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

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP measures used in Procter & Gamble's June 13, 2019 Deutsche Bank Conference, 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 Company is not able to reconcile its forward-looking non-GAAP cash flow measure because the Company cannot predict the timing and amounts of discrete items such as acquisition and divestitures, which could significantly impact GAAP results.

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”, the impact from India Goods and Services Tax changes (which were effective on July 1, 2017) 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.
- Gain on Dissolution of the PGT Healthcare Partnership: The Company finalized the dissolution of our PGT Healthcare partnership, a venture between the Company and Teva Pharmaceuticals Industries, Ltd (Teva) in the OTC consumer healthcare business, in the quarter ended September 30, 2018. 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 $650 million for the nine months ended March 31, 2018, comprised of an estimated repatriation tax charge of $3.9 billion and a net deferred tax benefit of $3.2 billion. 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. Management does not view this charge as indicative of the Company’s operating performance or underlying business results.

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 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.

Core operating profit margin*: Core operating profit margin is a measure of the Company's 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 Company's effective tax rate adjusted for items as indicated.

Adjusted free cash flow: Adjusted free cash flow is defined as operating cash flow less capital spending and adjustments 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 Company's 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.

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1. Organic sales growth:

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact/Other*	Organic Sales Growth
FYTD JFM 2019	1%	3%	-%	4%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures for all periods, 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.

Organic Sales
Quarters

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact*	Organic Sales Growth
JAS 2017	1%	-%	-%	1%
OND 2017	3%	(1)%	-%	2%
JFM 2018	4%	(4)%	1%	1%
AMJ 2018	3%	(2)%	-%	1%
JAS 2018	-%	3%	1%	4%
OND 2018	-%	4%	-%	4%
JFM 2019	1%	5%	(1)%	5%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures for all periods, the impact of India Goods and Services Tax implementation in FY 2018, 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.

Organic Sales
Guidance

Total Company	Net Sales Growth	Combined Foreign Exchange & Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2019 (Estimate)	-% to 1%	3% to 4%	+4%

* 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.

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2. Core EPS and currency-neutral Core EPS:

	Nine Months Ended March 31	
	2019	**2018**
Diluted Net Earnings Per Share from Continuing Operations	**$3.48**	**$2.94**
Incremental Restructuring	0.07	0.09
Transitional Impacts of the US Tax Act	-	0.24
Gain on Dissolution of PGT Partnership	(0.13)	-
Rounding		0.01
Core EPS	**$3.42**	**$3.28**
Percentage change vs. prior period	*4%*	
Currency Impact to Earnings	0.28	
Currency-Neutral Core EPS	**$3.70**	
Percentage change vs. prior period Core EPS	*13%*	

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

Core EPS
Guidance

Total Company	**Diluted EPS Growth**	Impact of Incremental Non-Core Items*	**Core EPS Growth**
FY 2019 (Estimate)	+17% to +24%	(14)% to (16)%	+3% to +8%

* Includes the gain on the dissolution of the PGT Healthcare partnership in FY 2019 and the impact of U.S. Tax Act and loss on early extinguishment of debt in FY 2018 and year-over-year changes in incremental non-core restructuring charges.

Currency-Neutral Core EPS
Guidance

Total Company	**Core EPS Growth**	Foreign Exchange Impact	**Currency-Neutral Core EPS Growth**
FY 2019 (Estimate)	+3% to +8%	8%	+11% to +16%

3. Core operating profit margin:

Core Operating Profit Margin
Nine Months Ended March 31st, 2019

Operating Profit Margin	Impact of Incremental Non-Core Items*	Core Operating Profit Margin
21%	1%	22%

* Includes the gain on the dissolution of the PGT Healthcare partnership and year-over-year changes in incremental non-core restructuring charges.

4. Core after-tax profit margin:

Core After-Tax Profit Margin
Nine Months Ended March 31st, 2019

After-Tax Profit Margin	Impact of Incremental Non-Core Items*	Core After-Tax Profit Margin
18%	-%	18%

* Includes the gain on the dissolution of the PGT Healthcare partnership and year-over-year changes in incremental non-core restructuring charges.

5. Core effective tax rate:

Core Effective Tax Rate
Nine Months Ended March 31st, 2019

Effective Tax Rate	Impact of Incremental Non-Core Items*	Core Effective Tax Rate
17%	1%	18%

* Includes the gain on the dissolution of the PGT Healthcare partnership and year-over-year changes in incremental non-core restructuring charges.

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

Nine Months Ended March 31, 2019							
Operating Cash Flow	**Capital Spending**	**U.S. Tax Act Payments**	**Adjusted Free Cash Flow**	**Net Earnings**	**Gain on Dissolution of PGT Partnership**	**Adjusted Net Earnings**	**Adjusted Free Cash Flow Productivity**
$11,091	$(2,533)	$235	**$8,793**	$9,203	$(353)	**$8,850**	**99%**

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Adjusted Free Cash Flow Productivity

Prior Periods

FY	Operating Cash Flow	Capital Spending	Adjustments*	Adjusted Free Cash Flow	Net Earnings	Adjustments**	Adjusted Net Earnings	Adjusted Free Cash Flow Productivity
2009	$14,983	$(3,238)	-	$11,745	$13,522	$(2,011)	$11,511	102%
2010	$16,131	$(3,067)	$980	$14,044	$12,846	$(1,585)	$11,261	125%
2011	$13,330	$(3,306)	-	$10,024	$11,927	-	$11,927	84%
2012	$13,284	$(3,964)	$519	$9,839	$10,904	$85	$10,989	90%
2013	$14,873	$(4,008)	-	$10,865	$11,402	$(333)	$11,069	98%
2014	$13,958	$(3,848)	-	$10,110	$11,785	-	$11,785	86%
2015	$14,608	$(3,736)	$729	$11,601	$7,144	$4,187	$11,331	102%
2016	$15,435	$(3,314)	-	$12,121	$10,604	$(72)	$10,532	115%
2017	$12,753	$(3,384)	$418	$9,787	$15,411	$(4,990)	$10,421	94%
2018	$14,867	$(3,717)	-	$11,150	$9,861	$845	$10,706	104%
P10 Yrs	$144,222	$(35,582)	$2,646	$111,286	$115,406	$(3,874)	$111,532	100%

* Adjustments for each year are as follows: 2010- tax payment for Pharmaceutical divestiture, 2012- tax payment for Snacks divestiture, 2015-tax payment for Pet Care divestiture, 2017- tax payment for Beauty Brands divestiture.

** Adjustments for each year are as follows: 2009- gain on Folgers divestiture, 2010- gain on global Pharmaceutical divestiture, 2012- net of gain on Snacks divestiture and after-tax Braun impairment charge, 2013- net of gain on buyout of Iberian joint venture and Salon impairment charges, 2015- Batteries impairment and Venezuela deconsolidation charges , 2016- net of gain on Battery business divestiture and Batteries impairment charge, 2017- net of loss on early debt extinguishment and gain on Beauty brands divesture, 2018- transitional impact of the U.S Tax Act and loss on early debt extinguishment.