2014 Annual Report

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FINANCIAL HIGHLIGHTS
(unaudited)

Amounts in millions, except per share amounts	**2014**	2013	2012	2011	2010
Net Sales	**$83,062**	$82,581	$82,006	$79,385	$75,785
Operating Income	**15,288**	14,330	13,035	15,233	15,306
Net Earnings Attributable to Procter & Gamble	**11,643**	11,312	10,756	11,797	12,736
Net Earnings Margin from Continuing Operations	**14.1%**	13.7%	11.2%	14.5%	14.0%
Diluted Net Earnings per Common Share from Continuing Operations(1)	**$ 3.98**	$ 3.83	$ 3.06	$ 3.80	$ 3.38
Diluted Net Earnings per Common Share(1)	**4.01**	3.86	3.66	3.93	4.11
Dividends per Common Share	**2.45**	2.29	2.14	1.97	1.80

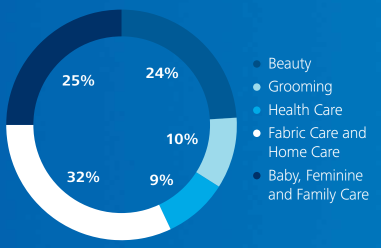
NET SALES
($ billions)

OPERATING CASH FLOW
($ billions)

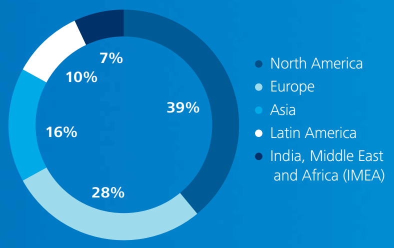
DILUTED NET EARNINGS
(per common share)

2014 NET SALES

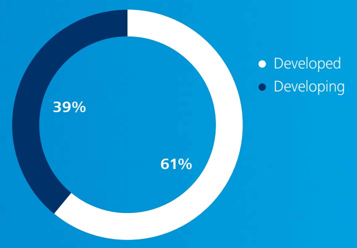
BY BUSINESS SEGMENT(2)



BY GEOGRAPHIC REGION



BY MARKET MATURITY



Various forward-looking statements are made in this Annual Report, which generally include the words "believe," "expect," "anticipate," "intend," "opportunity," "plan," "project," "will," "should," "could," "would," "likely," and similar expressions. Certain factors that may affect these forward-looking statements, including the Company's ability to achieve its goals referred to herein, are discussed on pages 12-16 of this Annual Report.

(1) Diluted net earnings per share are calculated based on net earnings attributable to Procter & Gamble.
(2) These results exclude net sales in Corporate.
* Brand names referenced in this Annual Report are trademarks of The Procter & Gamble Company or one of its subsidiaries.

Dear Shareowners,

At P&G, we are focused on building consumer-preferred brands and products that create value for consumers and shareowners. Everything begins with consumer understanding and winning at the zero moment of truth when consumers search for our brands, at the first moment of truth when they choose our brands, and at the second moment of truth when they use our products. Winning these moments of truth leads to consumer purchase, preference, regular usage and long-term loyalty. This is how we create value for consumers, build leadership brands and businesses, and create value for P&G shareowners.

We met our business and financial objectives for fiscal year 2014. Organic sales grew 3%, in line with the market. Core earnings per share increased 5%. We generated $10.1 billion of free cash flow, with 86% free cash flow productivity. We increased the dividend 7%—the 58th consecutive year that P&G's dividend has been increased—and we returned $12.9 billion in cash to shareowners through $6.9 billion in dividends and $6 billion in share repurchase.

We delivered commitments, but we know we can do better. We need to continue to lead innovation, drive productivity, and improve execution in brand building, product innovation, selling and sourcing. When we do, we will generate stronger sales growth and more reliable value creation—profit and cash flow.

To accelerate performance improvement, we are taking an important strategic step forward in the Company's business and brand portfolio.

A Focused Company of Leading Brands

P&G will become a simpler, more focused Company of 70 to 80 brands, organized into about a dozen businesses and four industry-based sectors. We will compete in businesses that are structurally attractive and best leverage our core capabilities. Within these businesses, we will focus on leading brands or brands with leadership potential, marketed in the right countries where the size of prize and probability of winning is highest, with products that sell. We will discontinue or divest businesses, brands, product lines, and unproductive products that are structurally unattractive or that don't fully play to our strengths.

Every brand we plan to keep is strategic, with the potential to grow and deliver value creation. These core 70 to 80 brands are leaders in their industries, businesses or segments. They offer differentiated products and have a track record of growth and value creation driven by product innovation and brand preference. They generate nearly 90% of current P&G sales and more than 95% of current profit. They have grown sales one point faster, with a higher profit margin than the balance of the Company during the past three years. The 90 to 100 brands we plan to exit have declining sales of –3%, declining profits of –16% and half the average Company margin during the past three years.

This strategic step will focus our innovation efforts, brand building, and supply network on fewer, more important brands. It will focus our selling resources on brands that really matter to consumers and retail customers, on businesses where we know how to win. It will provide consumers with a better shopping experience by simplifying shelf sets. It will improve service and growth for retail customers. All of these outcomes will accelerate growth and value creation.

We will create a faster growing, more profitable Company that is far simpler to manage.

A Far More Productive Company

As a result of the Company's strategic focus on leading brands, we will accelerate and over-deliver the original $10 billion productivity plan we announced in 2012. We see significant savings potential ahead across all spending elements—cost of goods sold, marketing spending, and overhead—for the next several years.

In cost of goods sold, we are already achieving productivity improvements beyond our original savings objectives. Better manufacturing reliability and adherence to quality standards are resulting in less raw material usage and reduced finished product scrapping. Increasing localization of the supply chain is driving savings in transportation and warehousing costs.

Earlier this year, we initiated what is probably the biggest supply chain redesign in the Company's history, starting in North America. We're moving from primarily single-category production sites to fewer multi-category production plants. We're simplifying, standardizing and upgrading manufacturing platforms for faster innovation, qualification and expansion, and improved product quality.

We're transforming our distribution network, starting with North America. We're moving from shipping products to retail

Joining **Tide*** and **Ariel*** in the unit dose laundry detergent segment, one **Gain Flings!*** pac offers twice the cleaning ingredients of one dose of original Gain liquid. Our unit

Head & Shoulders*, the world's #1 selling shampoo, has been a leader for over 60 years with products such as Classic Clean shampoo and conditioner. This year, we introduced Fresh Scent

We see significant savings potential ahead across all spending elements—cost of goods sold, marketing spending, and overhead—for the next several years.

customers from many different points—as if they were coming from different companies—to consolidating shipping into fewer distribution centers. These centers are located strategically closer to customers and key population centers in the U.S., enabling about 80% of the business to be within one day or less of the store shelf and the shopper. This will allow both P&G and our customers to optimize inventory levels while improving service and product availability for consumers.

To manage and operate this simpler brand portfolio, we have made several important organization design choices—four industry-based sectors; streamlining business units and selling operations; recombining four brand building functions into one; and reducing hierarchy, with all of the business unit and selling operations leaders reporting to the CEO. Each of these changes reduces complexity, and creates clearer accountability for performance and results. We're just beginning to benefit from the productivity opportunities that these organization changes create. We've reduced roles by 16%—more than 50% above the original objective, and two years sooner than planned. This is strong progress, and we see more opportunity ahead.

We're starting to improve marketing efficiency and effectiveness through an optimized media mix with more digital, mobile, search and social presence, improved message clarity and greater savings in non-media spending. We believe we have more opportunity to improve marketing efficiency—in both media and non-media areas—while increasing overall marketing effectiveness and improving sales growth.

A Company Driven by Innovation

When we get brand and product innovation right, source and sell brands and products effectively and efficiently, we grow and drive meaningful value creation. We generate higher sales and profit per unit, which enables us to capture a greater share of the value—profit and cash—where we choose to compete.

It is this share of value—the share of profit generated in a category—that we want to capture. We have about a 60% share of U.S. laundry market sales, but earn approximately 85% of the profit and cash generated in the category. We have a nearly 70% share of blades and razors sales globally—and a 90% share of value or profit. We earn a higher share of profit as a direct result of our innovation-focused business strategy and business models.

Pampers* continues to upgrade the comfort, absorbency and design of its line-up. Pampers Swaddlers—the #1 choice† of hospitals—recently expanded into sizes 4, 5 and 6, and now

Gillette* is once again changing the face of shaving with **Gillette Fusion ProGlide* with FlexBall* Technology**, which allows each cartridge to make maximum contact over contours† and get virtually

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