Dolce & Gabbana and Christina Aguilera, were excluded from the divestiture. These brands were subsequently divested at amounts that approximated their adjusted carrying values.

In February 2016, the Company completed the divestiture of its Batteries business to Berkshire Hathaway (BH) via a split transaction, in which the Company exchanged the Duracell Company, which the Company had infused with additional cash, to repurchase all 52.5 million shares of P&G stock owned by BH. During the fiscal year ended June 30, 2016, the Company recorded non-cash, before-tax goodwill and indefinite-lived asset impairment charges of \$402 (\$350 after tax), to reduce the Batteries carrying value to the total estimated proceeds based on the value of BH's shares in P&G stock at the time of the impairment charges (see Note 4). The Company recorded an after-tax gain on the final transaction of \$422 to reflect a subsequent increase in the final value of the BH's shares in P&G stock. The total value of the transaction was \$4.2 billion representing the value of the Duracell business and the cash infusion. The cash infusion of \$1.7 billion was reflected as a purchase of treasury stock.

On July 31, 2014, the Company completed the divestiture of its Pet Care operations in North America, Latin America, and other selected countries to Mars, Incorporated (Mars) for \$2.9 billion in an all-cash transaction. Under the terms of the agreement, Mars acquired our branded pet care products, our manufacturing sites in the United States and the majority of the employees working in the Pet Care business. The agreement included an option for Mars to acquire the Pet Care business in several additional countries, which was also completed in fiscal 2015. The European Union countries were not included in the agreement with Mars.

In December 2014, the Company completed the divestiture of its Pet Care operations in Western Europe to Spectrum Brands in an all-cash transaction. Under the terms of the agreement, Spectrum Brands acquired our branded pet care products, our manufacturing site in the Netherlands and the majority of the employees working in the Western Europe Pet Care business. The one-time after-tax impact of these transactions is not material.

In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Beauty Brands, Batteries and Pet Care businesses are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. Additionally, the Beauty Brands' balance sheet positions are presented as assets and liabilities held for sale in the Consolidated Balance Sheet as of June 30, 2016. The Beauty Brands were historically part of the Company's Beauty reportable segment. The Batteries business was historically part of the Company's Fabric & Home Care reportable segment. The Pet Care business was historically part of the Company's Health Care reportable segment.

Amounts in millions of dollars except per share amounts or as otherwise specified.

On July 1, 2015, the Company adopted ASU 2014-08, which included new reporting and disclosure requirements for discontinued operations. The new requirements are effective for discontinued operations occurring on or after the adoption date, which includes the Beauty Brands divestiture. All other discontinued operations prior to July 1, 2015 are reported based on the previous disclosure requirements for discontinued operations, including the Batteries and Pet Care divestitures.

The following table summarizes Net earnings/(loss) from discontinued operations and reconciles to the Consolidated Statements of Earnings:

Years ended June 30	2017	2016	2015
Beauty Brands	\$ 5,217	\$ 336	\$ 643
Batteries	—	241	(1,835)
Pet Care	—	—	49
Net earnings/(loss) from discontinued operations	\$ 5,217	\$ 577	\$ (1,143)

The following is selected financial information included in Net earnings/(loss) from discontinued operations for the Beauty Brands:

Years ended June 30	Beauty Brands		
	2017	2016	2015
Net sales	\$ 1,159	\$ 4,910	\$ 5,530
Cost of products sold	450	1,621	1,820
Selling, general and administrative expense	783	2,763	2,969
Intangible asset impairment charges	—	48	—
Interest expense	14	32	—
Interest income	—	2	2
Other non-operating income/(loss), net	16	9	91
Earnings/(loss) from discontinued operations before income taxes	\$ (72)	\$ 457	\$ 834
Income taxes on discontinued operations	46	121	191
Gain on sale of business before income taxes	\$ 5,197	\$ —	\$ —
Income tax expense/(benefit) on sale of business	(138) ⁽¹⁾	—	—
Net earnings from discontinued operations	\$ 5,217	\$ 336	\$ 643

⁽¹⁾ The income tax benefit of the Beauty Brands divestiture represents the reversal of underlying deferred tax balances partially offset by current tax expense related to the transaction.

For the fiscal year ended June 30, 2017, the Beauty Brands incurred transition costs of \$167, after-tax, which are included in the table above. For the fiscal year ended June 30, 2016, transition costs of \$112, before-tax, were incurred and are included in Net earnings/(loss) from discontinued operations.

The following is selected financial information included in cash flows from discontinued operations for the Beauty Brands:

Years ended June 30	Beauty Brands		
	2017	2016	2015
NON-CASH OPERATING ITEMS			
Depreciation and amortization	\$ 24	\$ 106	\$ 125
Deferred income tax benefit	(649)	—	—
Gain on sale of businesses	5,210	8	86
Goodwill and intangible asset impairment charges	—	48	—
Net increase in accrued taxes	93	—	—
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash taxes paid	\$ 418	\$ —	\$ —
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	\$ 38	\$ 114	\$ 106

Amounts in millions of dollars except per share amounts or as otherwise specified.

The major components of assets and liabilities of the Beauty Brands held for sale are provided below.

As of June 30	Beauty Brands	
	2016 ⁽¹⁾	
Cash	\$	40
Restricted cash		996 ⁽²⁾
Accounts receivable		384
Inventories		494
Prepaid expenses and other current assets		126
Property, plant and equipment, net		629
Goodwill and intangible assets, net		4,411
Other noncurrent assets		105
Current assets held for sale	\$	7,185
Accounts payable	\$	148
Accrued and other liabilities		384
Noncurrent deferred tax liabilities		370
Long-term debt		996 ⁽²⁾
Other noncurrent liabilities		445
Current liabilities held for sale	\$	2,343

⁽¹⁾ The Company closed the Beauty Brands transaction in October 2016. Therefore, as of June 30, 2016, all assets and liabilities held for sale were reported as current assets and liabilities held for sale on the Consolidated Balance Sheets.

⁽²⁾ On January 26, 2016, Beauty Brands drew on its Term B loan of \$1.0 billion. The proceeds were held in restricted cash in escrow until the legal integration activities prior to close. Beauty Brands received additional debt funding commitments with a consortium of lenders of \$3.5 billion.

Following is selected financial information included in Net earnings/(loss) from discontinued operations for the Batteries and Pet Care businesses:

		Net Sales	Earnings Before Impairment Charges and Income Taxes	Impairment Charges	Income Tax (Expense)/Benefit	Gain/(Loss) on Sale Before Income Taxes	Income Tax (Expense)/Benefit on Sale	Net Earnings/ (Loss) from Discontinued Operations
Batteries	2016	1,517	266	(402)	(45)	(288)	710 ⁽¹⁾	241
	2015	2,226	479	(2,174)	(140)	—	—	(1,835)
Pet Care	2016	—	—	—	—	—	—	—
	2015	251	—	—	(4)	195	(142)	49
Total	2016	1,517	266	(402)	(45)	(288)	710 ⁽¹⁾	241
	2015	2,477	479	(2,174)	(144)	195	(142)	(1,786)

⁽¹⁾ The income tax benefit of the Batteries divestiture primarily represents the reversal of underlying deferred tax balances.

Amounts in millions of dollars except per share amounts or as otherwise specified.

NOTE 14**QUARTERLY RESULTS (UNAUDITED)**

Quarters Ended		Sep 30	Dec 31	Mar 31	Jun 30	Total Year
NET SALES	2016-2017	\$ 16,518	\$ 16,856	\$ 15,605	\$ 16,079	\$ 65,058
	2015-2016	16,527	16,915	15,755	16,102	65,299
OPERATING INCOME	2016-2017	3,771	3,875	3,360	2,949	13,955
	2015-2016	3,768	3,853	3,318	2,502	13,441
GROSS MARGIN	2016-2017	51.0%	50.8%	49.8%	48.4%	50.0%
	2015-2016	50.7%	50.0%	49.8%	47.9%	49.6%
NET EARNINGS:						
Net earnings from continuing operations	2016-2017	\$ 2,875	\$ 2,561	\$ 2,556	\$ 2,202	\$ 10,194
	2015-2016	2,777	2,905	2,337	2,008	10,027
Net earnings/(loss) from discontinued operations	2016-2017	(118)	5,335	—	—	5,217
	2015-2016	(142)	323	446	(50)	577
Net earnings attributable to Procter & Gamble	2016-2017	2,714	7,875	2,522	2,215	15,326
	2015-2016	2,601	3,206	2,750	1,951	10,508
DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾						
Earnings from continuing operations	2016-2017	\$ 1.00	\$ 0.93	\$ 0.93	\$ 0.82	\$ 3.69
	2015-2016	0.96	1.01	0.81	0.71	3.49
Earnings/(loss) from discontinued operations	2016-2017	(0.04)	1.95	—	—	1.90
	2015-2016	(0.05)	0.11	0.16	(0.02)	0.20
Net earnings	2016-2017	0.96	2.88	0.93	0.82	5.59
	2015-2016	0.91	1.12	0.97	0.69	3.69

⁽¹⁾ Diluted net earnings per share is calculated on Net earnings attributable to Procter & Gamble.

Amounts in millions of dollars except per share amounts or as otherwise specified.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures.**

The Company's President and Chief Executive Officer, David S. Taylor, and the Company's Chief Financial Officer, Jon R. Moeller, performed an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (Exchange Act)) as of the end of the period covered by this Annual Report on Form 10-K.

Messrs. Taylor and Moeller have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is (1) recorded, processed,

summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including Messrs. Taylor and Moeller, to allow their timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting that occurred during the Company's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The Board of Directors has determined that the following members of the Audit Committee are independent and are Audit Committee financial experts as defined by SEC rules: Ms. Patricia A. Woertz (Chair) and Mr. Kenneth I. Chenault.

The information required by this item is incorporated by reference to the following sections of the 2017 Proxy Statement filed pursuant to Regulation 14A: the section entitled Election of Directors; the section entitled Corporate Governance, up to but not including the subsection entitled Service on Other Public Boards; the subsections of the Corporate Governance section entitled Code of Ethics; the subsections of the Other Matters section entitled Director Nominations for Inclusion in the 2018 Proxy Statement and entitled Shareholder Recommendations of Board Nominees and Committee Process for Recommending Board Nominees; and the section entitled Section 16(a) Beneficial Ownership Reporting Compliance. Pursuant to Instruction 3 of Item 401(b) of Regulation S-K, Executive Officers of the Registrant are reported in Part I of this report.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the following sections of the 2017 Proxy Statement filed pursuant to Regulation 14A: the subsections of the Corporate Governance section entitled Committees of the Board and entitled Compensation Committee Interlocks and Insider Participation; and the portion beginning with the section entitled Director Compensation up to but not including the section entitled Security Ownership of Management and Certain Beneficial Owners.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table gives information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's equity compensation plans as of June 30, 2017. The table includes the following plans: The Procter & Gamble 1992 Stock Plan; The Procter & Gamble Future Shares Plan; The Procter & Gamble 2001 Stock and Incentive Compensation Plan; The Procter & Gamble 2003 Non-Employee Directors' Stock Plan; The Gillette Company 2004 Long-Term Incentive Plan; The Procter & Gamble 2009 Stock and Incentive Compensation Plan; and The Procter & Gamble 2014 Stock and Incentive Compensation Plan.

<u>Plan Category</u>	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted- average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾			
Options	204,743,572	\$72.6124	(2)
Restricted Stock Units (RSUs)/Performance Stock Units (PSUs)	11,227,504	N/A	(2)
Equity compensation plans not approved by security holders ⁽³⁾			
Options	1,886,917	56.2185	(4)
GRAND TOTAL	217,857,993	\$72.4627 ⁽⁵⁾	94,626,812

⁽¹⁾ Includes The Procter & Gamble 1992 Plan; The Procter & Gamble 2001 Stock and Incentive Compensation Plan; The Procter & Gamble 2003 Non-Employee Directors' Stock Plan; The Procter & Gamble 2009 Stock and Incentive Compensation Plan; and The Procter & Gamble 2014 Stock and Incentive Compensation Plan.

⁽²⁾ Of the plans listed in (1), only The Procter & Gamble 2014 Stock and Incentive Compensation Plan allow for future grants of securities. The maximum number of shares that may be granted under this plan is 185 million shares. Stock options and stock appreciation rights are counted on a one for one basis while full value awards (such as RSUs and PSUs) will be counted as 5 shares for each share awarded. Total shares available for future issuance under this plan is 95 million.

⁽³⁾ Includes The Procter & Gamble Future Shares Plan and The Gillette Company 2004 Long-Term Incentive Plan.

⁽⁴⁾ None of the plans listed in (3) allow for future grants of securities.

⁽⁵⁾ Weighted average exercise price of outstanding options only.

The Procter & Gamble Future Shares Plan

On October 14, 1997, the Company's Board of Directors approved The Procter & Gamble Future Shares Plan pursuant to which options to purchase shares of the Company's common stock may be granted to employees worldwide. The purpose of this plan is to advance the interests of the Company by giving substantially all employees a stake in the Company's future growth and success and to strengthen the alignment of interests between employees and the Company's shareholders through increased ownership of shares of the Company's stock. The plan has not been submitted to shareholders for approval.

Subject to adjustment for changes in the Company's capitalization, the number of shares to be granted under the plan is not to exceed 17 million shares. Under the plan's regulations, recipients are granted options to acquire 100 shares of the Company's common stock at an exercise price equal to the average price of the Company's common stock on the date of the grant. These options vest five years after the date of grant and expire ten years following the date of grant. If a recipient leaves the employ of the Company prior to the vesting

date for a reason other than disability, retirement or special separation (as defined in the plan), then the award is forfeited.

At the time of the first grant following Board approval of the plan, each employee of the Company not eligible for an award under the 1992 Stock Plan was granted options for 100 shares. From the date of this first grant through June 30, 2003, each new employee of the Company has also received options for 100 shares. Following the grant of options on June 30, 2003, the Company suspended this part of the plan. The plan terminated on October 13, 2007.

The Gillette Company 2004 Long-Term Incentive Plan

Shareholders of The Gillette Company approved The Gillette Company 2004 Long-Term Incentive Plan on May 20, 2004, and the plan was assumed by the Company upon the merger between The Procter & Gamble Company and The Gillette Company. All options became immediately vested and exercisable on October 1, 2005 as a result of the merger. After the merger, all outstanding options became options to purchase shares of The Procter & Gamble Company subject to an exchange ratio of .975 shares of P&G stock per share of Gillette stock. Only employees previously employed by The Gillette

Company prior to October 1, 2005 are eligible to receive grants under this plan. The last grant of equity under this plan was on February 27, 2009.

The plan was designed to attract, retain and motivate employees of The Gillette Company and, until the effective date of the merger between The Gillette Company and The Procter & Gamble Company, non-employee members of the Gillette Board of Directors. Under the plan, eligible participants are: (i) granted or offered the right to purchase stock options, (ii) granted stock appreciation rights and/or (iii) granted shares of the Company's common stock or restricted stock units (and dividend equivalents). Subject to adjustment for changes in the Company's capitalization and the addition of any shares authorized but not issued or redeemed under The Gillette Company 1971 Stock Option Plan, the number of shares to be granted under the plan is not to exceed 19 million shares.

Except in the case of death of the recipient, all stock options and stock appreciation rights must expire no later than ten years from the date of grant. The exercise price for all stock options granted under the plan must be equal to or greater than the fair market value of the Company's stock on the date of grant. Any common stock awarded under the plan may be subject to restrictions on sale or transfer while the recipient is employed, as the committee administering the plan may determine.

If a recipient of a grant leaves the Company while holding an unexercised option or right: (1) any unexercisable portions immediately become void, except in the case of death, retirement, special separation (as those terms are defined in the

plan) or any grants as to which the Compensation Committee of the Board of Directors has waived the termination provisions; and (2) any exercisable portions immediately become void, except in the case of death, retirement, special separation, voluntary resignation that is not for Good Reason (as those terms are defined in the plan) or any grants as to which the Compensation Committee of the Board of Directors has waived the termination provisions.

Additional information required by this item is incorporated by reference to the 2017 Proxy Statement filed pursuant to Regulation 14A, beginning with the section entitled Security Ownership of Management and Certain Beneficial Owners and up to but not including the section entitled Section 16(a) Beneficial Ownership Reporting Compliance.

Item 13. Certain Relationships and Related Transactions and Director Independence.

The information required by this item is incorporated by reference to the following sections of the 2017 Proxy Statement filed pursuant to Regulation 14A: the subsections of the Corporate Governance section entitled Director Independence and Review and Approval of Transactions with Related Persons.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated by reference to the following section of the 2017 Proxy Statement filed pursuant to Regulation 14A: Report of the Audit Committee, which ends with the subsection entitled Services Provided by Deloitte.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

1. Financial Statements:

The following Consolidated Financial Statements of The Procter & Gamble Company and subsidiaries, management's report and the reports of the independent registered public accounting firm are incorporated by reference in Part II, Item 8 of this Form 10-K.

- Management's Report on Internal Control over Financial Reporting
- Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting
- Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements
- Consolidated Statements of Earnings - for years ended June 30, 2017, 2016 and 2015
- Consolidated Statements of Other Comprehensive Income - for years ended June 30, 2017, 2016 and 2015
- Consolidated Balance Sheets - as of June 30, 2017 and 2016

- Consolidated Statements of Shareholders' Equity - for years ended June 30, 2017, 2016 and 2015
- Consolidated Statements of Cash Flows - for years ended June 30, 2017, 2016 and 2015
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

These schedules are omitted because of the absence of the conditions under which they are required or because the information is set forth in the Consolidated Financial Statements or Notes thereto.

EXHIBITS

- Exhibit (3-1) - Amended Articles of Incorporation (as amended by shareholders at the annual meeting on October 11, 2011 and consolidated by the Board of Directors on April 8, 2016) (Incorporated by reference to Exhibit (3-1) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016).
- (3-2) - Regulations (as approved by the Board of Directors on April 8, 2016, pursuant to authority granted by shareholders at the annual meeting on October 13, 2009) (Incorporated by reference to Exhibit (3-2) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016).
- Exhibit (4-1) - Indenture, dated as of September 3, 2009, between the Company and Deutsche Bank Trust Company Americas, as Trustee (Incorporated by reference to Exhibit (4-1) of the Company's Annual Report on Form 10-K for the year ended June 30, 2015).
- Exhibit (10-1) - The Procter & Gamble 2001 Stock and Incentive Compensation Plan (as amended on August 17, 2007), which was originally adopted by shareholders at the annual meeting on October 9, 2001 (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended March 31, 2013), and related correspondence and terms and conditions (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended December 31, 2013).*
- (10-2) - The Procter & Gamble 1992 Stock Plan (as amended December 11, 2001), which was originally adopted by the shareholders at the annual meeting on October 12, 1992 (Incorporated by reference to Exhibit (10-2) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).*
- (10-3) - The Procter & Gamble Executive Group Life Insurance Policy (Incorporated by reference to Exhibit (10-3) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).*
- (10-4) - Summary of the Company's Retirement Plan Restoration Program (Incorporated by reference to Exhibit (10-27) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); and related correspondence and terms and conditions (Incorporated by reference to Exhibit (10-8) of the Company's Form 10-Q for the quarter ended September 30, 2015).*
- (10-5) - The Procter & Gamble 1993 Non-Employee Directors' Stock Plan (as amended September 10, 2002), which was originally adopted by the shareholders at the annual meeting on October 11, 1994 (Incorporated by reference to Exhibit (10-5) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).*
- (10-6) - Summary of the Company's Long-Term Incentive Program (Incorporated by reference to Exhibit (10-6) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); related correspondence and terms and conditions +.*
- (10-7) - The Procter & Gamble Future Shares Plan (as adjusted for the stock split effective May 21, 2004), which was originally adopted by the Board of Directors on October 14, 1997 (Incorporated by reference to Exhibit (10-7) of the Company's Annual Report on Form 10-K for the year ended June 30, 2015).*
- (10-8) - The Procter & Gamble 2003 Non-Employee Directors' Stock Plan (as amended in August 2007), which was originally adopted by the shareholders at the annual meeting on October 14, 2003, and related correspondence and terms and conditions (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended September 30, 2012).*
- (10-9) - The Procter & Gamble Company Executive Deferred Compensation Plan (Incorporated by reference to Exhibit (10-4) of the Company's Form 10-Q for the quarter ended December 31, 2013).*
- (10-10) - Summary of the Company's Short Term Achievement Reward Program (Incorporated by reference to Exhibit (10-10) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); related correspondence and terms and conditions (Incorporated by reference to Exhibit (10-2) of the Company's Form 10-Q for the quarter ended September 30, 2015).*
- (10-11) - Company's Forms of Separation Agreement & Release (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended March 31, 2017).*
- (10-12) - Summary of personal benefits available to certain officers and non-employee directors (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended September 30, 2013).*
- (10-13) - The Gillette Company 2004 Long-Term Incentive Plan (as amended on August 14, 2007) (Incorporated by reference to Exhibit (10-4) of the Company's Form 10-Q for the quarter ended September 30, 2012).*
- (10-14) - The Gillette Company Executive Life Insurance Program +.*
- (10-15) - The Gillette Company Personal Financial Planning Reimbursement Program +.*
- (10-16) - The Gillette Company Senior Executive Financial Planning Program +.*
- (10-17) - The Gillette Company Estate Preservation +.*
- (10-18) - The Gillette Company Deferred Compensation Plan +.*

- (10-20) - The Gillette Company Deferred Compensation Plan (for salary deferrals prior to January 1, 2005) as amended through August 21, 2006 +.*
- (10-21) - The Procter & Gamble 2009 Stock and Incentive Compensation Plan, which was originally adopted by shareholders at the annual meeting on October 13, 2009 +, and the Regulations of the Compensation and Leadership Development Committee for The Procter & Gamble 2009 Stock and Incentive Compensation Plan, The Procter & Gamble 2001 Stock and Incentive Compensation Plan, The Procter & Gamble 1992 Stock Plan, The Procter & Gamble 1992 Stock Plan (Belgium Version), The Gillette Company 2004 Long-Term Incentive Plan and the Gillette Company 1971 Stock Option Plan (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended December 31, 2012).*
- (10-22) - The Procter & Gamble 2009 Stock and Incentive Compensation Plan - Additional terms and conditions and related correspondence (Incorporated by reference to Exhibit (10-2) of the Company Form 10-Q for the quarter ended December 31, 2013).*
- (10-23) - The Procter & Gamble Performance Stock Program Summary (Incorporated by reference to Exhibit (10-23) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); related correspondence and terms and conditions +.*
- (10-24) - The Procter & Gamble 2013 Non-Employee Directors' Stock Plan (Incorporated by reference to Exhibit (10-3) of the Company's Form 10-Q for the quarter ended December 31, 2013).*
- (10-25) - The Procter & Gamble 2014 Stock and Incentive Compensation Plan, which was originally adopted by shareholders at the annual meeting on October 14, 2014 (Incorporated by reference to Exhibit (10-25) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); and the Regulations of the Compensation and Leadership Development Committee for The Procter & Gamble 2014 Stock and Incentive Compensation Plan (Incorporated by reference to Exhibit (10-2) of the Company's Form 10-Q for the quarter ended March 31, 2015).*
- (10-26) - The Procter & Gamble 2014 Stock and Incentive Compensation Plan - Additional terms and conditions +, and The Procter & Gamble 2014 Stock and Incentive Compensation Plan - Related correspondence (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended December 31, 2016).*
- Exhibit (12) - Computation of Ratio of Earnings to Fixed Charges. +
- Exhibit (21) - Subsidiaries of the Registrant. +
- Exhibit (23) - Consent of Independent Registered Public Accounting Firm. +
- Exhibit (31) - Rule 13a-14(a)/15d-14(a) Certifications. +
- Exhibit (32) - Section 1350 Certifications. +
- Exhibit (99-1) - Summary of Directors and Officers Insurance Program. +
- 101.INS (1) XBRL Instance Document
- 101.SCH (1) XBRL Taxonomy Extension Schema Document
- 101.CAL (1) XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF (1) XBRL Taxonomy Definition Linkbase Document
- 101.LAB (1) XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE (1) XBRL Taxonomy Extension Presentation Linkbase Document
- (1) Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.
- * Compensatory plan or arrangement.
- + Filed herewith.

Item 16. Form 10-K Summary.

Not applicable.

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 in the city of Cincinnati, State of Ohio.

THE PROCTER & GAMBLE COMPANY

By /s/ DAVID S. TAYLOR

(David S. Taylor)

Chairman of the Board, President and Chief Executive Officer

August 7, 2017

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DAVID S. TAYLOR</u> (David S. Taylor)	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	August 7, 2017
<u>/s/ JON R. MOELLER</u> (Jon R. Moeller)	Vice Chairman and Chief Financial Officer (Principal Financial Officer)	August 7, 2017
<u>/s/ VALARIE L. SHEPPARD</u> (Valarie L. Sheppard)	Senior Vice President, Comptroller & Treasurer (Principal Accounting Officer)	August 7, 2017
<u>/s/ FRANCIS S. BLAKE</u> (Francis S. Blake)	Director	August 7, 2017
<u>/s/ ANGELA F. BRALY</u> (Angela F. Braly)	Director	August 7, 2017
<u>/s/ AMY L. CHANG</u> (Amy L. Chang)	Director	August 7, 2017
<u>/s/ KENNETH I. CHENAULT</u> (Kenneth I. Chenault)	Director	August 7, 2017
<u>/s/ SCOTT D. COOK</u> (Scott D. Cook)	Director	August 7, 2017
<u>/s/ TERRY J. LUNDGREN</u> (Terry J. Lundgren)	Director	August 7, 2017
<u>/s/ W. JAMES MCNERNEY, JR.</u> (W. James McNerney, Jr.)	Director	August 7, 2017
<u>/s/ MARGARET C. WHITMAN</u> (Margaret C. Whitman)	Director	August 7, 2017
<u>/s/ PATRICIA A. WOERTZ</u> (Patricia A. Woertz)	Director	August 7, 2017
<u>/s/ ERNESTO ZEDILLO</u> (Ernesto Zedillo)	Director	August 7, 2017

EXHIBIT INDEX

- Exhibit (3-1) - Amended Articles of Incorporation (as amended by shareholders at the annual meeting on October 11, 2011 and consolidated by the Board of Directors on April 8, 2016) (Incorporated by reference to Exhibit (3-1) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016).
- (3-2) - Regulations (as approved by the Board of Directors on April 8, 2016, pursuant to authority granted by shareholders at the annual meeting on October 13, 2009) (Incorporated by reference to Exhibit (3-2) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016).
- Exhibit (4-1) - Indenture, dated as of September 3, 2009, between the Company and Deutsche Bank Trust Company Americas, as Trustee (Incorporated by reference to Exhibit (4-1) of the Company's Annual Report on Form 10-K for the year ended June 30, 2015).
- Exhibit (10-1) - The Procter & Gamble 2001 Stock and Incentive Compensation Plan (as amended on August 17, 2007), which was originally adopted by shareholders at the annual meeting on October 9, 2001 (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended March 31, 2013), and related correspondence and terms and conditions (Incorporated by reference to Exhibit (10-1) of the Company's Form 10-Q for the quarter ended December 31, 2013).
- (10-2) - The Procter & Gamble 1992 Stock Plan (as amended December 11, 2001), which was originally adopted by the shareholders at the annual meeting on October 12, 1992 (Incorporated by reference to Exhibit (10-2) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).
- (10-3) - The Procter & Gamble Executive Group Life Insurance Policy (Incorporated by reference to Exhibit (10-3) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).
- (10-4) - Summary of the Company's Retirement Plan Restoration Program (Incorporated by reference to Exhibit (10-27) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); and related correspondence and terms and conditions (Incorporated by reference to Exhibit (10-8) of the Company's Form 10-Q for the quarter ended September 30, 2015).
- (10-5) - The Procter & Gamble 1993 Non-Employee Directors' Stock Plan (as amended September 10, 2002), which was originally adopted by the shareholders at the annual meeting on October 11, 1994 (Incorporated by reference to Exhibit (10-5) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).
- (10-6) - Summary of the Company's Long-Term Incentive Program (Incorporated by reference to Exhibit (10-6) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016); related correspondence and terms and conditions +.
- (10-7) - The Procter & Gamble Future Shares Plan (as adjusted for the stock split effective May 21, 2004), which was originally adopted by the Board of Directors on October 14, 1997 (Incorporated by reference to Exhibit (10-7) of the Company's Annual Report on Form 10-K for the year ended June 30, 2015).
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[\(10-19\) - Senior Executive Recoupment Policy](#) +.

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- (10-21) - [The Procter & Gamble 2009 Stock and Incentive Compensation Plan, which was originally adopted by shareholders at the annual meeting on October 13, 2009 +, and the Regulations of the Compensation and Leadership Development Committee for The Procter & Gamble 2009 Stock and Incentive Compensation Plan, The Procter & Gamble 2001 Stock and Incentive Compensation Plan, The Procter & Gamble 1992 Stock Plan, The Procter & Gamble 1992 Stock Plan \(Belgium Version\), The Gillette Company 2004 Long-Term Incentive Plan and the Gillette Company 1971 Stock Option Plan \(Incorporated by reference to Exhibit \(10-1\) of the Company's Form 10-Q for the quarter ended December 31, 2012\).](#)
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- Exhibit (12) - [Computation of Ratio of Earnings to Fixed Charges.](#) +
- Exhibit (21) - [Subsidiaries of the Registrant.](#) +
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- Exhibit (32) - [Section 1350 Certifications.](#) +
- Exhibit (99-1) - [Summary of Directors and Officers Insurance Program.](#) +

- 101.INS (1) XBRL Instance Document
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- 101.PRE (1) XBRL Taxonomy Extension Presentation Linkbase Document

- (1) Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

+ Filed herewith.

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Section 2: EX-10.6 (SUMMARY OF THE COMPANY'S LONG-TERM INCENTIVE PROGRAM)

EXHIBIT (10-6)

Long-Term Incentive Program - Related Correspondence and Terms and Conditions



FORM AA AWARD AGREEMENT

[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: NON-STATUTORY STOCK OPTION SERIES XX-AA

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	[ACCEPTANCE DATE]

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments and the Exercise Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the Regulations and Sub Plans by activating this hyperlink: Regulations of the Committee. If you have difficulty accessing the materials online, please send an email to [_____] for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the event of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the Expiration Date.
2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the event of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.
3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Subsidiary that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.
4. Termination in connection with a divestiture or separation of any of the Company’s businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company’s businesses, as determined by the Company’s Chief Human Resources Officer, the Award is retained and will become

exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the stock option award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

SUBMIT

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G

and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



FORM BB AWARD AGREEMENT

[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you two options to purchase shares of Procter & Gamble Common Stock as follows:

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments and the Exercise Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the Regulations and Sub Plans](#) by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Subject: NON-STATUTORY STOCK OPTION SERIES XX-BB1

The Company hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[#BB1 SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	[ACCEPTANCE_DATE]

Vesting and Exercise for Series XX-BB1

As long as you remain in compliance with the terms of the Plan and the Regulations, these option shares will not be forfeitable, will become exercisable on the Vest Date, and will expire on the Expiration Date. In the case of death prior to the Vest Date, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the Expiration Date.

Subject: NON-STATUTORY STOCK OPTION SERIES XX-BB2

The Company hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[#BB2 SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	[ACCEPTANCE_DATE]

Vesting and Exercise for Series XX-BB2

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the case of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the Expiration Date.
2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the case of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.
3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Subsidiary that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.
4. Termination in connection with a divestiture or separation of any of the Company's businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company's businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

Should you choose to accept the stock options, please make sure to also verify your intention that you will not exercise the options earlier than January 1 of the 4th calendar year following the date of grant (January 1, 20xx). To confirm this commitment, you will need to submit the attached Exercise Commitment Letter no later than [ACCEPTANCE_DATE]. More information is provided in the attached document "Belgian Letter Supplement".

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

Belgian Letter Supplement
Belgian Exercise Commitment Letter

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the stock option award detailed above (including attachments).

BELGIUM PARTICIPANTS

Pursuant to article 43 § 6 of the law of March 26, 1999 on stock options I hereby personally commit not to exercise the stock options earlier than 1st of Jan of the 4th year following the date of grant. I have read and understood and accept all the conditions indicated in all attachments.

I reject the Belgium exercise commitment. I am fully aware that this will have an impact on the Belgian taxable base for these options.

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my Employer and shall not interfere with the ability of my Employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my Employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my Employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G

and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



FORM F AWARD AGREEMENT

[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: UK Tax Advantaged (NON-STATUTORY) STOCK OPTION SERIES XX-F

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	XX April 20XX

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the applicable sub-plan, the Schedule 4 CSOP Sub-Plan for the United Kingdom (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), and this Award Agreement, including Attachment A and the Exercise Instructions in place as may be revised from time to time, except that the Committee has waived the provisions of Article 6.1(a) and 6.1(c) of the Plan. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the Schedule 4 CSOP Sub-Plan for the United Kingdom and the Regulations of the Committee](#) by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the event of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the first anniversary of your date of death.
2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the event of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.
3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Constituent Company that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.
4. Termination in connection with a divestiture or separation of any of the Company’s businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company’s

businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and the Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

F Series Supplement

Schedule 4 CSOP Sub-Plan for the United Kingdom

To Accept Your Award

Read and check the boxes below:

- I have read, understand and agree to be bound by each of:
- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
 - The Schedule 4 CSOP Sub-Plan for the United Kingdom (applies to series XX-LTIP-F only)
 - Regulations of the Committee
 - This Award Agreement, including Attachment A

- I accept the stock option award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

- I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

SUBMIT

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my Employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my Employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my Employer and shall not interfere with the ability of my Employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my Employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G

and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.

2014 STOCK & INCENTIVE COMPENSATION PLAN

**RULES OF THE PROCTER & GAMBLE 2014
SCHEDULE 4 CSOP SUB-PLAN FOR THE UNITED KINGDOM**

1 General

This schedule to the Procter & Gamble 2014 Stock and Incentive Compensation Plan (“the Plan”) sets out the rules of the Procter & Gamble 2014 Schedule 4 CSOP Sub-Plan for the United Kingdom (“the Sub-Plan”).

2 Establishment of Sub-Plan

The Procter & Gamble Company (“the Company”) has established the Sub-Plan under Article 3.2(f) of the Plan, which authorises the Committee to establish sub-plans to the Plan.

3 Purpose of Sub-Plan

The purpose of the Sub-Plan is to enable the grant to, and subsequent exercise by, employees and directors in the United Kingdom, on a tax advantaged basis, of options to acquire Shares under the Plan within the provisions of Schedule 4.

4 Rules of Sub-Plan

The rules of the Plan, in their present form and as amended from time to time, shall, with the modifications set out in this schedule, form the rules of the Sub-Plan. In the event of any conflict between the rules of the Plan and this Sub-Plan, the Sub-Plan shall prevail.

5 Relationship of Sub-Plan to Plan

The Sub-Plan shall form part of the Plan and not a separate and independent plan.

6 Interpretation

In this Sub-Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Acquiring Company	a company which obtains Control of the Company in the circumstances referred to in rule 26;
Associated Company	the meaning given to that expression by paragraph 35(1) of Schedule 4;
Close Company	the meaning given to that expression by section 989 of the Income Tax Act 2007, and paragraph 9(4) of Schedule 4;
Committee	the Compensation & Leadership Development Committee of the Board or such other committee as may be designated by the Board to administer the Plan;
Consortium	the meaning given to that word by paragraph 36(2) of Schedule 4;
Constituent Company	means the Company or a company which is: <ul style="list-style-type: none"> (a) a Subsidiary or (b) a Jointly Owned Company where neither it nor any company Controlled by it is a constituent company under the provisions of paragraph 34(4) of Schedule 4 in any other CSOP scheme as that term is defined in paragraph 2 of Schedule 4;
Control	the meaning given to that word by section 719 of ITEPA 2003 and “Controlled” shall be construed accordingly;
Date of Grant	the date on which an Option is granted to an Eligible Employee in accordance with the Articles of the Plan;

Eligible Employee	<p>an individual who falls within the provisions of Article 5 of the Plan and who is:</p> <p>(a) an employee (other than a director) of a Constituent Company; or</p> <p>(b) a director of a Constituent Company who is contracted to work at least 25 hours per week for the Company and its subsidiaries or any of them (exclusive of meal breaks)</p> <p>and who, in either case,:</p> <p>(i) is not eligible solely by reason that he is a non-executive director of a Constituent Company;</p> <p>(ii) has earnings in respect of his office or employment which are (or would be if there were any) general earnings to which sections 15, 22 or 26 of ITEPA 2003 applies; and</p> <p>(iii) does not have at the Date of Grant, and has not had during the preceding twelve months, a Material Interest in a Close Company which is the Company or a company which has Control of the Company or a member of a Consortium which owns the Company;</p>
ITEPA 2003	means the Income Tax (Earnings and Pensions) Act 2003;
Market Value	<p>notwithstanding Article 7.2 of the Plan,</p> <p>(a) in the case of an Option granted under the Sub-Plan:</p> <p>(i) if at the relevant time the Shares are listed on the New York Stock Exchange, the average of the highest and lowest sale prices of a Share on the Date of Grant (as quoted in the <i>Wall Street Journal</i>) or, if there were no trades on that day, on the dealing day immediately preceding the Date of Grant;</p> <p>(ii) if paragraph (i) above does not apply, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with HM Revenue & Customs Shares and Assets Valuation on the Date of Grant or such earlier date or dates (not being more than thirty days before the Date of Grant) as may be agreed with HM Revenue & Customs;</p> <p>provided that the Market Value of Shares subject to a Relevant Restriction shall be determined as if they were not subject to a Relevant Restriction;</p> <p>(b) in the case of an option granted under any other share option scheme, the market value of a Share shall be determined under the rules of such scheme for the purpose of the grant of the option;</p>
Material Interest	the meaning given to that expression by paragraphs 9 to 14 of Schedule 4;
New Option	an option granted by way of exchange under rule 26.1;
New Shares	the shares subject to a New Option as set out in rule 26;
Option	a right to acquire Shares granted under the Sub-Plan;
Option Holder	an individual who holds an Option or, where the context permits, his legal personal representatives;
Relevant Restriction	any provision in any contract, agreement, arrangement or condition to which any of sub-sections (2) to (4) of section 423 of ITEPA 2003 would apply if references in those sub-sections to employment-related securities were references to the Shares;
Schedule 4	means Schedule 4 to ITEPA 2003;
Schedule 4 CSOP	a share plan that meets the requirements of Schedule 4;
Shares	common stock of the Company as defined in Article 2.43 of the Plan; and
Subsidiary	means a company which is a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006 over which the Company has Control.

In this Sub-Plan, unless the context otherwise requires:

- words and expressions not defined above have the same meanings as are given to them in the Plan;
- the contents and rule headings are inserted for ease of reference only and do not affect their interpretation;

- a reference to a rule is a reference to a rule in this Sub-Plan; and
- a reference to a statutory provision is a reference to a United Kingdom statutory provision and includes any statutory modification, amendment or re-enactment thereof.

7 Companies participating in Sub-Plan

Notwithstanding Article 2.45 of the Plan, the companies participating in the Sub-Plan shall be the Company and any Constituent Company which has been nominated by the Company to participate in the Sub-Plan.

8 Shares used in Sub-Plan

The Shares shall form part of the ordinary share capital of the Company and shall at all times comply with the requirements of paragraphs 16 to 20 of Schedule 4.

9 Grant of Options

An Option shall be granted under and subject to the rules of the Plan as modified by this Sub-Plan.

10 Identification of Options

An Award Agreement issued in respect of an Option shall expressly state that it is issued in respect of an Option. An option which is not so identified shall not constitute an Option.

11 Contents of Award Agreement

An Award Agreement issued in respect of an Option shall state:

- that it is issued in respect of an Option;
- the date of grant of the Option;
- the number of Shares subject to the Option (or how that number may be calculated);
- the exercise price under the Option (or the method by which the exercise price will be determined);
- any performance target or other condition imposed on the exercise of the Option;
- the times at which the Option will ordinarily be exercisable;
- the circumstances in which the Option will lapse;
- details of any Relevant Restriction to which the Shares are subject; and
- any conditions imposed by the Committee under Articles 3.2 or 16 in relation to the Option.

12 Persons to whom Options may be granted

An Option may not be granted to an individual who is not an Eligible Employee at the Date of Grant.

13 Options non transferable

Notwithstanding Article 14 of the Plan, an Option shall be personal to the Eligible Employee to whom it is granted and, subject to rule 24, shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Option Holder purports to transfer, charge or otherwise alienate the Option.

14 Limit on number of Shares placed under Option under Sub-Plan

For the avoidance of doubt, Shares placed under Option under the Sub-Plan shall be taken into account for the purpose of Article 4.1 of the Plan.

15 HM Revenue & Customs limit (£30,000)

An Option may not be granted to an Eligible Employee if the result of granting the Option would be that the aggregate Market Value of the shares subject to all outstanding options granted to him under the Sub-Plan or any other share option scheme established by the Company or an Associated Company under Schedule 4) would exceed sterling £30,000 or such other limit as may from time to time be specified in paragraph 6 of Schedule 4.

16 Foreign Currency Options

For the purpose of the limit contained in rule 15, the United Kingdom sterling equivalent of the Market Value of a share on any day shall be determined by taking the spot sterling/US dollar exchange rate for that day as shown in the Financial Times.

17 Scaling Down

If the grant of an Option would otherwise cause the limit in rule 15 to be exceeded, it shall take effect as the grant of an Option under the Sub-Plan over the highest number of Shares which does not cause the limit to be exceeded. If more than one Option is granted on the same Date of Grant, the number of Shares which would otherwise be subject to each Option shall be reduced *pro rata*.

18 Exercise price under Options

Notwithstanding Article 7.2 of the Plan, the amount payable per Share on the exercise of an Option shall not be manifestly less than the Market Value of a Share on the Date of Grant.

19 Performance target or other condition imposed on exercise of Option

Any performance target or other condition imposed on the exercise of an Option under Article 3 or Article 15 of the Plan shall be:

- 19.1 objective;
- 19.2 capable of being fulfilled within the period of ten years from the Date of Grant;
- 19.3 such that, once satisfied, the exercise of the Option is not subject to the discretion of any person; and
- 19.4 stated in the Option agreement.

If an event occurs as a result of which the Committee considers that a performance target or other condition imposed on the exercise of an Option is no longer appropriate and substitutes, varies or waives under Article 15 of the Plan the performance target or condition, such substitution, variation or waiver shall:

- 19.5 be reasonable in the circumstances; and
- 19.6 except in the case of waiver produces a fairer measure of performance and is not materially more or less difficult to satisfy.

20 Latest date for exercise of Options

An Option may not be exercised more than ten years after the Date of Grant and to the extent not so exercised by that time the Option shall lapse immediately. This term can be extended only in the event of the death of the Optionee as required by Rule 24.

21 Material Interest

An Option may not be exercised if the Option Holder then has, or has had within the preceding twelve months, a Material Interest in a Close Company which is the Company or which is a company which has Control of the Company or which is a member of a Consortium which owns the Company.

22 Payment for Shares on exercise of Options

The amount due on the exercise of an Option shall be paid in cash or by cheque or banker's draft and may be paid out of funds provided to the Option Holder on loan by a bank, broker or other person. The payment may not be in the form of relinquishing a portion of the Option or paid by the transfer to the Company of Shares or any other shares or securities, and in any circumstance the Company must not charge an administrative fee for the exercise of an Option. The date of exercise of an Option shall be the date on which the Company receives the amount due on the exercise of the Option under this rule 22, together with any payment or documentation required under rule 30.

23 Issue or transfer of Shares on exercise of Options

The Company shall, as soon as reasonably practicable and in any event not later than thirty days after the date of exercise of an Option, issue or transfer to the Option Holder, or procure the issue or transfer to the Option Holder of, the number of Shares specified in the notice of exercise, subject only to compliance by the Option Holder with the rules of the Sub-Plan and to any delay necessary to complete or obtain:

- 23.1 the listing of the Shares on any stock exchange on which Shares are then listed; or
- 23.2 such registration or other qualification of the Shares under any applicable law, rule or regulation as the Company determines is necessary or desirable.

24 Death of Option Holder

If an Option Holder dies before the tenth anniversary of the Date of Grant, his personal representatives shall be entitled to exercise his Options at any time during the twelve-month period following his death. If not so exercised, the Options shall lapse immediately.

25 Retirement of Option Holder

For the purpose of this Sub-Plan, notwithstanding Article 2.42, Retirement shall mean an Option Holder leaving employment with the intention of retiring.

26 Change in Control of Company**26.1 Exchange of Options**

Should a Change of Control occur within the terms of Article 17 of the Plan, then only if a company ("Acquiring Company") obtains Control of the Company as a result of making:

- 26.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company;
- 26.1.2 a general offer to acquire all the shares in the Company of the same class as the Shares;
- 26.1.3 a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006; or
- 26.1.4 a "non-UK company reorganisation arrangement" (within the meaning of paragraph 35ZA of Schedule 4); or

should an Acquiring Company become bound or entitled to acquire Shares under sections 979 to 982 of the Companies Act 2006, an Option Holder may, at any time during the period set out in rule 26.2, by agreement with the Acquiring Company,

release his Option in consideration of the grant to him of a new option (“New Option”) which is equivalent to the Option but which relates to shares (“New Shares”) in:

26.1.5 the Acquiring Company;

26.1.6 a company which has Control of the Acquiring Company; or

26.1.7 a company which either is, or has Control of, a company which is a member of a Consortium which owns either the Acquiring Company or a company having Control of the Acquiring Company.

26.2 **Period allowed for exchange of Options**

The period referred to in rule 26.1 is the period of six months beginning with the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied.

26.3 **Meaning of “equivalent”**

The New Option shall not be regarded for the purpose of this rule 26 as equivalent to the Option unless:

26.3.1 the New Shares satisfy the conditions in paragraphs 16 to 20 of Schedule 4; and

26.3.2 save for any performance target or other condition imposed on the exercise of the Option, the New Option is exercisable in the same manner as the Option and subject to the provisions of the Sub-Plan as it had effect immediately before the release of the Option; and

26.3.3 the total market value, immediately before the release of the Option, of the Shares which were subject to the Option is substantially the same as the total market value, immediately after the grant of the New Option, of the New Shares subject to the New Option (market value being determined using a methodology agreed by HM Revenue & Customs);

26.3.4 the total amount payable by the Option Holder for the acquisition of the New Shares under the New Option is substantially the same as the total amount that would have been payable by the Option Holder for the acquisition of the Shares under the Option.

26.4 **Date of grant of New Option**

The date of grant of the New Option shall be deemed to be the same as the Date of Grant of the Option.

26.5 **Application of Sub-Plan to New Option**

In the application of the Sub-Plan to the New Option, where appropriate, references to “Company” and “Shares” shall be read as if they were references to the company to whose shares the New Option relates and the New Shares, respectively, (save that in the definition of “Committee”, the reference to “Company” shall be read as if it were a reference to The Procter & Gamble Company).

27 **Rights attaching to Shares issued on exercise of Options**

Notwithstanding the provisions of Article 3 of the Plan, which grant the Committee authority to determine the conditions and restrictions, if any, applying to shares of Common Stock acquired through the exercise of an option, all Shares issued in respect of the exercise of an Option shall, as to any voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of such issue save as regards any rights attaching to such shares by reference to a record date prior to the date of such issue.

28 **Amendment of Sub-Plan**

Notwithstanding Article 19.1 of the Plan, no amendment may be made to a “key feature” of the Sub-Plan (within the meaning given to that expression in paragraph 30(4) of Schedule 4), whether taking the form of an amendment of the

Plan or the Sub-Plan, that would result in the Sub-Plan no longer being a Schedule 4 CSOP.

29 **Adjustment of Options**

Notwithstanding Article 4.5 of the Plan, to the extent that any adjustment of an Option is permitted under these rules, it shall not be made unless the adjustment is permitted pursuant to, and in compliance with, paragraph 22 of Schedule 4.

30 **Tax and social security withholding**

An Option may not be exercised unless the Option Holder has beforehand made provision for the payment or withholding of any taxes and social security required to be withheld in accordance with the applicable law of any jurisdiction in respect of the exercise of the Option, or the receipt of the Shares. Notwithstanding the provisions of Article 20 of the Plan which permit different arrangements to be made to satisfy the payment in respect of any taxes and social security required to be withheld, the payment may not be in the form of relinquishing a portion of the Option or paid by the transfer to the Company of Shares or any other shares or securities, unless this is the Shares by virtue of the exercise of the Option. The Option Holder may, by agreement with the Company, enter into some other arrangement to ensure that such amount is available (whether by authorising the sale of some or all of the Shares subject to his Option and the payment to the Company, or where appropriate the Option Holder's employing company of the requisite amount out of the proceeds of sale or otherwise). Where this is the case, the Option shall not be treated as exercised until the Company determines that such arrangements are satisfactory to it.

31 **Transfer of Employer's NIC**

The Committee may, at its discretion, impose requirements for the payment by the Option Holder of all or any part of the employer's national insurance contributions ("NIC") which may arise as a result of the exercise of his Option. Such requirements shall be specified on the Date of Grant and shall be a condition of exercise of the Option, provided that the Committee (acting fairly and reasonably) may waive these requirements. They may include in particular, but not by way of limitation, a determination that the Option may not be exercised unless the Option Holder has beforehand paid to the Company (or the company which employs the Option Holder, if different) an amount sufficient to discharge all or any part of the employer's NIC. Alternatively, the Option Holder may, by agreement with the Company or the employing company (as the case may be), enter into some other arrangement to ensure that such amount is available to them or it (whether by authorising the sale of some or all of the Shares subject to his Option and the payment to the Company or the employing company (as the case may be) of the requisite amount out of the proceeds of sale or otherwise). Where this is the case, the Option shall not be treated as exercised until the Company or the employing company (as the case may be) determine that such arrangements are satisfactory to it.

32 **Disapplication of certain provisions of Plan**

Articles 6.2 and 6.3 of the Plan shall not apply for the purpose of this Sub-Plan. In addition the provisions of the Plan dealing with:

- incentive stock options qualifying under section 422 of the US Internal Revenue Code of 1986, as amended;
- stock appreciation rights;
- unrestricted or restricted stock awards;
- performance awards which are not stock options;
- the cash cancellation of share options including those contained in Article 17.3(a)(i) of the Plan; and
- the granting of share options in tandem with stock appreciation rights and the subsequent cancellation of share options

shall not form part of, and no such rights may be granted under, this Sub-Plan.

EMPLOYEES ALWAYS RESIDENT IN THE UK AND DOMICILED IN THE UK**APPROVED STOCK OPTIONS**Income tax

Where the option was granted under the UK approved scheme ("F" series options,) or under the Future Share scheme and is exercised not less than 3 years after the date of the grant, you are not liable to UK income tax at the time of grant of the option, exercise of the option or sale of shares acquired under the option. *In this situation there will be no obligation to deduct any PAYE or NIC on the employer. The payments will be made to you gross.*

Capital gains tax

The gain arising on the sale of the shares once they are acquired by exercising the option is liable to capital gains tax. The gain is normally calculated as the excess of the sale proceeds over the grant price and is subject to a deduction for the annual exemption. From 6th April 2016, capital gains are taxed at a rate of 20% on individuals with aggregate income and gains (after all allowances and deductions) in excess of the upper limit of the income tax basic rate band. Individuals with aggregate income and gains (after all allowances and deductions) beneath this threshold are taxed on their capital gains at 10% up to the threshold and 20% thereafter.

Any capital gain is handled via the employee's tax return. There is no responsibility on the employer to deduct capital gains tax.

There is a £30,000 limit for approved options held. You can only be granted approved options up to a maximum value (grant price * number of shares) of £30,000. After granting this value, P&G will not grant F series to you anymore. This limit is available again only once some approved options are exercised.

Any questions regarding the selection of stock options should be directed to a personal financial advisor. If you do not have one, you may want to take advantage of the Company's Financial Advisor Program which provides an introduction to certified advisors.

The information in this letter is based on the Company's understanding of current UK tax rules, which may change from time to time.

In the event of any conflict between this document and the plan rules and the legislation, the plan rules and the legislation will take precedence.



FORM FR AWARD AGREEMENT

[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: NON-STATUTORY STOCK OPTION SERIES XX-FR

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	XX February 20XX
Vest Date:	100% on XX February 20XX
Acceptance Deadline:	XX April 20XX

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments and the Exercise Instructions in place as may be revised from time to time, except that the Committee has waived the provisions of Article 6 relating to certain restrictions with respect to employment with other companies. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: The Procter & Gamble 2014 Stock and Incentive Compensation Plan, and you may access the Regulations and sub-plans by activating this hyperlink: Regulations of the Committee. If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the case of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until 6 months following the date of death.
2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the case of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.
3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Subsidiary that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.
4. Termination in connection with a divestiture or separation of any of the Company’s businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company’s

businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

Supplemental French Information with sub-plan

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the stock option award detailed above (including attachments).

J'ai lu et je comprends le Sous-Plan Français qui m'a été donnée en Anglais.

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

SUBMIT

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my Employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my Employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my Employer and shall not interfere with the ability of my Employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my Employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G

and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.

Supplemental Information for French Optionees

It is intended that your option qualify for the favourable tax and social insurance treatment applicable to stock options under Sections L.225-177 to L.225-186-1 of the French Commercial Code, as subsequently amended, and in accordance with the relevant provisions set forth under French tax law and by the French tax administration. If you do not sell the Company stock obtained through the exercise of this option for any applicable holding period (measured from the date of grant and to the extent required under French tax law, as subsequently amended), your option may qualify for favourable tax and social insurance treatment pursuant to French law. If you sell your Company stock before the expiration of any such required holding period, your option will not qualify for favourable tax and social insurance charges treatment under French law.

If you qualify as a corporate officer under French law (“madataires sociaux”), the Committee may impose a holding period on any shares you acquire upon exercise under the plan or place a restriction on such exercise, if mandated under French law.

2014 STOCK AND INCENTIVE COMPENSATION PLAN

FRANCE ADDENDUM**Article A. Introduction**

The Board of Directors of The Procter & Gamble Company (the “Company”) has established a 2014 Stock and Incentive Compensation Plan (the “U.S. Plan”) for the benefit of certain employees of the Company and its subsidiary companies, including its French subsidiaries, (the “Subsidiary”) of which the Company holds directly or indirectly at least 10% of the share capital. Article 3 of the U.S. Plan specifically authorizes the Compensation Committee (or other committee) (the “Committee”) designated by the Board of Directors (the “Board”) to adopt procedures and forms relating to the U.S. Plan as it deems advisable with respect to foreign participants. The Board, therefore, intends to establish a sub-plan for France of the U.S. Plan for the purpose of granting Options which may qualify for the favorable tax and social security treatment in France applicable to Options granted under Sections L. 225-177 to L. 225-186-1 of the French Commercial Code as amended to qualifying employees under the U.S. Plan who are resident in France for French tax purposes (the “Optionees”). The terms of the U.S. Plan, as subsequently amended and as set out in Appendix 1 hereto, shall, subject to the modifications in the following rules, constitute the Rules of the 2014 Omnibus Incentive Compensation Plan for Employees in France (the “French Plan”).

Under the French Plan, the Optionees will be granted only Options as defined under Article B hereunder. In no case will grants under the French Plan include any other substitute awards, *e.g.*, stock appreciation rights and restricted stock.

Article B. Definitions

Capitalized terms used but not defined in the French Plan shall have the same meanings as set forth in the U.S. Plan.

In addition, the term “Option” shall have the following meaning:

- A. Purchase Options, that are rights to acquire Common Stock repurchased by the Company prior to the vesting of said Options; or
- B. Subscription Options, that are rights to subscribe newly issued Common Stock.

The term “Closed Period” means specific periods as set forth by section L. 225-177 of the French Commercial Code as amended during which French qualifying Options cannot be granted.

Notwithstanding any provisions in the U.S. Plan, the term “Grant Date” shall be the date on which the Board or the Committee both (a) designates the Optionee and (b) specifies the terms and conditions of the Option including the number of shares and the method of determining the Option Price.

The term “Effective Grant Date” shall be the date on which the Option is effectively granted, *i.e.*, the date on which the condition precedent of the expiration of a Closed Period applicable to the Option, if any, is satisfied. Such condition precedent shall be satisfied when the Board, Committee or other authorized body shall determine that the granting of Options is no longer prevented under a Closed Period. If the Grant Date does not occur within a Closed Period, the “Effective Grant Date” shall be the same day as the “Grant Date”.

The term “Vesting Date” shall mean the date on which an Optionee's right to all or a portion of an Option granted under the French Plan becomes non-forfeitable.

The term “Disability” is defined in accordance with categories 2 and 3 under Section L. 341-4 of the French Social Security Code, as amended, and subject to the fulfillment of related conditions.

The term “Forced Retirement” shall mean forced retirement as determined under Section L. 1237-5 of the French Labor Code, as amended, and subject to the fulfillment of related conditions.

Article C. Entitlement to Participate

Any individual who at the Effective Grant Date of the Option under the French Plan is either employed under the terms and conditions of an employment contract (“*contrat de travail*”) with the Subsidiary or is a corporate officer of the Subsidiary, shall be eligible to receive Options under the French Plan provided that he or she also satisfies the eligibility conditions of the U.S. Plan. Options may not be issued under the French Plan to employees or officers owning more than ten percent (10%) of the Company's share capital or to individuals other than employees and corporate officers of the Subsidiary. Options may not be issued to directors of the Subsidiary, other than managing directors (Président du Conseil d'Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire, Gérant de sociétés par actions), unless the director is an employee of the Subsidiary as defined by French law.

Article D. Conditions of the Option

To ensure the qualified status of Options under the French Plan, the terms and conditions of any Options granted under the French Plan shall not be modified after the Effective Grant Date, unless otherwise authorized by French law.

Notwithstanding any provision in the U.S. Plan to the contrary and since Common Stock of the Company is traded on a regulated securities market, no Option may be granted to eligible Optionees in France during specific Closed Periods as set forth by section L. 225-177 of the French Commercial Code as amended to the extent such Closed Periods are applicable to the Options.

1. Vesting and Exercisability of Options and Holding of Common Stock

The Options will vest and be exercisable pursuant to the terms and conditions set forth in the U.S Plan and the French Plan and any stock option agreement or notice. As such, no Option can be exercised before the Vesting Date. However, in the case of death of an Optionee, outstanding Options shall be immediately vested and exercisable under the conditions set forth in Article F of the French Plan.

The vesting of Options may be accelerated in accordance with the Change in Control provisions of the U.S. Plan as noted in Article H below.

Notwithstanding any provision in the U.S. Plan and to the extent required by French law, the Optionee will not be permitted to sell or transfer shares of Common Stock acquired upon exercise of an Option before the expiration of the applicable holding period for French qualifying Options set forth by Section 163 bis C of the French Tax Code, as amended, except as provided in this French Plan or as otherwise in keeping with French law. To prevent the Optionee from selling or transferring the shares of Common Stock subject to the Option before the expiration of the applicable holding period, the Committee may, in its discretion, restrict the vesting and/or exercisability of the Option and/or the sale of shares of Common Stock until the expiration of the applicable holding period, as set forth in the stock option agreement to be delivered to each Optionee. However, the Optionee may be permitted to vest in or exercise the Option or transfer the shares of Common Stock subject to the Option before the expiration of the applicable holding period in the cases of dismissal, Forced Retirement, Disability or death, as defined in Section 91 ter of Exhibit II to the French Tax Code, as amended, but only as set forth in the stock option agreement to be delivered to the Optionee. In any case, the restriction of the sale of the shares of Common Stock cannot exceed three years as from the effective date of the exercise of the Options.

Specific provisions apply in the event of termination of employment/service and death as provided in Article F below.

2. Option Price

The method of determining the option price payable pursuant to Options issued hereunder shall be fixed by the Committee on the date the Option is granted (“Option Price”). If Options are considered granted on the Effective Grant Date, the Option price

will be determined in accordance with the method set forth by the Committee on the Grant Date. In no event shall the Option Price per share be less than the greater of:

- a. with respect to Purchase Options over Common Stock, the higher of either 80% of the average opening price of such Common Stock during the 20 days of quotation immediately preceding the Effective Grant Date or 80% of the average purchase price paid for such Common Stock by the Company;
- b. with respect to Subscription Options over the Common Stock, 80% of the average opening price of such Common Stock during the 20 days of quotation immediately preceding the Effective Grant Date; and
- c. the minimum Option Price permitted under the U.S. Plan.

3. Payment of the Option Price

Notwithstanding any provisions in the U.S. Plan to the contrary, upon exercise of an Option, the full Option Price will be paid either in cash, by check or by credit transfer, exclusive of any other method of payment. Under a cashless exercise program, the Optionee may give irrevocable instructions to a stockbroker to properly deliver the Option Price to the Company. Notwithstanding any provisions in the U.S. Plan to the contrary, no delivery of previously owned shares having a fair market value on the date of delivery equal to the aggregate Option Price of the shares may be used as consideration for exercising the Options.

Furthermore, notwithstanding any provisions in the U.S. Plan to the contrary, shares owed to the Optionee upon exercise may not be withheld in order to meet the tax and/or social security contributions which might be due at the time of exercise or sale of the underlying shares. However, upon sale of the underlying shares, the Company and/or the Subsidiary shall have the right to withhold, or request any third party to withhold, from the proceeds to be paid to the Optionee the sums corresponding to any social security contributions due at exercise or sale by the Optionee. If such amounts are due and are not withheld, the Optionee agrees to submit the amount due to the Subsidiary by means of check, cash or credit transfer.

The shares acquired upon exercise of an Option will be recorded in an account in the name of the shareholder with a broker or in such other manner as the Company may otherwise determine in order to ensure compliance with applicable law.

4. Mandatory Holding Period

To the extent applicable to French-qualified Options granted by the Company, a specific holding period for the Common Stock or a restriction on the exercise of Options may be specified for Optionees in France who serve as managing directors under French law (“mandataires sociaux”). French law defines the following positions as mandataires sociaux: Président du Conseil d'Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire, Gérant de Sociétés par actions.

Article E. Non-transferability of Options

Notwithstanding any provision in the U.S. Plan to the contrary and except in the case of death, Options cannot be transferred to any third party. In addition, the Options are only exercisable by the Optionee during the lifetime of the Optionee.

Article F. Termination of Employment/Service

1. Death

In the event of the death of an Optionee, any outstanding Options on date of death shall become immediately vested and exercisable. The Optionee's heirs may exercise the Option within six months following the death, but any Option which remains unexercised shall expire six months following the date of the Optionee's death.

2. Disability

In the event of the Disability of a French Optionee, the French Optionee shall not be subject to a restriction on the sale of shares of Common Stock set forth in Article D.1 above (to the extent applicable and to the extent not required under French law to obtain favorable treatment).

3. Forced Retirement or Dismissal

In the event of the Forced Retirement (as defined in Article B) or dismissal of a Optionee, as defined by Section 91-ter of Exhibit II to the French Tax Code as construed by the French tax and social security circulars and subject to the fulfillment of related conditions, his or her Option will benefit from the favorable treatment of French qualified Options upon sale of his or her shares of Common Stock, even if the compulsory holding period is not met (to the extent applicable and to the extent not required under French law to obtain favourable tax and social security treatment), but only if the Option was exercised at least three (3) months prior to the effective date of the retirement or the delivery of the relevant dismissal notice to the Optionee, as defined by French law and as construed by competent French courts.

4. Other Reasons

In the event of a termination of employment for reasons other than death, the Option shall be exercisable as set forth in the stock option Award Agreement entered into with the Optionee.

Article G. Changes In Capitalization

To ensure the qualified status of Options under the French Plan, adjustments to the Option Price and/or the number of shares subject to an Option issued hereunder shall be made to preclude the dilution or enlargement of benefits under the Option only in the event of a transaction involving the Company listed under Section L. 225-181 of the French Commercial Code, as amended, a repurchase of Common Stock by the Company at a price higher than the stock quotation price on the open market, and according to the provisions of Section L. 228-99 of the French Commercial Code, as amended, as well as according to specific decrees.. Furthermore, even upon occurrence of a transaction involving the Company listed under Section L. 225-181 of the French Commercial Code, as amended, a repurchase of Common Stock by the Company at a price higher than the stock quotation price on the open market, and according to the provisions of Section L. 228-99 of the French Commercial Code, as amended, as well as according to specific decrees, no adjustment to the kind of shares to be granted shall be made (*i.e.*, only shares of Common Stock shall be granted to Optionees) to preserve the qualified status of the Option. In the event of an adjustment to the Option Price and/or the number of shares of Common Stock subject to an Option issued hereunder, other than as described in this Article G, the Options may not qualify for favorable income tax and social security treatment under French law.

Article H. Change in Control

In the event that a significant decrease in the value of Options granted to the Optionee occurs or is likely to occur as a result of a Change of Control of the Company or a liquidation, reorganization, merger, consolidation or amalgamation with another company in which the Company is not the surviving company, the Committee may, accordingly to the provisions of the U.S. Plan, in its discretion, authorize immediate vesting and exercise of Options before the date on which any Change of Control, liquidation, reorganization, merger, consolidation or amalgamation becomes effective. If this occurs, the Options may not qualify for favorable income tax and social security treatment under French law.

Article I. Disqualification of French-Qualified Options

If the Options are otherwise modified or adjusted in a manner in keeping with the terms of the U.S. Plan or as mandated as a matter of law and the modification or adjustment is contrary to the terms and conditions of this French Plan, the Options may no longer qualify as French-qualified options. The Company does not undertake nor is it required to maintain the French-qualified status of the Options, and the Optionees understand, acknowledge and agree that it will be their responsibility to bear any additional income taxes and/or social security contributions that may be payable as a result of the disqualification of the French-qualified Options.

If the Options no longer qualify as French-qualified options, the Committee may, provided it is authorized to do so under the U.S. Plan, lift, shorten or terminate certain restrictions applicable to the vesting of the Options, the exercisability of the Options, or the sale of the shares of Common Stock which may have been imposed under this French Plan or in the stock option agreement delivered to the Optionees.

Article J. Term of the Option

The term of the Option will be no greater than ten years after the Grant Date. The specific term will be specified in the applicable stock option agreement. This term can be extended only in the event of the death of the Optionee.

Article K. No Surrender of Options

Notwithstanding the provisions of the U.S. Plan, Optionees may not surrender Options in lieu of exercise for cash.

Article L. No Conversion

Notwithstanding the provisions of the U.S. Plan, Optionees may not convert cash compensation into Options.

Article M. Interpretation

In the event of any conflict between the provisions of the present French Plan and the U.S. Plan, the provisions of the French Plan shall control for any grants made thereunder to Optionees.

It is intended that Options granted under the French Plan shall qualify for the favorable tax and social security treatment applicable to stock options granted under Sections L. 225-177 to L. 225-186-1 of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax and social security laws and the French tax and social security administrations, but there are no undertakings to maintain this status. The terms of the French Plan shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws, the French tax and social security administrations, any relevant Guidelines published by French tax and social security administrations and are subject to the fulfillment of legal, tax and reporting obligations, if any.

Article N. Employment Rights

The adoption of this French Plan shall not confer upon the Optionees any employment rights and shall not be construed as a part of the Optionee's employment contracts. Articles 6.1(a), 6.1(b) and 6.1(c) of the U.S. Plan do not apply to Optionees in France.

Article O. Amendments

Subject to the terms of the U.S. Plan, the Committee reserves the right to amend or terminate the French Plan at any time. Such amendments would only apply to future grants and would not be retroactive.

Article P. Adoption

The French Plan is effective as of October 14, 2014.



[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: NON-STATUTORY STOCK OPTION SERIES XX-IT

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	XX February 20XX
Vest Date:	100% on XX February 20XX
Acceptance Deadline:	XX April 20XX

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments and the Exercise Instructions in place as may be revised from time to time, except that the Committee has waived the provisions of Article 6.1(b) (relating to certain restrictions with respect to employment with other companies). Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: The Procter & Gamble 2014 Stock and Incentive Compensation Plan, and you may access the Regulations and sub-plans by activating this hyperlink: Regulations of the Committee. If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the case of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the Expiration Date.
2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the case of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.
3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Subsidiary that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.

4. Termination in connection with a divestiture or separation of any of the Company's businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company's businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the stock option award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

SUBMIT

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my Employer and shall not interfere with the ability of my Employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my Employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/

or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



FORM AF AWARD AGREEMENT

[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: NON-STATUTORY STOCK OPTION SERIES XX-LTIP-AA

In recognition of your contributions to the future success of the business, The Procter & Gamble Company ("Company") hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	XX April 20XX

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the "Plan"), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors ("Committee"), and this Award Agreement including Attachments and the Exercise Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan](#) and the Regulations and Sub Plans by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the event of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the Expiration Date.

2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the event of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Subsidiary that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.

4. Termination in connection with a divestiture or separation of any of the Company's businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company's businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

Subject: UK Tax Advantaged (NON-STATUTORY) STOCK OPTION SERIES XX-LTIP-F

The Procter & Gamble Company ("Company") hereby grants to you an option to purchase shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	XX April 20XX

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the applicable sub-plan, the Schedule 4 CSOP Sub-Plan for the United Kingdom (the "Plan"), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors ("Committee"), and this Award Agreement, including Attachment A and the Exercise Instructions in place as may be revised from time to time, except that the Committee has waived the provisions of Article 6.1(a) and 6.1(c) of the Plan. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan](#) and the Schedule 4 CSOP Sub-Plan for the United Kingdom and the Regulations of the Committee by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the event of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the first anniversary of your date of death.

2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the event of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Constituent Company that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.

4. Termination in connection with a divestiture or separation of any of the Company's businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company's businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article

6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

F Series Supplement

Schedule 4 CSOP Sub-Plan for the United

To Accept Your Award

Read and check the boxes below:

- I have read, understand and agree to be bound by each of:
- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
 - The Schedule 4 CSOP Sub-Plan for the United Kingdom (applies to series 17-LTIP-F only)
 - Regulations of the Committee
 - This Award Agreement, including Attachment A

- I accept the stock option award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

- I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

SUBMIT

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my Employer and shall not interfere with the ability of my Employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my Employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer

to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.

2014 STOCK & INCENTIVE COMPENSATION PLAN

**RULES OF THE PROCTER & GAMBLE 2014
SCHEDULE 4 CSOP SUB-PLAN FOR THE UNITED KINGDOM****1 General**

This schedule to the Procter & Gamble 2014 Stock and Incentive Compensation Plan (“the Plan”) sets out the rules of the Procter & Gamble 2014 Schedule 4 CSOP Sub-Plan for the United Kingdom (“the Sub-Plan”).

2 Establishment of Sub-Plan

The Procter & Gamble Company (“the Company”) has established the Sub-Plan under Article 3.2(f) of the Plan, which authorises the Committee to establish sub-plans to the Plan.

3 Purpose of Sub-Plan

The purpose of the Sub-Plan is to enable the grant to, and subsequent exercise by, employees and directors in the United Kingdom, on a tax advantaged basis, of options to acquire Shares under the Plan within the provisions of Schedule 4.

4 Rules of Sub-Plan

The rules of the Plan, in their present form and as amended from time to time, shall, with the modifications set out in this schedule, form the rules of the Sub-Plan. In the event of any conflict between the rules of the Plan and this Sub-Plan, the Sub-Plan shall prevail.

5 Relationship of Sub-Plan to Plan

The Sub-Plan shall form part of the Plan and not a separate and independent plan.

6 Interpretation

In this Sub-Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Acquiring Company	a company which obtains Control of the Company in the circumstances referred to in rule 26;
Associated Company	the meaning given to that expression by paragraph 35(1) of Schedule 4;
Close Company	the meaning given to that expression by section 989 of the Income Tax Act 2007, and paragraph 9(4) of Schedule 4;
Committee	the Compensation & Leadership Development Committee of the Board or such other committee as may be designated by the Board to administer the Plan;
Consortium	the meaning given to that word by paragraph 36(2) of Schedule 4;
Constituent Company	means the Company or a company which is: <ul style="list-style-type: none"> (a) a Subsidiary or (b) a Jointly Owned Company where neither it nor any company Controlled by it is a constituent company under the provisions of paragraph 34(4) of Schedule 4 in any other CSOP scheme as that term is defined in paragraph 2 of Schedule 4;
Control	the meaning given to that word by section 719 of ITEPA 2003 and “Controlled” shall be construed accordingly;
Date of Grant	the date on which an Option is granted to an Eligible Employee in accordance with the Articles of the Plan;

Eligible Employee	<p>an individual who falls within the provisions of Article 5 of the Plan and who is:</p> <p>(a) an employee (other than a director) of a Constituent Company; or</p> <p>(b) a director of a Constituent Company who is contracted to work at least 25 hours per week for the Company and its subsidiaries or any of them (exclusive of meal breaks)</p> <p>and who, in either case,:</p> <p>(i) is not eligible solely by reason that he is a non-executive director of a Constituent Company;</p> <p>(ii) has earnings in respect of his office or employment which are (or would be if there were any) general earnings to which sections 15, 22 or 26 of ITEPA 2003 applies; and</p> <p>(iii) does not have at the Date of Grant, and has not had during the preceding twelve months, a Material Interest in a Close Company which is the Company or a company which has Control of the Company or a member of a Consortium which owns the Company;</p>
ITEPA 2003	means the Income Tax (Earnings and Pensions) Act 2003;
Market Value	<p>notwithstanding Article 7.2 of the Plan,</p> <p>(a) in the case of an Option granted under the Sub-Plan:</p> <p>(i) if at the relevant time the Shares are listed on the New York Stock Exchange, the average of the highest and lowest sale prices of a Share on the Date of Grant (as quoted in the <i>Wall Street Journal</i>) or, if there were no trades on that day, on the dealing day immediately preceding the Date of Grant;</p> <p>(ii) if paragraph (i) above does not apply, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with HM Revenue & Customs Shares and Assets Valuation on the Date of Grant or such earlier date or dates (not being more than thirty days before the Date of Grant) as may be agreed with HM Revenue & Customs;</p> <p>provided that the Market Value of Shares subject to a Relevant Restriction shall be determined as if they were not subject to a Relevant Restriction;</p> <p>(b) in the case of an option granted under any other share option scheme, the market value of a Share shall be determined under the rules of such scheme for the purpose of the grant of the option;</p>
Material Interest	the meaning given to that expression by paragraphs 9 to 14 of Schedule 4;
New Option	an option granted by way of exchange under rule 26.1;
New Shares	the shares subject to a New Option as set out in rule 26;
Option	a right to acquire Shares granted under the Sub-Plan;
Option Holder	an individual who holds an Option or, where the context permits, his legal personal representatives;
Relevant Restriction	any provision in any contract, agreement, arrangement or condition to which any of sub-sections (2) to (4) of section 423 of ITEPA 2003 would apply if references in those sub-sections to employment-related securities were references to the Shares;
Schedule 4	means Schedule 4 to ITEPA 2003;
Schedule 4 CSOP	a share plan that meets the requirements of Schedule 4;
Shares	common stock of the Company as defined in Article 2.43 of the Plan; and
Subsidiary	means a company which is a subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006 over which the Company has Control.

In this Sub-Plan, unless the context otherwise requires:

- words and expressions not defined above have the same meanings as are given to them in the Plan;
- the contents and rule headings are inserted for ease of reference only and do not affect their interpretation;
- a reference to a rule is a reference to a rule in this Sub-Plan; and
- a reference to a statutory provision is a reference to a United Kingdom statutory provision and includes any statutory modification, amendment or re-enactment thereof.

7 Companies participating in Sub-Plan

Notwithstanding Article 2.45 of the Plan, the companies participating in the Sub-Plan shall be the Company and any Constituent Company which has been nominated by the Company to participate in the Sub-Plan.

8 Shares used in Sub-Plan

The Shares shall form part of the ordinary share capital of the Company and shall at all times comply with the requirements of paragraphs 16 to 20 of Schedule 4.

9 Grant of Options

An Option shall be granted under and subject to the rules of the Plan as modified by this Sub-Plan.

10 Identification of Options

An Award Agreement issued in respect of an Option shall expressly state that it is issued in respect of an Option. An option which is not so identified shall not constitute an Option.

11 Contents of Award Agreement

An Award Agreement issued in respect of an Option shall state:

- that it is issued in respect of an Option;
- the date of grant of the Option;
- the number of Shares subject to the Option (or how that number may be calculated);
- the exercise price under the Option (or the method by which the exercise price will be determined);
- any performance target or other condition imposed on the exercise of the Option;
- the times at which the Option will ordinarily be exercisable;
- the circumstances in which the Option will lapse;
- details of any Relevant Restriction to which the Shares are subject; and
- any conditions imposed by the Committee under Articles 3.2 or 16 in relation to the Option.

12 Persons to whom Options may be granted

An Option may not be granted to an individual who is not an Eligible Employee at the Date of Grant.

13 Options non transferable

Notwithstanding Article 14 of the Plan, an Option shall be personal to the Eligible Employee to whom it is granted and, subject to rule 24, shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Option Holder purports to transfer, charge or otherwise alienate the Option.

14 Limit on number of Shares placed under Option under Sub-Plan

For the avoidance of doubt, Shares placed under Option under the Sub-Plan shall be taken into account for the purpose of Article 4.1 of the Plan.

15 HM Revenue & Customs limit (£30,000)

An Option may not be granted to an Eligible Employee if the result of granting the Option would be that the aggregate Market Value of the shares subject to all outstanding options granted to him under the Sub-Plan or any other share option scheme established by the Company or an Associated Company under Schedule 4) would exceed sterling £30,000 or such other limit as may from time to time be specified in paragraph 6 of Schedule 4.

16 Foreign Currency Options

For the purpose of the limit contained in rule 15, the United Kingdom sterling equivalent of the Market Value of a share on any day shall be determined by taking the spot sterling/US dollar exchange rate for that day as shown in the Financial Times.

17 Scaling Down

If the grant of an Option would otherwise cause the limit in rule 15 to be exceeded, it shall take effect as the grant of an Option under the Sub-Plan over the highest number of Shares which does not cause the limit to be exceeded. If more than one Option is granted on the same Date of Grant, the number of Shares which would otherwise be subject to each Option shall be reduced *pro rata*.

18 Exercise price under Options

Notwithstanding Article 7.2 of the Plan, the amount payable per Share on the exercise of an Option shall not be manifestly less than the Market Value of a Share on the Date of Grant.

19 Performance target or other condition imposed on exercise of Option

Any performance target or other condition imposed on the exercise of an Option under Article 3 or Article 15 of the Plan shall be:

- 19.1 objective;
- 19.2 capable of being fulfilled within the period of ten years from the Date of Grant;
- 19.3 such that, once satisfied, the exercise of the Option is not subject to the discretion of any person; and
- 19.4 stated in the Option agreement.

If an event occurs as a result of which the Committee considers that a performance target or other condition imposed on the exercise of an Option is no longer appropriate and substitutes, varies or waives under Article 15 of the Plan the performance target or condition, such substitution, variation or waiver shall:

19.5 be reasonable in the circumstances; and

19.6 except in the case of waiver produces a fairer measure of performance and is not materially more or less difficult to satisfy.

20 Latest date for exercise of Options

An Option may not be exercised more than ten years after the Date of Grant and to the extent not so exercised by that time the Option shall lapse immediately. This term can be extended only in the event of the death of the Optionee as required by Rule 24.

21 Material Interest

An Option may not be exercised if the Option Holder then has, or has had within the preceding twelve months, a Material Interest in a Close Company which is the Company or which is a company which has Control of the Company or which is a member of a Consortium which owns the Company.

22 Payment for Shares on exercise of Options

The amount due on the exercise of an Option shall be paid in cash or by cheque or banker's draft and may be paid out of funds provided to the Option Holder on loan by a bank, broker or other person. The payment may not be in the form of relinquishing a portion of the Option or paid by the transfer to the Company of Shares or any other shares or securities, and in any circumstance the Company must not charge an administrative fee for the exercise of an Option. The date of exercise of an Option shall be the date on which the Company receives the amount due on the exercise of the Option under this rule 22, together with any payment or documentation required under rule 30.

23 Issue or transfer of Shares on exercise of Options

The Company shall, as soon as reasonably practicable and in any event not later than thirty days after the date of exercise of an Option, issue or transfer to the Option Holder, or procure the issue or transfer to the Option Holder of, the number of Shares specified in the notice of exercise, subject only to compliance by the Option Holder with the rules of the Sub-Plan and to any delay necessary to complete or obtain:

23.1 the listing of the Shares on any stock exchange on which Shares are then listed; or

23.2 such registration or other qualification of the Shares under any applicable law, rule or regulation as the Company determines is necessary or desirable.

24 Death of Option Holder

If an Option Holder dies before the tenth anniversary of the Date of Grant, his personal representatives shall be entitled to exercise his Options at any time during the twelve-month period following his death. If not so exercised, the Options shall lapse immediately.

25 Retirement of Option Holder

For the purpose of this Sub-Plan, notwithstanding Article 2.42, Retirement shall mean an Option Holder leaving employment with the intention of retiring.

26 Change in Control of Company

26.1 Exchange of Options

Should a Change of Control occur within the terms of Article 17 of the Plan, then only if a company ("Acquiring Company") obtains Control of the Company as a result of making:

26.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company;

26.1.2 a general offer to acquire all the shares in the Company of the same class as the Shares:

26.1.3 a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006; or

26.1.4 a “non-UK company reorganisation arrangement” (within the meaning of paragraph 35ZA of Schedule 4); or

should an Acquiring Company become bound or entitled to acquire Shares under sections 979 to 982 of the Companies Act 2006,

an Option Holder may, at any time during the period set out in rule 26.2, by agreement with the Acquiring Company, release his Option in consideration of the grant to him of a new option (“New Option”) which is equivalent to the Option but which relates to shares (“New Shares”) in:

26.1.5 the Acquiring Company;

26.1.6 a company which has Control of the Acquiring Company; or

26.1.7 a company which either is, or has Control of, a company which is a member of a Consortium which owns either the Acquiring Company or a company having Control of the Acquiring Company.

26.2 **Period allowed for exchange of Options**

The period referred to in rule 26.1 is the period of six months beginning with the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied.

26.3 **Meaning of “equivalent”**

The New Option shall not be regarded for the purpose of this rule 26 as equivalent to the Option unless:

26.3.1 the New Shares satisfy the conditions in paragraphs 16 to 20 of Schedule 4; and

26.3.2 save for any performance target or other condition imposed on the exercise of the Option, the New Option is exercisable in the same manner as the Option and subject to the provisions of the Sub-Plan as it had effect immediately before the release of the Option; and

26.3.3 the total market value, immediately before the release of the Option, of the Shares which were subject to the Option is substantially the same as the total market value, immediately after the grant of the New Option, of the New Shares subject to the New Option (market value being determined using a methodology agreed by HM Revenue & Customs);

26.3.4 the total amount payable by the Option Holder for the acquisition of the New Shares under the New Option is substantially the same as the total amount that would have been payable by the Option Holder for the acquisition of the Shares under the Option.

26.4 **Date of grant of New Option**

The date of grant of the New Option shall be deemed to be the same as the Date of Grant of the Option.

26.5 **Application of Sub-Plan to New Option**

In the application of the Sub-Plan to the New Option, where appropriate, references to “Company” and “Shares” shall be read as if they were references to the company to whose shares the New Option relates and the New Shares, respectively, (save that in the definition of “Committee”, the reference to “Company” shall be read as if it were a reference to The Procter & Gamble Company).

27 Rights attaching to Shares issued on exercise of Options

Notwithstanding the provisions of Article 3 of the Plan, which grant the Committee authority to determine the conditions and restrictions, if any, applying to shares of Common Stock acquired through the exercise of an option, all Shares issued in respect of the exercise of an Option shall, as to any voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of such issue save as regards any rights attaching to such shares by reference to a record date prior to the date of such issue.

28 Amendment of Sub-Plan

Notwithstanding Article 19.1 of the Plan, no amendment may be made to a “key feature” of the Sub-Plan (within the meaning given to that expression in paragraph 30(4) of Schedule 4), whether taking the form of an amendment of the Plan or the Sub-Plan, that would result in the Sub-Plan no longer being a Schedule 4 CSOP.

29 Adjustment of Options

Notwithstanding Article 4.5 of the Plan, to the extent that any adjustment of an Option is permitted under these rules, it shall not be made unless the adjustment is permitted pursuant to, and in compliance with, paragraph 22 of Schedule 4.

30 Tax and social security withholding

An Option may not be exercised unless the Option Holder has beforehand made provision for the payment or withholding of any taxes and social security required to be withheld in accordance with the applicable law of any jurisdiction in respect of the exercise of the Option, or the receipt of the Shares. Notwithstanding the provisions of Article 20 of the Plan which permit different arrangements to be made to satisfy the payment in respect of any taxes and social security required to be withheld, the payment may not be in the form of relinquishing a portion of the Option or paid by the transfer to the Company of Shares or any other shares or securities, unless this is the Shares by virtue of the exercise of the Option. The Option Holder may, by agreement with the Company, enter into some other arrangement to ensure that such amount is available (whether by authorising the sale of some or all of the Shares subject to his Option and the payment to the Company, or where appropriate the Option Holder’s employing company of the requisite amount out of the proceeds of sale or otherwise). Where this is the case, the Option shall not be treated as exercised until the Company determines that such arrangements are satisfactory to it.

31 Transfer of Employer’s NIC

The Committee may, at its discretion, impose requirements for the payment by the Option Holder of all or any part of the employer’s national insurance contributions (“NIC”) which may arise as a result of the exercise of his Option. Such requirements shall be specified on the Date of Grant and shall be a condition of exercise of the Option, provided that the Committee (acting fairly and reasonably) may waive these requirements. They may include in particular, but not by way of limitation, a determination that the Option may not be exercised unless the Option Holder has beforehand paid to the Company (or the company which employs the Option Holder, if different) an amount sufficient to discharge all or any part of the employer’s NIC. Alternatively, the Option Holder may, by agreement with the Company or the employing company (as the case may be), enter into some other arrangement to ensure that such amount is available to them or it (whether by authorising the sale of some or all of the Shares subject to his Option and the payment to the Company or the employing company (as the case may be) of the requisite amount out of the proceeds of sale or otherwise). Where this is the case, the Option shall not be treated as exercised until the Company or the employing company (as the case may be) determine that such arrangements are satisfactory to it.

32 Disapplication of certain provisions of Plan

Articles 6.2 and 6.3 of the Plan shall not apply for the purpose of this Sub-Plan. In addition the provisions of the Plan dealing with:

- incentive stock options qualifying under section 422 of the US Internal Revenue Code of 1986, as amended;
- stock appreciation rights;
- unrestricted or restricted stock awards;

- performance awards which are not stock options;
- the cash cancellation of share options including those contained in Article 17.3(a)(i) of the Plan; and
- the granting of share options in tandem with stock appreciation rights and the subsequent cancellation of share options

shall not form part of, and no such rights may be granted under, this Sub-Plan.

EMPLOYEES ALWAYS RESIDENT IN THE UK AND DOMICILED IN THE UK**APPROVED STOCK OPTIONS****Income tax**

Where the option was granted under the UK approved scheme ("F" series options,) or under the Future Share scheme and is exercised not less than 3 years after the date of the grant, you are not liable to UK income tax at the time of grant of the option, exercise of the option or sale of shares acquired under the option. *In this situation there will be no obligation to deduct any PAYE or NIC on the employer. The payments will be made to you gross.*

Capital gains tax

The gain arising on the sale of the shares once they are acquired by exercising the option is liable to capital gains tax. The gain is normally calculated as the excess of the sale proceeds over the grant price and is subject to a deduction for the annual exemption. From 6th April 2016, capital gains are taxed at a rate of 20% on individuals with aggregate income and gains (after all allowances and deductions) in excess of the upper limit of the income tax basic rate band. Individuals with aggregate income and gains (after all allowances and deductions) beneath this threshold are taxed on their capital gains at 10% up to the threshold and 20% thereafter.

Any capital gain is handled via the employee's tax return. There is no responsibility on the employer to deduct capital gains tax.

There is a £30,000 limit for approved options held. You can only be granted approved options up to a maximum value (grant price * number of shares) of £30,000. After granting this value, P&G will not grant F series to you anymore. This limit is available again only once some approved options are exercised.

Any questions regarding the selection of stock options should be directed to a personal financial advisor. If you do not have one, you may want to take advantage of the Company's Financial Advisor Program which provides an introduction to certified advisors.

The information in this letter is based on the Company's understanding of current UK tax rules, which may change from time to time.

In the event of any conflict between this document and the plan rules and the legislation, the plan rules and the legislation will take precedence.



[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: RESTRICTED STOCK UNIT SERIES XX-LTIP-RSU

In recognition of your contributions to the future success of the business, The Procter & Gamble Company ("Company") hereby grants to you Restricted Stock Units ("RSUs") of Procter & Gamble Common Stock as follows:

Number of Restricted Stock Units:	[RSUSHARES]
Grant Date:	[GRANT DATE]
Vest Date:	[GRANT_DATE + 3 YEARS]
Settlement Date:	[GRANT_DATE + 3 YEARS]
Acceptance Deadline:	[ACCEPTANCE_DATE]

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the "Plan"), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors ("Committee"), this Award Agreement including Attachments and the Settlement Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan](#) and the Regulations and Sub Plans by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Voting Rights and Dividend Equivalents

As a holder of RSUs, during the period from the Grant Date until the date the RSUs are paid, each time a cash dividend or other cash distribution is paid with respect to Common Stock, you will receive additional RSUs ("Dividend Equivalent RSUs"). The number of Dividend Equivalent RSUs will be determined as follows: multiply the number of RSUs and Dividend Equivalent RSUs currently held by the per share amount of the cash dividend or other cash distribution on Common Stock, then divide the result by the price of the Common Stock on the date of the dividend or distribution. These Dividend Equivalent RSUs will be subject to the same terms and conditions as the original RSUs that gave rise to them, including vesting and settlement terms, except that if there is a fractional number of Dividend Equivalent RSUs on the date the RSUs are paid, the Dividend Equivalent RSUs will be rounded up to the nearest whole number of RSUs. This Award represents an unfunded, unsecured right to receive payment in the future, and does not entitle you to voting rights or dividend rights as a shareholder.

Vesting and Payment

If you remain employed through the Vest Date, the Award will be paid on the Settlement Date, except in the case of death, as described below. If your Termination of Employment occurs for any reason before the Vest Date except for the reasons listed below, the Award will be forfeited. For the purposes of this Award, Termination of Employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the case of death, the Award will be fully vested and payment will be made by the later of the end of the calendar year or two and a half months following the date of death.

2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the case of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will become deliverable on the Settlement Date as long as you remain in compliance with the terms of the Plan and the Regulations.

3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of your Termination of Employment from the Company or a subsidiary that occurs after June 30th of the fiscal year in which this award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will be delivered on the Settlement Date as long as you remain in compliance with the

terms of the Plan, the Regulations, and the separation agreement.

4. Termination in connection with a divestiture or separation of any of the Company's businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company's businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become deliverable on the Settlement Date as long as you remain in compliance with the terms of the Plan and the Regulations.

Notwithstanding the foregoing, in the event of a Change in Control, payment shall be made pursuant to the terms provided in the Plan.

Payment under this Award will be made in the form of Common Stock or such other form of payment as determined by the Committee pursuant to the Plan, subject to applicable tax withholding.

This Award Agreement including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements that have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, may be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the restricted stock unit award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the restricted stock unit award detailed above.

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G

and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



P&G
FORM EE AWARD AGREEMENT

[GRANT DATE]

[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: STOCK APPRECIATION RIGHT SERIES 15-EE

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you a stock appreciation right with respect to shares of Procter & Gamble Common Stock as follows:

Option Price per Share:	[\$[STOCK PRICE]]
Number of Shares:	[SHARES]
Grant Date:	[GRANT DATE]
Expiration Date:	[GRANT DATE + 10 YEARS]
Vest Date:	100% on [GRANT DATE + 3 YEARS]
Acceptance Deadline:	[ACCEPTANCE DATE]

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments and the Exercise Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the Regulations and Sub Plans](#) by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Vesting and Exercise

If you remain employed through the Vest Date, the Award will become exercisable on the Vest Date. If you terminate employment for any reason before the Expiration Date and prior to exercising the Award, except for the reasons listed below, the Award will be forfeited immediately upon your termination of employment. For the purposes of this Award, termination of employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the event of death, the Vest Date for this Award becomes your date of death and the Award remains exercisable until the Expiration Date.
2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the event of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will be exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.
3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this Award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company or a Subsidiary that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will become exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan, the Regulations and the separation agreement.
4. Termination in connection with a divestiture or separation of any of the Company’s businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company’s businesses, as determined by the Company’s Chief Human Resources Officer, the Award is retained and will become

exercisable on the Vest Date in this Award Agreement and will expire on the Expiration Date as long as you remain in compliance with the terms of the Plan and the Regulations.

This Award Agreement, including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, must be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the stock option award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the stock option award detailed above.

SUBMIT

Attachment A

Please note that when the payment of the redemption differential may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to pay the redemption differential and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of this award is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any directorships held in P&G, details of all Awards or any other entitlements awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the award. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of a portion of the award to meet the withholding obligation for Tax-Related Items, and/or (2) withhold

a portion of the award, provided that P&G only withholds the amount necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the award if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



[GLOBAL ID]

[FIRST NAME] [MIDDLE NAME] [LAST NAME]

Subject: RESTRICTED STOCK UNIT SERIES XX-LTIPW-RSU

In recognition of your contributions to the future success of the business, The Procter & Gamble Company ("Company") hereby grants to you Restricted Stock Units ("RSUs") of Procter & Gamble Common Stock as follows:

Number of Restricted Stock Units:	[RSUSHARES]
Grant Date:	[GRANT DATE]
Vest Date:	[GRANT_DATE + 3 YEARS]
Settlement Date:	[GRANT_DATE + 3 YEARS]
Acceptance Deadline:	[ACCEPTANCE_DATE]

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the "Plan"), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors ("Committee"), this Award Agreement including Attachments and the Settlement Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan](#) and the Regulations and Sub Plans by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to Execcomp.IM@pg.com for assistance.

Voting Rights and Dividend Equivalents

As a holder of RSUs, during the period from the Grant Date until the date the RSUs are paid, each time a cash dividend or other cash distribution is paid with respect to Common Stock, you will receive additional RSUs ("Dividend Equivalent RSUs"). The number of Dividend Equivalent RSUs will be determined as follows: multiply the number of RSUs and Dividend Equivalent RSUs currently held by the per share amount of the cash dividend or other cash distribution on Common Stock, then divide the result by the price of the Common Stock on the date of the dividend or distribution. These Dividend Equivalent RSUs will be subject to the same terms and conditions as the original RSUs that gave rise to them, including vesting and settlement terms, except that if there is a fractional number of Dividend Equivalent RSUs on the date the RSUs are paid, the Dividend Equivalent RSUs will be rounded up to the nearest whole number of RSUs. This Award represents an unfunded, unsecured right to receive payment in the future, and does not entitle you to voting rights or dividend rights as a shareholder.

Vesting and Payment

If you remain employed through the Vest Date, the Award will be paid on the Settlement Date, except in the case of death, as described below. If your Termination of Employment occurs for any reason before the Vest Date except for the reasons listed below, the Award will be forfeited. For the purposes of this Award, Termination of Employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the case of death, the Award will be fully vested and payment will be made by the later of the end of the calendar year or two and a half months following the date of death.

2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the case of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this Award was granted, the Award is not forfeited and will become deliverable on the Settlement Date as long as you remain in compliance with the terms of the Plan and the Regulations.

3. Termination after June 30th of the fiscal year in which this Award was granted pursuant to a Written Separation Agreement. In the event of your Termination of Employment from the Company or a subsidiary that occurs after June 30th of the fiscal year in which this award was granted, your Award is forfeited unless you have executed a written separation agreement with the Company that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will be delivered on the Settlement Date as long as you remain in compliance with the terms of the Plan, the Regulations, and the separation agreement.

4. Termination in connection with a divestiture or separation of any of the Company's businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company's businesses, as determined by the Company's Chief Human Resources Officer, the Award is retained and will become deliverable on the Settlement Date as long as you remain in compliance with the terms of the Plan and the Regulations.

Notwithstanding the foregoing, in the event of a Change in Control, payment shall be made pursuant to the terms provided in the Plan.

Payment under this Award will be made in the form of Common Stock or such other form of payment as determined by the Committee pursuant to the Plan, subject to applicable tax withholding.

This Award Agreement including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements that have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, may be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

ATTACHMENTS

To Accept Your Award

Read and check the boxes below:

I have read, understand and agree to be bound by each of:

- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
- Regulations of the Committee
- This Award Agreement, including Attachment A

I accept the restricted stock unit award detailed above (including attachments).

To Reject Your Award

Read and check the box(es) below:

I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the restricted stock unit award detailed above.

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/

or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.

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Section 3: EX-10.14 (THE GILLETTE CO. EXECUTIVE LIFE INSURANCE PROGRAM)

EXHIBIT (10-14)

**The Gillette Company
Executive Life Insurance Plan**

THE GILLETTE COMPANY
EXECUTIVE LIFE INSURANCE PLAN
(as amended and restated effective as of July 1, 1990)
(with amendments adopted through December 15, 2003)

ARTICLE 1

ESTABLISHMENT AND PURPOSE

1.1. Establishment. This Plan was established January 1, 1988 and amended July 1, 1990. The Plan as set forth herein, unless otherwise stated, is effective and applicable only for participants terminating active employment or retiring on or after March 1, 2001.

1.2. Purpose. The purpose of the Plan is to provide life insurance protection under a split-dollar arrangement as a benefit to certain executive employees of the Employer, in order to encourage such employees to continue their employment with the Employer, to reward such employees for their service with the Employer, and to induce desirable persons to enter into the Employer's employ in the future. The Plan amends the Prior Plan and the life insurance policies thereunder to replace the life insurance protection provided to a Participant under the Prior Plan with the life insurance protection provided under the Plan.

ARTICLE 2

DEFINITIONS

Except as otherwise provided, the following terms have the definitions hereinafter indicated whenever used in this Plan with initial capital letters:

2.1. Base Salary. "Base Salary" means a Participant's annualized base salary, exclusive of overtime, bonuses and other compensation, in effect at the time of the Participant's death or earlier Retirement. In the case of a Participant who continues to be paid on the Employer's payroll following the Participant's scheduled release date, the Participant's Base Salary shall be determined as of such release date.

2.2. Beneficiary. "Beneficiary" means the person, persons, entity or entities designated to be the recipient of the Participant's share of the proceeds of a Policy in accordance with the terms of Section 5.4.

2.3. Committee. "Committee" means the Executive Life Insurance Plan Committee, which shall be composed of the Senior Vice President-Administration and the Treasurer of the Company.

2.4. Company. "Company" means The Gillette Company, a Delaware corporation, and its successors and assigns.

2.5. Eligible Employee. "Eligible Employee" means an Employee who is selected by the Committee to participate in the Plan.

2.6. Employee. "Employee" means any person who is or was before Retirement employed by the Employer as an executive employee and satisfied the job grade, officer status, employment status and/or other eligibility criteria, as set forth in Appendix I.

2.7. Employer. "Employer" means the Company and its subsidiaries.

2.8. Enrollment Agreement. "Enrollment Agreement" means the written agreement entered into by the Company and an Eligible Employee pursuant to which such Eligible Employee becomes a Participant in the Plan as of the date specified in such agreement.

2.9. Insurer. "Insurer" means the insurance company that provides life insurance coverage on a Participant under the Plan or the insurance company to whom application for such coverage has been made.

2.10. Participant. "Participant" means an Eligible Employee who is participating in the Plan pursuant to an Enrollment Agreement.

2.11. Plan. “Plan” means The Gillette Company Executive Life Insurance Plan as set forth herein together with any and all amendments and supplements hereto.

2.12. Policy. “Policy” means, with respect to each Employee, any policy of individual life insurance on the Employee’s life which the Employer acquires or otherwise utilizes pursuant to Article 5 to provide benefits under the Plan.

2.13. Policy Proceeds. “Policy Proceeds” means the aggregate amount payable by the Insurer pursuant to the Policy to the Participant’s Beneficiary and the Employer upon the death of the Participant.

2.14. Prior Plan. “Prior Plan” means The Gillette Company Executive Group Life Insurance Plan which provided life insurance coverage through a group life insurance contract issued by John Hancock Mutual Life Insurance Company.

2.15. Retirement. “Retirement” means termination of an Employee’s employment with the Employer, for reasons other than death, on or after the date the Employee reaches the Employee’s earliest retirement date under a retirement plan sponsored by the Employer.

ARTICLE 3

PLAN RIGHTS AND OBLIGATIONS

The rights of Participants are set forth herein. Each Participant is bound by the terms of the Plan. As a condition of participation in this Plan, an Eligible Employee’s participation in the Prior Plan and any other group life insurance arrangement sponsored by the Employer shall terminate as of the date specified in the Eligible Employee’s Enrollment Agreement on which the Eligible Employee becomes a Participant in the Plan.

ARTICLE 4

AMOUNT OF COVERAGE

4.1. Pre-Retirement Coverage. The amount of life insurance coverage to be provided to a Participant while the Participant continues to be employed by the Employer shall be equal to four times the Participant’s Base Salary (coverage rounded up, if necessary, to the next \$1,000).

4.2. Post-Retirement Coverage. The amount of life insurance coverage to be provided to a Participant after the Participant’s Retirement shall be equal to the Participant’s Base Salary (coverage rounded up, if necessary to the next \$1,000).

4.3. Termination of Participation. Termination of a Participant’s participation hereunder will occur upon the earlier to occur of the following events: (1) termination of the Plan or (2) termination of the Participant’s employment with the Employer for reasons other than the Participant’s death or Retirement. Thereafter, the Participant shall have no life insurance coverage under the Plan.

ARTICLE 5

POLICY OWNERSHIP AND RIGHTS

5.1. Introduction. The provisions of this Article establish certain rights and obligations of the Employer and each Participant with respect to the Policy or Policies used to provide benefits under the Plan. The terms of this Article shall apply separately to each Participant.

5.2. Acquisition of Policy. The Employer shall apply for a Policy or Policies or utilize an existing Policy or Policies to provide the Participant’s benefits under the Plan. The Employer and the Participant shall take all reasonable actions (1) to cause the Insurer to issue the Policy, and (2) to cause the Policy to conform to the provisions of this Plan. The Policy shall be subject to the terms and conditions of this Plan.

5.3. Policy Ownership. The Employer shall be the sole and absolute owner of each Policy, and may exercise all ownership rights granted to the owner thereof by the terms of the Policy, except as may otherwise be provided herein.

5.4. Beneficiary Designation. The Participant shall select the Beneficiary to receive the death benefit to which the Participant is entitled under Section 6.2 of the Plan, by specifying the same on a designation of beneficiary form prescribed by

the Committee. Upon receipt of such form, the Employer shall execute and deliver to the Insurer the forms necessary to designate the persons or entities selected by the Participant as the beneficiaries to receive the death benefit to which the Participant is entitled under Section 6.2 of the Plan. The Employer shall also be a named beneficiary in the Policy for any remaining Policy Proceeds referred to in Section 6.2 of the Plan.

The Employer shall take all reasonable steps to cause the beneficiary designation provisions of the Policy to conform to the provisions hereof. The Employer shall not terminate, alter or amend the Participant's designation without the express written consent of the Participant. The Employer shall not be responsible for any loss or delay in transmitting the designation of beneficiary information to the Insurer.

A Participant who has designated a beneficiary under the Prior Plan shall be deemed to have selected such beneficiary as the Participant's Beneficiary under this Plan. A Participant may change his or her Beneficiary from time to time by execution of a designation of beneficiary form as provided above.

If the Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to distribution of the Participant's death benefit, then such death benefit shall be paid to the Participant's estate (or, in the case of an assignment pursuant to Section 5.5, to the Participant's assignee).

5.5. Assignment. An Employee shall have the right at any time to absolutely and irrevocably assign all of the Employee's right, title and interest in and to this Plan and any Policy which has been or may be acquired hereunder to an assignee. This right shall be exercisable by the execution and delivery to the Employer of a written assignment, on a form prescribed the Committee. Upon receipt of such written assignment executed by the Employee and duly accepted by the assignee thereof, the Employer shall consent thereto in writing, and shall thereafter treat the Employee's assignee as the sole owner of all of the right, title and interest in and to this Plan and in and to any Policy which has been or may be acquired hereunder. Thereafter, the Employee shall have no right, title or interest in and to this Plan or any Policy which has been or may be acquired hereunder, all such rights being vested in and exercisable only by such assignee, and any designation of Beneficiary made by the Employee prior to such assignment shall be null and void. If an Employee has made an assignment under the Prior Plan, such assignment shall be effective for purposes of this Plan.

ARTICLE 6

DEATH BENEFITS

6.1. Prompt Collection. Upon the death of a Participant, the Employer with the cooperation of the Beneficiary, shall promptly take all action necessary to initiate payment by the Insurer of the Policy Proceeds.

6.2. Division of Policy Proceeds. A death benefit equal to the amount of life insurance coverage to which the Participant is entitled under Article 4 of this Plan, if any, shall be paid directly from the Insurer to the Participant's designated Beneficiary, and any remaining Policy Proceeds shall be paid to the Employer.

6.3. Interest on Policy Proceeds. Any interest payable by the Insurer with respect to a Beneficiary's share of the Policy Proceeds shall be paid to the Beneficiary and any interest payable by the Insurer with respect to the Employer's share of the Policy Proceeds shall be paid to the Employer.

6.4. Additional Payment if Insufficient Policy Proceeds. In the event that, at the time of a Participant's death, the aggregate Policy Proceeds on Policies covering the Participant, reduced by the outstanding balance of any indebtedness incurred by the Employer and secured by the Policies (including any interest due on such indebtedness), is less than the amount of life insurance coverage to which the Participant is entitled under Article 4, the Employer shall pay directly to the designated Beneficiary an additional amount equal, on an after-tax basis, to the excess of such life insurance coverage over the available Policy Proceeds.

ARTICLE 7

POLICY PREMIUMS

7.1. Payment of Premiums. The Employer shall pay the premiums on each Policy to the Insurer on or before the due date or within the grace period provided therein. Participants shall neither be required nor permitted to make contributions to the Plan or additional premiums on any Policy.

7.2. Recovery by Employer. The Employer shall receive from the Policy Proceeds of each Policy the amount thereof reduced by (i) the amount of life insurance coverage paid from such Policy to the designated Beneficiary pursuant to Section 6.2, and (ii) the outstanding balance of any indebtedness incurred by the Employer and secured by the Policy (including any interest due on such indebtedness). In the event that, prior to the death of the Participant covered by a Policy, the Employer surrenders the Policy to the Insurer, the Employer shall receive the entire cash surrender value of the Policy reduced by (i) the outstanding balance of any indebtedness incurred by the Employer and secured by the Policy (including any interest due on such indebtedness), and (ii) the amount, if any, transferred into another Policy.

ARTICLE 8

PLAN ADMINISTRATION

8.1. Named Fiduciary; Administration. The Committee is hereby designated as the named fiduciary under this Plan. The named fiduciary shall have authority to control and manage the operation and administration of this Plan, and it shall be responsible for establishing and carrying out a funding policy and method consistent with the objectives of this Plan. The Committee shall also have the power to establish, adopt, or revise such rules, regulations, procedures and forms as it may deem advisable for the administration of the Plan. The interpretation and construction of the Plan by the Committee and any action taken thereunder, shall be binding and conclusive upon all parties in interest. No member of the Committee shall, in any event, be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction or administration of the Plan, so long as such action or omission to act is made in good faith. (Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter that relates solely to such member's interest in the Plan as a Participant.)

8.2. Determination of Benefits. The Committee shall make all determinations concerning eligibility to participate, rights to benefits, the amount of benefits, and any other question under this Plan, in its discretion. Any decision by the Committee denying a claim by a Participant or Beneficiary for benefits under this Plan shall be stated in writing and delivered or mailed to the Participant or Beneficiary. Such decision shall set forth the specific reasons for the denial written in a manner calculated to be understood by the Participant or Beneficiary. In addition, the Committee shall afford a reasonable opportunity to the Participant or Beneficiary for a full and fair review of the decision denying such claim.

ARTICLE 9

MISCELLANEOUS

9.1. No Contract of Employment. Nothing contained herein shall be construed to be a contract of employment for any term of years, nor as conferring upon an Employee the right to continue in the employ of the Company in any capacity.

9.2. Amendment and Termination of Plan. The Company, through action of the Personnel Committee of its Board of Directors, may, in its sole discretion, amend or terminate the Plan in whole or in part at any time. In addition, without limiting the foregoing, the Committee shall have the power to amend the Plan on behalf of the Company where such amendment would not result in a material increase in the cost of the Plan for the Company. The Plan will also terminate, without notice, upon the total cessation of the business of the Company or upon the bankruptcy, receivership or dissolution of the Company.

9.3. Conflicting Provisions. In the event of a conflict between the provisions of this Plan and the provisions of any collateral assignment, beneficiary designation or other document related to a Policy, the provisions of the Plan shall prevail.

9.4. Notice. Any notice, consent, or demand required or permitted to be given under the provisions of this Plan shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent, or demand is mailed, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Company. If notice, consent or demand is sent to the Company, it shall be sent to: Senior Vice President of Administration, Prudential Tower Building, 39th Floor, Boston, MA 02199. The date of such mailings shall be deemed the date of notice, consent, or demand. Either party may change the address to which notice is to be sent by giving notice of the change of address in the manner aforesaid.

9.5. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

9.6. Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

9.7. Captions. The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

9.8. Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

9.9. Binding Effect. This Plan shall be binding upon, and inure to the benefit of the Employer and its successors and assigns, and the Participants and their successors, assigns, heirs, executors, administrators and beneficiaries.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed on behalf of the Company by its officer thereunto duly authorized, effective as of the date and year first above written.

THE GILLETTE COMPANY

By: /s/ Lloyd b. Swaim
Title: Vice President and Treasurer

Date: March 13, 1992

[Reflects amendments executed
March 18, 1996, September 24,
1997, February 15, 2001 and
December 15, 2003]

THE GILLETTE COMPANY
EXECUTIVE LIFE INSURANCE PLAN
(as amended and restated effective as of July 1, 1990)
(with amendments effective through December 1, 2003)

APPENDIX I

ELIGIBILITY REQUIREMENTS FOR PARTICIPATION

Grade Level/Officer Status: Grade 25 or above, or holding any of the following By-Law officer positions in The Gillette Company: Chairman of the Board, Chief Executive Officer, President, Vice Chairman of the Board, Executive Vice President, Senior Vice President, Vice President, Internal Auditor, Patent and Trademark Counsel, or Secretary.

Employment Status: Full-time employee who is generally treated by The Gillette Company as a United States employee for employment and benefit purposes.

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Section 4: EX-10.15 (THE GILLETTE CO. PERSONAL FINANCIAL PLANNING REIMBURSEMENT PROGRAM)

EXHIBIT (10-15)

**The Gillette Company Financial Planning
Reimbursement Program**

THE GILLETTE COMPANY FINANCIAL PLANNING
REIMBURSEMENT PROGRAM
REVISED OCTOBER 2004
(with amendments adopted through August 21, 2006)

Eligibility	Each executive of the Company who (i) is generally treated as a United States employee for employment and benefit purposes, (ii) is not eligible for the Company's Senior Executive Financial Planning Program, and (iii) is either a grade level 25 or above, or holds any of the following By-Law officer positions in The Gillette Company: Vice President, Internal Auditor, Patent and Trademark Counsel, or Secretary.
Program Benefit	Reimbursement by Company of financial counseling, estate planning, tax preparation, retirement and other related financial planning services for the participant and his/her spouse, domestic partner or dependent children.
Available Providers	Any qualified tax, financial, legal or similar firm selected by participant.
Excluded Services	Brokerage or other investment transaction fees; asset management fees; insurance premiums; services for individuals other than participant, his/her spouse or domestic partner and dependent children.
Maximum Benefits	During employment: \$5,000 of reimbursements received in any calendar year. Following retirement under a Company-sponsored retirement plan: \$3,000 of reimbursements received in any calendar year, over the participant's life. Employees who terminate under the terms of a Company Change of Control Severance plan will receive a lump sum payment of these amounts on or about January 1 annually. An employee who is considered "bridgeable" under the terms of The Gillette Company's Retirement Plan will be eligible to receive the active amount until his or her earliest retirement date.
Tax Effects	Program benefits received by participant will be includable in compensation. The participant is responsible for applicable Federal and State income taxes and FICA taxes.
Termination of Participation	Last day of calendar year in which participant ceases to be an eligible executive, unless participant qualifies for retirement benefits under this program.
Program Amendment and Termination	At discretion of the Company, by action of the Compensation Committee of the Board of Directors, without requirement of advance notice.
Effective Date	January 1, 1999 (for eligible executives on or after such date).

By: /s/ Edward E. Guillet
Senior Vice President - Human Resources

[reflects amendments adopted through August 21, 2006]

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Section 5: EX-10.16 (THE GILLETTE CO. SENIOR EXECUTIVE FINANCIAL PLANNING PROGRAM)

**The Gillette Company Senior Executive
Financial Planning Program**

THE GILLETTE COMPANY SENIOR EXECUTIVE
FINANCIAL PLANNING PROGRAM
REVISED OCTOBER 2004
(with amendments adopted through August 21, 2006)

Eligibility	Chairman/CEO of the Company and his/her direct reports who are generally treated as United States employees for employment and benefit purposes.
Program Benefit	Reimbursement by Company of financial counseling, estate planning, tax preparation, retirement and other related financial planning services for the participant and his/her spouse, domestic partner or dependent children.
Available Providers	Any qualified tax, financial, legal or similar firm selected by participant.
Excluded Services	Brokerage or other investment transaction fees; asset management fees; insurance premiums; services for individuals other than participant, his/her spouse or domestic partner and dependent children.
Maximum Benefits	During employment: Chairman/CEO - \$25,000/other participants - \$11,000 of reimbursements received in any calendar year. Following retirement under a Company-sponsored retirement plan: \$6,000 of reimbursements received in any calendar year, over the participant's life. Employees who terminate under the terms of a Company Change of Control Severance agreement will receive a lump sum payment of these amounts on or about January 1 annually. An employee who is considered "bridgeable" under the terms of The Gillette Company's Retirement Plan will be eligible to receive the active amount until his or her earliest retirement date.
Tax Effects	Program benefits received by participant will be includable in compensation. Company will provide tax gross-up for Federal and State income taxes and FICA Medicare tax.
Termination of Participation	Last day of calendar year in which participant ceases to be an executive officer of the Company, unless participant qualifies for retirement benefits under this program.
Program Amendment and Termination	At discretion of the Company, by action of the Compensation Committee of the Board of Directors, without requirement of advance notice.
Effective Date	July 1, 2003 (for the Chairman/CEO of the Company and his/her direct reports in such positions on or after such date).

The Gillette Company

By: /s/ Edward E. Guillet
Senior Vice President - Human Resources

[reflects amendments adopted through August 21, 2006]

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Section 6: EX-10.17 (THE GILLETTE CO. ESTATE PRESERVATION)

**The Gillette Company
Estate Preservation Plan**

THE GILLETTE COMPANY
ESTATE PRESERVATION PLAN
(with amendments adopted through December 15, 2003)

1. **PURPOSE.** Effective January 1, 1993, The Gillette Company has adopted The Gillette Company Estate Preservation Plan for the purpose of providing eligible executive employees of the Company and its subsidiaries and affiliates the opportunity to purchase life insurance covering the lives of the employee and his or her spouse, if any, and providing a death benefit upon the second to die of the employee and such spouse (or upon the death of the employee if there is no spouse).

2. **DEFINITIONS.** When used herein, the following terms shall have the respective meaning ascribed to them below. Terms expressed in the singular shall be construed to include the plural, and terms expressed in the masculine shall be construed to include the feminine unless the context plainly indicates otherwise.

(a) "Active at Work" means performing all duties of regular employment at the customary place of employment, and not absent due to illness or medical treatment for more than 5 consecutive working days in the previous 3 months.

(b) "Beneficiary" means the person(s) or entity(ies) designated by the Owner of the Policy, to whom the death benefit provided for under such Policy shall be paid in accordance with Section 10.

(c) "Collateral-Assignment" means the Collateral-Assignment executed by the Owner in favor of the Company with respect to the Company's interest in the Policy. A specimen form of Collateral-Assignment is annexed hereto and made a part hereof.

(d) "Committee" means the Personnel Committee of the Board of Directors of the Company.

(e) "Company" means The Gillette Company, a Delaware corporation.

(f) "Effective Date" means January 1, 1993.

(g) "Eligible Executive" means an executive employee of the Company or one of its subsidiaries or affiliates who is designated as being eligible to participate in the Plan in accordance with Section 3.

(h) "Initial Enrollment Date" shall mean the first day of the month following an individual's designation as an Eligible Executive, but no earlier than the Effective Date.

(i) "Insureds" means the Participant and his or her lawful spouse on the relevant date.

(j) "Insurer" means the insurance company that issues the Policy under the Plan.

(k) "Owner" means the Participant, the Insureds or such other person(s) or entity(ies) designated by the Participant to be the owner of the Policy.

(l) "Participant" means an Eligible Executive who elects to participate in the Plan and who satisfies the conditions for enrollment as set forth in Section 4.

(m) "Plan" means The Gillette Company Estate Preservation Plan as set forth herein, as it may be modified from time to time hereafter.

(n) "Plan Administrator" means the Senior Vice President - Personnel and Administration of the Company or such other officer of the Company designated by the Committee to administer the Plan.

(o) "Plan Year" means the calendar year.

(p) "Policy" means the insurance policy issued by the Insurer to the Owner pursuant to the terms of the Plan.

(q) "Policy Date" means the effective date of a Policy. The Policy Date with respect to any Policy may be a January 1 or July 1. The Policy Date with respect to Policies issued during the initial enrollment period shall be January 1, 1993.

(r) "Policy Year" means each 12-consecutive month period designated as such in a Policy. The first Policy Year with respect to a Policy shall commence on the applicable Policy Date.

(s) "Split Dollar Agreement" means the Split Dollar Agreement executed by the Owner, the Eligible Executive and the Company with respect to the Company's interest in the Policy. A specimen form of Split Dollar Agreement is annexed hereto and made a part hereof.

3. ELIGIBILITY. The Eligible Executives shall be those executive employees of the Company and its subsidiaries and affiliates who are designated by the Plan Administrator as eligible under this Plan based upon their job grade, officer status, employment status or other eligibility criteria, as set forth in Exhibit A hereto. The Plan does not constitute a contract of employment or a promise of continuing employment, and nothing in the Plan shall interfere with the right of the Company and its subsidiaries and affiliates to terminate the employment of any employee at any time.

4. ENROLLMENT IN PLAN. An Eligible Executive shall enroll in the Plan, and thereby become a Participant hereunder, by (i) completing an application to participate in the Plan, (ii) designating the Owner of the Policy to be purchased, (iii) completing the documents and instruments furnished by the Insurer for underwriting purposes, (iv) if applicable, causing his or her spouse to complete the documents and instruments furnished by the Insurer, and to submit to a medical examination, for underwriting purposes, (v) executing, and if applicable causing his or her spouse to execute, the Split-Dollar Agreement and such other documents and instruments deemed necessary or desirable by the Company, and (vi) causing the Owner of the Policy to designate a Beneficiary and to execute the Split-Dollar Agreement, Collateral-Assignment and such other documents and instruments deemed necessary or desirable by the Insurer or the Company.

If an Eligible Executive elects to enroll when first eligible under the Plan and meets the Insurer's Active at Work test, and the Initial Enrollment Date is other than a Policy Date, the Company in its discretion may provide for temporary coverage during the period between the Initial Enrollment Date and the Policy Date, through a policy underwritten by the Insurer on the life of the Eligible Executive and, upon the submission and approval by the Insurer of all application material, the joint lives of the Insureds.

If an Eligible Executive initially declines to participate in the Plan, and later elects to enroll in the Plan, the Company in its discretion may provide for temporary coverage until the Eligible Executive's Policy Date, subject to the Insurer's limitations on underwriting such coverage.

5. AMOUNT OF COVERAGE. The death benefit coverage that may be purchased under a Policy shall be the amount specified in Exhibit A hereto ("Coverage").

6. COST OF COVERAGE. The cost of the Coverage under a Policy for each Policy Year shall be determined by the Insurer based upon the assumptions and guidelines agreed to by the Insurer and the Company. It is the Company's intent that differences in the cost of the Coverage for each of the Participants covered by Policies having the same Policy Date shall be attributable solely to the respective attained ages of the Insureds on such Policy Date, provided that the Participant elected to enroll when first eligible under the Plan and met the Insurer's Active at Work test.

The portions of the cost of the Coverage under each Policy to be paid by each of the Owner thereof and the Company shall be determined in accordance with the terms of the related Split-Dollar Agreement and Collateral-Assignment, based upon the assumptions and guidelines set forth in Exhibit A hereto.

7. PURCHASE OF POLICIES. The Policies shall be purchased by each Owner from the Insurer designated by the Company. The Company shall take all reasonable steps necessary to enable the Insurer to issue the Policies in conformance with the terms of this Plan. Each Owner shall be the sole and absolute owner of the Policy purchased by such Owner and may exercise all ownership rights granted by the terms of the Policy, subject to the terms of the related Split-Dollar Agreement and Collateral-Assignment.

The benefit provided under the Plan is the opportunity for a Participant or designated Owner to purchase and own the Policy under the terms and conditions set forth therein. The actual benefits to be derived from ownership of the Policy are not guaranteed by the Company, the Plan Administrator or the Insurer (other than payment by the Insurer of the specified death benefit proceeds upon the death of the survivor of the Insureds in accordance with the terms of the Policy and any cash value increases as and when credited by the Insurer under the Policy). Neither the Company nor the Plan Administrator guarantees any specific level or rate of cash value accumulation under any Policy purchased under the Plan.

8. PAYMENT OF PREMIUMS. While the related Split-Dollar Agreement remains in effect, the Company shall remit to the Insurer the total premium due under the Policy for each Policy Year, which shall include the amount of the Company's

contribution toward premium as set forth in the Split-Dollar Agreement. The Owner (or the Participant on behalf of the Owner) shall remit to the Company the balance of the premium due under the Policy for such Policy Year, in such manner and at such time or times as the Company and the Owner shall agree. In the event that the Owner (or the Participant on behalf of the Owner) fails to remit any amount due the Company for any Policy Year, the Company shall be deemed to have paid such amount for its own account in determining the Company's interest in the Policy pursuant to the related Split-Dollar Agreement and Collateral-Assignment.

Following the termination of the Split-Dollar Agreement while either or both of the Insureds are alive, the Owner shall be responsible for payment to the Insurer of the total premium due (if any) under the Policy for each Policy Year thereafter.

9. **COMPANY INTEREST IN POLICY.** As a condition to a Participant's enrollment in the Plan, the Participant and his or her designated Owner with respect to the Policy shall execute a Split-Dollar Agreement and the Owner shall execute a Collateral-Assignment, which documents shall establish the rights of the Company with respect to the death benefit proceeds and cash value under the Policy. The terms of the particular Split-Dollar Agreement and Collateral-Assignment executed by a Participant and related Owner shall apply solely to such Participant and Owner.

At any time while the Split-Dollar Agreement is in effect, the Company's interest in each Policy shall be equal to the Company's cumulative contributions toward the premium under the Policy, including amounts deemed to have been paid for the Company's account in accordance with the terms of the Split-Dollar Agreement. Following the termination of the Split-Dollar Agreement, the Company shall receive from the Insurer the amount of the Company's cumulative contributions toward the premium under the Policy and, upon receipt of such amount, the Company shall have no further interest in or responsibility for the Policy. In the event that, upon the termination of the Split-Dollar Agreement, there is insufficient cash value under the Policy to satisfy the Company's interest therein, the Company shall have the right to receive the cash value or death benefit proceeds available at such time and any additional amounts available under the Policy thereafter (up to the dollar amount of the Company's remaining interest), and neither the Insureds nor the Owner shall have any liability to the Company for the unpaid balance (other than to the extent of amounts mistakenly received under the Policy prior to full satisfaction of the Company's interest).

The Split-Dollar Agreement and Collateral-Assignment shall contain provisions implementing the foregoing paragraphs of this Section and such other provisions, including limitations on the Owner's rights and benefits under the Policy, as the Company determines to be necessary or desirable in order to secure and protect its interest in the Policy. Anything contained herein to the contrary notwithstanding, the Owner shall at all times have the right to cancel or surrender the Policy and thereby terminate the related Split-Dollar Agreement.

10. **PAYMENT OF DEATH BENEFIT.** Subject to the terms of the related Split-Dollar Agreement and Collateral-Assignment, the death benefit payable under a Policy upon the death of the survivor of the Insureds shall be paid to the Beneficiary in such form and at such time or times as the Beneficiary may elect in accordance with the terms of the Policy.

11. **SOURCE OF BENEFITS.** Any benefit payable to or on account of a Participant under this Plan shall be paid by the Insurer in accordance with the Policy and, if applicable, the related Split-Dollar Agreement and Collateral Assignment.

12. **NON-ALIENATION OF BENEFITS.** Except to the extent provided in the Policy and the related Split-Dollar Agreement and Collateral-Assignment, the benefits provided under this Plan may not be assigned or alienated and shall not be subject to attachment, garnishment or other legal or equitable process.

13. **ADMINISTRATION.** The Plan Administrator shall be the named fiduciary under the Plan, and shall have the discretionary authority to control and manage the operation and administration of the Plan, including but not limited to the power to construe and interpret the provisions of the Plan, to determine the eligibility of employees to participate in the Plan and the benefit entitlements of Participants, and to establish rules and procedures (and to amend, modify or rescind the same) for the administration of the Plan. The Plan Administrator may delegate ministerial duties to other employees of the Company and to third parties. The Plan Administrator shall be eligible to participate in the Plan but shall not act upon any matter that relates solely to his interest in the Plan as a Participant.

In amplification and clarification of its powers and responsibilities hereunder, and not in limitation thereof, the Plan Administrator shall have full discretionary authority to determine whether an individual is an eligible full-time employee for any period, based on the Company's contemporaneous employment classification (or, in the absence of a formal employment classification, contemporaneous treatment for non-Plan purposes) of the individual (i) as an employee rather than a non-employee service provider, and (ii) as being in full-time status. If an individual who was not previously classified as an employee is reclassified, whether by administrative determination or by action of any court or governmental agency, as an employee in a category or grade that would enable such individual to participate in the Plan, the individual shall be eligible to participate in the Plan, if he or she has otherwise

fulfilled the participation requirements set forth in the Plan, only from and after the actual date the Plan Administrator is notified of such reclassification (or, if later, the date of any final determination with respect thereto under Section 503 of ERISA or otherwise, if such reclassification is challenged), even if such reclassification has or purports to have retroactive effect for other purposes.

The Plan Administrator shall make all determinations concerning a Participant's entitlement to benefits under the Plan. If a Participant believes that he has been denied a benefit under the Plan to which he is entitled, the Participant may file a written request for such benefit with the Plan Administrator, setting forth his claim. Any decision by the Plan Administrator denying a claim for benefits by a Participant shall be set forth in writing specifying the reasons for the denial in a manner calculated to be understood by the Participant and advising the Participant of his or her right to obtain a review of such decision. Participants may request a review of any decision denying a benefit claim by filing a request for such in writing to the Plan Administrator within 60 days of the Participant's receipt of the denial of his claim, otherwise he shall be barred and estopped from challenging such claim denial. The Plan Administrator shall conduct a full and fair review of the request for review and the underlying claim and shall render a decision thereon in writing, generally within 60 days of receiving the Participant's request for review (but may extend the period for rendering a decision to 120 days if special circumstances warrant the extension). The interpretation and construction of the Plan by the Plan Administrator, and any action taken thereunder, shall be binding and conclusive upon all persons and entities claiming to have an interest under the Plan.

The Plan Administrator shall not be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction or administration of the Plan provided that such action or omission is made in good faith.

14. NOTICES. Any notice or document required to be given to or filed with the Company or the Plan Administrator shall be deemed given or filed if delivered by certified or registered mail, return receipt requested, to such party's attention at the Company's offices, Prudential Tower Building, Boston, Massachusetts 02199.

15. AMENDMENT AND TERMINATION. The Plan may be amended or terminated at any time and from time to time, in whole or in part, by the Plan Administrator; provided, however, that any amendment that would materially increase the cost of the Plan to the Company or would result in a material change in the nature of the benefits provided under the Plan, or any termination of the Plan, shall not be effective without the approval of the Committee. No such amendment or termination shall adversely affect the rights of any Participant (without his or her consent) under any Policy theretofore issued pursuant to the Plan or any related Split-Dollar Agreement and Collateral-Assignment theretofore entered into.

16. VALIDITY. In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect in any respect the validity of the remaining provisions of the Plan.

17. GOVERNING DOCUMENTS. In the event of any inconsistency between the terms of the Plan set forth herein and the terms of any Policy purchased with respect to a Participant or the related Split-Dollar Agreement or Collateral-Assignment, the terms of such Policy or agreement shall be controlling as to that Participant, his or her spouse, the designated Owner and Beneficiary, and any assignee or successor-in-interest of any of the foregoing persons.

18. APPLICABLE LAW. The provisions of the Plan shall be construed and administered in accordance with the laws of the Commonwealth of Massachusetts, except to the extent superseded by applicable Federal law.

THE GILLETTE COMPANY

By: /s/ Robert E. DiCenso
Robert E. DiCenso
Senior Vice President - Personnel and Administration

Date: April 9, 1997

[Reflects amendment adopted
August 10, 1999 and
December 15, 2003]

THE GILLETTE COMPANY ESTATE PRESERVATION PLAN

EXHIBIT A

Eligibility Requirements for Participation

Grade Level/Officer Status: Grade 25 or above, or holding any of the following By-Law officer positions in The Gillette Company: Chairman of the Board, Chief Executive Officer, President, Vice Chairman of the Board, Executive Vice President, Senior Vice President, Vice President, Internal Auditor, Patent and Trademark Counsel, or Secretary.

Employment Status: Full-time employee who is generally treated by The Gillette Company as a United States employee for employment and benefit purposes.

Amount of Coverage

\$1,000,000 face amount

Company/Owner Portions of Policy Premium

The respective portions of the annual premium due under a Policy to be paid by each of the Company and the Owner initially shall be determined at the inception of the Policy on the basis that

- (1) the Company shall make five equal annual payments commencing on the Policy Date and each anniversary thereof,
- (2) the Owner shall make fifteen equal annual payments commencing on the Policy Date and each anniversary thereof,
for married Participants who enroll when first eligible under the Plan, the present value (determined as of the Policy Date using a 7% pre-tax/4.2% post-tax per annum discount rate) of the cumulative payments to be made by each of the Company and the Owner shall be the same, and
- (3) for unmarried Participants who enroll when first eligible under the Plan, the determination of the Owner's portion of the premium shall be made in the same manner as in clause (3) above assuming that the Participant had a spouse of equal age.

Any or all of the above guidelines may be adjusted at the Company's discretion for Participants who do not enroll when first eligible or do not meet the Insurer's Active at Work test. The amount of the Company's contribution toward the annual premium under a Policy shall not change unless agreed to by the Company in writing. The amount of the Owner's portion of the annual premium due under a Policy may change from year to year in accordance with the terms of the Policy and the related Split-Dollar Agreement.

Manner of Payment of Owner Portion of Premium

The Owner's portion of the premium due under the Policy shall be paid to the Company in a single lump sum at the beginning of each Policy Year upon advance notification by the Company unless the Owner and Participant agree to have such amount collected by the Company by payroll deduction from the Participant's regular salary.

ATTACHMENTS

Specimen form of Split-Dollar Agreement
Specimen form of Collateral-Assignment
Specimen form of Certification of Trustee(s) and Proposed Insureds

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Section 7: EX-10.18 (THE GILLETTE CO. DEFERRED COMPENSATION PLAN)

**The Gillette Company
Deferred Compensation Plan**

THE GILLETTE COMPANY
DEFERRED COMPENSATION PLAN
(for salary and bonus deferrals after December 31, 2004)
(as amended and restated effective January 1, 2005)
(with amendments adopted through August 21, 2006)

1. Purpose. The Gillette Company Deferred Compensation Plan (the "Plan") has been adopted by The Gillette Company (the "Company") to enable certain executive employees of the Company and its Participating Subsidiaries to defer a portion of their compensation on a tax-effective basis in addition to their eligible savings under The Gillette Company Employees' Savings Plan (the "Savings Plan") and The Gillette Company Supplemental Savings Plan.

The Plan is intended to constitute an unfunded plan of deferred compensation described in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and in Sections 3121(v)(2) and 3306(r)(2) of the Internal Revenue Code of 1986, as amended ("Code").

Under the terms of the Plan as approved by the Company's Board of Directors, eligible employees may elect to defer salary and incentive bonus. This Plan document applies to the deferral of salary for services performed after December 31, 2004, and to the deferral of incentive bonuses awarded for the 2004 and subsequent incentive years which would otherwise become payable after December 31, 2004.

2. Eligible Employees. Employees of the Company and Participating Subsidiaries who are full-time or part-time regular employees, have a job grade or a personal grade of 21 or above, and who are generally treated by The Gillette Company as a United States employee for employment and benefit purposes, are eligible to participate in this Plan for any calendar year.
3. Plan Features. Eligible employees may enroll during an annual election period in such time and manner as prescribed by the Committee. A newly eligible employee may enroll within 30 days of becoming eligible. Eligible employees who elect to participate in the Plan ("Participants") may defer a portion of their salary ("Deferred Salary") and may defer all or a portion of their annual incentive bonus ("Deferred Bonus").
4. Recordkeeper. The day-to-day recordkeeping and administrative functions with respect to the Plan shall be performed by a person or persons appointed by the Committee ("Recordkeeper"). In accordance with procedures determined by the Committee, Participants' elections under the Plan may be made by way of written, telephonic or electronic instruction to the Recordkeeper.
5. Administration. The Plan shall be administered by the Savings Plan Committee appointed by the Board of Directors of the Company (the "Committee"), which shall have the discretionary power and authority to construe and interpret the provisions of the Plan, to determine the eligibility of employees to participate in the Plan and the amount and timing of payment of any benefits due under the Plan, and to determine all other matters in carrying out the intended purposes of the Plan. In administering this Plan, including but not limited to considering appeals from the denial of claims for benefits and issuing decisions thereon, rules and procedures substantially similar to those set forth in the Savings Plan shall govern.

Subsequent to a Change in Control of the Company, the Plan shall be administered by the trustee of the trust established by the Company for the purposes of satisfying the Company's payment obligations under the Plan (the "Trustee"). The Trustee shall be appointed by and serve at the pleasure of the Committee, but may not be removed following a Change in Control of the Company until all the Company's obligations under the Plan have been satisfied.

6. Construction of Terms. Except as expressly provided in this Plan to the contrary, capitalized terms referenced herein shall have the same meanings as are applied to such terms in the Savings Plan as in effect from time to time. Notwithstanding the foregoing, to the extent necessary to comply with Section 409A of the Code, in the case of any payment hereunder that in the determination of the Committee would be considered "nonqualified deferred compensation" subject to Section 409A and as to which, in the determination of the Committee, the requirements of Section 409A(a)(2)(A)(v) of the Code would apply, an event or occurrence described as a Change of Control within the Savings Plan shall be considered a "Change of Control" in this Plan only if it also constitutes a change in ownership or effective control of the Company, or a change in ownership of the Company's assets, described in Section 409A(a)(2)(A)(v) of the Code.

7. Deferred Salary and Bonus Elections.

- (a) An eligible employee may elect to defer, in whole percentages, up to 60% of his or her gross salary. Such an employee will be eligible to elect to defer his or her salary within 30 days of initially becoming eligible and, thereafter, will be permitted to defer salary during an annual election period, at such time and in such manner as prescribed by the Committee. Such election can include the employee's written, telephonic or electronic instruction.

A Participant may elect to defer his or her salary until separation from service (as defined for purposes of Section 409A of the Code), payable under one of the forms of payment specified in Section 9(b). The Participant shall select a payment method for the first time he or she elects to defer his or her salary, and as permitted by the Company thereafter.

- (b) Effective with incentive bonus awards payable for incentive year 2004, an eligible employee may elect to defer all or a portion of his or her incentive bonus, in whole percentage increments, by making such election at least six months prior to the close of the applicable incentive year during an annual election period, at such time and in such manner as prescribed by the Committee which can include written, telephonic or electronic instruction; provided, however, that additional limitations (including, but not limited to, the portion of an incentive bonus that may be deferred) may be imposed to the extent necessary to comply with Section 409A of the Code.

A Participant may elect to defer his or her bonus either for a period of 2 - 15 years following the year of deferral, or until separation from service (as defined for purposes of Section 409A of the Code) and payable under one of the forms of payment specified in Section 9(b). The Participant shall select a payment method for each year's deferral during the applicable annual election period.

- (c) A Participant may change his or her deferred salary or bonus payment election subsequent to the year of deferral, provided that the new payment election (i) is made at least twelve months prior to the date of the previously scheduled payment, (ii) is made at least twelve months prior to the date of the new scheduled payment (or in the case of installment payments treated as a single payment, 12 months prior to the date the first amount was scheduled to be paid). and (iii) provides for a new scheduled payment date that is at least five years following the previously scheduled payment date (or in the case of installment payments treated as a single payment, 5 years from the date the first amount was scheduled to be paid).
- (d) The deferred amounts will be recorded in an account maintained for each Participant by the Recordkeeper, entitled the "Deferred Salary Account" or "Deferred Bonus Account", as applicable. A Participant shall always be fully vested in amounts credited to his or her Plan accounts.
- (e) A deferral election will become effective (i) as of the next practicable payroll period for newly eligible employees and (ii) as of the first payroll period of the next following calendar year for all other employees.
- (f) A Participant may change or discontinue his or her salary deferral election during the applicable annual election period, effective as of the first payroll period of the next following calendar year.
- (g) Such change in deferral election shall operate prospectively and shall have no effect on prior deferrals under this Plan. An individual who has previously participated in the Plan shall be considered a Participant for the purposes of the Plan until final distribution is made of amounts credited to his or her Deferred Salary and Bonus Accounts.

- (h) 2005 Cancellation of Previous Deferral Elections. If the Participant's employment is terminated during 2005 (or such later time as may be permitted for cancellation or partial cancellation of deferrals under regulations or other guidance issued by the Internal Revenue Service), if permitted by the Company and according to such rules and procedures as the Company may prescribe, such Participant may cancel his or her deferred salary or bonus payment election at any time during 2005 (or such later time as may be permitted for cancellation or partial cancellation of deferrals under regulations or other guidance issued by the Internal Revenue Service), and instead the Participant shall receive such deferred salary or bonus, in a single lump sum cash payment as soon as practicable following the Participant's separation from service or such cancellation, whichever is later, provided however, only if all amounts received are includable in the taxable income of the Participant in the calendar year 2005 (or by such later time as may be permitted for cancellation or partial cancellation of deferrals under regulations or other guidance issued by the Internal Revenue Service). The Company may, in its sole discretion, also specify other situations (other than termination of employment) in which a Participant may cancel his or her deferred salary or bonus payment election, provided such cancellation is permitted under Notice 2005-1, Q&A-20 (or other subsequent Internal Revenue Service guidance).
- (i) Special Rules for 2005 and 2006 Changes to Deferred Salary or Bonus Payment Elections. Notwithstanding anything to the contrary above, during 2005, during such periods of time and under rules and procedures as the Company shall in its sole discretion establish with respect to all Participants, a Participant may change his or her deferred salary or bonus payment election with respect to any previously deferred amounts, without the restrictions of subsection (c) above applying. In the sole discretion of the Company, this same ability to change deferral elections without these subsection (c) restrictions applying, may be made available to Participants during 2006, but if such an ability is so made available, there may be no changes to payment elections with respect to previously deferred amounts that would otherwise have been payable during 2006, and no changes to payment elections may accelerate payments into 2006.

8. Additional Credits to Deferred Salary and Bonus Accounts.

- (a) The Committee shall, from time to time, select one or more of the Investment Funds from the Savings Plan ("Investment Fund") in which Participants may be allowed to elect to have their Deferred Salary and Bonus Accounts deemed invested.
- (b) Each Participant, upon electing to participate in the Plan, shall designate the Investment Fund or Funds with respect to which such Participant's Deferred Salary or Deferred Bonus Account shall be deemed invested, in such a time and manner as prescribed by the Committee for such purpose. The election shall be in whole percentage increments of each such Investment Fund. A Participant's election shall remain in effect with respect to all future salary and bonus deferrals unless and until changed by the Participant in accordance with Section 8(c) below.

If a Participant fails to make an election hereunder, all of his or her salary and bonus deferrals shall be deemed invested in a Money Market Fund until the Participant makes an alternative election hereunder.

- (c) A Participant may change the Investment Fund or Funds in which his or her future salary or bonus deferrals are deemed to be invested. Such change in election shall be effective as of the close of the Business Day on which the Recordkeeper receives such instruction or, if such instruction is received after the close of a Business Day, as of the close of the next following Business Day.
- (d) Amounts recorded in the Deferred Salary and Deferred Bonus Accounts maintained for each Participant shall be credited or debited with amounts equivalent to gains or losses realized by the Investment Funds in which the Participant elects to have his or her salary or bonus deferrals deemed invested from time to time.
- (e) Subject to the limitations set forth in paragraphs (i) and (ii) below, a Participant may elect at any time to have amounts credited to his or her Deferred Salary or Deferred Bonus Account transferred from any Investment Fund to any of the other Investment Funds, by designating the percentage of the Deferred Salary Account invested in the transferring Investment Fund to be transferred (in whole percentage increments) and the percentage of such transferred amount to be invested in the receiving Investment Fund or Funds (in whole percentage increments). Such transfer election shall be effective, and the applicable Investment Funds shall be valued for the purpose of implementing such election, as of the close of the Business Day on which the Recordkeeper receives such instruction or, if such instruction is received after the close of a Business Day, as of the close of the next following Business Day.

Elections by Participants under this Section 8(e) shall be limited in the following respects:

(i) The minimum amount that may be deemed transferred from any Investment Fund shall be \$250 or, if less, the entire balance of the Participant's Deferred Salary or Deferred Bonus Account deemed invested in such Investment Fund.

(ii) The Committee may, in its discretion, limit the number of transfers that may be made to or from any Investment Fund at any time. The Committee shall also have the discretionary right to suspend the availability of transfers among any or all of the Investment Funds at any time without prior notice to Participants.

(f) Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control, the Trustee shall have the authority to prescribe alternative investment funds in which Participants' accounts under this Plan shall be deemed invested; provided, however, that (i) if Participants retain the right to designate the investment funds for deemed investment of their respective accounts, then the investment funds selected by the Trustee shall include at least an Equity Index Fund and a Money Market Fund, and (ii) if Participants are no longer entitled to designate the investment funds for deemed investment of their respective accounts, then all accounts under this Plan shall automatically be deemed invested in a Money Market Fund, pending distribution in accordance with Section 9 below.

9. Payments from Deferred Salary and Bonus Accounts.

(a) Except as otherwise provided in this Section, no amounts shall be payable under the Plan to any Participant while he or she is employed by the Company or any Participating Subsidiary. Unless an election is made in accordance with Section 9(b) or (c) below, or unless Section 9(d) below applies, all amounts credited to a Participant's Deferred Salary or Bonus Account shall be paid in a single lump sum as soon as practicable following the Participant's separation from service, valued as of the first business day coincident with or next following such separation from service; provided, however, in the case of a Participant who is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), the payment shall not be made sooner than six months following the Participant's separation from service.

(b) A Participant may elect to receive payment of his or her deferred salary for each calendar year in either (i) a single lump sum valued as of the first business day coincident with or next following the Participant's separation from service or as of any of the first through tenth anniversaries thereof, or (ii) from two to ten annual installments valued as of the first business day coincident with or next following the Participant's separation from service and each applicable anniversary thereafter.

A Participant may elect to receive payment of each deferred bonus in either (i) a single lump sum valued as of the first business day of the month coincident with or next following the second to fifteenth anniversary of the date the bonus was deferred, (ii) a single lump sum valued as of the first business day coincident with or next following the Participant's separation from service, or (iii) from two to ten annual installments valued as of the first business day coincident with or next following the Participant's separation from service and each applicable anniversary thereafter.

Notwithstanding the foregoing provisions of this subsection, in the case of a Participant who is a specified employee, payment elected on account of separation from service shall not be made sooner than six months following the Participant's separation from service (or if earlier the date of the Participant's death).

Pending final distribution, the Participant's Deferred Salary or Bonus Account shall continue to be credited or debited with amounts equivalent to gains and losses realized by the Investment Funds in which such account is invested from time to time.

(c) Prior to the occurrence of a Change of Control, in accordance with rules prescribed by the Committee and subject to the applicable requirements of Section 409A of the Code, a Participant making a deferral election pursuant to Section 9(b) above may provide for the revocation of such election in the event of a Change of Control and for the payment by the Company of the Participant's Deferred Salary or Bonus Account in a single lump sum as soon as practicable following the Change of Control. The Participant's account will be valued as of the close of the Business Day on which the Change of Control occurs, or another date if so directed by the Committee or the Trustee.

In the absence of a Participant's affirmative direction to retain a deferral or installment election, in the event of a Change of Control, the Participant's Deferred Salary or Bonus Account will be paid by the Company in a single lump sum as soon as practicable following the Change of Control. The Participant's account will be valued as of the close of the Business Day on which the Change of Control occurs, or another date if so directed by the Committee or the Trustee.

- (d) In the event of the death of a Participant, whether or not then employed by the Company or a Participating Subsidiary, all amounts credited to the Participant's Deferred Salary or Bonus Account shall be paid to the Participant's estate in a single lump sum valued the first business day of the month following the date of death.
- (e) All determinations of value of Participants' Deferred Salary or Bonus Accounts shall be made in accordance with the relevant provisions of the Savings Plan.
- (f) All payments under the Plan shall be subject to any required withholding of Federal, state and local taxes.

10. Source of Payments. All amounts payable under the Plan shall be paid by the Company and Participating Subsidiaries from their general assets. No Participant shall have any right to or interest in any assets of the Company or any Participating Subsidiary other than as an unsecured general creditor, and no separate fund shall be established in which any Participant has any right or interest. The foregoing shall not prevent the Company or any Subsidiary from establishing one or more funds from which payments under the Plan shall be made, including but not limited to circumstances under which payments are to be made following a Change of Control.

11. Plan Amendment and Termination. The Plan may be amended or terminated by the Company at any time and in any manner prior to the happening of any event in connection with or in anticipation of a Change of Control that actually occurs, provided that no amendment or termination shall adversely affect the rights and benefits of Participants with respect to Compensation deferred pursuant to the Plan prior to such action. After the happening of any event in connection with or in anticipation of a Change of Control that actually occurs: (a) no amendment shall be made which adversely affects the rights and benefits of Participants with respect to compensation deferred or benefits accrued pursuant to the Plan prior to such amendment; and (b) no amendment may be made with respect to any provision of the Plan which becomes operative upon a Change of Control. Notwithstanding the foregoing, the Company may amend the Plan (whether before or after a Change of Control) to the extent it reasonably deems necessary to comply with the requirements of Section 409A of the Code.

12. No Right of Employment. The adoption and operation of this Plan shall not create in any Participant a right of continued employment with the Company or any Subsidiary.

13. No Assignment of Interest. The interest of any Participant under the Plan may not be assigned, alienated, encumbered or otherwise transferred, and shall not be subject to attachment, garnishment, execution or levy; and any attempted assignment, alienation, encumbrance, transfer, attachment, garnishment, execution or levy shall be void and of no force or effect.

THE GILLETTE COMPANY

By: /s/ Edward E. Guillet

Senior Vice President - Human Resources

[reflects amendments adopted through August 21, 2006]

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Section 8: EX-10.19 (SENIOR EXECUTIVE RECOUPMENT POLICY)

EXHIBIT (10-19)

Senior Executive Officer Recoupment Policy

SENIOR EXECUTIVE OFFICER RECOUPMENT POLICY

In the event of a significant restatement of financial results, the Compensation and Leadership Development Committee of the Board will review all cash-based and equity-based incentive compensation paid to Executive Officers on the basis of having met or exceeded specific performance targets or goals for performance periods after June 30, 2006 pursuant to the Short Term Achievement Reward (STAR) annual incentive program and/or the Business Growth Program (BGP), a long-term incentive program, or any successor programs or plans or other cash-based or equity-based incentive compensation plans approved by the Board or the Compensation and Leadership Development Committee (collectively, "Compensation").

If such Compensation would have been lower had it been calculated based on the restated results, the Compensation and Leadership Development Committee will, to the extent permitted by governing law, have the sole and absolute discretion and authority to seek to recoup for the benefit of the Company some or all such Compensation paid to some or all of the Executive Officers, regardless of the fault, misconduct or responsibility of any such executive officer in the restatement. For purposes of this policy, the term "significant restatement" means a restatement triggered by a material accounting error in previously issued financial statements, the term "Executive Officers" means the senior executive officers of the Company consisting of the Chief Executive, Vice-Chairs, Presidents, Global Function Heads, Senior Vice Presidents and equivalents who were in such positions at the time such Compensation deemed subject to recoupment was paid, and the term "Compensation" includes any amounts deferred pursuant to the terms of The Procter & Gamble Company Executive Deferred Compensation Plan. This policy is effective January 1, 2007.

This authority is in addition to the Compensation and Leadership Development Committee's authority under The Procter & Gamble 2001 Stock and Incentive Compensation Plan (as amended) to suspend or terminate any outstanding stock option or stock appreciation right of a Participant if the Committee determines that the Participant has acted significantly contrary to the best interests of the Company or its subsidiaries. In addition, this does not affect the Company's ability to pursue any and all available legal rights and remedies under governing law.

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Section 9: EX-10.20 (THE GILLETTE CO. DEFERRED COMPENSATION PLAN)

EXHIBIT (10-20)

The Gillette Company
Deferred Compensation Plan
(for salary deferrals prior to January 1, 2005)

THE GILLETTE COMPANY
DEFERRED COMPENSATION PLAN
(for salary deferrals prior to January 1, 2005)
(as amended and restated effective January 1, 2005)
(with amendments adopted through August 21, 2006)

1. Purpose. The Gillette Company Deferred Compensation Plan (the “Plan”) has been adopted by The Gillette Company (the “Company”) to enable certain executive employees of the Company and its Participating Subsidiaries to defer a portion of their compensation on a tax-effective basis in addition to their eligible savings under The Gillette Company Employees’ Savings Plan (the “Savings Plan”) and The Gillette Company Supplemental Savings Plan.

The Plan is intended to constitute an unfunded plan of deferred compensation described in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and in Sections 3121(v)(2) and 3306(r)(2) of the Internal Revenue Code of 1986, as amended (“Code”).

Under the terms of the Plan as approved by the Company’s Board of Directors, eligible employees may elect to defer salary and incentive bonus. This document, which is effective June 1, 2004, addresses the salary deferral feature of the Plan. Amounts deferred under this Plan are intended to be grandfathered for purposes of Section 409A of the Code.

2. Eligible Employees. Employees of the Company and Participating Subsidiaries who are full-time or part-time regular employees, have a job grade or a personal grade of 21 or above, and who are generally treated by The Gillette Company as a United States employee for employment and benefit purposes, are eligible to participate in this Plan for any calendar year.
3. Plan Features. Eligible employees who elect to participate in the Plan (“Participants”) may defer a portion of their salary (“Deferred Salary”).
4. Recordkeeper. The day-to-day recordkeeping and administrative functions with respect to the Plan shall be performed by a person or persons appointed by the Committee (“Recordkeeper”). In accordance with procedures determined by the Committee, Participants’ elections under the Plan may be made by way of written, telephonic or electronic instruction to the Recordkeeper
5. Administration. The Plan shall be administered by the Savings Plan Committee appointed by the Board of Directors of the Company (the “Committee”), which shall have the discretionary power and authority to construe and interpret the provisions of the Plan, to determine the eligibility of employees to participate in the Plan and the amount and timing of payment of any benefits due under the Plan, and to determine all other matters in carrying out the intended purposes of the Plan. In administering this Plan, including but not limited to considering appeals from the denial of claims for benefits and issuing decisions thereon, rules and procedures substantially similar to those set forth in the Savings Plan shall govern.

Subsequent to a Change in Control of the Company, the Plan shall be administered by the trustee of the trust established by the Company for the purposes of satisfying the Company’s payment obligations under the Plan (the “Trustee”). The Trustee shall be appointed by and serve at the pleasure of the Committee, but may not be removed following a Change in Control of the Company until all the Company’s obligations under the Plan have been satisfied.

6. Construction of Terms. Except as expressly provided in this Plan to the contrary, capitalized terms referenced herein shall have the same meanings as are applied to such terms in the Savings Plan as in effect from time to time. Notwithstanding the foregoing, to the extent necessary to comply with Section 409A of the Code, in the case of any payment hereunder that in the determination of the Committee would be considered “nonqualified deferred compensation” subject to Section 409A and as to which, in the determination of the Committee, the requirements of Section 409A(a)(2)(A)(v) of the Code would apply, an event or occurrence described as a Change of Control within the Savings Plan shall be considered a “Change of Control” in this Plan only if it also constitutes a change in ownership or effective control of the Company, or a change in ownership of the Company’s assets, described in Section 409A(a)(2)(A)(v) of the Code.

7. Deferred Salary.

- (a) An eligible employee may elect to defer, in whole percentages, up to 60% of his or her gross salary.
- (b) A Participant may defer his or her salary on a pre-tax basis until termination of employment or a later elected date as provided in this Plan if termination is by reason of retirement or determination of Total and Permanent Disability status.
- (c) The Deferred Salary will be recorded in an account maintained by the Recordkeeper, entitled the "Deferred Salary Account". A Participant shall always be fully vested in amounts credited to the Deferred Salary Account maintained for such Participant.
- (d) A salary deferral election will become effective as of the next practicable payroll period following receipt by the Recordkeeper in such time and manner as prescribed by the Committee.
- (e) A Participant may at any time change or discontinue his or her salary deferral election, effective as of the next practicable payroll period following receipt by the Recordkeeper in such time and manner as prescribed by the Committee.
- (f) Such change in salary deferral election shall operate prospectively and shall have no effect on prior deferrals under this Plan. An individual who has previously participated in the Plan shall be considered a Participant for the purposes of the Plan until final distribution is made of amounts credited to his or her Deferred Salary Account.

8. Additional Credits to Deferred Salary Accounts.

- (a) The Committee shall, from time to time, select one or more of the Investment Funds from the Savings Plan ("Investment Fund") for Participants to elect to have their Deferred Salary deemed invested.
- (b) Each Participant, upon electing to participate in the Plan, shall designate the Investment Fund or Funds with respect to which such Participant's Deferred Salary shall be deemed invested, in such a time and manner prescribed by the Committee for such purpose. The election shall be in whole percentage increments of each such Investment Fund. A Participant's election shall remain in effect with respect to all future Deferred Salary unless and until changed by the Participant in accordance with Section 8(c) below.

If a Participant fails to make an election hereunder, all of his or her Deferred Salary shall be deemed invested in a Money Market Fund until the Participant makes an election hereunder.

- (c) A Participant may change the Investment Fund or Funds in which his or her future Deferred Salary is deemed to be invested. Such change in election shall be effective as of the close of the Business Day on which the Recordkeeper receives such instruction or, if such instruction is received after the close of a Business Day, as of the close of the next following Business Day.
- (d) Amounts recorded in the Deferred Salary Account maintained for each Participant shall be credited or debited with amounts equivalent to gains or losses realized by the Investment Funds in which the Participant elects to have his or her Deferred Salary deemed invested from time to time.
- (e) Subject to the limitations set forth in paragraphs (i) and (ii) below, a Participant may elect at any time to have amounts credited to his or her Deferred Salary Account transferred from any Investment Fund to any of the other Investment Funds, by designating the percentage of the Deferred Salary Account invested in the transferring Investment Fund to be transferred (in whole percentage increments) and the percentage of such transferred amount to be invested in the receiving Investment Fund or Funds (in whole percentage increments). Such transfer election shall be effective, and the applicable Investment Funds shall be valued for the purpose of implementing such election, as of the close of the Business Day on which the Recordkeeper receives such instruction or, if such instruction is received after the close of a Business Day, as of the close of the next following Business Day.

Elections by Participants under this Section 8(e) shall be limited in the following respects:

- (i) The minimum amount that may be deemed transferred from any Investment Fund shall be \$250 or, if less, the entire balance of the Participant's Deferred Salary Account deemed invested in such Investment Fund.
- (ii) The Committee may in its discretion limit the number of transfers that may be made to or from any Investment Fund at any time. The Committee also shall have the discretionary right to suspend the availability of transfers among any or all of the Investment Funds at any time without prior notice to Participants.
- (f) Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control, the Trustee shall have the authority to prescribe alternative investment funds in which Participants' accounts under this Plan shall be deemed invested; provided, however, that (i) if Participants retain the right to designate the investment funds for deemed investment of their respective accounts, then the investment funds selected by the Trustee shall include at least an Equity Index Fund and a Money Market Fund, and (ii) if Participants are no longer entitled to designate the investment funds for deemed investment of their respective accounts, then all accounts under this Plan shall automatically be deemed invested in a Money Market Fund pending distribution in accordance with Section 9 below.

9. Payments from Deferred Salary and Bonus Accounts.

- (a) Except as otherwise provided in this Section, no amounts shall be payable under the Plan to any Participant while he or she is employed by the Company or any Participating Subsidiary. Unless an election is made in accordance with Section 9(b) or (c) below or unless Section 9(d) below applies, all amounts credited to a Participant's Deferred Salary Account shall be paid in a single lump sum as soon as practicable following the termination of the Participant's employment with the Company and all Participating Subsidiaries, valued as of the first business day following such termination date.
- (b) A Participant may elect to defer payment of his or her Deferred Salary Account to the first business day of the month coincident with or next following the 1st to 10th anniversary of the Participant's termination of employment with the Company and all Participating Subsidiaries, provided (i) the Participant's termination of employment is on account of Retirement or Total and Permanent Disability, and (ii) the Participant's deferral election is made at least twelve months prior to the Participant's Release Date (although any deferral election made prior to December 6, 2005, which is also made at least six months prior to the Release Date, shall be deemed to have been made at least twelve months prior to the Release Date). For purposes of this Section, Release Date is defined as the date the Participant ceases to be regularly employed by the Company or a subsidiary on a full-time or part-time basis. Such deferred payment shall be valued as of the first business day following the 1st to 10th anniversary, as applicable, of the Participant's termination of employment, and shall be made in a single lump sum as soon as practicable thereafter. Pending final distribution, the Participant's Deferred Salary Account shall continue to be credited or debited with amounts equivalent to gains and losses realized by the Investment Funds in which such account is invested from time to time.
- (c) A Participant may elect to receive payment of his Deferred Salary Account in the form of two to ten annual installments commencing in the calendar year following the year of the Participant's termination of employment with the Company and all Participating Subsidiaries, provided (i) the Participant's termination of employment is on account of Retirement or Total and Permanent Disability, and (ii) the Participant's installment payment election is made at least 12 months prior to the Participant's Release Date (although any deferral election made prior to December 6, 2005, which is also made at least six months prior to the Release Date, shall be deemed to have been made twelve months prior to the Release Date). Each installment payment shall be valued as of the close of the first business day of the month following the applicable anniversary of the Participant's termination of employment, and shall be paid as soon as practicable thereafter. Pending final distribution, the remaining balance in the Participant's Deferred Salary Account shall continue to be credited or debited with amounts equivalent to gains and losses realized by the Investment Funds in which such account is invested from time to time.
- (d) Prior to the occurrence of a Change of Control, in accordance with rules prescribed by the Committee, a Participant making a deferral election pursuant to Section 9(b) above or an installment election pursuant to Section 9(c) above may provide for the revocation of such deferral or installment election in the event of a Change of Control and for the payment by the Company of the Participant's Deferred Salary Account in a single lump sum as soon as practicable following the Change of Control valued as of the close of the Business Day on which the Change of Control occurs, or another date if so directed by the Committee or the Trustee.

In the absence of a Participant's affirmative direction to retain a deferral or installment election, in the event of a Change of Control the Participant's Deferred Salary Account will be paid by the Company in a single lump sum as soon as practicable following the Change of Control valued as of the close of the Business Day on which the Change of Control occurs, or another date if so directed by the Committee or the Trustee.

- (e) In the event of the death of a Participant, whether or not then employed by the Company or a Participating Subsidiary, all amounts credited to the Participant's Deferred Salary Account shall be paid to the Participant's estate in a single lump sum valued the first business day of the month following the date of death.
- (f) All determinations of value of Participants' Deferred Salary Accounts shall be made in accordance with the relevant provisions of the Savings Plan.
- (g) All payments under the Plan shall be subject to any required withholding of Federal, state and local taxes.
- (h) The opportunity provided to a Participant to defer payment of his or her compensation beyond termination of employment shall serve as partial consideration for a settlement of all claims which the Participant may have against the Company, its Subsidiaries, employees and agents and shall be subject to execution by the Participant of a release and settlement agreement in a form prescribed by the Committee.

10. Source of Payments. All amounts payable under the Plan shall be paid by the Company and Participating Subsidiaries from their general assets. No Participant shall have any right to or interest in any assets of the Company or any Participating Subsidiary other than as an unsecured general creditor, and no separate fund shall be established in which any Participant has any right or interest. The foregoing shall not prevent the Company or any Subsidiary from establishing one or more funds from which payments under the Plan shall be made, including but not limited to circumstances under which payments are to be made following a Change of Control.

11. Plan Amendment and Termination. The Plan may be amended or terminated by the Company at any time and in any manner prior to the happening of any event in connection with or in anticipation of a Change of Control that actually occurs, provided that no amendment or termination shall adversely affect the rights and benefits of Participants with respect to Compensation deferred pursuant to the Plan prior to such action. After the happening of any event in connection with or in anticipation of a Change of Control that actually occurs: (a) no amendment shall be made which adversely affects the rights and benefits of Participants with respect to compensation deferred or benefits accrued pursuant to the Plan prior to such amendment; and (b) no amendment may be made with respect to any provision of the Plan which becomes operative upon a Change of Control. Notwithstanding the foregoing, the Company may amend the Plan (whether before or after a Change of Control) to the extent it reasonably deems necessary to comply with the requirements of Section 409A of the Code.

12. No Right of Employment. The adoption and operation of this Plan shall not create in any Participant a right of continued employment with the Company or any Subsidiary.

13. No Assignment of Interest. The interest of any Participant under the Plan may not be assigned, alienated, encumbered or otherwise transferred, and shall not be subject to attachment, garnishment, execution or levy; and any attempted assignment, alienation, encumbrance, transfer, attachment, garnishment, execution or levy shall be void and of no force or effect.

THE GILLETTE COMPANY

By: /s/ Edward E. Guillet

Senior Vice President - Human Resources

[reflects amendments adopted through August 21, 2006]

**Section 10: EX-10.21 (THE P&G 2009 STOCK AND INCENTIVE
COMPENSATION PLAN)**

EXHIBIT (10-21)

The Procter & Gamble 2009 Stock and Incentive Compensation Plan



The Procter & Gamble Company

Executive Offices

1 Procter & Gamble Plaza

Cincinnati, OH 45202-3315

www.pg.com

October 11, 2011

To: Participants in The Procter & Gamble 2009 Stock and Incentive Compensation Plan

This document provides a copy of The Procter & Gamble 2009 Stock and Incentive Compensation Plan followed by important Additional Information. Please save this with your stock option materials.

Corporate Secretary

The Procter & Gamble Company

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

P&G Rewards of Leadership

The Procter & Gamble 2009 Stock and Incentive Compensation Plan

ARTICLE A -- Purpose.

The purposes of The Procter & Gamble 2009 Stock and Incentive Compensation Plan (the "Plan") are to strengthen the alignment of interests between those employees of The Procter & Gamble Company (the "Company") and its subsidiaries who are largely responsible for the success of the business (the "Participants") and the Company's shareholders through ownership behavior and the increased ownership of shares of the Company's common stock (the "Common Stock"), and to encourage the Participants to remain in the employ of the Company and its subsidiaries. This will be accomplished through the granting of options to purchase shares of Common Stock, the granting of performance related awards, the payment of a portion of the Participants' remuneration in shares of Common Stock, the granting of deferred awards related to the increase in the price of Common Stock, and the granting of restricted stock units ("RSUs") or other awards that are related to the price of Common Stock.

ARTICLE B -- Administration.

1. The Plan shall be administered by the Compensation & Leadership Development Committee (the "Committee") of the Board of Directors of the Company (the "Board"), or such other committee as may be designated by the Board. The Committee shall consist of not fewer than three (3) members of the Board who are "Non-Employee Directors" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act") to be appointed by the Board from time to time and to serve at the discretion of the Board. They shall also have been deemed independent by the Board under the Company's independence guidelines and the applicable national securities exchange which serves as the principal trading market for the Common Stock. The Committee may establish such regulations, provisions, and procedures within the terms of the Plan as, in its opinion, may be advisable for the administration and operation of the Plan, and may designate the Secretary of the Company or other employees of the Company to assist the Committee in the administration and operation of the Plan and may grant authority to such persons to execute documents on behalf of the Committee. The Committee shall report on the administration of the Plan as requested by the Board.

2. Subject to the express provisions of the Plan, the Committee shall have authority: to grant nonstatutory and incentive stock options; to grant stock appreciation rights either freestanding or in tandem with simultaneously granted stock options; to grant Performance Awards (as defined in Article J); to award a portion of a Participant's remuneration in shares of Common Stock subject to such conditions or restrictions, if any, as the Committee may determine; to award RSUs or other awards that are related to the price of Common Stock; to determine all the terms and provisions of the respective stock option, stock appreciation right, stock award, RSU, or other award agreements including setting the dates when each stock option or stock appreciation right or part thereof may be exercised and determining the conditions and restrictions, if any, of any shares of Common Stock acquired through the exercise of any stock option; to provide for special terms for any stock options, stock appreciation rights, stock awards, RSUs or other awards granted to Participants who are foreign nationals or who are employed by the Company or any of its subsidiaries outside of the United States of America in order to fairly accommodate for differences in local law, tax policy or custom and to approve such supplements to or amendments, restatements or alternative versions of the Plan as the Committee may consider necessary or appropriate for such purposes (without affecting the terms of the Plan for any other purpose); and to make all other determinations it deems necessary or advisable for administering the Plan. In addition, at the time of grant the Committee shall have the further authority to:

- (a) waive the provisions of Article F, Paragraph 1(a), 1(b) and 1(c);
- (b) waive the provisions of Article G, Paragraph 9(a) and 9(b);and
- (c) impose conditions in lieu of those set forth in Article G, Paragraphs 7, 8, 9 and 11 for nonstatutory stock options, incentive stock options and stock appreciation rights which do not increase or extend the rights of the Participant.

ARTICLE C -- Participation.

The Committee shall select as Participants those employees of the Company and its subsidiaries who, in the opinion of the Committee, have demonstrated a capacity for contributing in a substantial manner to the success of such companies.

ARTICLE D -- Limitation on Number of Shares Available Under the Plan.

1. Unless otherwise authorized by the shareholders, or as provided in this Article D or Article K of the Plan, the maximum aggregate number of shares available for award under the Plan shall be the sum of:

- (a) 160,000,000 new shares; and
- (b) the shares previously authorized but not awarded under The Procter & Gamble 2001 Stock and Incentive Compensation Plan and The Gillette Company 2004 Long-Term Incentive Plan, in each case, as of the date on which the Plan is approved by shareholders (e.g., approximately 181,113,260 shares in total).

2. In addition to the shares authorized for award by Paragraph 1 of this Article D, any shares awarded under the Plan, or any of the following plans, that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of shares, are settled in cash in lieu of shares, or are exchanged with the Committee's permission prior to the issuance of shares, for awards not involving shares, shall be available for award under the Plan:

- (a) The Procter & Gamble 1992 Stock Plan;
- (b) The Procter & Gamble 1992 Stock Plan (Belgian Version);
- (c) The Procter & Gamble Future Shares Plan;
- (d) The Procter & Gamble 2001 Stock and Incentive Compensation Plan;
- (e) The Gillette Company 1971 Stock Option Plan; and
- (f) The Gillette Company 2004 Long-Term Incentive Plan.

Any shares that become available for award under this Article D, Paragraph 2 shall be added back to the aggregate shares available using the ratio set forth in Article D, Paragraphs 3(a) and 3(b) below (e.g., one for one for stock options and stock appreciation rights and 2.88 shares for each share awarded for all other awards).

3. Solely for purposes of calculating the number of shares remaining available for grant under this Article D:

- (a) all stock options and stock appreciation rights awards shall be counted on a one for one basis;
- (b) all full value awards under the Plan to be settled in shares shall be counted as 2.88 shares for each share awarded;
- (c))except as otherwise noted in this Article D, Paragraph 4 below, only shares issued by the Company shall be counted against the number of shares available; and
- (d) "shares issued" shall include all shares delivered pursuant to the Plan, all shares tendered, exchanged or withheld to cover option costs and/or taxes, and all shares underlying an award of stock appreciation rights once such stock appreciation rights are exercised.

4. Shares that were subject to a stock option or stock-settled stock appreciation right and were not issued upon the net settlement or net exercise of such stock option or stock appreciation right may not again be made available for issuance under the Plan.

5. Notwithstanding anything to the contrary contained herein, shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of stock options shall not be added to the shares available for award under Article D, Paragraph 1 above.

6. Subject to the provisions of Article K and Article L, and notwithstanding anything else herein to the contrary, without affecting the number of shares reserved or available hereunder the Committee may authorize the issuance or assumption of benefits under the Plan in connection with any merger, consolidation acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with the rules under Sections 162(m), 409A, 422 and 424 of the Internal Revenue Code ("Code") as and where applicable.

ARTICLE E -- Shares Subject to Use Under the Plan.

1. The shares to be delivered by the Company upon exercise of stock options or stock appreciation rights shall be determined by the Committee and may consist, in whole or in part, of authorized but unissued shares or treasury shares. In the case of redemption of stock appreciation rights by one of the Company's subsidiaries, such shares shall be shares acquired by that subsidiary.

2. For purposes of the Plan, restricted or unrestricted stock awarded or issued following settlement of RSUs under the terms of the Plan shall be authorized but unissued shares, treasury shares, or shares acquired in the open market by the Company or a subsidiary, as determined by the Committee.

ARTICLE F -- Restrictions & Covenants.

1. In addition to such other conditions as may be established by the Committee, in consideration of the granting of an award under the terms of the Plan, each Participant agrees as follows:

(a) The right to exercise any stock option or stock appreciation right shall be conditional upon certification by the Participant at time of exercise that the Participant intends to remain in the employ of the Company or one of its subsidiaries for at least one (1) year following the date of the exercise of the stock option or stock appreciation right (provided that termination of employment due to Retirement or Special Separation shall not constitute a breach of such certification).

(b) In order to better protect the goodwill of the Company and its subsidiaries and to prevent the disclosure of the Company's or its subsidiaries' trade secrets and confidential information and thereby help ensure the long-term success of the business, the Participant, without prior written consent of the Company, will not engage in any activity or provide any services, whether as a director, manager, supervisor, employee, adviser, consultant or otherwise, for a period of three (3) years following the date of the Participant's termination of employment with the Company, in connection with the manufacture, development, advertising, promotion, or sale of any product which is the same as or similar to or competitive with any products of the Company or its subsidiaries (including both existing products as well as products known to the Participant, as a consequence of the Participant's employment with the Company or one of its subsidiaries, to be in development):

(i) with respect to which the Participant's work has been directly concerned at any time during the two (2) years preceding termination of employment with the Company or one of its subsidiaries or

(ii) with respect to which during that period of time the Participant, as a consequence of the Participant's job performance and duties, acquired knowledge of trade secrets or other confidential information of the Company or its subsidiaries.

For purposes of this Paragraph (b), it shall be conclusively presumed that Participants have knowledge of information they were directly exposed to through actual receipt or review of memos or documents containing such information, or through actual attendance at meetings at which such information was discussed or disclosed.

(c) To better protect the Company's investment in its employees and to ensure the long-term success of the business, the Participant, without prior written consent of the Company, will not attempt directly or indirectly to induce any employee of the Company or its affiliates or subsidiaries to be employed or perform services elsewhere or attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier or partner of the Company or its affiliates or subsidiaries.

(d) Because a main purpose of the Plan is to strengthen the alignment of interests between employees of the Company (including all affiliates and subsidiaries) and its shareholders to ensure the continued success of the Company, the Participant will not take any action that is significantly contrary to the best interests of the Company or its affiliates or subsidiaries. For purposes of this paragraph, an action taken "significantly contrary to the best interests of the Company or its affiliates or subsidiaries" includes without limitation any action taken or threatened by the Participant that the Committee determines has, or is reasonably likely to have, a significant adverse impact on the reputation, goodwill, stability, operation, personnel retention and management, or business of the Company or any affiliate or subsidiary.

(e) The provisions of this Article F are not in lieu of, but are in addition to the continuing obligation of the Participant (which Participant acknowledges by accepting any award under the Plan) to not use or disclose the Company's or its subsidiaries' trade secrets and confidential information known to the Participant until any particular trade secret or confidential information becomes generally known (through no fault of the Participant), whereupon the restriction on use and disclosure shall cease as to that item. Information regarding products in development, in test marketing or being marketed or promoted in a discrete geographic region, which information the Company or one of its subsidiaries is considering for broader use, shall not be deemed generally known until such broader use is actually commercially implemented. As used in this Article F, "generally known" means known throughout the domestic U. S. industry or, in the case of Participants who have job responsibilities outside of the United States, the appropriate foreign country or countries' industry.

(f) By acceptance of any award granted under the terms of the Plan, the Participant acknowledges that if the Participant were, without authority, to use or disclose the Company's or any of its affiliates' or subsidiaries' trade secrets or confidential information or threaten to do so, the Company or one of its subsidiaries would be entitled to injunctive and other appropriate relief to prevent the Participant from doing so. The Participant acknowledges that the harm caused to the Company by the breach or anticipated breach of this Article F is by its nature irreparable because, among other things, it is not readily susceptible of proof as to the monetary harm that would ensue. The Participant consents that any interim or final equitable relief

entered by a court of competent jurisdiction shall, at the request of the Company or one of its subsidiaries, be entered on consent and enforced by any court having jurisdiction over the Participant, without prejudice to any rights either party may have to appeal from the proceedings which resulted in any grant of such relief.

(g) If any of the provisions contained in this Article F shall for any reason, whether by application of existing law or law which may develop after the Participant's acceptance of an award under the Plan be determined by a court of competent jurisdiction to be overly broad as to scope of activity, duration, or territory, the Participant agrees to join the Company or any of its subsidiaries in requesting such court to construe such provision by limiting or reducing it so as to be enforceable to the extent compatible with then applicable law. If any one or more of the terms, provisions, covenants, or restrictions of this Article F shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants, and restrictions of this Article F shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

2. The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid or deferred awards at any time if the Participant is not in compliance with all terms and conditions set forth in the Plan. By acceptance of any award granted under the terms of the Plan, Participant acknowledges that the remedies outlined in this Paragraph 2 and in Paragraph 3 below are in addition to any remedy the Company or any affiliate or subsidiary may have at law or in equity, including without limitation injunctive and other appropriate relief.

3. Upon exercise, payment or delivery of an award, the Participant shall certify in a manner acceptable to the Company that he or she has complied with the terms and conditions of the Plan. In the event a Participant fails to comply with any provision in this Article F, the Participant shall repay to the Company the net proceeds of any exercises, payments or deliveries of awards which occur at any time after the earlier of the following two dates: (a) the date three years immediately preceding any such violation; or (b) the date 6 months prior to the Participant's termination of employment with the Company. The Participant shall repay to the Company the net proceeds in such manner and on such terms and conditions as may be required by the Company, and the Company shall be entitled to set-off against the amount of any such net proceeds any amount owed to the Participant by the Company, to the extent that such set-off is not inconsistent with Section 409A of the Code. For purposes of this paragraph, net proceeds shall mean (1) for each stock option or stock appreciation right exercise, the difference between the exercise price and the greater of (i) the price of Common Stock on the date of exercise or (ii) the amount realized upon the disposition of the underlying shares, less any applicable taxes withheld by the Company; (2) for RSUs, the greater of (i) the number of net shares delivered to Participant multiplied by the closing price of Common Stock on the date of delivery or (ii) the amount realized upon the disposition of the number of net shares delivered, less any applicable taxes withheld by the Company; and (3) for restricted stock, the greater of (i) the number of net shares retained by, or delivered to, Participant after any restrictions lapse multiplied by the closing price of Common Stock on the date the restrictions lapse or (ii) the amount realized upon the disposition of the number of net shares delivered, less any applicable taxes withheld by the Company.

4. The fact that a Participant has been granted an award under the Plan shall not limit the right of the employer to terminate the Participant's employment at any time.

5. The Company reserves the right from time to time to suspend the exercise of any stock option or stock appreciation right, the delivery of any shares or the settlement of any RSUs, where such suspension is deemed by the Company as necessary or appropriate for corporate purposes. No such suspension shall extend the life of the stock option or stock appreciation right beyond its expiration date, and in no event will there be a suspension in the five (5) calendar days immediately preceding the expiration date.

6. The Committee may require any Participant to accept any award under the Plan and/or to exercise any stock options or stock appreciation rights by means of electronic signature.

ARTICLE G -- Stock Options and Stock Appreciation Rights.

1. All stock options and stock appreciation rights granted hereunder shall have a maximum life of no more than ten (10) years from the date of grant.

2. No stock options or stock appreciation rights shall be exercisable within one (1) year from their date of grant, except in the case of the death of the Participant.

3. The exercise price for all stock options and stock appreciation rights shall be established by the Committee at the time of their grant and shall be not less than one hundred percent (100%) of the fair market value of the Common Stock on the date of grant.

4. The maximum number of shares with respect to which stock options or stock appreciation rights may be granted to any Participant in any calendar year shall not exceed 2,000,000 shares.

5. If the Committee grants incentive stock options, all such stock options shall contain such provisions as permit them to qualify as "incentive stock options" within the meaning of Section 422 of the Code, as may be amended from time to time.

6. The maximum number of shares that may be issued as incentive stock options under the Plan shall be the aggregate number of shares available for award under Article D. The aggregate fair market value (determined at the time when the incentive stock option is exercisable for the first time by a Participant during any calendar year) of the shares for which any Participant may be granted incentive stock options under the Plan and all other stock option plans of the Company and its subsidiaries in any calendar year shall not exceed \$100,000 (or such other amount as reflected in the limits imposed by Section 422(d) of the Code, as it may be amended from time to time).

7. Unless a transfer has been duly authorized by the Committee pursuant to Article G, Paragraph 8 below, during the lifetime of the Participant, stock options and stock appreciation rights may be exercised only by the Participant personally, or, in the event of the legal incompetence of the Participant, by the Participant's duly appointed legal guardian and are not transferable other than by will or by the laws of descent and distribution. For the purpose of exercising stock options or stock appreciation rights after the death of the Participant:

(a) the persons to whom the stock options or stock appreciation rights have been transferred by will or the laws of descent and distribution shall have the privilege of exercising remaining stock options, stock appreciation rights or parts thereof, whether or not exercisable on the date of death of such Participant, at any time prior to the expiration date of the stock options or stock appreciation rights; and

(b) the duly appointed executors and administrators of the estate of the deceased Participant shall have the same rights and obligations with respect to the stock options and stock appreciation rights as legatees or distributees would have after distribution to them from the Participant's estate.

8. The Committee may authorize the transfer of stock options and stock appreciation rights upon such terms and conditions as the Committee may require; provided, however, that no stock option or stock appreciation right may be sold by a Participant without shareholder approval. Such transfer shall become effective only upon the Committee's complete satisfaction that the proposed transferee has strictly complied with such terms and conditions, and both the original Participant and the transferee shall be subject to the same terms and conditions hereunder as the original Participant.

9. In the event that a Participant ceases to be an employee of the Company or any of its subsidiaries while holding an unexercised stock option or stock appreciation right:

(a) Any unexercisable portions thereof are then void, except in the case of: (1) death of the Participant; (2) Retirement or Special Separation where the participant is employed through June 30th following the date the options were granted; or (3) any option as to which the Committee has waived, at the time of grant, the provisions of this Article G, Paragraph 9(a).

(b) Any exercisable portions thereof are then void, except in the case of: (1) death of the Participant; (2) Retirement or Special Separation; or (3) any option as to which the Committee has waived, at the time of grant, the provisions of this Article G, Paragraph 9(b).

The definitions of "Special Separation" and "Retirement" are set forth in Article L, Paragraphs 5 and 6 of the Plan, respectively.

10. For purposes of this Article G, Paragraph 10 of the Plan, an employee on a leave of absence shall not be deemed to have "ceased to be an employee of the Company or any of its subsidiaries" during that time. Leave of absence means any period of time away from work granted to any employee by his or her employer because of illness, injury, or other reasons satisfactory to the employer.

11. Upon the exercise of stock appreciation rights, the Participant shall be entitled to receive a redemption differential for each such stock appreciation right which shall be the difference between the then fair market value of one share of Common

Stock and the exercise price of one stock appreciation right then being exercised. In the case of the redemption of stock appreciation rights by a subsidiary of the Company not located in the United States, the redemption differential shall be calculated in United States dollars and converted to the appropriate local currency on the exercise date. As determined by the Committee, the redemption differential may be paid in cash, Common Stock to be valued at its fair market value on the date of exercise, any other mode of payment deemed appropriate by the Committee or any combination thereof.

12. With respect to stock options granted in tandem with stock appreciation rights, the exercise of either such stock options or such stock appreciation rights will result in the simultaneous cancellation of the same number of tandem stock appreciation rights or stock options, as the case may be.

13. Except as permitted by Article K or as otherwise authorized by shareholders, no stock option or stock appreciation right shall be amended to reduce the exercise price or cancelled in exchange for cash, other awards or stock options or stock appreciation rights having a lower exercise price without the prior approval of the shareholders of the Company. This Article G, Paragraph 13 is intended to prohibit the re-pricing of “underwater” stock options and stock appreciation rights and shall not be construed to prohibit the adjustments permitted under Article K of the Plan.

14. No dividends or dividend equivalents shall be awarded under the Plan for any stock options or stock appreciation rights.

ARTICLE H -- Payment for Stock Options and Tax Withholding for All Awards.

Upon the exercise of a stock option, payment in full of the exercise price shall be made by the Participant. As determined by the Committee, the stock option exercise price may be paid by the Participant either in cash, shares of Common Stock valued at their fair market value on the date of exercise, a combination thereof, or such other method as determined by the Committee. In addition to payment of the exercise price, the Committee may authorize the Company to charge a reasonable administrative fee for the exercise of any stock option. Furthermore, to the extent the Company is required to withhold federal, state, local or foreign taxes in connection with any Participant’s stock option or stock appreciation right exercise or the lapse of restrictions on, or delivery of shares pursuant to, any Participant’s award of shares of Common Stock or RSUs, the Committee may require the Participant to make such arrangements as the Company may deem necessary for the payment of such taxes required to be withheld (including, without limitation, relinquishment of a portion of such stock options, the proceeds received by the Participant in a simultaneous exercise and sale of stock during a “cashless” exercise, or the RSUs or shares of Common Stock subject to such restrictions). Notwithstanding any action taken by the Company with respect to any income tax, social insurance, payroll tax, or other tax, the acceptance of an award under the Plan represents the Participant’s acknowledgement that the ultimate liability for any such tax owed by the Participant is and remains the Participant’s responsibility, and that the Company makes no representations about the tax treatment of any award, and does not commit to structure any aspect of the award to reduce or eliminate a Participant’s tax liability. In no event, however, shall the Committee be permitted to require payment from a Participant in excess of the maximum required tax withholding rates.

ARTICLE I -- Grant of Unrestricted Stock, Restricted Stock or RSUs.

The Committee may grant Common Stock or RSUs to Participants under the Plan subject to such conditions or restrictions, if any, as the Committee may determine. Unless the grant materials for an award made under this Article I, including any statements of terms and conditions accompanying such award, state specifically to the contrary, the restrictions and covenants set forth in Article F shall apply to all such awards.

ARTICLE J -- Performance Related Awards.

1. The Committee, in its discretion, may establish performance goals for selected Participants and authorize the granting of cash, stock options, stock appreciation rights, Common Stock, RSUs or other awards that are related to the price of Common Stock, other property, or any combination thereof (“Performance Awards”) to such Participants upon achievement of such established performance goals during a specified time period (the “Performance Period”). The Committee, in its discretion, shall determine the Participants eligible for Performance Awards, the performance goals to be achieved during each Performance Period, the amount of any Performance Awards to be paid, and the method of payment for any Performance Awards. Performance Awards may be granted either alone or in addition to other grants made under the Plan.

2. Notwithstanding the foregoing, any Performance Awards granted under this Article to any Participant subject to the restrictions set forth in Section 162(m) of the Code, other than stock options and stock appreciation rights that would otherwise qualify as performance-based compensation under Section 162(m) without the restrictions of this Article J, Paragraph 2, shall comply with all of the following requirements:

(a) Each award shall specify the specific performance objectives (the "Performance Objectives") which, if achieved, will result in payment of the Performance Award. The Performance Objectives may be described in terms of Company-wide objectives that are related to the individual Participant or objectives that are related to a subsidiary, division, department, region, function or business unit of the Company in which the Participant is employed, and may consist of one or more or any combination of the following criteria: stock price, market share, sales revenue, organic sales growth, cash flow, cash flow efficiency, earnings per share, return on equity, total shareholder return, gross margin, stock price growth measures, operating total shareholder return, net earnings or net income (before or after taxes), return on assets or capital, earnings (before or after interest, taxes, depreciation and/or amortization), operating income, operating margin, acquisition integration metrics, economic value added, and/or costs. The Performance Objectives may be made relative to the performance of other corporations. While the Committee may, in its discretion, change or modify the performance criteria used to calculate a Performance Award, all criteria used must be drawn from the above list and otherwise be valid performance criteria for purposes of Section 162(m) of the Code. The Committee may not change the criteria or Performance Objectives for any Performance Period that has already been approved by the Committee. The Committee may cancel a Performance Period or replace a Performance Period with a new Performance Period, provided that any such cancellation or replacement shall not cause the Performance Award to fail to meet the requirements of Section 162(m) of the Code.

(b) Each award shall specify the minimum level of achievement required by the Participant relative to the Performance Objectives to qualify for a Performance Award. In doing so, the award shall establish a formula for determining the percentage of the Performance Award to be awarded if performance is at or above the minimum level, but falls short of full achievement of the specified Performance Objectives. Each award may also establish a formula for determining an additional award above and beyond the Performance Award to be granted to the Participant if performance is at or above the specified Performance Objectives. Such additional award shall also be established as a percentage of the Performance Award. The Committee may decrease a Performance Award as determined by the Performance Objectives, but in no case may the Committee increase any Performance Award as determined by the Performance Objectives.

(c) The maximum Performance Award that may be granted to any Participant for any one-year Performance Period shall not exceed \$20,000,000 or 400,000 shares of Common Stock (the "Annual Maximum"). The maximum Performance Award that may be granted to any Participant for a Performance Period greater than one year shall not exceed the Annual Maximum multiplied by the number of full years in the Performance Period.

(d) In the event an award intended to comply with Section 162(m) of the Code, all terms of the award and any accompanying Committee action shall be interpreted in a manner that results in the award complying with that section, and, to the extent a Plan term or Committee action is inconsistent with Section 162(m), the Plan term or Committee action shall be deemed modified (or, if necessary, treated as void) in a manner that results in compliance with Section 162(m).

ARTICLE K -- Adjustments.

In the event of any future reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering, share exchange, reclassification, distribution, spin-off, split-off or other change affecting the corporate structure, capitalization or Common Stock of the Company occurring after the date of approval of the Plan by the Company's shareholders, (i) the amount of shares authorized to be issued under the Plan; (ii) the number of shares and/or the exercise prices covered by outstanding stock options, stock appreciation rights or RSUs; and (iii) the maximum award limits set forth in Article D, Article G, Paragraph 4 and Article J, Paragraph 2(c) shall be adjusted appropriately and equitably to prevent dilution or enlargement of rights under the Plan. Following any such change, the term "Common Stock" shall be deemed to refer to such class of shares or other securities as may be applicable.

ARTICLE L -- Additional Provisions and Definitions.

1. The Plan may not be amended without the express authority of the Committee or the Board. The Board may, at any time, repeal the Plan or may amend it except that no such amendment may amend this paragraph, increase the total aggregate number of shares subject to the Plan or the share counting ratios set forth in Article D, Paragraph 3, reduce the price at which stock options, stock appreciation rights, RSUs or shares of Common Stock may be granted or exercised, or alter the class of employees eligible to receive awards under the Plan. Participants and the Company shall be bound by any such amendments as of their effective dates, but if any outstanding stock options, stock appreciation rights, RSUs or shares of Common Stock are materially affected adversely, notice thereof shall be given to the Participants holding such stock options and stock appreciation rights and such amendments shall not be applicable without such Participant's written consent. If the Plan is repealed in its entirety, all theretofore granted unexercised stock options or stock appreciation rights shall continue to be exercisable in accordance with their terms and RSUs, Performance Awards and shares of Common Stock subject to conditions or restrictions granted pursuant to the Plan shall continue to be subject to such conditions or restrictions.

2. In the case of a Participant who is an employee of a subsidiary of the Company, performance under the Plan, including the granting of shares of the Company, may be by the subsidiary. Nothing in the Plan shall affect the right of the Company or any subsidiary to terminate the employment of any Participant with or without cause. None of the Participants, either individually or as a group, and no beneficiary, transferee or other person claiming under or through any Participant, shall have any right, title, or interest in any shares of the Company purchased or reserved for the purpose of the Plan except as to such shares, if any, as shall have been granted or transferred to him or her. Nothing in the Plan shall preclude the awarding or granting of shares of the Company to employees under any other plan or arrangement now or hereafter in effect.

3. "Subsidiary" means any company in which more than fifty percent (50%) of the total combined voting power of all classes of stock is owned, directly or indirectly, by the Company or, if the company does not issue stock, more than fifty percent (50%) of the total combined ownership interest is owned, directly or indirectly, by the Company. In addition, the Board may designate for participation in the Plan as a "subsidiary," except for the granting of incentive stock options, those additional companies affiliated with the Company in which the Company's direct or indirect stock ownership is fifty percent (50%) or less of the total combined voting power of all classes of such company's stock, or, if the company does not issue stock, the Company's direct or indirect ownership is fifty percent (50%) or less of the company's total combined ownership interest.

4. Notwithstanding anything to the contrary in the Plan, the following provisions shall apply in connection with a "Change in Control" (as defined in Paragraph (c) below).

(a) Awards Assumed by Successor

(i) Upon the occurrence of a Change in Control, any awards made under the Plan that are Assumed (as defined in Paragraph (v) below) by the entity effecting the Change in Control shall vest and be exercisable in accordance with the terms of the original grant unless, during the three (3) year period commencing on the date of the Change in Control ("Post-CIC period"):

- (A) Participant is involuntarily terminated for reasons other than for Cause (as defined in Paragraph (iii) below); or
- (B) Participant terminates his or her employment for Good Reason (as defined in Paragraph (iv) below).

(ii) Any Participant whose employment is terminated as described in Paragraphs 4(a)(i)(A) or 4(a)(i)(B) above shall be deemed a Special Separation, and any outstanding stock options and stock appreciation rights shall become fully vested and exercisable and any restrictions that apply to awards made pursuant to the Plan shall lapse on the date of termination and provided that any Participant who terminates his or her employment for Good Reason must:

- (A) provide the Company with a written notice of his her or her intent to terminate employment for Good Reason within sixty (60) days of Participant becoming aware of the circumstances giving rise to Good Reason; and
- (B) allow the Company thirty (30) days to remedy such circumstances to the extent curable.

(iii) Solely for purposes of this Article L, Paragraph 4 (and not for Article L, Paragraph 5), "Cause" shall mean:

- (A) Participant's conviction of or plea of guilty or nolo contendere, or no contest to, a felony;
- (B) Participant's violation of a material Company policy, which violation continues after written notice from the Company; or
- (C) Participant's bad faith and/or willful failure or refusal to perform services.

(iv) Solely for purposes of this Article L, Paragraph 4, "Good Reason" shall mean the occurrence, during the Post-CIC Period, of any of the following without Participant's written consent, in each case, when compared to the arrangements in effect immediately prior to the Change in Control:

- (A) a material reduction in Participant's total compensation;
- (B) a material reduction in Participant's annual or long-term incentive opportunities (including a material adverse change in the method of calculating Participant's annual or long-term incentives);
- (C) a material diminution in Participant's duties, responsibilities or authority; or
- (D) a relocation of more than 50 miles from Participant's office location.

(v) For purposes of this Article L, Paragraph 4, an award shall be considered assumed ("Assumed") if each of the following conditions are met:

- (A) stock options and stock appreciation rights are converted into a replacement award in a manner that complies with Section 409A of the Code;
- (B) RSUs and restricted stock awards are converted into a replacement award covering a number of shares of the entity effecting the Change in Control (or a successor or parent corporation), as determined in a manner substantially similar to the treatment of an equal number of shares of the Company common stock covered by the award; provided that to the extent that any portion of the consideration received by holders of the Company common stock in the Change Control transaction is not in the form of the common stock of such entity (or a successor or parent corporation), the number of shares covered by the replacement award shall be based on the average of the high and low selling prices of the common stock of such entity (or a successor or parent corporation) on the established stock exchange on the trading day immediately preceding the date of the Change in Control;
- (C) the replacement award contains provisions for scheduled vesting and treatment on termination of employment (including the definition of Cause and Good Reason) that are no less favorable to Participant than the underlying award being replaced, and all other terms of the replacement award (other than the security and number of shares represented by the replacement award) are substantially similar to the underlying award; and
- (D) the security represented by the replacement award is of a class that is publicly held and widely traded on an established stock exchange.

(b) Awards Not Assumed by Successor

(i) Upon the occurrence of a Change in Control, awards under the Plan which are not Assumed by the person(s) or entity(s) effecting the Change in Control shall become fully vested and exercisable on the date of the Change in Control and any restrictions that apply to such awards shall lapse.

(ii) Stock Options and Stock Appreciation Rights. For each stock option and stock appreciation right, Participant shall receive a payment equal to the difference between the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) received by holders of Common Stock in the Change in Control transaction and the exercise price of the applicable stock option or stock appreciation right, if such difference is positive. Such payment shall be made in the same form as the consideration received by holders of Common Stock. Any stock options or stock appreciation rights with an exercise price that is higher than the per share consideration received by holders of Common Stock in connection with the Change in Control shall be cancelled for no additional consideration.

(iii) Restricted Stock and RSUs. The Participant shall receive the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) which such Participant would have received in the Change in Control transaction had he or she been, immediately prior to such transaction, a holder of the number of shares of the Common Stock equal to the number of RSUs and/or shares of restricted stock covered by the award.

(iv) The payments contemplated by clauses (ii) and (iii) of this Paragraph 4(b) shall be made at the same time as consideration is paid to the holders of the Common Stock in connection with the Change in Control.

(c) For purposes of the Plan, a "Change in Control" shall mean the occurrence of any of the following:

(i) An acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the 1934 Act), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the then outstanding shares or the combined voting power of the Company's then outstanding Voting Securities; *provided, however*, in determining whether a Change in Control has occurred pursuant to this Paragraph 4(c), shares or Voting Securities which are acquired in a "Non-Control Acquisition" shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (A) the Company or (B) any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (for purposes of this definition, a "Related Entity"), (ii) the Company or any Related Entity, or (iii) any Person in connection with a "Non-Control Transaction" (as defined in Paragraph 4(c)(iii)(A)(1) below);

(ii) The individuals who, as of October 14, 2009 are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least half of the members of the Board; or, following a Merger (as hereinafter defined) which results in a Parent Corporation (as defined in Paragraph 4(c)(iii)(A)(1) below), the board of directors of the ultimate Parent Corporation;

provided, however, that if the election, or nomination for election by the Company's common stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of the Plan, be considered as a member of the Incumbent Board; *provided further, however*, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the 1934 Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) The consummation of:

- (A) A merger, consolidation or reorganization with or into the Company or in which securities of the Company are issued (a "Merger"), unless such Merger is a "Non-Control Transaction." A "Non-Control Transaction" shall mean a Merger where:
- (1) the stockholders of the Company, immediately before such Merger own directly or indirectly immediately following such Merger at least fifty percent (50%) of the combined voting power of the outstanding voting securities of (x) the corporation resulting from such Merger (the "Surviving Corporation") in substantially the same proportion as their ownership immediately prior to such merger if fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the Surviving Corporation is not Beneficially Owned, directly or indirectly by another Person (a "Parent Corporation"), or (y) if there is one or more Parent Corporations, the ultimate Parent Corporation;
 - (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Merger constitute at least half of the members of the board of directors of (x) the Surviving Corporation, if there is no Parent Corporation, or (y) if there is one or more Parent Corporations, the ultimate Parent Corporation; and
 - (3) no Person other than (1) the Company, (2) any Related Entity, (3) any employee benefit plan (or any trust forming a part thereof) that, immediately prior to such Merger was maintained by the Company or any Related Entity, or (4) any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of twenty percent (20%) or more of the then outstanding Voting Securities or shares, has Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the outstanding voting securities or common stock of (x) the Surviving Corporation if there is no Parent Corporation, or (y) if there is one or more Parent Corporations, the ultimate Parent Corporation;
- (B) Shareholder approval of a complete liquidation or dissolution of the Company; or
- (C) Shareholder approval of the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Related Entity or under conditions that would constitute a Non-Control Transaction with the disposition of assets being regarded as a Merger for this purpose or the distribution to the Company's stockholders of the stock of a Related Entity or any other assets).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding shares or Voting Securities as a result of the acquisition of shares or Voting Securities by the Company which, by reducing the number of shares or Voting Securities then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of shares or Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional shares or Voting Securities which increases the percentage of the then outstanding shares or Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

5. The term "Special Separation" shall mean any termination of employment that occurs prior to the time a Participant is eligible to retire, except a termination for cause or a voluntary resignation that is not initiated or encouraged by the Company. For purposes of this provision, a resignation that is in lieu of a termination for cause shall not be a Special Separation.

6. The term "Retirement" shall mean: (a) retirement in accordance with the provisions of any appropriate retirement plan of the Company or any of its subsidiaries; or (b) termination of employment under the permanent disability provision of any retirement plan of the Company or any of its subsidiaries.

ARTICLE M -- Consent.

Every Participant who receives a stock option, stock appreciation right, RSU, or grant of shares pursuant to the Plan shall be bound by the terms and provisions of the Plan and of the stock option, stock appreciation right, RSU, or grant of shares agreement referable thereto, and the acceptance of any stock option, stock appreciation right, RSU, or grant of shares pursuant to the Plan shall constitute a binding agreement between the Participant and the Company and its subsidiaries and any successors in interest to any of them. Every Person who receives a stock option, stock appreciation right, RSU, or grant of shares from a Participant pursuant to the Plan shall, in addition to such terms and conditions as the Committee may require upon such grant, be bound by the terms and provisions of the Plan and of the stock option, stock appreciation right, RSU, or grant of shares agreement referable thereto, and the acceptance of any stock option, stock appreciation right, RSU, or grant of shares by such Person shall constitute a binding agreement between such Person and the Company and its subsidiaries and any successors in interest to any of them. The Plan shall be governed by and construed in accordance with the laws of the State of Ohio, United States of America.

ARTICLE N -- Purchase of Shares or Stock Options.

The Committee may authorize any Participant to convert cash compensation otherwise payable to such Participant into stock options, RSUs or shares of Common Stock under the Plan upon such terms and conditions as the Committee, in its discretion, shall determine. Notwithstanding the foregoing, in any such conversion the shares of Common Stock shall be valued at no less than one hundred percent (100%) of their fair market value.

ARTICLE O -- Duration of Plan.

The Plan will terminate on October 13, 2019 unless a different termination date is fixed by the shareholders or by action of the Board of Directors, but no such termination shall affect the prior rights under the Plan of the Company (or any subsidiary) or of anyone to whom stock options or stock appreciation rights were granted prior thereto or to whom shares or RSUs have been granted prior to such termination.

ARTICLE P - Compliance with Section 409A of the Internal Revenue Code.

To the extent applicable, it is intended that the Plan and any awards made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion and/or 20% additional tax provisions of Section 409A(a)(1) of the Code do not apply to the Participants. The Plan and any awards made hereunder shall be administered in a manner consistent with this intent. Any reference in the Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan and awards hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under the Plan and awards hereunder may not be reduced by, or set-off against, any amount owing by a Participant to the Company or any of its Affiliates.

If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant shall be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, as soon as practicable after the end of such six-month period.

Notwithstanding any provision of the Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to the Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with the Plan and grants hereunder (including any taxes and

penalties under Section 409A of the Code), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

ADDITIONAL INFORMATION

1. Shares Awarded as a Portion of Remuneration

Any shares of Common Stock of the Company awarded as a portion of a participant's remuneration shall be valued at not less than one hundred percent (100%) of the fair market value of the Company's Common Stock on the date of the award. These shares may be subject to such conditions or restrictions as the Committee may determine, including a requirement that the participant remain in the employ of the Company or one of its subsidiaries for a set period of time, or until retirement. Failure to abide by any applicable restriction will result in forfeiture of the shares.

2. U.S. Tax Effects

The following explanation of the U.S. tax effects of awards under the Plan is provided for general informational purposes and is not intended as individual tax guidance for the recipients of awards. It is each recipient's responsibility to check with his or her personal tax adviser as to the tax effects and proper handling of stock options, stock appreciation rights, restricted stock, restricted stock units and Common Stock acquired. The discussion below relates specifically to the U.S. tax consequences of equity awards. In addition to U.S. tax consequences, the awards may be subject to tax by the recipient's country of residence or citizenship at the same time or at a different time than the awards would be subject to tax by the U.S. Recipients who may be subject to tax in a non-U.S. jurisdiction should consult their personal tax advisers regarding the taxation of awards under the Plan.

Nonstatutory Stock Options

Nonstatutory stock options are not taxable to the optionee upon grant, but will result in taxable ordinary income to the optionee at the date of exercise of the option. The taxable amount will be equal to the difference between the market price of the optioned shares on the date of exercise and the option price. This amount is treated as a tax deductible expense to the Company at the time of the exercise of the option. Any appreciation in the value of the stock after the date of exercise is considered a long-term or short-term capital gain to the optionee depending on whether or not the stock was held for the appropriate holding period prior to sale.

Incentive Stock Options

Incentive Stock options are generally not taxable to the optionee upon grant or exercise if the optionee has continuously been an employee from the time the option has been granted until at least three months before it is exercised. However, the spread at exercise is an "adjustment" item for alternative minimum tax purposes.

Any gain realized on the sale or other disposition of stock acquired on exercise of an incentive stock option is considered as long-term capital gain for tax purposes if the stock has been held more than two years after the date the option was granted and more than one year after the date of exercise of the option. If the stock is disposed of within one year after exercise, the lesser of any gain on such disposition or the spread at exercise (i.e., the excess of the fair market value of the stock on the date of exercise over the option price) is treated as ordinary income, and any appreciation after the date of exercise is considered long-term or short-term capital gain to the optionee depending on the holding period prior to sale. However, the spread at exercise (even if greater than the gain on the disposition) is treated as ordinary income if the disposition is one on which a loss, if sustained, is not recognized--e.g., a gift, a "wash" sale or a sale to a related party. The amount of ordinary income recognized by the optionee is treated as a tax deductible expense to the Company. No other amount relative to an incentive stock option is a tax deductible expense to the Company.

Stock Appreciation Rights

Like nonstatutory options, stock appreciation rights are not taxable to the recipient upon grant, but result in taxable ordinary income as of the date of exercise equal to the amount paid to the recipient, i.e., the difference between the grant price and the value of the shares on the date of exercise. This amount is treated as a tax deductible expense to the Company at the time of the exercise of the stock appreciation right.

Restricted and Unrestricted Stock

Restricted stock is generally taxable as ordinary income in the first taxable year in which the recipient's rights to the stock are transferable or are not subject to a substantial risk of forfeiture, whichever is applicable. Recipients may

also elect to include the income in their tax returns for the taxable year in which they receive the shares by filing an election to do so with the appropriate office of the Internal Revenue Service within 30 days of the date the shares are transferred to them.

The amount includable in income with respect to restricted stock is the fair market value of the shares as of the day the shares are transferable or not subject to a substantial risk of forfeiture, whichever is applicable; if the recipient has elected to include the income in the year in which the shares are received, the amount of income includable is the fair market value of the shares at the time of transfer.

Unrestricted stock is taxable as ordinary income when it is granted to the recipient. Dividends paid on restricted stock during the restricted period are taxable as ordinary income as paid. The Company is entitled to a deduction for restricted or unrestricted stock in the year the recipient is subject to ordinary income tax with respect to the stock.

Restricted Stock Units

Restricted stock units are generally taxable to the recipient as ordinary income when stock or cash is payable with respect to the restricted stock units, even if the restricted stock units become vested at an earlier date. The Company is generally entitled to a deduction at the time the recipient is subject to tax with respect to the grant. Dividend equivalents with respect to restricted stock units are generally accumulated and paid to the recipient when the stock or cash payable under the restricted stock units become payable, and the dividend equivalents are taxable at the time of such payment.

Section 162(m)

Under Section 162(m) of the Code, compensation paid to certain executives in excess of \$1 million for any taxable year is not deductible unless an exception to such rule is applicable. Accordingly, in some circumstances the Company's deduction with respect to awards under the Plan may be limited by Section 162(m).

The Plan is not subject to the qualification requirements of Section 401(a) of the I.R.C.

3. Employee Retirement Income Security Act of 1974

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

4. Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (File No. 1-434) pursuant to the 1934 Act are incorporated into this document by reference:

1. The Company's Annual Report on Form 10-K for the most recent fiscal year ended June 30;
2. The Company's Quarterly Report on Form 10-Q for the most recent quarter(s); and
3. All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the 1934 Act after the date of this Prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold.

The Company will provide without charge to each participant in the Plan, upon oral or written request, a copy of any or all of these documents other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. In addition, the Company will provide without charge to such participants a copy of the Company's most recent annual report to shareholders, proxy statement, and other communications distributed generally to security holders of the Company. Requests for such copies should be directed to Mr. Jay A. Ernst, Manager, Shareholder Services, The Procter & Gamble Company, P.O. Box 5572, Cincinnati, Ohio 45201, (513) 983-3413.

5. Additional Information

Additional information about the Plan and its administrators may be obtained from Mr. E.J. Wunsch, Assistant Secretary, The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202, (513) 983-4370.

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Section 11: EX-10.23 (THE P&G PERFORMANCE STOCK STOCK PROGRAM SUMMARY)

EXHIBIT (10-23)

**Performance Stock Program - Related Correspondence
and Terms and Conditions**



FORM PP AWARD AGREEMENT

[GRANT_DATE]

[GLOBALID]

[FIRST_NAME]

[MIDDLE_NAME]

[LAST_NAME]

Subject: PERFORMANCE STOCK UNIT SERIES XX-XX-PSP

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you Performance Stock Units (“PSUs”) of Procter & Gamble Common Stock as follows:

Target Number of Units:	[PSP TARGET SHARES]
Maximum Number of Units:	[200% of PSP TARGET SHARES]
Conversion Ratio:	1 PSU = 1 Common Share
Grant Date:	[GRANT DATE]
Vest Date:	[30 June 20XX]
Performance Period:	[July 1, 20XX - June 30, 20XX]
Original Settlement Date:	[ORIGINAL SETTLEMENT DATE]
Acceptance Deadline:	[ACCEPTANCE DATE]

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), and this Award Agreement, including Attachments A and B. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan and the Regulations and Sub Plans](#) by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to [_____] for assistance.

Voting Rights and Dividend Equivalents

This Award does not provide for Voting Rights or Dividend Equivalents.

Performance Vesting

1. Your Target Number of Units indicated in this Award Agreement (the “Target Units”) will vest depending upon performance during the Performance Period, as specified below. This Award Agreement also sets forth the Maximum Number of Units (the “Maximum Units”) that you may receive pursuant to this Award. Your right to receive all, any portion of, or more than the Target Units (but in no event more than the Maximum Units) will be contingent upon the achievement of specified levels of certain performance goals measured over the Performance Period. The applicable performance goals and the payout factors for each performance goal applicable to your Award for the Performance Period are set forth in Attachment B.

2. Within 60 days following the end of the Performance Period, the Committee will determine (i) whether and to what extent the performance goals have been satisfied for the Performance Period, (ii) the number of PSUs that shall become deliverable under this Award, and (iii) whether the other applicable conditions for receipt of shares of Common Stock in respect of the PSUs have been met. Any PSUs not approved by the Committee in accordance with this paragraph will be forfeited and cancelled.

Vesting and Payment

If you remain employed through the Vest Date, the Award will be paid on the Original Settlement Date or Agreed Settlement Date (as defined below), whichever is applicable. If your Termination of Employment occurs for any reason before the Vest Date except for the reasons listed below, the Award will be forfeited. For the purposes of this Award, Termination of Employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death. In the case of death, the Award is not forfeited and will become deliverable on the Settlement Date or Agreed Settlement Date, whichever is applicable.

2. Termination on Account of Retirement or Disability after June 30th of the fiscal year in which this Award was granted. In the case of Retirement or Disability, respectively, that occurs after June 30th of the fiscal year in which this award was granted, the Award is not

forfeited and will become deliverable on the Settlement Date or Agreed Settlement Date, whichever is applicable, as long as you remain in compliance with the terms of the Plan and the Regulations.

3. Termination after June 30th of the fiscal year in which this award was granted pursuant to a Written Separation Agreement. In the event of your Termination of Employment from the Company or a Subsidiary that occurs after June 30th of the fiscal year in which this award was granted, this Award is forfeited unless you have executed a written separation agreement with the Company that provides for retention of the Award. If the Award is retained pursuant to a separation agreement, the Award will be delivered on the Settlement Date or Agreed Settlement Date, whichever is applicable, as long as you remain in compliance with the terms of the Plan, the Regulations, and the separation agreement.

4. Termination in connection with a divestiture or separation of any of the Company’s businesses. In the event of Termination of Employment from the Company in connection with a divestiture or separation of any of the Company’s businesses, as determined by the Company’s Chief Human Resources Officer, the Award is retained and will become deliverable on the Settlement Date or Agreed Settlement Date, whichever is applicable, as long as you remain in compliance with the terms of the Plan and the Regulations.

Notwithstanding the foregoing, in the event of a Change in Control, the Target Number of Units shall be paid pursuant to the terms provided in the Plan.

Payment under this Award will be made in the form of Common Stock or such other form of payment as determined by the Committee pursuant to the Plan, subject to applicable tax withholding.

Deferral Election

At any time at least six months prior of the end of the Performance Period and so long as the achievement of the applicable performance goals are not yet readily ascertainable (but in no event later than your Termination of Employment from the Company), you and the Company may agree to postpone the Original Settlement Date to such later date (“Agreed Settlement Date”) as may be elected by you, which date shall be at least five years later than the Original Settlement Date and in accordance with Internal Revenue Code Section 409A.

This Award Agreement including Attachments A and B, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements that have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, may be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger
Chief Human Resources Officer

ATTACHMENTS

- PSP Summary
- Attachment B: Performance Factors and Payout Formula
- Attachment A

To Accept Your Award

- I have read, understand and agree to be bound by each of:
- The Procter & Gamble 2014 Stock and Incentive Compensation Plan
 - Regulations of the Committee
 - This Award Agreement, including Attachments A and B

- I accept the Award detailed above (including attachments)

To Reject Your Award

Read and check the box below:

- I have read and understood the terms noted above and do not agree to be bound by these terms. I hereby reject the Award detailed above.

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere, and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



FORM OPNND AWARD AGREEMENT

[FIRST_NAME] [MIDDLE_NAME] [LAST_NAME]

Subject: RESTRICTED STOCK UNIT SERIES OPNND

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you Restricted Stock Units (“RSUs”) of Procter & Gamble Common Stock as follows:

Number of Restricted Stock Units:	[RSU SHARES]
Grant Date:	[GRANT DATE]
Vest Date:	[VEST DATE]
Original Settlement Date:	[SETTLEMENT DATE]

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments, and the Settlement Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan.

Voting Rights and Dividend Equivalents

As a holder of RSUs, during the period from the Grant Date until the date the RSUs are paid, each time a cash dividend or other cash distribution is paid with respect to Common Stock, you will receive additional RSUs (“Dividend Equivalent RSUs”). The number of Dividend Equivalent RSUs will be determined as follows: multiply the number of RSUs and Dividend Equivalent RSUs currently held by the per share amount of the cash dividend or other cash distribution on Common Stock, then divide the result by the price of the Common Stock on the date of the dividend or distribution. These Dividend Equivalent RSUs will be subject to the same terms and conditions as the original RSUs that gave rise to them, including vesting and settlement terms, except that if there is a fractional number of Dividend Equivalent RSUs on the date the RSUs are paid, the Dividend Equivalent RSUs will be rounded up to the nearest whole number of RSUs. This Award represents an unfunded, unsecured right to receive payment in the future, and does not entitle you to voting rights or dividend rights as a shareholder.

Vesting and Payment

As long as you remain in compliance with the terms of the Plan and the Regulations, this Award will not be forfeitable and will be paid on the Original Settlement Date or Agreed Settlement Date (as defined below), whichever is applicable, except in the event of death. In the event of death, payment will be made by the later of the end of the calendar year or two and a half months following the date of death.

Notwithstanding the foregoing, in the event of a Change in Control, payment shall be made pursuant to the terms provided in the Plan.

Payment under this Award will be made in the form of Common Stock or such other form of payment as determined by the Committee pursuant to the Plan, subject to applicable tax withholding.

Deferral Election

At any time prior to Termination of Employment, you and the Company may agree to postpone the Original Settlement Date to such later date (“Agreed Settlement Date”) as may be elected by you, which date shall be at least five years later than the Original Settlement Date and in accordance with Internal Revenue Code Section 409A.

This Award Agreement including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements that have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, may be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company (“P&G”), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer (“Employer”); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates (“P&G”) for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan (“Data”). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient’s country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.

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Section 12: EX-10.26 (THE P&G 2014 STOCK AND INCENTIVE COMPENSATION PLAN-ADD TERMS & CONDITIONS)

EXHIBIT (10-26)

**The Procter & Gamble 2014 Stock and Incentive
Compensation Plan - Additional Terms and Conditions**



FORM BOD AWARD AGREEMENT

<NAME>

<DATE>

Subject: Award of Restricted Stock Units

This is to advise you that The Procter & Gamble Company (“Company”) hereby grants to you Restricted Stock Units (“RSUs”) of Procter & Gamble Common Stock as follows:

Number of Restricted Stock Units:	[# SHARES]
Grant Date:	[GRANT_DATE]
Vest Date:	[DATE (Day Before Next Annual Meeting Following Grant)]
Original Settlement Date:	One Year Following Termination of Directorship

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), and this Award Agreement, including Attachment A-BOD. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan.

Voting Rights and Dividend Equivalents

As a holder of RSUs, during the period from the Grant Date until the date the RSUs are paid, each time a cash dividend or other cash distribution is paid with respect to Common Stock, you will receive additional RSUs (“Dividend Equivalent RSUs”). The number of Dividend Equivalent RSUs will be determined as follows: multiply the number of RSUs and Dividend Equivalent RSUs currently held by the per share amount of the cash dividend or other cash distribution on Common Stock, then divide the result by the price of the Common Stock on the date of the dividend or distribution. These Dividend Equivalent RSUs will be subject to the same terms and conditions as the original RSUs that gave rise to them, including vesting and settlement terms, except that if there is a fractional number of Dividend Equivalent RSUs on the date the RSUs are paid, the Dividend Equivalent RSUs will be rounded up to the nearest whole number of RSUs. This Award represents an unfunded, unsecured right to receive payment in the future, and does not entitle you to voting rights or dividend rights as a shareholder.

Vesting and Payment

If you remain a Non-Employee Director through the Vest Date, the Award will be paid on the Original Settlement Date or Agreed Settlement Date, whichever is applicable, except in the case of death or Disability. In the case of death or Disability, the Award will be fully vested and payment will be made by the later of the end of the calendar year or two and a half months following the date of death or Disability, as applicable.

Notwithstanding the foregoing, in the event of a Change in Control, payment shall be made pursuant to the terms provided in the Plan.

Payment under this Award will be made in the form of Common Stock or such other form of payment as determined by the Committee pursuant to the Plan, subject to applicable tax withholding.

Deferral Election

At any time prior to Termination of Directorship, you and the Company may agree to postpone the Original Settlement Date to such later date (“Agreed Settlement Date”) as may be elected by you, which date shall be at least five years later than the Original Settlement Date and in accordance with Internal Revenue Code Section 409A.

This Award Agreement including Attachment A-BOD, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understanding and/or agreements that have been entered by you with the Company regarding this specific Award. Any legal action related to this Award may be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

10-14-2014

Attachment A-BOD

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with P&G; vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not interfere with the ability of P&G to terminate my directorship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G holds certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, , any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G (1) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) does not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G to satisfy all withholding and payment on account obligations of P&G. In this regard, I authorize P&G to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G any amount of Tax-Related Items that P&G may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.



FORM RTN2 AWARD AGREEMENT

<NAME>

Subject: RESTRICTED STOCK UNIT SERIES RTN2

In recognition of your contributions to the future success of the business, The Procter & Gamble Company (“Company”) hereby grants to you Restricted Stock Units (“RSUs”) of Procter & Gamble Common Stock as follows:

Grant Date:	<GRANT DATE>
Stock Price on Grant Date:	<GRANT PRICE>
Number of Restricted Stock Units:	<SHARES1>
Vest Date:	<VEST DATE 1>
Settlement Date:	See Payment and Vesting Details Below
Number of Restricted Stock Units:	<SHARES2>
Vest Date:	<VEST DATE 2>
Settlement Date:	See Payment and Vesting Details Below

Total Number of Restricted Stock Units: <TOTAL SHARES>

This Award is granted in accordance with and subject to the terms of The Procter & Gamble 2014 Stock and Incentive Compensation Plan (including any applicable sub-plan) (the “Plan”), the Regulations of the Compensation and Leadership Development Committee of the Board of Directors (“Committee”), this Award Agreement including Attachments, and the Settlement Instructions in place as may be revised from time to time. Any capitalized terms used in this Agreement that are not otherwise defined herein are defined in the Plan. You may access the Plan by activating this hyperlink: [The Procter & Gamble 2014 Stock and Incentive Compensation Plan](#) and the Regulations and Sub Plans by activating this hyperlink: [Regulations of the Committee](#). If you have difficulty accessing the materials online, please send an email to [_____] for assistance.

Voting Rights and Dividend Equivalents

As a holder of RSUs, during the period from the Grant Date until the date the RSUs are paid, each time a cash dividend or other cash distribution is paid with respect to Common Stock, you will receive additional RSUs (“Dividend Equivalent RSUs”). The number of Dividend Equivalent RSUs will be determined as follows: multiply the number of RSUs and Dividend Equivalent RSUs currently held by the per share amount of the cash dividend or other cash distribution on Common Stock, then divide the result by the price of the Common Stock on the date of the dividend or distribution. These Dividend Equivalent RSUs will be subject to the same terms and conditions as the original RSUs that gave rise to them, including vesting and settlement terms, except that if there is a fractional number of Dividend Equivalent RSUs on the date the RSUs are paid, the Dividend Equivalent RSUs will be rounded up to the nearest whole number of RSUs. This Award represents an unfunded, unsecured right to receive payment in the future, and does not entitle you to voting rights or dividend rights as a shareholder.

Payment and Vesting

If you remain employed through the Vest Dates, the Award will be paid on the Vest Date(s) according to the vesting schedule except if you are a Board-Designated Section 16 Officer of the Company on the Vest Date(s) and in the case of death, as described below. If your Termination of Employment occurs for any reason before a Vest Date except for the reasons listed below, the Award will be forfeited. For the purposes of this Award, Termination of Employment will be effective as of the date that you are no longer actively employed and will not be extended by any notice period required under local law.

1. Termination on Account of Death or Disability. In the case of death or disability, the Award will be fully vested and payment will be made by the later of the end of the calendar year or two and a half months following the date of death or disability.
2. Termination without Cause Pursuant to a Written Separation Agreement. In the event of your Termination of Employment from the Company or a Subsidiary without Cause, your Award is forfeited unless the Chief Human Resources Officer authorizes the retention of the Award and you have executed a written separation agreement with the Company that provides for retention of the Award. If the Award is retained pursuant to CHRO authorization, the Award will be delivered on the Vest Date(s) as long as you remain in compliance with the terms of the Plan, the Regulations, and your separation agreement.
3. Vesting for Board-Designated Section 16 Officers. Payment will be on the Vest Date(s) except when the Vest Date(s) is outside of an open trading window as designated by the Company in accordance with the Company's Insider Trading Policy and the Section 16 Officer does not have a valid 10b5-1 plan in place instructing the sale of Common Stock to cover taxes and administrative costs, in which case payment will be made on the first day of the first such open trading window following the Vest Date(s).

Notwithstanding the foregoing, in the event of a Change in Control, payment shall be made pursuant to the terms provided in the Plan.

Payment under this Award will be made in the form of Common Stock or such other form of payment as determined by the Committee pursuant to the Plan, subject to applicable tax withholding.

This Award Agreement including Attachment A, the Plan and Regulations of the Committee together constitute an agreement between the Company and you in accordance with the terms thereof and hereof, and no other understandings and/or agreements that have been entered by you with the Company regarding this specific Award. Any legal action related to this Award, including Article 6 of the Plan, may be brought in any federal or state court located in Hamilton County, Ohio, USA, and you hereby agree to accept the jurisdiction of these courts and consent to service of process from said courts solely for legal actions related to this Award.

THE PROCTER & GAMBLE COMPANY

Mark Biegger

Chief Human Resources Officer

Attachment A

Please note that when the issue or transfer of the Common Stock covered by this Award may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency, the Company reserves the right to refuse to issue or transfer said Common Stock and that any outstanding Awards may be suspended or terminated and net proceeds may be recovered by the Company if you fail to comply with the terms and conditions governing this Award.

Nature of the Award

By completing this form and accepting the Award evidenced hereby, I acknowledge that: i) the Plan is established voluntarily by The Procter & Gamble Company ("P&G"), it is discretionary in nature and it may be amended, suspended or terminated at any time; ii) Awards under the Plan are voluntary and occasional and this Award does not create any contractual or other right to receive future Awards, or benefits in lieu of an Award, even if Awards have been granted repeatedly in the past; iii) all decisions with respect to future Awards, if any, will be at the sole discretion of P&G; iv) my participation in the Plan is voluntary; v) this Award is an extraordinary item and not part of normal or expected compensation or salary for any purposes including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; vi) in the event that my employer is not P&G, the Award will not be interpreted to form an employment relationship with P&G; and furthermore, the Award will not be interpreted to form an employment contract with my employer ("Employer"); vii) the future value of the shares purchased under the Plan is unknown and cannot be predicted with certainty, may increase or decrease in value and potentially have no value; viii) my participation in the Plan shall not create a right to further employment with my employer and shall not interfere with the ability of my employer to terminate my employment relationship at any time, with or without cause; ix) and no claim or entitlement to compensation or damages arises from the termination of the Award or the diminution in value of the Award or shares purchased and I irrevocably release P&G and my employer from any such claim that may arise.

Data Privacy

I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this document by and among, as applicable, my Employer and The Procter & Gamble Company and its subsidiaries and affiliates ("P&G") for the exclusive purpose of implementing, administering and managing my participation in the Plan.

I understand that P&G and my Employer hold certain personal information about me, including, but not limited to, my name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in P&G, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in my favor, for the purpose of implementing, administering and managing the Plan ("Data"). I understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in my country or elsewhere (including countries outside the European Economic Area), and that the recipient's country may have different data privacy laws and protections than my country. I understand that I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing my participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom I may elect to deposit any shares of stock acquired upon exercise or settlement of the Award. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the Plan. I understand that I may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. I understand, however, that refusing or withdrawing my consent may affect my ability to participate in the Plan. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.

Responsibility for Taxes

Regardless of any action P&G or my Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items is and remains my responsibility and that P&G and/or my Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the issuance, vesting or exercise, settlement, the subsequent sale of shares acquired, the receipt of any dividends or dividend equivalents or the potential impact of current or future tax legislation in any jurisdiction; and (2) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate my liability for Tax-Related Items.

Prior to exercise or settlement of an Award, I shall pay or make adequate arrangements satisfactory to P&G and/or my Employer to satisfy all withholding and payment on account obligations of P&G and/or my employer. In this regard, I authorize P&G and/or my Employer to withhold all applicable Tax-Related Items from my wages or other cash compensation paid to me by P&G and/or my Employer or from proceeds of the sale of the shares. Alternatively, or in addition, if permissible under local law, P&G may (1) sell or arrange for the sale of shares that I acquire to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares, provided that P&G only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, I shall pay to P&G or my Employer any amount of Tax-Related Items that P&G or my Employer may be required to withhold as a result of my participation in the Plan or my purchase of shares that cannot be satisfied by the means previously described. P&G may refuse to honor the exercise and refuse to deliver the shares if I fail to comply with my obligations in connection with the Tax-Related Items as described in this section.

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RTN2 04-01-2017

[\(Back To Top\)](#)**Section 13: EX-12 (COMPUTATION OF RATIO OF EARNINGS TO**

FIXED CHARGES)

EXHIBIT (12)

The Procter & Gamble Company and Subsidiaries

Computation of Ratio of Earnings to Fixed Charges

Amounts in millions	Years ended June 30				
	2017	2016	2015	2014	2013
EARNINGS, AS DEFINED					
Earnings from operations before income taxes after eliminating undistributed earnings of equity method investees	\$ 13,233	\$ 13,356	\$ 11,009	\$ 13,492	\$ 13,499
Fixed charges (excluding capitalized interest)	640	778	842	928	900
TOTAL EARNINGS, AS DEFINED	\$ 13,873	\$ 14,134	\$ 11,851	\$ 14,420	\$ 14,399
FIXED CHARGES, AS DEFINED					
Interest expense (including capitalized interest)	\$ 521	\$ 634	\$ 693	\$ 789	\$ 755
1/3 of rental expense	118	144	166	174	171
TOTAL FIXED CHARGES, AS DEFINED	\$ 639	\$ 778	\$ 859	\$ 963	\$ 926
RATIO OF EARNINGS TO FIXED CHARGES	21.7x	18.2x	13.8x	15.0x	15.5x

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Section 14: EX-21 (SUBSIDIARIES OF THE REGISTRANT)

EXHIBIT (21)

The Procter & Gamble Company and Subsidiaries

Subsidiaries of the Registrant

The Procter & Gamble Company and Subsidiaries

The registrant's subsidiaries are listed below, omitting certain entities that have de minimis activity or are in the process of being liquidated that, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of June 30, 2017.

Agile Pursuits Franchising, Inc.	Ohio
Agile Pursuits, Inc.	Ohio
Arbora & Ausonia, S.L.U.	Spain
Arbora, S.A.	Spain
Arborinvest, S.A.U.	Spain
Braun (Shanghai) Co., Ltd.	China
Braun GmbH	Germany
Braun-Gillette Immobilien GmbH & Co. KG	Germany
Celtic Insurance Company, Inc.	Vermont
Compania Procter & Gamble Mexico, S. de R.L. de C.V.	Mexico
Compañía Química S.A.	Argentina
Corporativo Procter & Gamble, S. de R.L. de C.V.	Mexico
Cosmetic Products Pty. Ltd.	Australia
Detergent Products B.V.	Netherlands
Detergent Products SARL	Switzerland
Detergenti S.A.	Romania
Eurocos Cosmetic GmbH	Germany
Fameccanica Data S.p.A.	Italy
Fameccanica Indústria e Comércio Do Brasil LTDA.	Brazil
Fameccanica Machinery (Shanghai) Co., Ltd.	China
Fater S.p.A.	Italy
Fountain Square Music Publishing Co., Inc.	Ohio
FPG Oleochemicals Sdn. Bhd.	Malaysia
Gillette (China) Ltd.	China
Gillette (Shanghai) Ltd.	China
Gillette Aesop Ltd.	U.K.
Gillette Australia Pty. Ltd.	Australia
Gillette Canada Holdings, Inc.	Delaware
Gillette Commercial Operations North America	Massachusetts
Gillette del Uruguay, S.A.	Uruguay
Gillette Diversified Operations Pvt. Ltd.	India
Gillette Egypt S.A.E.	Egypt
Gillette Group UK Ltd	U.K.
Gillette Gruppe Deutschland GmbH & Co. oHG	Germany
Gillette Holding Company LLC	Delaware
Gillette Holding GmbH	Germany
Gillette India Limited	India
Gillette Industries Ltd.	U.K.
Gillette International B.V.	Netherlands
Gillette Latin America Holding B.V.	Netherlands
Gillette Management LLC	Delaware
Gillette Nova Scotia Company	Canada
Gillette Pakistan Limited	Pakistan
Gillette Poland International Sp. z.o.o.	Poland
Gillette Poland S.A.	Poland
Gillette U.K. Limited	U.K.
Giorgio Beverly Hills, Inc.	Delaware
Hyginett KFT	Hungary

iMFLUX Inc.	Delaware
Industries Marocaines Modernes SA	Morocco
Laboratorios Vicks, S.L.U.	Spain
Liberty Street Music Publishing Company, Inc.	Ohio
Limited Liability Company 'Procter & Gamble Trading Ukraine'	Ukraine
Limited Liability Company with foreign investments "Procter & and Gamble Ukraine"	Ukraine
LLC "Procter & Gamble Novomoskovsk"	Russia
LLL "Procter & Gamble Distributorskaya Compania"	Russia
Marcvenca Inversiones, C.A.	Venezuela
Modern Industries Company - Dammam	Saudi Arabia
Modern Products Company - Jeddah	Saudi Arabia
New Chapter Canada Inc.	Canada
New Chapter, Inc.	Delaware
Olay LLC	Puerto Rico
Oral-B Laboratories	Delaware
P&G Distribution Morocco SAS	Morocco
P&G Hair Care Holding, Inc.	Delaware
P&G Industrial Peru S.R.L.	Peru
P&G Innovation Godo Kaisha	Japan
P&G Israel M.D.O. Ltd.	Israel
P&G K.K.	Japan
P&G Northeast Asia Pte. Ltd.	Singapore
P&G Prestige Godo Kaisha	Japan
P&G Prestige Service GmbH	Germany
P&G South African Trading (Pty.) Ltd.	South Africa
PGT Health Care (Zhejiang) Limited	China
PGT Healthcare LLP	Delaware
Phase II Holdings Corporation	Philippines
PPI ZAO	Russia
Procter & Gamble (Chengdu) Ltd.	China
Procter & Gamble (China) Ltd.	China
Procter & Gamble (China) Sales Co., Ltd.	China
Procter & Gamble (East Africa) Limited	Kenya
Procter & Gamble (Egypt) Manufacturing Company	Egypt
Procter & Gamble (Enterprise Fund) Limited	U.K.
Procter & Gamble (Guangzhou) Consumer Products Co., Ltd.	China
Procter & Gamble (Guangzhou) Enterprise Management Service Company Limited	China
Procter & Gamble (Guangzhou) Ltd.	China
Procter & Gamble (Health & Beauty Care) Limited	U.K.
Procter & Gamble (Jiangsu) Ltd.	China
Procter & Gamble (L&CP) Limited	U.K.
Procter & Gamble (Malaysia) Sdn Bhd	Malaysia
Procter & Gamble (Manufacturing) Ireland Limited	Ireland
Procter & Gamble (Shanghai) International Trade Company Ltd.	China
Procter & Gamble (Singapore) Pte. Ltd.	Singapore
Procter & Gamble Acquisition GmbH	Germany
Procter & Gamble Administration GmbH	Germany
Procter & Gamble Algeria EURL	Algeria
Procter & Gamble Amazon Holding B.V.	Netherlands
Procter & Gamble Amiens S.A.S.	France
Procter & Gamble Argentina SRL	Argentina
Procter & Gamble Asia Pte. Ltd.	Philippines
Procter & Gamble Australia Proprietary Limited	Australia

Procter & Gamble Bangladesh Private Ltd.	Bangladesh
Procter & Gamble Blois S.A.S.	France
Procter & Gamble Brazil Holdings B.V.	Netherlands
Procter & Gamble Bulgaria EOOD	Bulgaria
Procter & Gamble Business Services Canada Company	Canada
Procter & Gamble Canada Holding B.V.	Netherlands
Procter & Gamble Chile Limitada	Chile
Procter & Gamble Chile, Inc.	Ohio
Procter & Gamble Colombia Ltda.	Colombia
Procter & Gamble Commercial de Cuba, S.A.	Cuba
Procter & Gamble Commercial LLC	Puerto Rico
Procter & Gamble Czech Republic s.r.o.	Czech Republic
Procter & Gamble d.o.o. za trgovinu	Croatia
Procter & Gamble Danmark ApS	Denmark
Procter & Gamble de Venezuela, S.C.A.	Venezuela
Procter & Gamble de Venezuela, S.R.L.	Venezuela
Procter & Gamble Detergent (Beijing) Ltd.	China
Procter & Gamble Deuttschland GmbH	Germany
Procter & Gamble Distributing (Philippines) Inc.	Philippines
Procter & Gamble Distributing New Zealand Limited	New Zealand
Procter & Gamble Distribution Company (Europe) BVBA	Belgium
Procter & Gamble Distribution S.R.L.	Romania
Procter & Gamble do Brasil S/A	Brazil
Procter & Gamble do Brazil, LLC	Delaware
Procter & Gamble do Nordeste S/A	Brazil
Procter & Gamble DS Polska Sp. z o.o.	Poland
Procter & Gamble Eastern Europe, LLC	Ohio
Procter & Gamble Ecuador Cia. Ltda.	Ecuador
Procter & Gamble Egypt	Egypt
Procter & Gamble Egypt Distribution	Egypt
Procter & Gamble Egypt Holding	Egypt
Procter & Gamble Egypt Supplies	Egypt
Procter & Gamble Energy Company LLC	Ohio
Procter & Gamble España, S.A.	Spain
Procter & Gamble Europe SA	Switzerland
Procter & Gamble Export Operations SARL	Switzerland
Procter & Gamble Exportadora e Importadora Ltda.	Brazil
Procter & Gamble Exports, LLC	Delaware
Procter & Gamble Fabricação e Comercio Ltda.	Brazil
Procter & Gamble Far East, Inc.	Ohio
Procter & Gamble Finance (U.K.) Ltd.	U.K.
Procter & Gamble Finance Holding Ltd.	U.K.
Procter & Gamble Finance Management S.a.r.l.	Luxembourg
Procter & Gamble Financial Investments LLP	U.K.
Procter & Gamble Financial Services Ltd.	U.K.
Procter & Gamble Financial Services S.a.r.l.	Luxembourg
Procter & Gamble Finland OY	Finland
Procter & Gamble France S.A.S.	France
Procter & Gamble Germany GmbH	Germany
Procter & Gamble Germany GmbH & Co. Operations oHG	Germany
Procter & Gamble GmbH	Germany
Procter & Gamble Grundstücks-und Vermögensverwaltungs GmbH & Co. KG	Germany
Procter & Gamble Gulf FZE	United Arab Emirates

Procter & Gamble Hellas Ltd.	Greece
Procter & Gamble Holding (Thailand) Limited	Thailand
Procter & Gamble Holding France S.A.S.	France
Procter & Gamble Holding GmbH	Germany
Procter & Gamble Holding S.r.l.	Italy
Procter & Gamble Holdings (UK) Ltd.	U.K.
Procter & Gamble Home Products Private Limited	India
Procter & Gamble Hong Kong Limited	Hong Kong
Procter & Gamble Hungary Wholesale Trading Partnership (KKT)	Hungary
Procter & Gamble Hygiene & Health Care Limited	India
Procter & Gamble Inc.	Canada
Procter & Gamble India Holdings, Inc.	Ohio
Procter & Gamble Indochina Limited Company	Vietnam
Procter & Gamble Industrial - 2012 C.A.	Venezuela
Procter & Gamble Industrial Colombia Ltda.	Colombia
Procter & Gamble Industrial e Comercial Ltda.	Brazil
Procter & Gamble Industrial S.C.A.	Venezuela
Procter & Gamble Interamericas de Costa Rica, Limitada	Costa Rica
Procter & Gamble Interamericas de Guatemala, Limitada	Guatemala
Procter & Gamble Interamericas de Panama, S. de R.L.	Panama
Procter & Gamble International Operations Pte. Ltd.	Singapore
Procter & Gamble International Operations SA	Switzerland
Procter & Gamble International Operations SA-ROHQ	Philippines
Procter & Gamble International S.a.r.l.	Luxembourg
Procter & Gamble Investment Company (UK) Ltd.	U.K.
Procter & Gamble Investment GmbH	Germany
Procter & Gamble Italia, S.p.A.	Italy
Procter & Gamble Japan K.K.	Japan
Procter & Gamble Kazakhstan Distribution LLP	Kazakhstan
Procter & Gamble Kazakhstan LLP	Kazakhstan
Procter & Gamble Korea S&D Co.	Korea
Procter & Gamble Korea, Inc.	Korea
Procter & Gamble Lanka Private Ltd.	Sri Lanka
Procter & Gamble Leasing LLC	Ohio
Procter & Gamble Levant S.A.L.	Lebanon
Procter & Gamble Limited	U.K.
"Procter & Gamble" LLC	Russia
Procter & Gamble Manufacturing (Thailand) Limited	Thailand
Procter & Gamble Manufacturing (Tianjin) Co. Ltd.	China
Procter & Gamble Manufacturing Belgium N.V.	Belgium
Procter & Gamble Manufacturing Berlin GmbH	Germany
Procter & Gamble Manufacturing GmbH	Germany
Procter & Gamble Manufacturing Mexico S. de R.L. de C.V.	Mexico
Procter & Gamble Manufacturing SA (Pty) Ltd	South Africa
Procter & Gamble Marketing and Services doo	Serbia and Montenegro
Procter & Gamble Marketing Romania SRL	Romania
Procter & Gamble Maroc SA	Morocco
Procter & Gamble Mataro, S.L.U.	Spain
Procter & Gamble Mexico Holding B.V.	Netherlands
Procter & Gamble Mexico Inc.	Delaware
Procter & Gamble Middle East FZE	United Arab Emirates
Procter & Gamble Nederland B.V.	Netherlands
Procter & Gamble Netherlands Investments B.V.	Netherlands

Procter & Gamble Netherlands Services B.V.	Netherlands
Procter & Gamble Nigeria Limited	Nigeria
Procter & Gamble Nordic, LLC	Ohio
Procter & Gamble Norge AS	Norway
Procter & Gamble Operations Polska Sp. z o.o.	Poland
Procter & Gamble Overseas India B.V.	Netherlands
Procter & Gamble Overseas Ltd.	U.K.
Procter & Gamble Pakistan (Private) Limited	Pakistan
Procter & Gamble Partnership LLP	U.K.
Procter & Gamble Peru S.R.L.	Peru
Procter & Gamble Pharmaceuticals France SAS	France
Procter & Gamble Philippines, Inc.	Philippines
Procter & Gamble Polska Sp. z o.o	Poland
Procter & Gamble Portugal - Produtos De Consumo, Higiene e Saúde S.A.	Portugal
Procter & Gamble Product Supply (U.K.) Limited	U.K.
Procter & Gamble Production GmbH	Germany
Procter & Gamble Productions, Inc.	Ohio
Procter & Gamble Productos de Consumo, S.L.U.	Spain
Procter & Gamble Retail Services BVBA	Belgium
Procter & Gamble RHD, Inc.	Ohio
Procter & Gamble RSC Regional Service Company Ltd.	Hungary
Procter & Gamble S.r.l.	Italy
Procter & Gamble SA (Pty) Ltd	South Africa
Procter & Gamble Satis ve Dagitim Ltd. Sti.	Turkey
Procter & Gamble Seine S.A.S.	France
Procter & Gamble Service GmbH	Germany
Procter & Gamble Services (Switzerland) SA	Switzerland
Procter & Gamble Services Company N.V.	Belgium
"Procter & Gamble Services" LLC	Russia
Procter & Gamble Services Ltd.	Kenya
Procter & Gamble Share Incentive Plan Trustee Ltd.	U.K.
Procter & Gamble South America Holding B.V.	Netherlands
Procter & Gamble Sports and Social Club Ltd.	U.K.
Procter & Gamble Sverige AB	Sweden
Procter & Gamble Switzerland SARL	Switzerland
Procter & Gamble Taiwan Limited	Taiwan
Procter & Gamble Taiwan Sales Company Limited	Taiwan
Procter & Gamble Technical Centres Limited	U.K.
Procter & Gamble Technology (Beijing) Co., Ltd.	China
Procter & Gamble Trading (Thailand) Limited	Thailand
Procter & Gamble Tuketim Mallari Sanayii A.S.	Turkey
Procter & Gamble UK	U.K.
Procter & Gamble UK Group Holdings Ltd	U.K.
Procter & Gamble UK Parent Company Ltd.	U.K.
Procter & Gamble Universal Holding B.V.	Netherlands
Procter & Gamble Verwaltungs GmbH	Germany
Procter & Gamble Vietnam, Ltd.	Vietnam
Procter & Gamble, Spol. s.r.o. (Ltd.)	Slovak Republic
Procter & Gamble-Rakona s.r.o.	Czech Republic
Progam Realty & Development Corporation	Philippines
PT Procter & Gamble Home Products Indonesia	Indonesia
PT Procter & Gamble Operations Indonesia	Indonesia
Redmond Products, Inc.	Minnesota

Richardson-Vicks Real Estate Inc.	Ohio
Riverfront Music Publishing Co., Inc.	Ohio
Rosemount LLC	Delaware
Scannon S.A.S.	France
Series Acquisition B.V.	Netherlands
Shulton, Inc.	New Jersey
SPD Development Company Limited	U.K.
SPD Swiss Precision Diagnostics GmbH	Switzerland
Surfac S.R.L.	Peru
Sycamore Productions, Inc.	Ohio
Tambrands Inc.	Delaware
TAOS - FL, LLC	Florida
TAOS Retail, LLC	Delaware
Temple Trees Impex & Investment Private Limited	India
The Art of Shaving - FL, LLC	Florida
The Dover Wipes Company	Ohio
The Gillette Company LLC	Delaware
The Procter & Gamble Distributing LLC	Delaware
The Procter & Gamble GBS Company	Ohio
The Procter & Gamble Global Finance Company, LLC	Ohio
The Procter & Gamble Manufacturing Company	Ohio
The Procter & Gamble Paper Products Company	Ohio
The Procter & Gamble U.S. Business Services Company	Ohio
US CD LLC	Delaware
Vidal Sassoon (Shanghai) Academy	China
Vidal Sassoon Co.	Ohio
WEBA Betriebsrenten-Verwaltungsgesellschaft mbH	Germany

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Section 15: EX-23 (CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM)

EXHIBIT (23)

Consent of Independent Registered Public Accounting Firm

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following registration statements of our reports dated August 7, 2017, relating to the consolidated financial statements of The Procter and Gamble Company and the effectiveness of The Procter & Gamble Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of The Procter & Gamble Company for the year ended June 30, 2017:

1. Post-Effective Amendment No. 1 to Registration Statement No. 33-49289 on Form S-8 for The Procter & Gamble 1992 Stock Plan;
2. Registration Statement No. 33-47656 on Form S-8 for Procter & Gamble International Stock Ownership Plan;
3. Registration Statement No. 33-50273 on Form S-8 for The Procter & Gamble Commercial Company Employees' Savings Plan;
4. Registration Statement No. 33-51469 on Form S-8 for The Procter & Gamble 1993 Non-Employee Directors' Stock Plan;
5. Post-Effective Amendment No. 2 to Registration Statement No. 33-59257 on Form S-3 for The Procter & Gamble Shareholder Investment Program;
6. Registration Statement No. 333-14381 on Form S-8 for Profit Sharing Retirement Plan of The Procter & Gamble Commercial Company;
7. Registration Statement No. 333-21783 on Form S-8 for The Procter & Gamble 1992 Stock Plan (Belgian Version);
8. Registration Statement No. 333-37905 on Form S-8 for The Procter & Gamble Future Shares Plan;
9. Registration Statement No. 333-51213 on Form S-8 for Group Profit Sharing, Incentive and Employer Contribution Plan (France);
10. Registration Statement No. 333-51219 on Form S-8 for Procter & Gamble Ireland Employees Share Ownership Plan;
11. Registration Statement No. 333-51221 on Form S-8 for Employee Stock Purchase Plan (Japan);
12. Registration Statement No. 333-34606 on Form S-8 for The Procter & Gamble Future Shares Plan;
13. Registration Statement No. 333-44034 on Form S-8 for Procter & Gamble International Stock Ownership Plan;
14. Registration Statement No. 333-47132 on Form S-8 for Employee Stock Purchase Plan (Japan);
15. Registration Statement No. 333-49764 on Form S-3 for The Procter & Gamble U.K. Share Investment Scheme;
16. Registration Statement No. 333-75030 on Form S-8 for The Procter & Gamble 2001 Stock and Incentive Compensation Plan;
17. Registration Statement No. 333-100561 on Form S-8 for The Procter & Gamble (U.K.) 1-4-1 Plan;
18. Registration Statement No. 333-108753 on Form S-8 for The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan;
19. Registration Statement No. 333-108991 on Form S-8 for The Procter & Gamble 1992 Stock Plan (Belgian Version);
20. Registration Statement No. 333-108993 on Form S-8 for Employee Stock Purchase Plan (Japan);
21. Registration Statement No. 333-108994 on Form S-8 for Procter & Gamble Ireland Employees Share Plan;
22. Registration Statement No. 333-108995 on Form S-8 for Group Profit Sharing, Incentive and Employer Contribution Plan (France);
23. Registration Statement No. 333-108997 on Form S-8 for Procter & Gamble International Stock Ownership Plan;
24. Registration Statement No. 333-108998 on Form S-8 for The Procter & Gamble 1993 Non-Employee Directors' Stock Plan;
25. Registration Statement No. 333-108999 on Form S-8 for The Procter & Gamble 1992 Stock Plan;
26. Registration Statement No. 333-111304 on Form S-8 for The Procter & Gamble 2003 Non-Employee Directors' Stock Plan;
27. Amendment No. 1 to Registration Statement No. 333-113515 on Form S-3 for The Procter & Gamble Company Debt Securities and Warrants;
28. Amendment No. 3 to Registration Statement No. 333-123309 on Form S-4 for The Procter & Gamble Company;
29. Registration Statement No. 333-128859 on Form S-8 for certain employee benefit plans of The Gillette Company (2004 Long-Term Incentive Plan of The Gillette Company; 1971 Stock Option Plan of The Gillette Company; James M. Kilts Non-Statutory Stock Option Plan; The Gillette Company Employees' Savings Plan; The Gillette Company Supplemental Savings Plan; The Gillette Company Global Employee Stock Ownership Plan (GESOP));
30. Registration Statement No. 333-143801 on Form S-8 for The Procter & Gamble Savings Plan;
31. Registration Statement No. 333-145938 on Form S-3 for The Procter & Gamble Company and Procter & Gamble International Funding SCA;
32. Registration Statement No. 333-155046 on Form S-8 for Employee Stock Purchase Plan (Japan);

33. Registration Statement No. 333-156032 on Form S-3 for The Procter & Gamble U.K. Share Investment Scheme;
34. Registration Statement No. 333-156033 on Form S-3 for The Procter & Gamble Shareholder Investment Program;
35. Registration Statement No. 333-161725 on Form S-8 for The Procter & Gamble Savings Plan;
36. Registration Statement No. 333-161767 on Form S-3 for The Procter & Gamble Company and Procter & Gamble International Funding SCA;
37. Registration Statement No. 333-164612 on Form S-8 for The Procter & Gamble 2009 Stock and Incentive Compensation Plan;
38. Registration Statement No. 333-177760 on Form S-3 for The Procter & Gamble Shareholder Investment Program;
39. Registration Statement No. 333-177762 on Form S-3 for The Procter & Gamble Company and Procter & Gamble International Funding SCA;
40. Registration Statement No. 333-177878 on Form S-3 for The Procter & Gamble U.K. Share Investment Scheme;
41. Registration Statement No. 333-192841 on Form S-8 for The Procter & Gamble 1992 Stock Plan (Belgian Version);
42. Registration Statement No. 333-199592 on Form S-8 for The Procter & Gamble 2014 Stock and Incentive Compensation Plan;
43. Registration Statement No. 333-199594 on Form S-3 for The Procter & Gamble Company and Procter & Gamble International Funding SCA;
44. Registration Statement No. 333-199595 on Form S-3 for The Procter & Gamble Shareholder Investment Program;
45. Registration Statement No. 333-199613 on Form S-3 for The Procter & Gamble U.K. Share Investment Scheme;
46. Registration Statement No. 333-208407 on Form S-8 for The Profit Sharing Retirement Plan of The Procter & Gamble Commercial Company;
47. Registration Statement No. 333-208408 on Form S-8 for Procter & Gamble Ireland Employees Share Plan;
48. Registration Statement No. 333-208409 on Form S-8 for Procter & Gamble International Stock Ownership Plan;
49. Registration Statement No. 333-208410 on Form S-8 for The Procter & Gamble (U.K.) 1-4-1 Plan;
50. Registration Statement No. 333-208411 on Form S-8 for The Procter & Gamble Commercial Company Employees' Savings Plan; and
51. Registration Statement No. 333-208412 on Form S-8 for Group Profit Sharing, Incentive and Employer Contribution Plan (France).

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 7, 2017

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Section 16: EX-31 (RULE13A-14(A)/15D-14(A) CERTIFICATIONS)

EXHIBIT (31)

Rule 13a-14(a)/15d-14(a) Certifications

I, David S. Taylor, certify that:

- (1) I have reviewed this Form 10-K of The Procter & Gamble 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(s) 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;
 - 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; and
- (5) The registrant's other certifying officer(s) 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.

/s/ DAVID S. TAYLOR

(David S. Taylor)
Chairman of the Board, President and Chief Executive Officer

August 7, 2017

Date

EXHIBIT (31)

Rule 13a-14(a)/15d-14(a) Certifications

I, Jon R. Moeller, certify that:

- (1) I have reviewed this Form 10-K of The Procter & Gamble 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(s) 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;
 - 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; and
- (5) The registrant's other certifying officer(s) 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.

/s/ JON R. MOELLER

(Jon R. Moeller)
Vice Chairman and Chief Financial Officer

August 7, 2017
Date

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Section 17: EX-32 (SECTION 1350 CERTIFICATIONS)

Section 1350 Certifications

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of The Procter & Gamble Company (the "Company") certifies to his knowledge that:

- (1) Form 10-K of the Company for the year ended June 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in that Form 10-K fairly presents, in all material respects, the financial conditions and results of operations of the Company.

/s/ DAVID S. TAYLOR

(David S. Taylor)
Chairman of the Board, President and Chief Executive Officer

August 7, 2017
Date

A signed original of this written statement required by Section 906 has been provided to The Procter & Gamble Company and will be retained by The Procter & Gamble Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT (32)

Section 1350 Certifications

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of The Procter & Gamble Company (the "Company") certifies to his knowledge that:

- (1) Form 10-K of the Company for the year ended June 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in that Form 10-K fairly presents, in all material respects, the financial conditions and results of operations of the Company.

/s/ JON R. MOELLER

(Jon R. Moeller)
Vice Chairman and Chief Financial Officer

August 7, 2017
Date

A signed original of this written statement required by Section 906 has been provided to The Procter & Gamble Company and will be retained by The Procter & Gamble Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 18: EX-99.1 (SUMMARY OF DIRECTORS AND OFFICERS INSURANCE PROGRAM)

EXHIBIT (99-1)

Summary of Directors and Officers Insurance Program

The Procter & Gamble Company purchases Directors and Officers Liability insurance from various insurance carriers. The policy limits for the period from June 30, 2016 to June 30, 2017 were \$300 million.

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