

PROCTER & GAMBLE Co
Form 8-K
October 10, 2018

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act Of 1934

Date of Report (Date of earliest event reported) October 10, 2018

THE PROCTER & GAMBLE COMPANY
(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------------|---|
| Ohio (State or other jurisdiction of incorporation) | 1-434 (Commission File Number) | 31-0411980 (IRS Employer Identification Number) |
|---|-----------------------------------|---|

| | |
|--|-------------------|
| One Procter & Gamble Plaza, Cincinnati, Ohio (Address of principal executive offices) | 45202 Zip Code |
|--|-------------------|

| | |
|--|-------------------|
| (513) 983-1100 (Registrant's telephone number, including area code) | 45202 Zip Code |
|--|-------------------|

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

ITEM 7.01 REGULATION FD DISCLOSURE

As disclosed in its Annual Report on Form 10-K for the year ended June 30, 2018, The Procter and Gamble Company (“the Company”, “we”) adopted the Financial Accounting Standards Board (FASB) ASU 2017-07, “Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)” effective July 1, 2018. This informational Form 8-K provides revised historical Consolidated earnings information, along with selected financial information tables, for the three months ended June 30, March 31, December 31 and September 30 for the fiscal years ended 2018 and 2017, as well as for the fiscal years ended June 30, 2018 and June 30, 2017, reflecting the changes as described below. This informational Form 8-K in no way revises or restates the previously filed Consolidated Statements of Comprehensive Income, Consolidated Balance Sheets, Consolidated Statements of Shareholders' Equity or Consolidated Statements of Cash Flows for the Company and consolidated subsidiaries for any period.

Fiscal Year 2018 and 2017 Changes

Topic 715 requires an entity to disaggregate the current service cost component from the other components of net defined benefit costs on 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. Other components of net benefit costs are required to be presented outside of income from operations. The Company has adopted ASU 2017-07 retrospectively. As such, prior periods' results have been revised to report the other components of net benefit costs, previously reported in Cost of products sold and Selling, general, and administrative expense (SG&A), within Other non-operating income/(expense), net. The other components of net benefit costs for the periods presented are a net credit/income. As a result, the movement of these components increases Cost of products sold and SG&A, with an offsetting benefit in Other non-operating income/(expense), net.

The above changes will be reflected in the consolidated financial statements beginning in the first quarter (July - September period) of fiscal year 2018-2019, starting with the Form 10-Q that will be issued for the three-month period ending September 30, 2018. Reporting changes for the above items will be reflected for all historical periods presented. In advance of the Form 10-Q filing, this document provides revised gross margin and operating income information for the Consolidated Earnings information for the three months ended June 30, March 31, December 31 and September 30 for the fiscal years ended 2018 and 2017, as well as for the fiscal years ended June 30, 2018 and June 30, 2017.

This 8-K is furnished pursuant to Item 7.01 “Regulation FD Disclosure.”

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Consolidated Earnings Information

| | Fiscal Year Ended June 30, 2018 | | Fiscal Year Ended June 30, 2017 | |
|--|------------------------------------|----------|------------------------------------|----------|
| | As Reported | Revised | As Reported | Revised |
| NET SALES | \$66,832 | \$66,832 | \$65,058 | \$65,058 |
| COST OF PRODUCTS SOLD | 34,268 | 34,432 | 32,535 | 32,638 |
| GROSS PROFIT | 32,564 | 32,400 | 32,523 | 32,420 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE | 18,853 | 19,037 | 18,568 | 18,654 |
| OPERATING INCOME | 13,711 | 13,363 | 13,955 | 13,766 |
| INTEREST EXPENSE | 506 | 506 | 465 | 465 |
| INTEREST INCOME | 247 | 247 | 171 | 171 |
| OTHER NON-OPERATING INCOME/(EXPENSE), NET | (126) | 222 | (404) | (215) |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 13,326 | 13,326 | 13,257 | 13,257 |
| INCOME TAXES | 3,465 | 3,465 | 3,063 | 3,063 |
| NET EARNINGS FROM CONTINUING OPERATIONS | 9,861 | 9,861 | 10,194 | 10,194 |
| NET EARNINGS FROM DISCONTINUED OPERATIONS | — | — | 5,217 | 5,217 |
| NET EARNINGS | 9,861 | 9,861 | 15,411 | 15,411 |
| LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 111 | 111 | 85 | 85 |
| NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE | \$9,750 | \$9,750 | \$15,326 | \$15,326 |
| EFFECTIVE TAX RATE | 26.0 % | 26.0 % | 23.1 % | 23.1 % |
| BASIC NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$3.75 | \$3.75 | \$3.79 | \$3.79 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$2.01 | \$2.01 |
| BASIC NET EARNINGS PER COMMON SHARE | \$3.75 | \$3.75 | \$5.80 | \$5.80 |
| DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$3.67 | \$3.67 | \$3.69 | \$3.69 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$1.90 | \$1.90 |
| DILUTED NET EARNINGS PER COMMON SHARE | \$3.67 | \$3.67 | \$5.59 | \$5.59 |
| DIVIDENDS PER COMMON SHARE | \$2.7860 | \$2.7860 | \$2.6981 | \$2.6981 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,656.7 | 2,656.7 | 2,740.4 | 2,740.4 |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Consolidated Earnings Information

| | Three Months Ended June 30, 2018 | | Three Months Ended June 30, 2017 | |
|--|-------------------------------------|----------|-------------------------------------|----------|
| | As Reported | Revised | As Reported | Revised |
| NET SALES | \$16,503 | \$16,503 | \$16,079 | \$16,079 |
| COST OF PRODUCTS SOLD | 9,029 | 9,070 | 8,299 | 8,325 |
| GROSS PROFIT | 7,474 | 7,433 | 7,780 | 7,754 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE | 4,797 | 4,846 | 4,831 | 4,854 |
| OPERATING INCOME | 2,677 | 2,587 | 2,949 | 2,900 |
| INTEREST EXPENSE | 136 | 136 | 116 | 116 |
| INTEREST INCOME | 63 | 63 | 48 | 48 |
| OTHER NON-OPERATING INCOME/(EXPENSE), NET | (315) | (225) | 46 | 95 |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 2,289 | 2,289 | 2,927 | 2,927 |
| INCOME TAXES | 399 | 399 | 725 | 725 |
| NET EARNINGS FROM CONTINUING OPERATIONS | 1,890 | 1,890 | 2,202 | 2,202 |
| NET EARNINGS FROM DISCONTINUED OPERATIONS | — | — | — | — |
| NET EARNINGS | 1,890 | 1,890 | 2,202 | 2,202 |
| LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | (1) | (1) | (13) | (13) |
| NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE | \$1,891 | \$1,891 | \$2,215 | \$2,215 |
| EFFECTIVE TAX RATE | 17.4 % | 17.4 % | 24.8 % | 24.8 % |
| BASIC NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$0.73 | \$0.73 | \$0.84 | \$0.84 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$— | \$— |
| BASIC NET EARNINGS PER COMMON SHARE | \$0.73 | \$0.73 | \$0.84 | \$0.84 |
| DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$0.72 | \$0.72 | \$0.82 | \$0.82 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$— | \$— |
| DILUTED NET EARNINGS PER COMMON SHARE | \$0.72 | \$0.72 | \$0.82 | \$0.82 |
| DIVIDENDS PER COMMON SHARE | \$0.7172 | \$0.7172 | \$0.6896 | \$0.6896 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,620.9 | 2,620.9 | 2,695.6 | 2,695.6 |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Consolidated Earnings Information

| | Three Months Ended March 31, 2018 | | Three Months Ended March 31, 2017 | |
|--|--------------------------------------|----------|--------------------------------------|----------|
| | As Reported | Revised | As Reported | Revised |
| NET SALES | \$16,281 | \$16,281 | \$15,605 | \$15,605 |
| COST OF PRODUCTS SOLD | 8,343 | 8,384 | 7,836 | 7,862 |
| GROSS PROFIT | 7,938 | 7,897 | 7,769 | 7,743 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE | 4,642 | 4,688 | 4,409 | 4,432 |
| OPERATING INCOME | 3,296 | 3,209 | 3,360 | 3,311 |
| INTEREST EXPENSE | 133 | 133 | 96 | 96 |
| INTEREST INCOME | 69 | 69 | 46 | 46 |
| OTHER NON-OPERATING INCOME, NET | 21 | 108 | 26 | 75 |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 3,253 | 3,253 | 3,336 | 3,336 |
| INCOME TAXES | 713 | 713 | 780 | 780 |
| NET EARNINGS FROM CONTINUING OPERATIONS | 2,540 | 2,540 | 2,556 | 2,556 |
| NET EARNINGS FROM DISCONTINUED OPERATIONS | — | — | — | — |
| NET EARNINGS | 2,540 | 2,540 | 2,556 | 2,556 |
| LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 29 | 29 | 34 | 34 |
| NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE | \$2,511 | \$2,511 | \$2,522 | \$2,522 |
| EFFECTIVE TAX RATE | 21.9 | % 21.9 | % 23.4 | % 23.4 |
| BASIC NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$0.97 | \$0.97 | \$0.96 | \$0.96 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$— | \$— |
| BASIC NET EARNINGS PER COMMON SHARE | \$0.97 | \$0.97 | \$0.96 | \$0.96 |
| DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$0.95 | \$0.95 | \$0.93 | \$0.93 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$— | \$— |
| DILUTED NET EARNINGS PER COMMON SHARE | \$0.95 | \$0.95 | \$0.93 | \$0.93 |
| DIVIDENDS PER COMMON SHARE | \$0.6896 | \$0.6896 | \$0.6695 | \$0.6695 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,645.6 | 2,645.6 | 2,705.5 | 2,705.5 |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Consolidated Earnings Information

| | Three Months Ended December 31, 2017 | | Three Months Ended December 31, 2016 | |
|--|---|----------|---|----------|
| | As Reported | Revised | As Reported | Revised |
| NET SALES | \$17,395 | \$17,395 | \$16,856 | \$16,856 |
| COST OF PRODUCTS SOLD | 8,667 | 8,709 | 8,298 | 8,323 |
| GROSS PROFIT | 8,728 | 8,686 | 8,558 | 8,533 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE | 4,725 | 4,767 | 4,683 | 4,706 |
| OPERATING INCOME | 4,003 | 3,919 | 3,875 | 3,827 |
| INTEREST EXPENSE | 122 | 122 | 122 | 122 |
| INTEREST INCOME | 66 | 66 | 42 | 42 |
| OTHER NON-OPERATING INCOME/(EXPENSE), NET | 86 | 170 | (539) | (491) |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 4,033 | 4,033 | 3,256 | 3,256 |
| INCOME TAXES | 1,472 | 1,472 | 695 | 695 |
| NET EARNINGS FROM CONTINUING OPERATIONS | 2,561 | 2,561 | 2,561 | 2,561 |
| NET EARNINGS FROM DISCONTINUED OPERATIONS | — | — | 5,335 | 5,335 |
| NET EARNINGS | 2,561 | 2,561 | 7,896 | 7,896 |
| LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 66 | 66 | 21 | 21 |
| NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE | \$2,495 | \$2,495 | \$7,875 | \$7,875 |
| EFFECTIVE TAX RATE | 36.5 | % 36.5 | % 21.3 | % 21.3 |
| BASIC NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$0.96 | \$0.96 | \$0.96 | \$0.96 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$2.05 | \$2.05 |
| BASIC NET EARNINGS PER COMMON SHARE | \$0.96 | \$0.96 | \$3.01 | \$3.01 |
| DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$0.93 | \$0.93 | \$0.93 | \$0.93 |
| EARNINGS FROM DISCONTINUED OPERATIONS | \$— | \$— | \$1.95 | \$1.95 |
| DILUTED NET EARNINGS PER COMMON SHARE | \$0.93 | \$0.93 | \$2.88 | \$2.88 |
| DIVIDENDS PER COMMON SHARE | \$0.6896 | \$0.6896 | \$0.6695 | \$0.6695 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,669.6 | 2,669.6 | 2,737.6 | 2,737.6 |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Consolidated Earnings Information

| | Three Months Ended September 30, 2017 | | Three Months Ended September 30, 2016 | |
|--|--|----------|--|-----------|
| | As Reported | Revised | As Reported | Revised |
| NET SALES | \$16,653 | \$16,653 | \$16,518 | \$16,518 |
| COST OF PRODUCTS SOLD | 8,229 | 8,269 | 8,102 | 8,128 |
| GROSS PROFIT | 8,424 | 8,384 | 8,416 | 8,390 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSE | 4,689 | 4,736 | 4,645 | 4,662 |
| OPERATING INCOME | 3,735 | 3,648 | 3,771 | 3,728 |
| INTEREST EXPENSE | 115 | 115 | 131 | 131 |
| INTEREST INCOME | 49 | 49 | 35 | 35 |
| OTHER NON-OPERATING INCOME, NET | 82 | 169 | 63 | 106 |
| EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 3,751 | 3,751 | 3,738 | 3,738 |
| INCOME TAXES | 881 | 881 | 863 | 863 |
| NET EARNINGS FROM CONTINUING OPERATIONS | 2,870 | 2,870 | 2,875 | 2,875 |
| NET EARNINGS/(LOSS) FROM DISCONTINUED OPERATIONS | — | — | (118) | (118) |
| NET EARNINGS | 2,870 | 2,870 | 2,757 | 2,757 |
| LESS: NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 17 | 17 | 43 | 43 |
| NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE | \$2,853 | \$2,853 | \$2,714 | \$2,714 |
| EFFECTIVE TAX RATE | 23.5 % | 23.5 % | 23.1 % | 23.1 % |
| BASIC NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$1.09 | \$1.09 | \$1.03 | \$1.03 |
| EARNINGS/(LOSS) FROM DISCONTINUED OPERATIONS | \$— | \$— | \$(0.04) | \$(0.04) |
| BASIC NET EARNINGS PER COMMON SHARE | \$1.09 | \$1.09 | \$0.99 | \$0.99 |
| DILUTED NET EARNINGS PER COMMON SHARE: ⁽¹⁾ | | | | |
| EARNINGS FROM CONTINUING OPERATIONS | \$1.06 | \$1.06 | \$1.00 | \$1.00 |
| EARNINGS/(LOSS) FROM DISCONTINUED OPERATIONS | \$— | \$— | \$(0.04) | \$(0.04) |
| DILUTED NET EARNINGS PER COMMON SHARE | \$1.06 | \$1.06 | \$0.96 | \$0.96 |
| DIVIDENDS PER COMMON SHARE | \$0.6896 | \$0.6896 | \$0.6695 | \$0.6695 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,690.6 | 2,690.6 | 2,822.9 | 2,822.9 |

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

Exhibit 1: Selected Revised Financial Information and Non-GAAP Measures

The following tables provide selected non-GAAP financial information revised for the impact of the adoption of ASU 2017-07, "Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("Retirement Benefits Accounting Change"). In accordance with the SEC's Regulation G, definitions of the non-GAAP measures presented with the selected revised financial information are provided below and the reconciliation to the most closely related revised GAAP measure are provided within the following tables.

The Core earnings from continuing operations measures included in the following reconciliation tables refer to the equivalent GAAP measures adjusted as applicable for the following 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. In 2012, the Company began a \$10 billion strategic productivity and cost savings initiative that includes incremental restructuring activities. In 2017, we communicated details of an additional multi-year productivity and cost savings plan. This results 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.

Transitional Impacts of the U.S. Tax Act: In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Act"). This resulted in a net charge of \$602 million for the fiscal year 2018. The adjustment to Core earnings only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on current year earnings.

Early debt extinguishment charges: In fiscal 2018 and 2017, the Company recorded after-tax charges of \$243 million and \$345 million, respectively, due to the early extinguishment of certain long-term debt. These charges represent the difference between the reacquisition price and the par value of the debt extinguished.

We do not view the above items to be part of our sustainable results and their exclusion from Core earnings from continuing operations 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.

Core operating profit margin: Core operating profit margin is a measure of the Company's operating margin adjusted for items as indicated. Management believes this non-GAAP measure provides a supplemental perspective to the Company's operating efficiency over time.

Core gross margin: Core gross margin is a measure of the Company's gross margin adjusted for items as indicated. Management believes this non-GAAP measure provides a supplemental perspective to the Company's operating efficiency over time.

Core selling, general and administrative (SG&A) expense as a percentage of net sales: Core SG&A expense as a percentage of net sales is a measure of the Company's selling, general and administrative expenses adjusted for items as indicated. Management believes this non-GAAP measure provides a supplemental perspective to the Company's operating efficiency over time.

Core EPS and currency-neutral Core EPS: Core earnings per share, or Core EPS, is a measure of the Company's diluted net earnings per share from continuing operations adjusted as indicated. Currency-neutral Core EPS is a measure of the Company's Core EPS excluding the incremental current year impact of foreign exchange. Management views these non-GAAP measures as a useful supplemental measure of Company performance over time. These measures are also used when evaluating senior management in determining their at-risk compensation.

Core Tax Rate: This is a measure of the Company's revised tax rate on continuing operations adjusted for items as indicated.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Fiscal Year Ended June 30, 2018

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING | IMPACT OF US TAX ACT | TRANSITIONAL EARLY DEBT EXTINGUISHMENT | ROUNDING | NON-GAAP (CORE) |
|---|-------------------------|------------------------------|-------------------------------|---|----------|--------------------|
| COST OF PRODUCTS SOLD | 34,432 | (724) | — | — | (1) | 33,707 |
| GROSS PROFIT | 32,400 | 724 | — | — | 1 | 33,125 |
| GROSS MARGIN | 48.5 % | 1.1 % | — % | — % | — % | 49.6 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 19,037 | (1) | — | — | 1 | 19,037 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 28.5 % | — % | — % | — % | — % | 28.5 % |
| OPERATING INCOME | 13,363 | 725 | — | — | — | 14,088 |
| OPERATING PROFIT MARGIN | 20.0 % | 1.1 % | — % | — % | — % | 21.1 % |
| INCOME TAX ON CONTINUING OPERATIONS | 3,465 | 129 | (602) | 103 | — | 3,095 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 9,750 | 610 | 602 | 243 | (1) | 11,204 |
| EFFECTIVE TAX RATE | 26.0 % | (0.4)% | (4.2)% | 0.1 % | — % | 21.5 % |
| DILUTED NET EARNINGS PER COMMON SHARE* | 3.67 | 0.23 | 0.23 | 0.09 | — | 4.22 |
| | | | | LESS: CURRENCY IMPACT TO EARNINGS | | (0.05) |
| | | | | CURRENCY-NEUTRAL CORE EPS | | 4.17 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,656.7 | | | | | |

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

FY 18 CHANGE VERSUS YEAR AGO

| | |
|---|-----------|
| CORE GROSS MARGIN | (100) BPS |
| CORE SELLING GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | (30) BPS |
| CORE OPERATING PROFIT MARGIN | (70) BPS |
| CORE EPS | 8% |
| CURRENCY-NEUTRAL CORE EPS | 6% |

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Fiscal Year Ended June 30, 2017

| | AS REVISED (GAAP) | DISCONTINUED OPERATIONS | NON-RECURRING RESTRUCTURING | EARLY DEBT EXTINGUISHMENT | ROUNDING | NON-GAAP (CORE) |
|---|-------------------------|----------------------------|--------------------------------|---------------------------------|----------|--------------------|
| COST OF PRODUCTS SOLD | 32,638 | — | (498) | — | — | 32,140 |
| GROSS PROFIT | 32,420 | — | 498 | — | — | 32,918 |
| GROSS MARGIN | 49.8 % | — % | 0.8 % | — % | — % | 50.6 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 18,654 | — | 107 | — | — | 18,761 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 28.7 % | — % | 0.2 % | — % | (0.1)% | 28.8 % |
| OPERATING INCOME | 13,766 | — | 391 | — | — | 14,157 |
| OPERATING PROFIT MARGIN | 21.2 % | — % | 0.6 % | — % | — % | 21.8 % |
| 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 |
| EFFECTIVE TAX RATE | 23.1 % | — % | 0.2 % | 0.5 % | — % | 23.8 % |
| | | | | | | Core EPS: |
| DILUTED NET EARNINGS PER COMMON SHARE* | 5.59 | (1.90) | 0.10 | 0.13 | — | 3.92 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,740.4 | | | | | |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended June 30, 2018

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING | TRANSITIONAL IMPACT OF US TAX ACT | EARLY DEBT EXTINGUISHMENT | ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|------------------------------|---|---------------------------------|----------|--------------------|
| COST OF PRODUCTS SOLD | 9,070 | (428) | — | — | (1) | 8,641 |
| GROSS PROFIT | 7,433 | 428 | — | — | 1 | 7,862 |
| GROSS MARGIN | 45.0 % | 2.6 % | — % | — % | — % | 47.6 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,846 | (3) | — | — | 2 | 4,845 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 29.4 % | — % | — % | — % | — % | 29.4 % |
| OPERATING INCOME | 2,587 | 431 | — | — | (1) | 3,017 |
| OPERATING PROFIT MARGIN | 15.7 % | 2.6 % | — % | — % | — % | 18.3 % |
| INCOME TAX ON CONTINUING OPERATIONS | 399 | 66 | 48 | 103 | 1 | 617 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 1,891 | 368 | (48) | 243 | (1) | 2,453 |
| EFFECTIVE TAX RATE | 17.4 % | (0.4)% | 1.6 % | 1.4 % | 0.1 % | 20.1 % |
| DILUTED NET EARNINGS PER COMMON SHARE* | 0.72 | 0.14 | (0.02) | 0.09 | 0.01 | 0.94 |
| | | | | | | Core EPS: |
| | | | | | | 0.01 |
| | | | | | | 0.95 |
| | | | | | | CORE EPS |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,620.9 | | | | | |
| *Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble. | | | | | | |
| FY 18 CHANGE VERSUS YEAR AGO | | | | | | |
| CORE GROSS MARGIN | | | | | | (150)BPS |
| CORE SELLING GENRAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | | | | | | (90) BPS |
| CORE OPERATING PROFIT MARGIN | | | | | | (50) BPS |
| CORE EPS | | | | | | 11% |
| CURRENCY-NEUTRAL CORE EPS | | | | | | 12% |

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended June 30, 2017

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING | ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|------------------------------|----------|--------------------|
| COST OF PRODUCTS SOLD | 8,325 | (146) | (1) | 8,178 |
| GROSS PROFIT | 7,754 | 146 | 1 | 7,901 |
| GROSS MARGIN | 48.2 % | 0.9 % | — % | 49.1 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,854 | 20 | 1 | 4,875 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 30.2 % | 0.1 % | — % | 30.3 % |
| OPERATING INCOME | 2,900 | 126 | — | 3,026 |
| OPERATING PROFIT MARGIN | 18.0 % | 0.8 % | — % | 18.8 % |
| INCOME TAX ON CONTINUING OPERATIONS | 725 | 63 | 1 | 789 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 2,215 | 65 | (1) | 2,279 |
| EFFECTIVE TAX RATE | 24.8 % | 1.0 % | — % | 25.8 % |
| | | | | Core EPS: |
| DILUTED NET EARNINGS PER COMMON SHARE* | 0.82 | 0.02 | 0.01 | 0.85 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,695.6 | | | |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended March 31, 2018

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING ACT | IMPACTS OF CURRENCY EXCHANGE | TRANSITIONAL ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|-------------------------------------|---------------------------------------|--------------------------|---|
| COST OF PRODUCTS SOLD | 8,384 | (110) | — | (1) | 8,273 |
| GROSS PROFIT | 7,897 | 110 | — | 1 | 8,008 |
| GROSS MARGIN | 48.5 % | 0.7 % | — % | — % | 49.2 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,688 | (24) | — | — | 4,664 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 28.8 % | (0.1) % | — % | (0.1) % | 28.6 % |
| OPERATING INCOME | 3,209 | 134 | — | 1 | 3,344 |
| OPERATING PROFIT MARGIN | 19.7 % | 0.8 % | — % | — % | 20.5 % |
| INCOME TAX ON CONTINUING OPERATIONS | 713 | 22 | (22) | (1) | 712 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 2,511 | 116 | 22 | — | 2,649 |
| EFFECTIVE TAX RATE | 21.9 % | (0.2) % | (0.7) % | — % | 21 % |
| DILUTED NET EARNINGS PER COMMON SHARE* | 0.95 | 0.04 | 0.01 | — | 1.00 |
| | | | | | LESS: CURRENCY IMPACT TO EARNINGS (0.03) |
| | | | | | CURRENCY-NEUTRAL CORE EPS 0.97 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,645.6 | | | | |

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

FY 18 CHANGE VERSUS YEAR AGO

| | |
|---|----------|
| CORE GROSS MARGIN | (110)BPS |
| CORE SELLING GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 10 BPS |
| CORE OPERATING PROFIT MARGIN | (130)BPS |
| CORE EPS | 4% |
| CURRENCY-NEUTRAL CORE EPS | 1% |

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended March 31, 2017

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING | ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|------------------------------|----------|--------------------|
| COST OF PRODUCTS SOLD | 7,862 | (113) | 1 | 7,750 |
| GROSS PROFIT | 7,743 | 113 | (1) | 7,855 |
| GROSS MARGIN | 49.6 % | 0.7 % | — % | 50.3 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,432 | 24 | (1) | 4,455 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 28.4 % | 0.2 % | (0.1)% | 28.5 % |
| OPERATING INCOME | 3,311 | 89 | — | 3,400 |
| OPERATING PROFIT MARGIN | 21.2 % | 0.6 % | — % | 21.8 % |
| INCOME TAX ON CONTINUING OPERATIONS | 780 | 21 | (1) | 800 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 2,522 | 70 | — | 2,592 |
| EFFECTIVE TAX RATE | 23.4 % | — % | — % | 23.4 % |
| | | | | Core EPS: |
| DILUTED NET EARNINGS PER COMMON SHARE* | 0.93 | 0.03 | — | 0.96 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,705.5 | | | |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended December 31, 2017

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING | TRANSITIONAL IMPACTS OF US TAX ACT | ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|------------------------------|--|----------|---|
| COST OF PRODUCTS SOLD | 8,709 | (86) | — | 1 | 8,624 |
| GROSS PROFIT | 8,686 | 86 | — | (1) | 8,771 |
| GROSS MARGIN | 49.9 % | 0.5 % | — % | — % | 50.4 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,767 | 19 | — | (1) | 4,785 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 27.4 % | 0.1 % | — % | — % | 27.5 % |
| OPERATING INCOME | 3,919 | 67 | — | — | 3,986 |
| OPERATING PROFIT MARGIN | 22.5 % | 0.4 % | — % | — % | 22.9 % |
| INCOME TAX ON CONTINUING OPERATIONS | 1,472 | 21 | (628) | — | 865 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 2,495 | 51 | 628 | — | 3,174 |
| EFFECTIVE TAX RATE | 36.5 % | (0.1)% | (15.3)% | — % | 21.1 % |
| DILUTED NET EARNINGS PER COMMON SHARE* | 0.93 | 0.02 | 0.24 | — | Core EPS: 1.19 |
| | | | | | LESS: CURRENCY IMPACT TO EARNINGS (0.04) |
| | | | | | CURRENCY-NEUTRAL CORE EPS 1.15 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,669.6 | | | | |
| *Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble. | | | | | |
| FY 18 CHANGE VERSUS YEAR AGO | | | | | |
| CORE GROSS MARGIN | | | | | (100)BPS |
| CORE SELLING GENRAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | | | | | (70) BPS |
| CORE OPERATING PROFIT MARGIN | | | | | (30) BPS |
| CORE EPS | | | | | 10% |
| CURRENCY-NEUTRAL CORE EPS | | | | | 6% |

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended December 31, 2016

| | AS REVISED (GAAP) | DISCONTINUED OPERATIONS | INCREMENTAL RESTRUCTURING | EARLY DEBT EXTINGUISHMENT | ROUNDING | NON-GAAP (CORE) |
|---|-------------------------|----------------------------|------------------------------|---------------------------------|----------|--------------------|
| COST OF PRODUCTS SOLD | 8,323 | — | (128) | — | — | 8,195 |
| GROSS PROFIT | 8,533 | — | 128 | — | — | 8,661 |
| GROSS MARGIN | 50.6 % | — % | 0.8 % | — % | — % | 51.4 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,706 | — | 38 | — | 1 | 4,745 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 27.9 % | — % | 0.2 % | — % | 0.1 % | 28.2 % |
| OPERATING INCOME | 3,827 | — | 90 | — | (1) | 3,916 |
| OPERATING PROFIT MARGIN | 22.7 % | — % | 0.5 % | — % | — % | 23.2 % |
| INCOME TAX ON CONTINUING OPERATIONS | 695 | — | 21 | 198 | (1) | 913 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 7,875 | (5,335) | 71 | 345 | | 2,956 |
| EFFECTIVE TAX RATE | 21.3 % | — % | — % | 2.2 % | — % | 23.5 % |
| | | | | | | Core EPS: |
| DILUTED NET EARNINGS PER COMMON SHARE* | 2.88 | (1.95) | 0.03 | 0.13 | (0.01) | 1.08 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,737.6 | | | | | |

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

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended September 30, 2017

| | AS REVISED (GAAP) | INCREMENTAL RESTRUCTURING | ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|------------------------------|----------|--------------------------------------|
| COST OF PRODUCTS SOLD | 8,269 | (100) | — | 8,169 |
| GROSS PROFIT | 8,384 | 100 | — | 8,484 |
| GROSS MARGIN | 50.3 % | 0.6 % | — | 50.9 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,736 | 7 | — | 4,743 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 28.4 % | — % | 0.1 % | 28.5 % |
| OPERATING INCOME | 3,648 | 93 | — | 3,741 |
| OPERATING PROFIT MARGIN | 21.9 % | 0.6 % | — | 22.5 % |
| INCOME TAX ON CONTINUING OPERATIONS | 881 | 20 | — | 901 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 2,853 | 75 | — | 2,928 |
| EFFECTIVE TAX RATE | 23.5 % | (0.1)% | — | 23.4 % |
| | | | | Core EPS: |
| DILUTED NET EARNINGS PER COMMON SHARE* | 1.06 | 0.03 | — | 1.09 |
| | | | | LESS: CURRENCY IMPACT TO EARNINGS |
| | | | | CURRENCY-NEUTRAL CORE EPS |
| | | | | 1.09 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,690.6 | | | |
| *Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble. | | | | |
| FY 18 CHANGE VERSUS YEAR AGO | | | | |
| CORE GROSS MARGIN | | | | (60)BPS |
| CORE SELLING GENRAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | | | | 10 BPS |
| CORE OPERATING PROFIT MARGIN | | | | (60)BPS |
| CORE EPS | | | | 6% |
| CURRENCY-NEUTRAL CORE EPS | | | | 6% |

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions Except Per Share Amounts)

Selected Financial Information & Non-GAAP Measures, Revised for the Retirement Benefits Accounting Change
Three Months Ended September 30, 2016

| | AS REVISED (GAAP) | DISCONTINUED OPERATIONS | INCREMENTAL RESTRUCTURING | ROUNDING | NON-GAAP (CORE) |
|--|-------------------------|----------------------------|------------------------------|----------|--------------------|
| COST OF PRODUCTS SOLD | 8,128 | — | (111) | — | 8,017 |
| GROSS PROFIT | 8,390 | — | 111 | — | 8,501 |
| GROSS MARGIN | 50.8 % | — % | 0.7 % | — % | 51.5 % |
| SELLING, GENERAL, & ADMINISTRATIVE EXPENSE | 4,662 | — | 25 | (1) | 4,686 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSE AS A % OF NET SALES | 28.2 % | — % | 0.2 % | — % | 28.4 % |
| OPERATING INCOME | 3,728 | — | 86 | 1 | 3,815 |
| OPERATING PROFIT MARGIN | 22.6 % | — % | 0.5 % | — % | 23.1 % |
| INCOME TAX ON CONTINUING OPERATIONS | 863 | — | 15 | 1 | 879 |
| NET EARNINGS ATTRIBUTABLE TO P&G | 2,714 | 118 | 73 | — | 2,905 |
| EFFECTIVE TAX RATE | 23.1 % | — % | (0.1)% | — % | 23 % |
| | | | | | Core EPS: |
| DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS* | 0.96 | 0.04 | 0.03 | — | 1.03 |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 2,822.9 | | | | |

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

THE PROCTER & GAMBLE
COMPANY

BY: /s/ Sandra T. Lane

Sandra T. Lane, Assistant Secretary

October 10, 2018