P&G

The Procter & Gamble Company Regulation G Reconciliation of Non-GAAP Measures

In accordance with the SECs Regulation G, the following provides definitions of the non -GAAP measures used in Procter & Gambles October 8, 2019 Shareholder's meeting chairman's address, associated slides, and other materials and the reconciliation to the most closely related GAAP measure. We believe that these measures provide useful perspective on 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. Certain of 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.

The measures provided are as follows:

Organic sales growth*: Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions and divestitures, the impact from the July 1, 2018 adoption of new accounting standards for "Revenue from Contracts with Customers", and foreign exchange from year-over-year comparisons. Management believes this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis.

The Core earnings 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 included incremental restructuring activities. In 2017, the Company 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.
- Early debt extinguishment charges: In fiscal 2018, the Company recorded after-tax charges of $243 million, 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.
- Gain on Dissolution of the PGT Healthcare Partnership: The Company dissolved our PGT Healthcare partnership, a venture between the Company and Teva Pharmaceuticals Industries, Ltd (Teva) in the OTC consumer healthcare business, during the year ended June 30, 2019. The transaction was accounted for as a sale of the Teva portion of the PGT business; the Company recognized an after-tax gain on the dissolution of $353 million.
- Transitional Impact of U.S. Tax Reform: 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 pre-tax earnings.
- Shave Care Impairment: In the fourth quarter of fiscal 2019, the company recognized a one-time, non-cash, after-tax charge of $8.0 billion ($8.3 billion before tax) to adjust the carrying values of the Shave Care reporting unit. This was comprised of a before and after-tax impairment charge of $6.8 billion related to goodwill and an after-tax impairment charge of $1.2 billion ($1.6 billion before tax) to reduce the carrying value of the Gillette indefinite-lived intangible assets.
- Anti-dilutive Impacts: The Shave Care impairment charges caused certain equity instruments that are normally dilutive (and hence normally assumed converted or exercised for the purposes of determining diluted net earnings per share) to

be anti-dilutive. Accordingly, for U.S. GAAP diluted earnings per share, these instruments were not assumed to be converted or exercised. Specifically, in the fourth quarter and total fiscal 2019, the weighted average outstanding preferred shares were not included in the diluted weighted average common shares outstanding. Additionally, in the fourth quarter of fiscal 2019, none of our outstanding share-based equity awards were included in the diluted weighted average common shares outstanding. As a result of the non-GAAP Shave Care impairment adjustment, these instruments are dilutive for non-GAAP earnings per share.

We do not view the above items to be part of our sustainable 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. Management views the following non-GAAP measures as useful supplemental measures of Company performance and operating efficiency over time.

Core EPS and currency-neutral Core EPS*: Core earnings per share, or Core EPS, is a measure of the Companys diluted net earnings per share from continuing operations adjusted as indicated. Currency-neutral Core EPS is a measure of the Companys Core EPS excluding the incremental impact of foreign exchan ge.

Core operating profit margin*: Core operating profit margin is a measure of the Companys operating margin adjusted for items as indicated.

Core after-tax profit margin: Core after tax profit margin is a measure of the Company's after-tax profit margin adjusted for items as indicated.

Core effective tax rate: Core effective tax rate is a measure of the Companys effective tax rate adjusted for items as indicated.

Adjusted free cash flow: Adjusted free cash flow is defined as free cash flow adjusted for items as indicated. Adjusted free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. Management views 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.

Adjusted free cash flow productivity*: Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings adjusted for items as indicated. Management views 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, allocating financial resources and for budget planning purposes. The Companys long-term target is to generate annual free cash flow productivity at or above 90 percent.

* Measure is used to evaluate senior management and is a factor in determining their at-risk compensation.

1. Organic sales growth:

Organic Sales
Quarters

Total Company	**Net Sales Growth**	Foreign Exchange Impact	Acquisition/ Divestiture Impact/Other*	**Organic Sales Growth**
JAS 2018	-%	3%	1%	4%
OND 2018	-%	4%	-%	4%
JFM 2019	1%	5%	(1%)	5%
AMJ 2019	4%	4%	(1)%	7%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures, the impact from the July 1, 2018 adoption of new accounting standards for "Revenue from Contracts with Customers" and rounding impacts necessary to reconcile net sales to organic sales.

Total Company	**Net Sales Growth**	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other [1]	**Organic Sales Growth**
FY 2019	1%	4%	-%	5%

[1] Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures, the impact from the July 1, 2018 adoption of new accounting standards for "Revenue from Contracts with Customers" and rounding impacts necessary to reconcile net sales to organic sales.

2. Core EPS and currency-neutral Core EPS:

	Three Months Ended June 30	
	2019	**2018**
Diluted Net Earnings/(Loss) Per Share	**$(2.12)**	**$0.72**
Incremental Restructuring	0.06	0.14
Transitional Impact of U.S Tax Reform		(0.02)
Early Debt Extinguishment		0.09
Shave Care Impairment	3.02	
Anti-dilutive Impacts	0.14	
Rounding		0.01
Core EPS	**$1.10**	**$0.94**
Percentage change vs. prior period	*17%*	
Currency Impact to Earnings	0.08	
Currency-Neutral Core EPS	**$1.18**	
Percentage change vs. prior period Core EPS	*26%*	

Note – All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction.

	Twelve Months Ended June 30	
	2019	**2018**
Diluted Net Earnings Per Share	**$1.43**	**$3.67**
Incremental Restructuring	0.13	0.23
Early Debt Extinguishment		0.09
Transitional Impact of U.S Tax Reform		0.23
Gain on PGT Dissolution	(0.13)	
Shave Care Impairment	3.03	
Anti-dilutive Impacts	0.06	
Core EPS	**$4.52**	**$4.22**
Percentage change vs. prior period	*7%*	
Currency Impact to Earnings	0.35	
Currency-Neutral Core EPS	**$4.87**	
Percentage change vs. prior period Core EPS	*15%*	

Note – All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction.

3. Core operating profit margin:

	FY 2019
Operating Profit Margin	**8.1%**
Incremental Restructuring	0.6%
Shave Care Impairment	12.3%
Core Operating Profit Margin	**21.0%**

4. Core after-tax profit margin

	FY 2019
Net Earnings Margin attributable to Procter & Gamble	**5.8%**
Incremental Restructuring	0.5%
Gain on PGT Dissolution	(0.5)%
Shave Care Impairment	11.8%
Rounding	(0.1)%
Core After Tax Profit Margin	**17.5%**

5. Core effective tax rate:

	FY 2019
Effective Tax Rate	**34.7%**
Incremental Restructuring	(1.2)%
Gain on PGT Dissolution	1.9%
Shave Care Impairment	(17.8)%
Rounding	(0.1)%
Core Effective Tax Rate	**17.5%**

6. Adjusted free cash flow productivity (dollar amounts in millions):

Twelve Months Ended June 30, 2019							
Operating Cash Flow	**Capital Spending**	**U.S. Tax Act Payments**	**Adjusted Free Cash Flow**	**Net Earnings**	**Adjustments to Net Earnings***	**Adjusted Net Earnings**	**Adjusted Free Cash Flow Productivity**
$15,242	$(3,347)	$235	**$12,130**	$3,966	$7,625	**$11,591**	**105%**

*Adjustments to Net Earnings relate to the gain on the dissolution of the PGT joint venture and the Shave Care impairment charge.