2015 Annual Report

CONTENTS

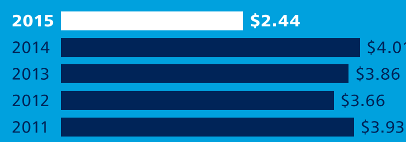
FINANCIAL HIGHLIGHTS
(unaudited)

Amounts in millions, except per share amounts	**2015[1]**	2014	2013	2012	2011
Net Sales	**$76,279**	$80,510	$80,116	$79,545	$76,982
Operating Income	**11,790**	14,740	13,817	12,611	14,779
Net Earnings Attributable to Procter & Gamble	**7,036**	11,643	11,312	10,756	11,797
Net Earnings Margin from Continuing Operations	**11.7%**	14.1%	13.7%	11.2%	14.5%
Diluted Net Earnings per Common Share from Continuing Operations[2]	**$ 3.06**	$ 3.86	$ 3.71	$ 2.97	$ 3.69
Diluted Net Earnings per Common Share[2]	**2.44**	4.01	3.86	3.66	3.93
Dividends per Common Share	**2.59**	2.45	2.29	2.14	1.97

NET SALES
($ billions)

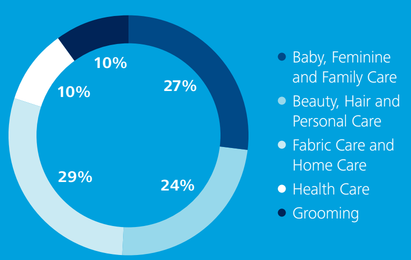
OPERATING CASH FLOW
($ billions)

DILUTED NET EARNINGS
(per common share)

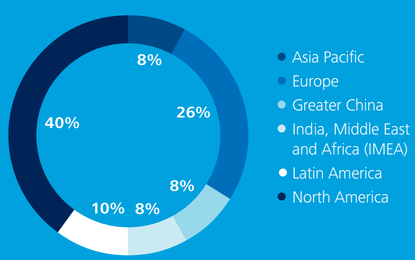


2015 NET SALES

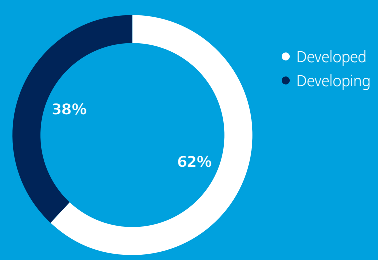
BY BUSINESS SEGMENT[3]



BY GEOGRAPHIC REGION



BY MARKET MATURITY



Various statements in this Annual Report, including estimates, projections, objectives and expected results, 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 and are generally identified by the words "believe," "expect," "anticipate," "intend," "opportunity," "plan," "project," "will," "should," "could," "would," "likely" and similar expressions. Forward-looking statements are based on current assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements, including the risks and uncertainties discussed on pages 13–17 of this Annual Report. We undertake no obligation to update or revise publicly any forward-looking statements.

(1) Our 2015 net sales were negatively impacted by approximately $4.8 billion of unfavorable foreign exchange fluctuation compared to 2014. Net earnings attributable to Procter & Gamble in 2015 were negatively impacted by approximately $1.4 billion due to foreign exchange, $2.1 billion of non-cash impairment charges related to the Batteries business reported in discontinued operations and a $2.1 billion charge related to a change in accounting for our Venezuelan operations from consolidation to the cost method. These impacts are discussed more fully later in this Annual Report.
(2) Diluted net earnings per share are calculated based on net earnings attributable to Procter & Gamble.
(3) These results exclude net sales in Corporate.

A.G. LAFLEY

Chairman of the Board,
President and
Chief Executive Officer

Dear Shareowners,

Fiscal 2015 was a tough year due to weakening developing market economics and the unprecedented negative impact of foreign exchange. Because we are a dollar-denominated company headquartered in the U.S., and given the reality of the geographic footprint of our business—with significant exposures in markets such as Brazil, Japan and Russia—Company worldwide sales and profits were negatively impacted by foreign exchange.

All-in sales were down 5%, including the negative 6-point impact of foreign exchange.

Organic sales grew 1%. Organic sales for our 10 core categories grew 2%, about one point below underlying market growth.

On an all-in GAAP basis, earnings per share were $2.44, down due to significant one-time charges and restructuring costs. Core earnings per share were $4.02, down 2%, including a 13-point, $1.5 billion negative impact of foreign exchange. On a constant currency basis, core earnings per share were up 11%.

In response to consumer demand, we broadened our U.S. portfolio with **Tide PODS Plus Febreze**, **Tide PODS Free & Gentle** and **Tide PODS Original Scent**. These offerings continue to fuel the Unit Dose segment, where P&G's global retail sales are over $1.5 billion.

Despite the sales and earnings pressures, we continued to generate strong adjusted free cash flow of $11.6 billion, increased the dividend for the 59th year in a row, and returned $11.9 billion to shareowners—$7.3 billion in dividends and $4.6 billion in share repurchase. Over the past five years, we've returned $60 billion to shareowners—$12 billion a year on average. We have announced our intention to return up to $70 billion to shareowners over the next four years through a combination of dividend payments, share retirement and share repurchase.

Building a Better Company

This year, P&G will be 178 years old. A company does not last for that long if its management is not willing to change anything and everything, except for its purpose and core values, to serve consumers and create value for shareowners.

We are leading the most comprehensive series of changes in the Company's history. We are putting the strategies and capabilities in place to transform P&G into a faster-growing, more profitable and far simpler company.

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We are recommitting ourselves to putting the consumer at the center of everything we do. The purpose of any business is to create a consumer and to serve that consumer better than anyone else can. That's why we're investing in capabilities to understand consumer needs better than ever. That's why we're investing in creating and building brands that consumers prefer. And that's why we're investing in innovative products that deliver better performance, quality, experiences and value.

As we rededicate ourselves to the fundamentals of consumer-preferred brands and products, what has changed at P&G? What's different, and how are we building a better P&G?

A More Focused Business Portfolio

We conducted a comprehensive diagnosis to answer a fundamental strategic question: Which businesses should P&G be in? We chose 10 business categories where P&G understands consumers and has leading market positions, strong brands, differentiated products and business models proven to grow and create value. These 10 categories have been growing faster, and their operating margins are higher than those of the total Company. Their sales and profits are highly concentrated in the top consumer markets around the world. Yet they have significant growth opportunity in big, developed countries such as the U.S.,

Power Oral Care is an important P&G business with annual sales over $1 billion, including our most recent innovation—the first power toothbrush with *Bluetooth*® technology. Current household penetration is low, and we have significant growth potential using our proven model to grow penetration.

Germany, the U.K. and Japan, where household penetration rates can still be improved, and in developing markets such as China, Brazil, India, Russia, Turkey and Mexico, where P&G has been improving its strategic position. They have played and will continue to play to P&G's core strengths: consumer understanding, innovation, productivity, branding, go-to-market execution and leveraging Company scale and scope.

After decades of category extension and geographic expansion to get bigger, we are narrowing our focus to these 10 categories to get better. Ultimately, a more focused P&G will lead to becoming the best-performing company in the consumer products industry—winning with consumers and delivering the most consistent and reliable performance in our chosen categories, countries, channels and customers.

Committed to Growth and Value Creation

At P&G, we win with shoppers and consumers by providing consumer-preferred brands and products that become leading value creators in their categories. The best measure of winning is Operating Total Shareholder Return (TSR). We like Operating TSR because it is a single, coordinated and integrated measure of growth and value creation that brings together winning with shoppers and consumers to deliver sales growth, gross and operating margin improvement, and asset efficiency.

The foundational building block of Operating TSR is operating cash flow, and our strong cash flow performance for many years has enabled reinvestment in the business and steady returns to shareowners. The second building block is operating margins, which we have started to improve and will continue to improve as we move into the core business portfolio and continue to execute our innovation and productivity programs with excellence. The third building block is organic sales growth, which has been modest, but will improve as we build household penetration on more of our brands and introduce an even stronger lineup of new and improved products that are coming to market over the next one, two and three years.

Operating TSR is a balanced measure of performance, and everyone in the Company—the technician on the manufacturing floor, the sales person in the retail store, the scientist in the innovation lab—is focused on their contribution to deliver consistent and reliable growth and value creation.

More Innovative and More Productive

We have always believed that product innovation is the lifeblood of our business. We invent brands and products that create and transform categories, and that build consumer trial and create value in those categories for years—often for decades. Our brand and product innovations drive category market growth, which creates value for our retail customers and suppliers. We're rededicating ourselves to product innovation that "wins from the top"—offering the best-performing products in the category, with the highest quality, at a modest price premium—yielding superior consumer value and growth. We're investing more in R&D and

SK-II, P&G's billion-dollar prestige skin care brand, has introduced two new essentials: **SK-II Mid-Day Miracle Essence** and **SK-II Mid-Night Miracle Essence**, to deliver a boost of crystal-clear skin anytime, anywhere, and strengthen the skin barrier over time.

We developed **Pampers Premium Care Pants** to delight moms and babies with comfort and skin protection. Pants are the preferred style in many countries and the fastest-growing segment of the diaper market. They're available in China and Russia, and expanding to more markets.

We extended Gillette FlexBall innovation to the market-leading women's razor brand, with **Venus Swirl**. We've sold over 2.5 million Venus Swirl razors in the U.S., and Venus' U.S. share of women's system razors has grown over four points to 64% since Venus Swirl's January 2015 launch.

meaningful product innovation. Early examples include Pampers Swaddlers and Pants, Tide and Ariel PODS, Downy Unstopables, Pantene conditioners with advanced Pro-V science, Gillette FlexBall and Venus Swirl, and Oral-B Powerbrush. Each of these product innovations is building or is expected to build its category and brand sales—and there are more to come.

Innovation is our lifeblood, but what has changed is the realization that we cannot deliver consistent and reliable growth and value creation without continuous improvement in productivity. We are implementing the biggest supply chain redesign in the Company's history. We are moving to fewer categories, brands, initiatives, product lines and SKUs. We are consolidating to fewer plants, agencies, suppliers and organizations. We are focusing on fewer priorities and activities. This is leading to lower costs in overhead, cost-of-goods-sold, marketing and trade spending. In turn, this is driving more focus and more savings to reinvest in accelerating growth of the leading brands, the most significant product innovations, and the countries and customers with the highest potential for sales, profit and cash growth.

Better Execution

We are rededicating ourselves to the power of execution. We are raising our standards to be the best at execution. We are renewing focus on gaining trial among consumers at the point of market entry. We are recommitting to superior advertising to create awareness and sampling clearly superior-performing products to attract consumers to our brands. We are investing in our sales force to build profitable distribution and shelf assortment. We are investing in a more agile, flexible and faster distribution network to reduce out-of-stocks and optimize inventory. And we are renewing our manufacturing operations to improve quality and to accelerate innovation at lower cash, capital and operating costs. Execution is the only strategy a consumer sees, and we intend to be the best.

Better Balance

P&G is a company that needs balance to win. Whenever we get out of balance, we underperform. We win when we deliver balanced sales growth and profit growth. We win when we leverage both innovation and productivity. We win when we have clear strategies and execute with excellence. Consumers and shareowners expect balance from P&G. We are making changes to achieve this balance, to deliver consistent and reliable growth and value creation for the short-, mid- and long-term.

Stronger Ownership

Personal leadership, accountability and ownership have always been core values for P&G people. But as a company becomes bigger, more global and more complex, it can become more difficult for individuals to feel strong personal ownership in their connection to business unit success. We have simplified the organization to bring a higher level of business ownership to each business leader and to

Unstopables has expanded from in-wash scent beads to a collection of products delivering sophisticated scent experiences for homes. With breakthrough fragrance technology and long-lasting, high-quality perfumes, sales of the Unstopables collection have grown to nearly $300 million globally.

every P&G person. We have linked individual performance to each person's contribution to Operating TSR at every level of the Company. The intent is for P&G people to be engaged in serving consumers and shoppers, driving product innovation and productivity, sourcing and distributing brands and products, and executing programs to win with consumers and shareowners—many of whom are P&G employees.

Strong Leadership

On November 1, David Taylor will become P&G's next CEO. David is an accomplished leader with 35 years of proven results in many of P&G's businesses and functions in multiple markets around the world. His breadth of experience and track record of success are strong. He is hands-on, with deep knowledge of consumers and categories. He is focused and strategic, with strong operational leadership to take action and execute with excellence. David has played a central role in working with P&G leadership, the Board and me on developing the strategies and business portfolio to win with consumers and deliver balanced growth and value creation.

As CEO, David will focus on leading P&G's transformation with excellence. As Executive Chairman, I look forward to supporting David, the leadership team and you. I will continue to chair the Board of Directors and provide advice and counsel to David and P&G leadership on Company and business unit strategies, portfolio choices and organization decisions.

A Better P&G

We are transforming into a better P&G. The foundation is based on P&G's Purpose, Values and Principles. The consumer is at the center of everything we do. We will win consistently with about 65 leading brands organized into 10 businesses in industry-based sectors. We will go to market in six regions through about 30 country clusters. We will create value through consumer-preferred brands and products that win at the zero, first and second moments of truth. We will play P&G's game to our core strengths—positioned to grow again through the power of P&G brands, products and people. It won't all happen immediately, and some quarters will be better than others—but the choices we've made matter. The new P&G will grow sales, profit and cash more consistently and more sustainably to create value more reliably for P&G shareowners.

A.G. LAFLEY
Chairman of the Board, President and Chief Executive Officer

The **NyQuil SEVERE** and **DayQuil SEVERE** launch was the largest in the Cold & Flu category in North America since 2012, delivering maximum-strength symptom-fighting ingredients to consumers. SEVERE gained trial in 8.5+ million households and grew total DayQuil and NyQuil sales.

Head & Shoulders, our largest shampoo brand and the #1 shampoo brand globally,† has grown organic sales for the past 20 years. This year we launched the Instant Relief Collection in the U.S., designed to provide cooling scalp relief with the first wash.

†P&G calculation based on Nielsen sales information.

P&G—A Company of Leading Brands

BABY, FEMININE AND FAMILY CARE

$20.2 billion

NET SALES†

BABY CARE
Subcategories: Baby Wipes, Diapers and Pants

FAMILY CARE
Subcategories: Paper Towels, Tissues, Toilet Paper

FEMININE CARE
Subcategories: Adult Incontinence, Feminine Care

FABRIC AND HOME CARE

$22.3 billion

NET SALES†

FABRIC CARE
Subcategories: Fabric Enhancers, Laundry Additives, Laundry Detergents

HOME CARE
Subcategories: Air Care, Dish Care, P&G Professional, Surface Care

P&G is focusing on 10 product categories with about 65 brands. These 10 categories have been growing faster, and their operating margins are higher than those of the total Company. P&G is the leader in seven of these categories and is #2 in the remaining three, with significant growth potential in all of them. They play to P&G's core strengths: consumer understanding, innovation, productivity, branding, go-to-market execution and leveraging Company scale and scope.

We are well positioned to build consumer trial and create value in these categories, and drive category market growth, which creates value for our retail customers and suppliers.

Across the 10 categories, P&G has 21 brands with annual sales of $1 billion to about $10 billion, and 11 brands with sales of $500 million to $1 billion—many of those with billion-dollar potential.

BEAUTY

$18.1 billion

NET SALES†

HAIR CARE
Subcategories: Hair Care

SKIN AND PERSONAL CARE
Subcategories: Antiperspirant and Deodorant, Personal Cleansing, Skin Care

HEALTH AND GROOMING

$15.2 billion

NET SALES†

ORAL CARE
Subcategories: Toothbrush, Toothpaste, Other Oral Care

PERSONAL HEALTH CARE
Subcategories: Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Other Personal Health Care

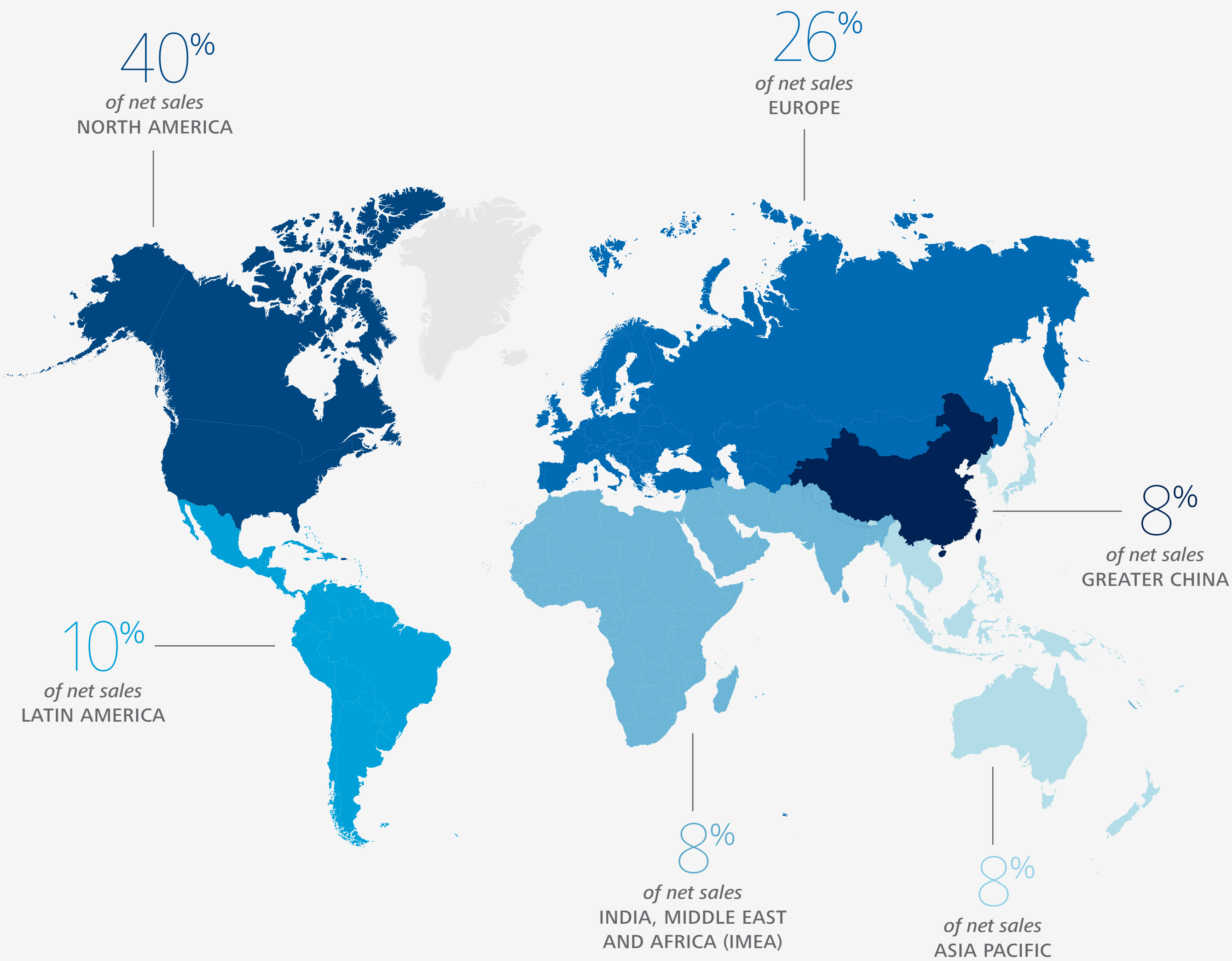
SHAVE CARE
Subcategories: Electronic Hair Removal, Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Shave Care

†Results for all sectors exclude net sales in Corporate. Results for the Beauty sector include sales for several Beauty categories P&G plans to exit, as the Company announced on July 9, 2015.

Global Reach with a Human Touch

We take our portfolio of brands to consumers through six regional Selling and Market Operations.

- ASIA PACIFIC
- EUROPE
- GREATER CHINA
- INDIA, MIDDLE EAST AND AFRICA (IMEA)
- LATIN AMERICA
- NORTH AMERICA



P&G's fiscal 2015 net sales were $76.3 billion.

Form 10-K Index

Part III

Part IV

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

Form 10-K

(Mark one)

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

For the Fiscal Year Ended June 30, 2015

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 or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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 $246 billion on December 31, 2014.

There were 2,712,561,733 shares of Common Stock outstanding as of July 31, 2015.

Documents Incorporated by Reference

Portions of the Proxy Statement for the 2015 Annual Meeting of Shareholders which will be filed within one hundred and twenty days of the fiscal year ended June 30, 2015 (2015 Proxy Statement) are incorporated by reference into Part III of this report to the extent described herein.

PART I

Item 1. Business.

Additional information required by this item is incorporated herein by reference to Management's Discussion and Analysis (MD&A); Note 1 to our Consolidated Financial Statements and Note 12 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, we sell our products 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 Computershare Inc., 250 Royall Street, Canton, MA 02021.

Financial Information about Segments

As of June 30, 2015 the Company has five reportable segments under U.S. GAAP: Beauty, Hair and Personal Care; Grooming; Health Care; Fabric Care and Home Care; and Baby, Feminine and 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 Prestige Fragrances (Beauty, Hair and Personal Care) are seasonal.

Additional information about our reportable segments can be found in the MD&A and Note 12 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 around the world primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons, 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 presence of our products and win the "first moment of truth" - when a consumer is shopping in the store. 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. Research and product development activities, designed to enable sustained organic growth, continued to carry a high priority during the past fiscal year. While many of the benefits from these efforts will not be realized until future years, we believe these activities demonstrate our commitment to future growth.

Key Product Categories. Information on key product categories can be found in Note 12 to our Consolidated Financial Statements.

Key Customers. Our customers include mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons, distributors, e-commerce and high-frequency stores. Sales to Wal-Mart Stores, Inc. and its affiliates represent approximately 14% of our total revenue in 2015, 2014 and 2013. No other customer represents more than 10% of our net sales. Our top ten customers account for approximately 33% of our total sales in 2015, 2014 and 2013. 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 distribution of input materials and 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 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. Total research and development expenses were $2.0 billion in 2015 and 2014 and $1.9 billion in 2013.

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 2016.

Employees. Total number of employees is an estimate of total Company employees excluding interns, co-ops 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
2015	**110,000**
2014	118,000
2013	121,000
2012	126,000
2011	129,000
2010	127,000

Financial Information about Foreign and Domestic Operations. Net sales in the U.S. account for approximately 37% 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:

	2015	2014	2013
North America [(1)]	**40%**	38%	39%
Europe	**26%**	28%	27%
Asia Pacific	**8%**	8%	9%
Greater China	**8%**	8%	8%
IMEA [(2)]	**8%**	8%	7%
Latin America	**10%**	10%	10%

(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
2015	**$28.3**	**$48.0**
2014	$28.3	$52.2
2013	$28.1	$52.0
Total Assets (years ended June 30)		
2015	**$65.0**	**$64.5**
2014	$68.8	$75.5
2013	$68.3	$71.0

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 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, such as the recent volatility in the Russian ruble, 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, or otherwise adversely impact our business results or financial condition. Moreover, discriminatory or conflicting fiscal 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 5 to our Consolidated Financial Statements.

We also have sizable businesses and maintain local currency cash balances in a number of foreign countries with exchange, import authorization, pricing or other controls, including Argentina, China, Egypt, Greece, India, Nigeria, Ukraine and Venezuela. Our results of operations and financial condition could be adversely impacted if we are unable to successfully manage such controls 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 outside the U.S., such as the current year impact of deconsolidating our Venezuelan subsidiaries as discussed in this Form 10-K.

Additionally, our business, operations or employees may be 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, which could negatively impact our financial condition or results of operations.

Uncertain global economic conditions, including disruptions in credit markets or changes to our credit rating, may adversely impact demand for our products, cause our customers and other business partners to suffer financial hardship or reduce our access to credit, all of 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; 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. 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.

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 our previously-announced supply chain simplifications 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, inability to procure sufficient raw or input materials, 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. In addition, our financial projections include cost savings described in our announced productivity plan. Failure to manage these fluctuations and deliver the planned cost savings 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.

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 be able to successfully respond to technological advances made by, and intellectual property rights granted to, competitors. Failure to do so 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. This includes, among other things, increasing competition from mid- and lower-tier value products, including private-label products, in both developed and developing markets. To address these challenges, we must be able to successfully respond to competitive factors, including pricing, promotional incentives and trade terms. In addition, the emergence of new sales channels and business models may affect customer and consumer preferences as well as market dynamics. Failure to successfully respond to competitive factors and effectively compete in new sales channels 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, salons, distributors, e-commerce and high-frequency stores. 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 consolidation 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 based on our 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 a substantial impediment to its reputation due to a significant product recall, product-related litigation, 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, 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 or 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.

A breach of information security, including a cybersecurity breach or failure of one or more key information technology systems, networks, hardware, processes, associated sites or 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 sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some 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, transmitting, transferring and storing customer, consumer, employee, vendor, investor and other stakeholder information and personal data;
- summarizing and reporting results of operations;
- hosting, processing and sharing, as appropriate, confidential and proprietary research, business plans and financial information;
- 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 the confidentiality, availability and integrity of our data. As cybersecurity threats rapidly evolve in sophistication and become more prevalent across the industry globally, the Company is continually increasing its sensitivity and attention to these threats. We continue to assess potential threats and make investments seeking to address these threats, including monitoring of networks and systems and upgrading skills, employee training and security policies for the Company and its third-party providers. However, because the techniques used in these attacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. Our IT systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, 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 will prevent breaches or 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 if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information, due to any number of causes, ranging from catastrophic events or power outages to improper data handling or security breaches, and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

We must successfully manage compliance with legislation, regulation and enforcement, as well as pending legal 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 or anti-corruption (such as the U.S. Foreign Corrupt Practices Act) or other matters. Rapidly changing laws, regulations and related interpretations, including changes in accounting standards, as well as increased enforcement actions, create challenges for our compliance and ethics programs and may alter the environment in which we do business. 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 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 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, such as the Base Erosion and Profit Shifting project ("BEPS") currently being undertaken 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.

If we are unable to successfully execute our portfolio optimization strategy, as well as successfully manage ongoing acquisition, joint venture and divestiture activities, it could adversely impact our business.

In August 2014, the Company announced a plan to significantly streamline our product portfolio by divesting, discontinuing or consolidating about 100 non-strategic brands, resulting in a portfolio of about 65 brands. The Company has announced a series of transactions that will substantially complete this plan. It will take time to execute this plan, and our ability to successfully do so could impact our results.

In addition, 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 ongoing organizational change.

Our financial targets assume a consistent level of productivity improvement, including those described in our announced productivity plan and our portfolio-optimization strategy. If we are unable to deliver these expected productivity improvements, while continuing to invest in business growth, our financial results could be adversely impacted. We expect these types of changes, which will include staffing adjustments as well as employee departures, to continue for the foreseeable future. Successfully executing these changes, including effective 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. It also includes continued development and execution of robust leadership succession plans, including successful execution of our recently announced CEO transition.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

In the U.S., we own and operate 29 manufacturing sites located in 21 different states or territories. In addition, we own and operate 100 manufacturing sites in 38 other countries. Many of the domestic and international sites manufacture products for multiple businesses. Beauty, Hair and Personal Care products are manufactured at 37 of these locations; Grooming products at 18; Health Care products at 16; Fabric Care and Home Care products at 50; and Baby, Feminine and Family Care at 43. 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.

On February 10, 2015, the Sacramento County Environmental Management Department (Sacramento EMD) issued an Administrative Enforcement Order to The Procter & Gamble Manufacturing Company, a subsidiary of the Company, alleging violations of California's hazardous waste management regulations at the subsidiary's facility in Sacramento, California. On May 26, 2015, the subsidiary and Sacramento EMD agreed to a Final Stipulation and Order that includes no admission of liability, a release of all claims against the subsidiary, a $200,000 fine assessed against the subsidiary, and an agreement by the subsidiary to make certain plant modifications and have a third party conduct an integrity assessment of certain hazardous waste systems at its Sacramento, California facility.

On August 25, 2014, "Procuraduría Federal de Protección al Ambiente" (PROFEPA) issued a ruling to Procter & Gamble Manufactura, S. de R.L. de C.V. (Planta Vallejo), a subsidiary of the Company, citing violations of Mexico's air emissions regulations at the subsidiary's facility in Zona Industrial Vallejo, Mexico City, Mexico and requiring the subsidiary to perform certain corrective measures at the facility, most of which have been completed. On June 15, 2015, PROFEPA issued a final ruling to the subsidiary imposing monetary sanctions of $133,000. The proceedings are still pending as PROFEPA reviews compliance with additional terms of the subsidiary's environmental licenses.

The Company is subject, from time to time, to certain other 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 11 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, 2015, are:

Name	Position	Age	First Elected to Officer Position
A. G. Lafley	Chairman of the Board, President and Chief Executive Officer Director since May 23, 2013	68	2013
Jon R. Moeller	Chief Financial Officer	51	2009
Giovanni Ciserani	Group President - Global Fabric and Home Care	53	2013
Martin Riant	Group President - Global Baby, Feminine and Family Care	56	2013
Carolyn M. Tastad	Group President - North America Selling and Market Operations	54	2014
David S. Taylor	Group President - Global Beauty, Grooming and Health Care; Director	57	2013
Mark F. Biegger	Chief Human Resources Officer	53	2012
Linda Clement-Holmes	Chief Information Officer	53	2014
Gary A. Coombe	President - Europe Selling and Market Operations	51	2014
Tarek N. Farahat	President - Latin America Selling and Market Operations	51	2014
Kathleen B. Fish	Chief Technology Officer	58	2014
Hatsunori Kiriyama	President - Asia Pacific Selling and Market Operations	52	2014
Deborah P. Majoras	Chief Legal Officer and Secretary	51	2010
Julio N. Nemeth	President - Global Business Services	54	2015
Matthew Price	President - Greater China Selling and Market Operations	49	2015
Marc S. Pritchard	Chief Brand Officer	55	2008
Mohamed Samir	President - India, Middle East and Africa (IMEA) Selling and Market Operations	48	2014
Jeffrey K. Schomburger	Global Sales Officer	53	2015
Valarie L. Sheppard	Senior Vice President, Comptroller and Treasurer	51	2005
Yannis Skoufalos	Global Product Supply Officer	58	2011

All the Executive Officers named above, excluding Mr. Lafley, have been employed by the Company for more than the past five years. Mr. Lafley is Chairman of the Board, President and Chief Executive Officer of the Company and was reappointed to this position on May 23, 2013. Mr. Lafley originally joined the Company in 1977 and held positions of increasing responsibility, in the U.S. and internationally, until he was elected President and Chief Executive Officer in 2000, a position he held until June 30, 2009. On July 1, 2002, Mr. Lafley was elected Chairman of the Board, a position he held until January 2010, at which time he retired from the Company. During the past five years and prior to his return as CEO, Mr. Lafley served as a consultant to the Company and as a member of the boards of directors of public companies Dell, Inc. and General Electric Company, though he no longer serves on these boards. He also served as a Senior Advisor at Clayton, Dubilier & Rice, LLC, a private equity partnership, consulted with a number of Fortune 50 companies on business and innovation strategy, and advised on CEO succession and executive leadership development. He currently serves on the board of directors of Legendary Pictures, LLC (a film production company).

PART II

Item 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
4/1/2015 - 4/30/2015	—	—	—	(3)
5/1/2015 - 5/31/2015	—	—	—	(3)
6/1/2015 - 6/30/2015	4,420,851	$79.17	4,420,851	(3)
Total	4,420,851	$79.17	4,420,851	(3)

(1) The total number of shares purchased for the three months ended June 30, 2015 was 4,420,851. 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.

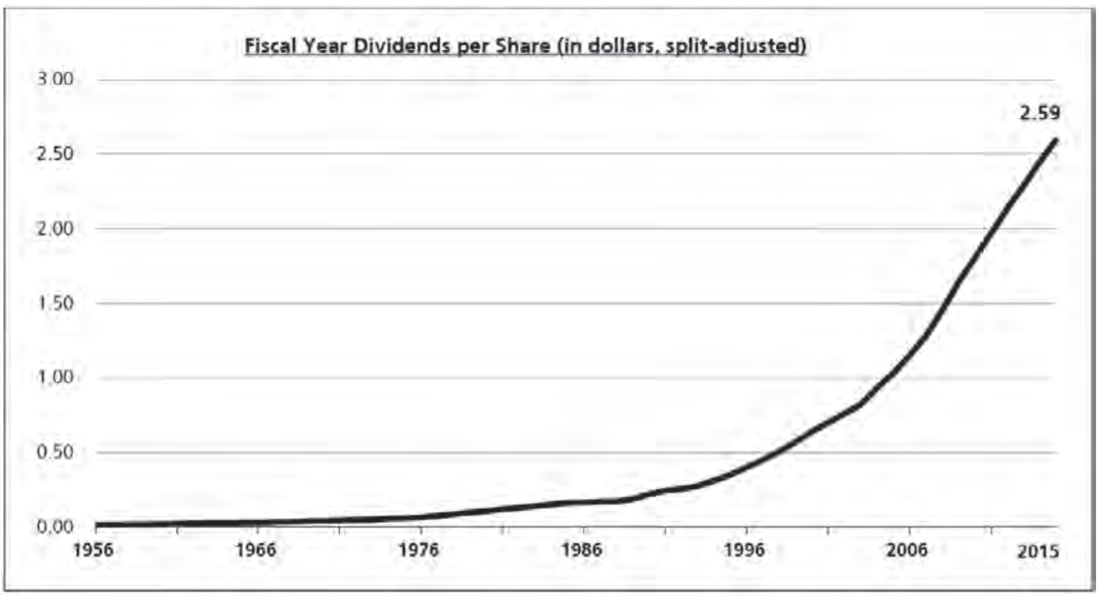
(3) On April 23, 2015, the Company stated that fiscal year 2015 share repurchases to reduce Company shares outstanding were estimated to be approximately $5 billion, notwithstanding any purchases under the Company's compensation and benefit plans. The share repurchases were authorized pursuant to a resolution 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 was $4.6 billion. The share repurchase plan ended on June 30, 2015.

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 125 consecutive years since its incorporation in 1890 and has increased its dividend for 59 consecutive years at an annual compound average rate of over 9%.



(in dollars; split-adjusted)	1956	1966	1976	1986	1996	2006	2015
Dividends per share	$ 0.01	$ 0.03	$ 0.06	$ 0.16	$ 0.40	$ 1.15	$ **2.59**

Quarterly Dividends

Quarter Ended	2014 - 2015	2013 - 2014
September 30	**$ 0.6436**	$ 0.6015
December 31	**0.6436**	0.6015
March 31	**0.6436**	0.6015
June 30	**0.6629**	0.6436

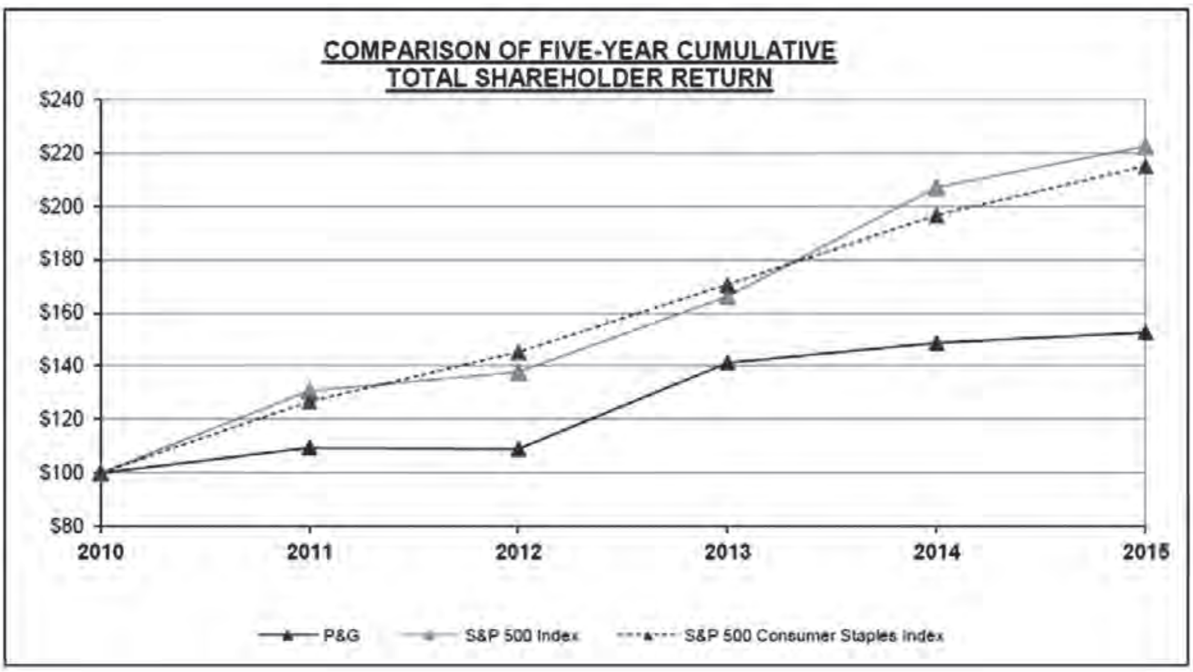
Common Stock Price Range

Quarter Ended	2014 - 2015		2013 - 2014	
	High	Low	High	Low
September 30	**$ 85.40**	**$ 77.29**	$ 82.40	$ 73.61
December 31	**93.89**	**81.57**	85.82	75.20
March 31	**91.78**	**80.82**	81.70	75.26
June 30	**84.20**	**77.10**	82.98	78.43

P&G trades on the New York Stock Exchange and NYSE Euronext-Paris under the stock symbol PG. There were approximately 2.6 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, 2015.

Shareholder Return

The following graph compares the cumulative total return of P&G's common stock for the five-year period ended June 30, 2015, 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, 2010, and that all dividends were reinvested.



Company Name/Index	Cumulative Value of $100 Investment, through June 30					
	2010	2011	2012	2013	2014	2015
P&G	$ 100	$ 109	$ 109	$ 141	$ 149	**$ 153**
S&P 500 Index	100	131	138	166	207	**222**
S&P 500 Consumer Staples Index	100	127	145	171	197	**215**

Item 6. Selected Financial Data.

The information required by this item is incorporated by reference to Note 1 and Note 12 to our Consolidated Financial Statements.

Financial Summary (Unaudited)

Amounts in millions, except per share amounts	2015 [2]	2014	2013	2012	2011	2010
Net sales	**$ 76,279**	$ 80,510	$ 80,116	$ 79,545	$ 76,982	$ 73,435
Gross profit	**37,403**	39,500	40,125	39,628	39,594	38,717
Operating income	**11,790**	14,740	13,817	12,611	14,779	14,801
Net earnings from continuing operations	**8,930**	11,318	10,953	8,874	11,197	10,201
Net earnings from discontinued operations	**(1,786)**	467	449	2,030	730	2,645
Net earnings attributable to Procter & Gamble	**7,036**	11,643	11,312	10,756	11,797	12,736
Net earnings margin from continuing operations	**11.7%**	14.1%	13.7%	11.2%	14.5%	13.9%
Basic net earnings per common share: [1]						
Earnings from continuing operations	**$ 3.16**	$ 4.03	$ 3.87	$ 3.08	$ 3.87	$ 3.41
Earnings from discontinued operations	**(0.66)**	0.16	0.17	0.74	0.25	0.91
Basic net earnings per common share	**$ 2.50**	$ 4.19	$ 4.04	$ 3.82	$ 4.12	$ 4.32
Diluted net earnings per common share: [1]						
Earnings from continuing operations	**$ 3.06**	$ 3.86	$ 3.71	$ 2.97	$ 3.69	$ 3.26
Earnings from discontinued operations	**(0.62)**	0.15	0.15	0.69	0.24	0.85
Diluted net earnings per common share	**$ 2.44**	$ 4.01	$ 3.86	$ 3.66	$ 3.93	$ 4.11
Dividends per common share	**$ 2.59**	$ 2.45	$ 2.29	$ 2.14	$ 1.97	$ 1.80
Research and development expense	**$ 2,047**	$ 1,984	$ 1,940	$ 1,947	$ 1,897	$ 1,851
Advertising expense	**8,290**	8,979	9,364	8,981	8,868	8,162
Total assets	**129,495**	144,266	139,263	132,244	138,354	128,172
Capital expenditures	**3,736**	3,848	4,008	3,964	3,306	3,067
Long-term debt	**18,329**	19,811	19,111	21,080	22,033	21,360
Shareholders' equity	**$ 63,050**	$ 69,976	$ 68,709	$ 64,035	$ 68,001	$ 61,439

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

(2) Our 2015 net sales were negatively impacted by approximately $4.8 billion of unfavorable foreign exchange fluctuation compared to 2014. Net earnings attributable to Procter & Gamble in 2015 were negatively impacted by approximately $1.4 billion due to foreign exchange, $2.1 billion of non-cash impairment charges related to the Batteries business reported in discontinued operations and a $2.1 billion Venezuelan deconsolidation charge. These impacts are discussed more fully later in Item 7 "Summary of 2015 Results" and "Results of Operations" of the MD&A.

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 that are subject to risks and uncertainties which may cause actual results to differ materially from those expressed or implied in the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual 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 following Management's Discussion and Analysis (MD&A) is intended to provide the reader with an understanding of P&G'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 2015 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), free cash flow, adjusted free cash flow and adjusted free cash flow productivity. Organic sales growth is net sales growth excluding the impacts of foreign exchange, acquisitions and divestitures. Core EPS is diluted net earnings per share from continuing operations excluding certain specified charges and gains. Free cash flow is operating cash flow less capital spending. Adjusted free cash flow is free cash flow excluding tax payments for the Pet Care divestiture. Adjusted free cash flow productivity is the ratio of adjusted free cash flow to net earnings excluding impairment charges on the Batteries business and the Venezuelan deconsolidation charge. 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 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 and are measured on an annual basis versus the prior 12-month period. References to competitive activity include promotional and product initiatives from our competitors.

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, salons, distributors, 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 Global Business Units (GBUs) are organized into four industry-based sectors, comprised of 1) Global Beauty, 2) Global Health and Grooming, 3) Global Fabric and Home Care and 4) Global Baby, Feminine and Family Care. Under U.S. GAAP, the GBUs underlying the four sectors are aggregated into five reportable segments: Beauty, Hair and Personal Care; Grooming; Health Care; Fabric Care and Home Care; and Baby, Feminine and 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 key product categories and brand composition within each segment.

Reportable Segment	% of Net Sales*	% of Net Earnings*	GBUs (Categories)	Billion Dollar Brands
Beauty, Hair and Personal Care	24%	23%	Skin and Personal Care (Antiperspirant and Deodorant, Personal Cleansing, Skin Care); Cosmetics; Hair Care and Color; Prestige; Salon Professional	Head & Shoulders, Olay, Pantene, SK-II, Wella
Grooming	10%	16%	Shave Care (Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Shave Care); Electronic Hair Removal	Fusion, Gillette, Mach3, Prestobarba
Health Care	10%	11%	Personal Health Care (Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/ Supplements, Other Personal Health Care); Oral Care (Toothbrush, Toothpaste, Other Oral Care)	Crest, Oral-B, Vicks
Fabric Care and Home Care	29%	24%	Fabric Care (Laundry Additives, Fabric Enhancers, Laundry Detergents); Home Care (Air Care, Dish Care, P&G Professional, Surface Care)	Ariel, Dawn, Downy, Febreze, Gain, Tide
Baby, Feminine and Family Care	27%	26%	Baby Care (Baby Wipes, Diapers and Pants); Feminine Care (Adult Incontinence, Feminine Care); Family Care (Paper Towels, Tissues, Toilet Paper)	Always, Bounty, Charmin, Pampers

* Percent of net sales and net earnings from continuing operations for the year ended June 30, 2015 (excluding results held in Corporate).

Recent Developments: 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 fourth quarter fiscal 2015 one-time after-tax charge of $2.1 billion ($0.71 per share). In future periods, our financial results will only include sales of finished goods to our Venezuela subsidiaries to the extent we receive cash payments from Venezuela (expected to be largely through the CENCOEX exchange market). Accordingly, we will no longer include the results of our local Venezuelan subsidiaries' operations in future reporting periods (see Note 1 to the Consolidated Financial Statements and additional discussion in this MD&A under "Venezuela Impacts" in Results of Operations).

In August 2014, the Company announced a 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 will retain about 85% of sales and 95% of before-tax profit.

On July 9, 2015, the Company announced the signing of a definitive agreement with Coty, Inc. to divest four product categories, including 43 of its beauty brands to Coty Inc. Coty's offer was $12.5 billion. While the final value of the transaction will be determined at closing, based on Coty's stock price and outstanding shares and equity grants as of the date of signing, the value of the transaction was approximately $15.0 billion. While the ultimate form of the transaction has not yet been decided, the Company's current preference is for a Reverse Morris Trust split-off transaction in which P&G shareholders could elect to participate in an exchange offer to exchange P&G shares for Coty shares.

The transaction includes P&G's global salon professional hair care and color, retail hair color, cosmetics and fine fragrance categories, along with select hair styling brands, all of which have historically been part of the Company's Beauty, Hair and Personal Care reportable segment and had net sales of $5.5 billion in fiscal year 2015. The Company expects to complete this beauty transaction by the end of calendar year 2016. For the period ended June 30, 2015, the results of the affected beauty categories and brands remain part of our continuing operations. Beginning with fiscal year 2015-16 reported results, the earnings, assets and liabilities from the affected beauty businesses will be reported as discontinued operations.

On November 13, 2014, the Company announced that it plans to divest the Batteries business via a split transaction with Berkshire Hathaway valued at $2.9 billion, in which it will exchange a recapitalized Duracell Company for Berkshire Hathaway's shares of Procter & Gamble stock. The Company had previously sold its controlling interest in a China-based batteries joint venture, which represented the balance of the

Company's Batteries business, during the quarter ended December 31, 2014. The Company expects to complete the Duracell transaction in the beginning of calendar year 2016, pending necessary regulatory approvals. The Batteries business had historically been part of the Company's Fabric Care and Home Care reportable segment. The results of the Batteries business are now presented as discontinued operations and, as such, are excluded from both continuing operations and segment results for all periods presented. Additionally, the Batteries balance sheet positions as of June 30, 2015 are presented as held for sale in the Consolidated Balance Sheets.

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 now presented as discontinued operations and, as such, are excluded from both continuing operations and segment results for all periods presented. Additionally, the Pet Care balance sheet positions as of June 30, 2014 are presented as held for sale in the Consolidated Balance Sheets.

With these transactions and other recently completed and announced minor brand divestitures, the Company will have substantially completed the strategic portfolio reshaping program with 93 out of approximately 100 brands having been sold, discontinued or consolidated.

Beauty, Hair and Personal Care: 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 beauty care, hair care and color and prestige. In beauty care, we offer a wide variety of products, ranging from deodorants to cosmetics to skin care, such as our Olay brand, which is the top facial skin care brand in the world with over 8% global market share. In hair care and color, we compete in both the retail and salon professional channels. We are the global market leader in the retail hair care and color market with over 20% global market share primarily behind our Pantene and Head & Shoulders brands. In the prestige channel, we compete primarily with our prestige fragrances behind Dolce & Gabbana, Gucci and Hugo Boss fragrance brands and the SK-II brand.

Grooming: We are the global market leader in the blades and razors market. Our global blades and razors market share is over 65%, primarily behind the Gillette franchise including Fusion, Mach3, Prestobarba and Venus. Our electronic hair removal devices, 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 over 20% of the male shavers market and nearly 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 approximately 20% global market share. In personal health care, we are a top ten competitor in a large, highly fragmented industry behind respiratory treatments (Vicks brand) and nonprescription heartburn medications (Prilosec OTC brand). 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 Care and 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 share position in the markets in which we compete and are the global market leader with approximately 30% global market share, primarily behind our Tide, Ariel and Downy brands. Our global home care market share is approximately 20% across the categories in which we compete.

Baby, Feminine and Family Care: In baby care, we compete mainly in diapers, pants and baby wipes with over 30% 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 approximately $10 billion. We are the global market leader in the feminine care category with approximately 30% global market share, primarily behind Always. We have recently entered the adult incontinence category in certain markets, achieving nearly a 10% market share in those markets where we have entered. 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 nearly 45% 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.

Global Business Services

GBS provides technology, processes and standard data tools to enable the GBUs and the SMOs 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.

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.

STRATEGIC FOCUS

We are focused on strategies that we believe are right for the long-term health of the Company with the objective of delivering total shareholder return in the top one-third of our peer group.

Our value creation progress is measured internally with the operating total shareholder return (O-TSR) model. Over time, O-TSR performance is highly correlated with market total shareholder returns. O-TSR is a balanced measure that requires strong performance across the three primary drivers of value creation: sales growth, profit margin expansion and efficient utilization of assets to generate strong, reliable operating cash flow. We operationalize O-TSR deep within the Company by defining tight linkages between business activities and the key drivers of value creation, from strategic choices of global business units, brands and country teams down to individual employees' daily work plans.

The Company has recently undertaken an effort to focus and strengthen its business portfolio to compete in categories and brands that are structurally attractive and that play to P&G strengths. This will enable us to allocate resources to leading brands - marketed in the right set of countries, channels and customers - where the size of the prize and probability of winning is highest. When the major portion of this work is complete, we expect to compete in four industry-based sectors made up of approximately ten product categories and 65 leading brands.

Innovation has always been - and continues to be - P&G's lifeblood. To consistently win with consumers around the world across price tiers and preferences and to consistently win versus our best competitors, each P&G product category needs a full portfolio of innovation, including a mix of commercial programs, product improvements and game-changing innovations. We are also innovating to improve our category, brand and market business models to better serve consumers and customers.

Productivity is a core strength for P&G, which creates flexibility to fund our growth efforts, offset cost challenges and/or improve operating margins. We have taken significant steps to accelerate productivity and savings across all elements of costs, including cost of goods sold, marketing expense and non-manufacturing overhead. These efforts are yielding significant benefits to our operating margin.

Finally, we are focused on improving execution and operating discipline in everything we do. Operating discipline and execution have always been - and must continue to be - core capabilities and competitive advantages for P&G.

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 high single digits; and
- Adjusted free cash flow productivity of 90% or greater.

In periods with significant macroeconomic pressures, we will 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 2015 RESULTS

Amounts in millions, except per share amounts	2015	Change vs. Prior Year	2014	Change vs. Prior Year	2013
Net sales	**$ 76,279**	(5)%	$ 80,510	—%	$ 80,116
Operating income	**11,790**	(20)%	14,740	7%	13,817
Net earnings from continuing operations	**8,930**	(21)%	11,318	3%	10,953
Net earnings/(loss) from discontinued operations	**(1,786)**	(482)%	467	4%	449
Net earnings attributable to Procter & Gamble	**7,036**	(40)%	11,643	3%	11,312
Diluted net earnings per common share	**2.44**	(39)%	4.01	4%	3.86
Diluted net earnings per share from continuing operations	**3.06**	(21)%	3.86	4%	3.71
Core earnings per common share	**4.02**	(2)%	4.09	5%	3.89

- Net sales decreased 5% to $76.3 billion including a negative 6% impact from foreign exchange.
  - Organic sales increased 1%.
  - Unit volume decreased 1%. Volume grew low single digits in Fabric Care and Home Care. Volume decreased low single digits in Baby, Feminine and Family Care, Grooming and Health Care, and declined mid-single digits in Beauty, Hair and Personal Care.
- Net earnings from continuing operations decreased $2.4 billion or 21% due to a $2.1 billion after tax charge related to the deconsolidation of our Venezuelan subsidiaries and the decline in net sales, partially offset by reduced selling, general and administrative expenses (SG&A). Foreign exchange impacts negatively affected net earnings by approximately 12%.
- Net earnings from discontinued operations decreased $2.3 billion due primarily to impairment charges in our Batteries business, which is included in discontinued operations due to the pending divestiture.
- Net earnings attributable to Procter & Gamble were $7.0 billion, a decrease of $4.6 billion or 40% versus the prior year period due primarily to the Venezuelan deconsolidation charge and impairment charges in our Batteries business.
- Diluted net earnings per share decreased 39% to $2.44
  - Diluted net earnings per share from continuing operations decreased 21% to $3.06.
  - Core EPS decreased 2% to $4.02.
- Cash flow from operating activities was $14.6 billion.
  - Adjusted free cash flow was $11.6 billion.
  - Adjusted free cash flow productivity was 102%.

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 10-K.

Global Economic Conditions. Current macroeconomic factors remain dynamic, and any causes of market size contraction, such as greater political unrest in the Middle East and Eastern Europe, further economic instability in the European Union, political instability in certain Latin American markets and economic slowdowns in Japan and China, 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 2012. If we are not successful in executing 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. In 2015 and 2014, 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 Russia, Ukraine, Japan and Switzerland, have had, and could have, an additional 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 Argentina, China, Egypt, Greece, India, Nigeria, Ukraine and Venezuela. Changes in government policies in these areas might cause an increase or decrease in our sales, operating margin and net earnings. During fiscal 2015, the Company deconsolidated its Venezuelan subsidiaries due to evolving conditions that have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar and have 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, 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, 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, Hair and Personal Care 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 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 do 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, marketing 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 2015 compared with fiscal year 2014

Net sales decreased 5% to $76.3 billion in 2015 on a 1% decrease in unit volume versus the prior year period. Volume grew low single digits in Fabric Care and Home Care. Volume decreased low single digits in Baby, Feminine and Family Care, Grooming and Health Care and decreased mid-single digits in Beauty, Hair and Personal Care. Volume increased low single digits in developed regions and declined low single digits in developing regions due, in part, to pricing actions to address foreign exchange devaluations. Unfavorable foreign exchange reduced net sales by 6%, while higher pricing drove a 2% favorable impact on net sales. Organic volume decreased 1% and organic sales grew 1% driven by higher pricing.

Fiscal year 2014 compared with fiscal year 2013

Net sales increased less than half a percent to $80.5 billion in 2014 on a 3% increase in unit volume versus the prior year period. Fabric Care and Home Care along with Baby, Feminine and Family Care volume grew mid-single digits. Grooming and Health Care volume grew low single digits. Beauty, Hair and Personal Care volume was unchanged. Volume increased low single digits in developed regions and grew mid-single digits in developing regions. Unfavorable foreign exchange reduced net sales by 3%. Organic sales grew 3% driven by the unit volume increase. A 1% favorable impact from higher pricing was offset by a 1% impact from unfavorable geographic and product mix due to higher relative growth of developing regions, which have lower than average selling prices, and of lower priced product categories such as Fabric Care and Baby Care.

Operating Costs

Comparisons as a percentage of net sales; Years ended June 30	2015	Basis Point Change	2014	Basis Point Change	2013
Gross margin	**49.0%**	(10)	49.1%	(100)	50.1%
Selling, general and administrative expense	**30.9%**	10	30.8%	(170)	32.5%
Operating margin	**15.5%**	(280)	18.3%	110	17.2%
Earnings from continuing operations before income taxes	**15.5%**	(230)	17.8%	10	17.7%
Net earnings from continuing operations	**11.7%**	(240)	14.1%	40	13.7%
Net earnings attributable to Procter & Gamble	**9.2%**	(530)	14.5%	40	14.1%

Fiscal year 2015 compared with fiscal year 2014

Gross margin decreased 10 basis points to 49.0% of net sales in 2015. Gross margin benefited from a 200 basis point impact from manufacturing cost savings and a 90 basis point benefit from higher pricing. These impacts were offset by a 140 basis point impact from unfavorable geographic and product mix, primarily from a decline in the Prestige business, which has higher than average margins, and within the Fabric Care and Home Care and Grooming segments. Additional offsets include a 40 basis point impact from unfavorable foreign exchange, a 40 basis point impact from costs related to initiatives and capacity investments, a 30 basis point impact from higher restructuring costs and smaller impacts from lower volume scale and higher commodity costs.

Total SG&A decreased 5% to $23.6 billion, as reduced overhead and marketing spending was partially offset by increased foreign exchange transaction charges. SG&A as a percentage of net sales increased 10 basis points to 30.9%, as the negative scale impacts of lower net sales and inflationary impacts were partially offset by cost savings efforts. Marketing spending as a percentage of net sales decreased 60 basis points behind lower spending due to efficiency efforts. Overhead spending as a percentage of net sales increased 40 basis points as productivity savings of 60 basis points from reduced overhead spending were more than offset by wage inflation, investments in research and development, the negative scale impacts of lower net sales and higher restructuring costs. Increased foreign exchange transaction charges added approximately 30 basis points to SG&A as a percentage of net sales, as current year foreign currency transaction charges (from revaluing receivables and payables denominated in a currency other than a local entity’s functional currency) were partially offset by lower year-on-year charges for Venezuela remeasurement and devaluation.

During fiscal 2015, the Company incurred a $2.0 billion ($2.1 billion after tax) charge related to the deconsolidation of its Venezuelan subsidiaries. See the “Venezuela Impacts” later in the Results of Operations section.

Fiscal year 2014 compared with fiscal year 2013

Gross margin contracted 100 basis points to 49.1% of net sales in 2014. The decrease in gross margin was primarily driven by a 150 basis point impact from unfavorable geographic and product mix, a 50 basis point impact from higher commodity costs and a 90 basis point impact from unfavorable foreign exchange, partially offset by manufacturing cost savings of 190 basis points and a 40 basis point benefit from higher pricing. The unfavorable geographic and product mix was caused by disproportionate growth in developing regions and the Fabric Care and Home Care and Baby, Feminine and Family Care segments, which have lower gross margins than the Company average.

Total SG&A decreased 5% to $24.8 billion in 2014 due to a reduction in marketing spending, overhead expense, impairment charges and restructuring costs. SG&A as a percentage of net sales decreased 170 basis points to 30.8%. Lower restructuring spending drove 30 basis points of the decline. Marketing spending as a percentage of net sales decreased 80 basis points primarily due to lower spending behind a focus on more efficient marketing support and scale benefits from increased net sales. Overhead spending decreased 50 basis points from productivity savings. Impairment charges were 40 basis points in 2013, but were zero in 2014. Charges for the 2014 foreign currency policy changes in Venezuela were comparable to the 2013 Venezuela devaluation impact.

During fiscal 2013, we incurred impairment charges of $308 million ($290 million after tax) related to the carrying value of goodwill in our Appliances business and the related Braun trade name intangible asset.

Non-Operating Items

Fiscal year 2015 compared with fiscal year 2014

Interest expense was $626 million in 2015, a decrease of $84 million versus the prior year due to lower average debt balances and a decrease in weighted average interest rates. Interest income was $151 million in 2015, an increase of $50 million versus the prior year due to an increase in cash, cash equivalents and investment securities. Other non-operating income, net, primarily includes divestiture gains and investment income. Other non-operating income increased $325 million to $531 million, primarily due to minor brand divestiture gains. In 2015, we had approximately $400 million in minor brand divestiture gains, including Zest, Camay, Fekkai and Wash & Go hair care brands, Rochas and Laura Biagotti fine fragrance brands and Vaposteam. The prior year acquisition and divestiture activities included approximately $150 million in divestiture gains, primarily related to the sale of our bleach businesses in Europe, IMEA and Latin America, our Pert hair care business in Latin America and MDVIP.

Fiscal year 2014 compared with fiscal year 2013

Interest expense increased 6% in 2014 to $710 million, primarily due to an increase in average debt outstanding. Interest income was $101 million in 2014, an increase of $13 million versus the prior year due to an increase in cash, cash equivalents and investment securities. Other non-operating income, net, primarily includes divestiture gains and investment income. Other non-operating income decreased $735 million to $206 million, primarily due to acquisition and divestiture impacts. In 2014, we had approximately $150 million in divestiture gains, primarily related to the sale of our bleach businesses in Europe, IMEA and Latin America, our Pert hair care business in Latin America and MDVIP. The 2013 acquisition and divestiture activities included a $631 million holding gain resulting from P&G's purchase of the balance of its Baby Care and Feminine Care joint venture in Iberia and an approximate $250 million gain from the divestiture of our Italy bleach business.

Income Taxes

Fiscal year 2015 compared with fiscal year 2014

The effective tax rate on continuing operations increased 350 basis points to 24.6% in 2015 mainly due to the non-deductibility of the $2.0 billion Venezuelan deconsolidation charge. The rate increase caused by lower current year favorable discrete adjustments related to uncertain income tax positions (the net benefit was 80 basis points in the current year versus 160 basis points in the prior year) was largely offset by a decrease related to favorable geographic earnings mix.

Fiscal year 2014 compared with fiscal year 2013

The effective tax rate on continuing operations decreased 170 basis points to 21.1% in 2014. The primary driver of this rate decline was approximately 320 basis points from the favorable geographic mix of earnings and approximately 60 basis points due to the non-deductibility of the 2013 impairment charges related to our Appliances business. These impacts were partially offset by a 50 basis point increase due to the Venezuela currency policy changes and devaluation discussed below (which decreased the prior year rate 20 basis points and increased the current year rate by 30 basis points), a 110 basis point increase due to the tax impacts of acquisition and divestiture activities (the gains from the purchase of the balance of the Baby Care and Feminine Care joint venture in Iberia and the sale of our Italy bleach business in 2013) and a 30 basis point increase due to the net impact of favorable discrete adjustments related to uncertain income tax positions. The net benefit 2014 was $228 million, or 160 basis points, versus 190 basis points of net benefit in 2013.

Net Earnings

Fiscal year 2015 compared with fiscal year 2014

Net earnings from continuing operations decreased $2.4 billion or 21% to $8.9 billion due to the $2.1 billion after tax charge related to the deconsolidation of Venezuelan subsidiaries and the decline in net sales, partially offset by reduced selling, general and administrative costs (SG&A). Foreign exchange impacts negatively affected net earnings by approximately $1.4 billion in 2015 due to the weakening of certain key currencies against the U.S. dollar, primarily in Russia, Ukraine, Venezuela and Argentina, partially offset by lower after-tax charges related to balance sheet remeasurement charges in Venezuela.

Net earnings from discontinued operations decreased $2.3 billion in 2015 due primarily to $2.1 billion of after tax impairment charges in our Batteries business (see Note 2 to the Consolidated Financial Statements) and the absence of fiscal 2015 earnings from our divested Pet Care business. Net earnings attributable to Procter & Gamble decreased $4.6 billion, or 40% to $7.0 billion.

Diluted net earnings per share from continuing operations decreased $0.80, or 21%, to $3.06 due to the decrease in net earnings. We had a diluted net loss per share from discontinued operations of $0.62 due primarily to the impairment charges on the Batteries business. This was a reduction of $0.78 per share versus the prior year. Diluted net earnings per share decreased $1.57, or 39%, to $2.44.

Core EPS decreased 2% to $4.02. Core EPS represents diluted net earnings per share from continuing operations excluding charges for Venezuelan deconsolidation, balance sheet remeasurement charges from foreign exchange policy changes and devaluation in Venezuela (see below), 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, partially offset by minor brand divestiture gains.

Fiscal year 2014 compared with fiscal year 2013

Net earnings from continuing operations increased $365 million or 3% to $11.3 billion in 2014 due to the increase in sales and a 40-basis point expansion in net earnings margin. The increase in net earnings margin was primarily driven by the decrease in SG&A as a percentage of net sales and the lower tax rate, partially offset by the gross margin contraction and the acquisition and divestiture-driven net reduction in other non-operating income, net.

Net earnings from discontinued operations increased $18 million in 2014 due to stronger results in our Batteries business offsetting the ongoing impacts of prior year product recalls in Pet Care. Net earnings attributable to Procter & Gamble increased $331 million, or 3% to $11.6 billion.

Diluted net earnings per share from continuing operations increased 4% to $3.86 primarily due to the increase in net earnings. Diluted net earnings per share from discontinued operations was $0.15 due to the earnings of the Batteries and Pet Care businesses. Diluted net earnings per share increased 4% to $4.01.

Core EPS increased 5% to $4.09 primarily due to increased net sales, a 40 basis point net earnings margin expansion and the reduction in shares outstanding. Core EPS represents diluted net earnings per share from continuing operations excluding charges from foreign exchange policy changes and the devaluation of the foreign exchange rates in Venezuela (see below), the 2013 holding gain on the purchase of the balance of our Iberian joint venture, the 2013 impairment of goodwill and indefinite-lived intangible assets and charges in both years for European legal matters and incremental restructuring related to our productivity and cost savings plan.

Venezuela Impacts

Effective June 30, 2015, the Company deconsolidated its local Venezuelan operations from our Consolidated Financial Statements. P&G has operated in Venezuela for over 65 years and remains committed to serving Venezuelan consumers with our leading brands and products to grow our business. We expect our operations in Venezuela will continue for the foreseeable future. We continue to work proactively with the Venezuelan official agencies to ensure we fully understand and remain compliant as the policies within which our Venezuelan subsidiaries operate evolve. We do not expect this change in accounting to directly affect the local operations of our Venezuelan subsidiaries.

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 have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar and have restricted our Venezuelan operations' ability to pay dividends and satisfy certain other obligations denominated in U.S. dollars. For accounting purposes, this has 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 change resulted in a fourth quarter fiscal 2015 one-time before-tax charge of $2.0 billion ($2.1 billion after tax, or $0.71 per share). In future periods, our financial results will only include sales of finished goods to our Venezuelan subsidiaries to the extent we receive payments from Venezuela (expected to be largely through the CENCOEX exchange market). Accordingly, we will no longer include the results of our Venezuelan subsidiaries' operations in future reporting periods (see Note 1 to the Consolidated Financial Statements). Our operations in Venezuela accounted for less than 2% of consolidated net sales and earnings from continuing operations (before the deconsolidation charge) during fiscal 2015.

Venezuela is a highly inflationary economy under U.S. GAAP. As a result, prior to deconsolidation, the U.S. dollar had been the functional currency for our subsidiaries in Venezuela. A number of changes have been initiated in the Venezuelan exchange rate system, including changes that resulted in devaluations to their currency. Prior to deconsolidation, currency remeasurement adjustments for non-dollar denominated monetary assets and liabilities held by our Venezuelan subsidiaries, along with any other transactional foreign exchange gains and losses, have been reflected in earnings, and totaled $104 million, $275 million and $236 million on an after-tax basis in 2015, 2014 and 2013, respectively.

There are currently three official exchange rate mechanisms in Venezuela. The CENCOEX (National Center for External Commerce) exchange rate is 6.3 Venezuelan bolivares fuerte (VEF) per dollar and can be used for the importation of certain qualifying products and materials. SICAD (Complementary

System for Foreign Exchange Administration) is an auction-based exchange program applicable to foreign investment transactions and certain other qualifying imports of finished goods and materials. The rate available through SICAD was 10.6 VEF per dollar at June 30, 2014 and 12.8 VEF per dollar at June 30, 2015. A third exchange mechanism, referred to as SIMADI (Sistema Marginal de Divisas), is also an auction-based program recently trading at approximately 200 VEF per dollar.

Through December 31, 2013, Venezuela had only one officially established exchange rate for qualifying dividends and imported goods and services, the CENCOEX rate, previously CADIVI (Foreign Exchange Administrative Commission). Accordingly, through December 31, 2013, our results in Venezuela and all of our net monetary assets were measured at this exchange rate. On January 24, 2014, a number of announcements were made affecting currency exchange rate and other controls, including the introduction of the SICAD and SICAD II exchange rate mechanisms. In addition, based on local regulatory guidance, we had expected dividends to be executed under the SICAD rate. Accordingly, beginning in January 2014, other than transactions flowing through CENCOEX, our historical operations and balance sheet positions were generally measured using the SICAD rate. In January 2015, additional announcements were made relating to currency exchange rate and other controls, including the elimination of the SICAD II exchange rate and the introduction of the SIMADI rate.

A significant portion of our imports have historically qualified for the CENCOEX rate. While we continue to import certain materials and products under this rate, payments for such qualifying imports have declined in recent years. At this time, there is considerable uncertainty as to how CENCOEX will operate in the future, including the nature and quantity of transactions that will continue to flow through CENCOEX. However, we believe a portion of our imports will continue to qualify for the preferential rate. We have had no recent access to the SICAD market for imports or dividends. To date, we have had limited access to the SIMADI market. Our plans and ability to access that market in the future is unclear.

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 12 to the Consolidated Financial Statements, we apply blended statutory tax rates in the segments. Eliminations to adjust segment results to arrive at our 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 (2015 vs. 2014)						
	Volume with Acquisitions & Divestitures	**Volume Excluding Acquisitions & Divestitures**	**Foreign Exchange**	**Price**	**Mix**	**Other**	**Net Sales Growth**
Beauty, Hair and Personal Care	(4)%	(3)%	(5)%	2%	0%	0%	(7)%
Grooming	(3)%	(3)%	(8)%	4%	0%	0%	(7)%
Health Care	(1)%	(1)%	(5)%	2%	3%	0%	(1)%
Fabric Care and Home Care	1%	1%	(6)%	1%	0%	(1)%	(5)%
Baby, Feminine and Family Care	(1)%	(1)%	(6)%	2%	2%	0%	(3)%
TOTAL COMPANY	**(1)%**	**(1)%**	**(6)%**	**2%**	**0%**	**0%**	**(5)%**

	Net Sales Change Drivers (2014 vs. 2013)						
	Volume with Acquisitions & Divestitures	**Volume Excluding Acquisitions & Divestitures**	**Foreign Exchange**	**Price**	**Mix**	**Other**	**Net Sales Growth**
Beauty, Hair and Personal Care	0%	0%	(2)%	0%	0%	0%	(2)%
Grooming	1%	1%	(3)%	4%	(2)%	0%	0%
Health Care	2%	2%	(1)%	1%	(1)%	0%	1%
Fabric Care and Home Care	4%	5%	(3)%	(1)%	0%	0%	0%
Baby, Feminine and Family Care	4%	3%	(3)%	1%	0%	0%	2%
TOTAL COMPANY	3%	3%	(3)%	1%	(1)%	0%	0%

Net sales percentage changes are approximations based on quantitative formulas that are consistently applied. Other includes the sales mix impact from acquisitions and divestitures and rounding impacts necessary to reconcile volume to net sales.

BEAUTY, HAIR AND PERSONAL CARE

($ millions)	2015	Change vs. 2014	2014	Change vs. 2013
Volume	**N/A**	(4)%	N/A	—%
Net sales	**$18,135**	(7)%	$19,507	(2)%
Net earnings	**$2,584**	(6)%	$2,739	11%
% of net sales	**14.2%**	20 bps	14.0%	160 bps

Fiscal year 2015 compared with fiscal year 2014

Beauty, Hair and Personal Care net sales decreased 7% to $18.1 billion in 2015 on a 4% decrease in unit volume. Organic sales decreased 1% on a 3% decline in organic volume. Unfavorable foreign exchange reduced net sales by 5%. Increased pricing was a benefit of 2%. Global market share of the Beauty, Hair and Personal Care segment decreased 0.5 points. Volume decreased low single digits in developed markets and was down mid-single digits in developing markets.

- Volume in Hair Care and Color decreased low single digits in both developed and developing markets following minor divestitures and competitive activity. Global market share of the hair care category was down more than half a point.
- Volume in Skin and Personal Care was down mid-single digits, driven by a high single-digits decline in developing markets, primarily due to decreases in skin care and personal cleansing due to ongoing competitive activity. Volume was unchanged in developed markets. Global market share of the skin and personal care category was down half a point.
- Volume in Cosmetics was unchanged as a mid-single-digit increase in developing markets primarily due to market growth and product innovation was offset by a low single-digit decrease in developed markets due to competitive activity. Global market share of the cosmetics category was down slightly.
- Volume in Salon Professional decreased low single digits due to a low single-digit decrease in developed markets primarily due to market declines. Volume in developing markets was unchanged.
- Volume in Prestige decreased double digits due to competitive activity and reduced levels of initiative activity.

Net earnings decreased 6% to $2.6 billion primarily due to lower volume and the currency-driven reduction in net sales. Net earnings margin increased 20 basis points due to a reduction in SG&A as a percent of sales, behind lower spending from the Company's focus on marketing efficiencies.

Fiscal year 2014 compared with fiscal year 2013

Beauty, Hair and Personal Care net sales decreased 2% to $19.5 billion in 2014. Unit volume was in line with the prior year period as overall market growth was offset by share declines from the impacts of competitive activity. Organic sales were flat. Unfavorable foreign exchange reduced net sales by 2%. Global market share of the Beauty, Hair and Personal Care segment decreased 0.4 points. Volume increased low single digits in developing markets and declined low single digits in developed markets.

- Volume in Hair Care and Color was flat with a decrease in developed regions offset by an increase in developing regions. Global market share of the hair care category decreased nearly half a point.
- Volume in Skin and Personal Care increased low single digits due to product and commercial innovation and market growth for personal cleansing and deodorants, partially offset by a decrease in facial skin care due to competitive activity. Global market share of the skin and personal care category decreased nearly half a point.
- Volume in Cosmetics increased low single digits in both developed and developing markets due to market growth and product innovation. Global market share of the cosmetics category decreased slightly.
- Volume in Salon Professional decreased mid-single digits due to competitive activity and European market contraction.
- Volume in Prestige decreased low single digits due to minor brand divestitures.

Net earnings increased 11% to $2.7 billion due to a 160 basis point increase in net earnings margin. Net earnings margin increased due to a decrease in SG&A and a gain on a minor brand divestiture (Pert in Latin America), partially offset by gross margin contraction. SG&A decreased primarily due to a reduction in marketing spending resulting from optimization efforts. Gross margin decreased slightly due to the impact of foreign exchange and negative geographic and product mix, partially offset by manufacturing cost savings.

GROOMING

($ millions)	2015	Change vs. 2014	2014	Change vs. 2013
Volume	**N/A**	(3)%	N/A	1%
Net sales	**$7,441**	(7)%	$8,009	—%
Net earnings	**$1,787**	(9)%	$1,954	6%
% of net sales	**24.0%**	(40) bps	24.4%	150 bps

Fiscal year 2015 compared with fiscal year 2014

Grooming net sales decreased 7% to $7.4 billion in 2015 on a 3% decrease in unit volume. Organic sales increased 1%. Price increases in blades and razors and appliances contributed 4% to net sales while unfavorable foreign exchange reduced net sales by 8%. Global market share of the Grooming segment decreased 0.1 points versus year ago. Volume decreased low single digits in both developed and developing regions.

- Shave Care volume decreased low single digits due to a mid-single-digit decline in developed regions from lower trade inventory levels and a low single digit-decrease in developing regions following increased pricing. Global market share of the blades and razors category was up slightly.
- Volume in Electronic Hair Removal increased mid-single digits due to mid-single-digit growth in developed markets and low single-digit growth in developing markets behind

product innovation and market growth. Global market share of the electronic hair removal category was flat.

Net earnings decreased 9% to $1.8 billion due to the decline in net sales and a 40 basis-point decrease in net earnings margin. Net earnings margin decreased due to higher SG&A spending as a percent of sales. Decreased spending due to marketing efficiencies and overhead reductions did not keep pace with the currency-driven reduction in net sales. Gross margin was unchanged as negative geographic mix from a disproportionate decline in developed regions was offset by manufacturing cost savings.

Fiscal year 2014 compared with fiscal year 2013

Grooming net sales were flat at $8.0 billion in 2014 on a 1% increase in unit volume. Organic sales were up 3%. Price increases in Blades and Razors and Appliances contributed 4% to net sales growth. Unfavorable geographic and product mix reduced net sales by 2% due to disproportionate growth in developing regions and mid-tier products, both of which have lower than segment average selling prices. Unfavorable foreign exchange reduced net sales by 3%. Global market share of the Grooming segment increased 0.2 points. Volume increased mid-single digits in developing regions partially offset by a low-single-digit decrease in developed regions.

- Shave Care volume increased low single digits due to a mid-single-digit growth in developing regions from innovation and market growth, partially offset by a low single-digit decrease in developed regions due to market contraction. Global market share of the blades and razors category was up slightly.
- Volume in Appliances decreased low single digits due to the sale of the Braun household appliances business. Organic volume increased mid-single digits driven by developing markets due to market growth, product innovation on men's shavers and shipments to build inventory to support initiatives and new distributors. Global market share of the appliances category was down less than half a point.

Net earnings increased 6% to $2.0 billion due to a 150 basis-point increase in net earnings margin. Net earnings margin increased primarily due to a reduction in SG&A spending which was driven by a decrease in marketing spending. Gross margin increased slightly as the benefits of pricing and manufacturing cost savings more than offset the negative impacts of foreign exchange and geographic and product mix.

HEALTH CARE

($ millions)	2015	Change vs. 2014	2014	Change vs. 2013
Volume	**N/A**	(1)%	N/A	2%
Net sales	**$7,713**	(1)%	$7,798	1%
Net earnings	**$1,167**	8%	$1,083	(1)%
% of net sales	**15.1%**	120 bps	13.9%	(30) bps

Fiscal year 2015 compared with fiscal year 2014

Health Care net sales declined 1% to $7.7 billion in 2015 on a 1% decline in unit volume. Organic sales increased 4%. Favorable geographic and product mix increased net sales 3%, primarily driven by Oral Care growth in developed markets, which has higher average sales prices. Increased pricing added 2% to net sales. Unfavorable foreign exchange reduced net sales by 5%. Global market share of the Health Care segment decreased 0.3 points. Volume increased low single digits in developed regions but decreased mid-single digits in developing regions.

- Oral Care volume decreased low single digits as a mid-single-digit decline in developing regions due to competitive activity and following increased pricing was partially offset by a low single-digit increase in developed regions from product innovation. Global market share of the oral care category was flat.
- Volume in Personal Health Care decreased low single digits due to a low single-digit decrease in developed regions from competitive activity. Volume in developing markets was unchanged. Global market share of the personal health care category was down about a point.

Net earnings increased 8% to $1.2 billion as the reduction in net sales was more than offset by a 120-basis point increase in net earnings margin. Net earnings margin increased due to gross margin expansion and reduced SG&A spending as a percentage of net sales. Gross margin increased primarily due to the impact of higher pricing and manufacturing cost savings. SG&A declined as a percentage of net sales due to a focus on marketing spending efficiencies.

Fiscal year 2014 compared with fiscal year 2013

Health Care net sales increased 1% to $7.8 billion in 2014 on a 2% increase in unit volume. Organic sales increased 2%. Price increases across the businesses contributed 1% to net sales growth. Disproportionate growth in developing regions drove unfavorable geographic mix reducing net sales by 1%. Unfavorable foreign exchange reduced net sales by 1%. Global market share of the Health Care segment increased 0.2 points. Volume increased low single digits in both developed and developing regions.

- Oral Care volume increased low single digits due to a mid-single-digit increase in developing regions behind geographic market expansion and market growth and a low single-digit increase in developed regions from innovation. Global market share of the oral care category increased less than half a point.
- Volume in Personal Health Care decreased low single digits due to a weak cough and cold season which was only partially offset by innovation and market expansion.

Net earnings decreased 1% to $1.1 billion as the increase in net sales was more than offset by a 30-basis point decrease in net earnings margin. Net earnings margin decreased due to gross margin contraction, partially offset by lower overheads. Gross margin decreased due to the impact of foreign exchange and negative geographic and product mix, partially offset by manufacturing cost savings and pricing.

FABRIC CARE AND HOME CARE

($ millions)	2015	Change vs. 2014	2014	Change vs. 2013
Volume	**N/A**	1%	N/A	4%
Net sales	**$22,277**	(5)%	$23,509	—%
Net earnings	**$2,635**	(5)%	$2,771	(2)%
% of net sales	**11.8%**	0 bps	11.8%	(30) bps

Fiscal year 2015 compared with fiscal year 2014

Fabric Care and Home Care net sales decreased 5% to $22.3 billion in 2015 on a 1% increase in unit volume. Organic sales increased 2%. Unfavorable foreign exchange reduced net sales by 6%, while pricing added 1% to net sales, mix was neutral, and minor brand divestitures had a negative impact of about 1%. Global market share of the Fabric Care and Home Care segment decreased 0.1 points. Volume increased low single digits in developed regions and was unchanged in developing regions.

- Fabric Care volume increased low single digits due to low single-digit growth in developed regions behind market growth and product innovation. Volume was unchanged in developing regions. Global market share of the fabric care category was flat.
- Home Care volume was unchanged as decreases due to competitive activity, mainly in developed markets, were offset by increases from product innovation and expanded distribution. Global market share of the home care category was down nearly half a point.

Net earnings decreased 5% to $2.6 billion due to the net sales reduction. Gross margin was unchanged as negative product mix impacts from investments to expand new innovations globally were offset by manufacturing cost savings. SG&A as a percent of net sales was unchanged as lower spending due to marketing and overhead efficiencies kept pace with reduced sales.

Fiscal year 2014 compared with fiscal year 2013

Fabric Care and Home Care net sales were unchanged at $23.5 billion in 2014 on a 4% increase in unit volume. Organic sales were up 4%. Unfavorable foreign exchange reduced net sales by 3%. Reduced pricing decreased net sales by 1%. Global market share of the Fabric Care and Home Care segment increased 0.1 points. Volume increased high single digits in developing regions and low single digits in developed regions.

- Fabric Care volume increased mid-single digits driven by a high single-digit volume increase in developing regions behind market growth and innovation, and a low single-digit increase in developed regions due to product innovation. Global market share of the fabric care category was flat.
- Home Care volume increased mid-single digits driven by a high single-digit increase in developing markets from distribution expansion and market growth, and from a low single digit increase in developed regions due to product innovation. Global market share of the home care category was up less than half a point.

Net earnings decreased 2% to $2.8 billion due to a 30-basis point decrease in net earnings margin. Net earnings margin decreased due to gross margin contraction partially offset by a decrease in SG&A as a percentage of sales. Gross margin decreased due to unfavorable geographic and product mix and the impact of foreign exchange, which was partially offset by manufacturing cost savings. SG&A as a percentage of net sales decreased due to marketing and overhead efficiencies.

BABY, FEMININE AND FAMILY CARE

($ millions)	2015	Change vs. 2014	2014	Change vs. 2013
Volume	**N/A**	(1)%	N/A	4%
Net sales	**$20,247**	(3)%	$20,950	2%
Net earnings	**$2,938**	—%	$2,940	(4)%
% of net sales	**14.5%**	50 bps	14.0%	(90) bps

Fiscal year 2015 compared with fiscal year 2014

Baby, Feminine and Family Care net sales were down 3% to $20.2 billion in 2015 on a 1% decline in unit volume. Organic sales were up 3%. Price increases, primarily in Baby Care, increased net sales by 2%. Favorable geographic mix from higher developed market volume in both Feminine Care and Baby Care and from product mix in Feminine Care increased net sales by 2%. Unfavorable foreign exchange reduced net sales by 6%. Global market share of the Baby, Feminine and Family Care segment decreased 0.6 points. Volume increased low single digits in developed regions and decreased high single digits in developing regions.

- Volume in Baby Care decreased low single digits due to a mid-single-digit decrease in developing regions following increased pricing, partially offset by a low single-digit increase in developed regions from product innovation. Global market share of the baby care category decreased less than a point.
- Volume in Feminine Care decreased low single digits as high single-digit decline in developing regions due to competition and increased pricing was partially offset by a mid-single-digit increase in developed regions from product innovation, including the entry into the female adult incontinence category. Global market share of the feminine care category was flat.
- Volume in Family Care was unchanged as low single-digit growth in developed regions was offset by a double-digit decline in developing regions due to discontinuation of lower priced product offerings. In the U.S., all-outlet share of the family care category decreased less than a point.

Net earnings were unchanged at $2.9 billion as the reduction in net sales was offset by a 50-basis point increase in net earnings margin. Net earnings margin increased due to higher gross margin, partially offset by an increase in SG&A as a percent of net sales. The increase in gross margin was driven by higher pricing and manufacturing cost savings, partially offset by foreign exchange. SG&A as a percent of net sales increased as spending reductions did not keep pace with the currency-driven decline in sales.

Fiscal year 2014 compared with fiscal year 2013

Baby, Feminine and Family Care net sales increased 2% to $21.0 billion in 2014 on 4% volume growth. Organic sales were up 4% on 3% organic volume growth. Price increases primarily in Baby Care increased net sales by 1%. Unfavorable foreign exchange reduced net sales by 3%. Global market share of the Baby, Feminine and Family Care segment decreased 0.3 points. Volume increased low single digits in developed regions and mid-single digits in developing regions.

- Volume in Baby Care increased mid-single digits due to a mid-single-digit increase in developing regions, from market growth and product innovation and a mid-single-digit increase in developed regions due to the buyout of our joint venture partner in Iberia and product innovation in North America, partially offset by competitive activity. Global market share of the baby care category decreased slightly.
- Volume in Feminine Care increased mid-single digits due to a mid-single-digit increase in developed regions, from the buyout of our joint venture partner in Iberia and innovation, and a low single-digit increase in developing regions from market growth and innovation. Organic volume was up low single digits. Global market share of the feminine care category decreased less than half a point.
- Volume in Family Care increased low single digits due to product innovation on Charmin and Bounty and lower pricing, partially offset by competitive activity. In the U.S., all-outlet share of the family care category decreased less than half point.

Net earnings decreased 4% to $2.9 billion as the increase in net sales was more than offset by a 90-basis point decrease in net earnings margin. Net earnings margin decreased primarily due to gross margin contraction. Gross margin decreased due to the impact of foreign exchange, higher commodity cost and unfavorable product and geographic mix from disproportionate growth in developing regions and mid-tier products, both of which have lower gross margins than the segment average, partially offset by manufacturing cost savings and pricing.

CORPORATE

($ millions)	2015	Change vs. 2014	2014	Change vs. 2013
Net sales	**$466**	(37)%	$737	31%
Net earnings	**$(2,181)**	N/A	$(169)	N/A

Corporate includes certain operating and non-operating activities not allocated to specific business units. These include: the incidental businesses managed at the corporate level; financing and investing activities; other general corporate items; the historical gains and losses related to certain divested brands and categories; certain asset impairment charges; certain balance sheet impacts from significant foreign exchange devaluations; 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 tax rates that are reflected in the segments to the overall Company effective tax rate.

Net sales in Corporate decreased by $271 million in the current year primarily due to the prior year divestiture of the MDVIP business. Corporate net expenses from continuing operations increased $2.0 billion in 2015, primarily due the charge related to the deconsolidation of the Venezuelan subsidiaries, increased foreign exchange transactional charges and incremental restructuring charges, which were partially offset by gains on minor brand divestitures.

Net sales in Corporate increased by $173 million in 2014. Corporate net earnings from continuing operations improved by $164 million in 2014, primarily due to reduced net after-tax goodwill and intangible asset impairment charges (which totaled $290 million in 2013 but were zero in 2014), lower 2014 restructuring and overhead spending and lower overall Company effective tax rate, partially offset by the holding gain in 2013 from the buyout of our Iberian joint venture partner. Additional discussion of the 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.

As part of this plan, the Company expects to incur in excess of $5.0 billion in before-tax restructuring costs over a six-year period (from fiscal 2012 through fiscal 2017). Approximately 78% of the costs have been incurred through the end of fiscal 2015. Savings generated from the restructuring costs are difficult to estimate, given the nature of the activities, the corollary benefits achieved (e.g., enrollment reduction achieved via normal attrition), the timing of the execution and the degree of reinvestment. Overall, these costs and other non-manufacturing enrollment reductions are expected to deliver approximately $3.0 billion in annual before-tax gross savings. The cumulative before-tax savings realized through 2015 were approximately $2.1 billion.

Restructuring accruals of $389 million as of June 30, 2015 are classified as current liabilities. Approximately 70% of the restructuring charges incurred during fiscal 2015 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 our Consolidated Financial Statements for more details on the restructuring program and to the Operating Costs section of this 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 ready access to 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 2015 compared with fiscal year 2014

Operating cash flow was $14.6 billion in 2015, a 5% increase from the prior year. Operating cash flows resulted primarily from net earnings, adjusted for non-cash items (depreciation and amortization, stock-based compensation, deferred income taxes, impairment charges, gains on sale of businesses and the Venezuela deconsolidation charge) and a decrease in working capital, partially offset by the impact of other operating assets and liabilities. Reduced accounts receivable generated $349 million of cash due to changes in customer terms and improved collection results. The number of days sales outstanding decreased 5 days due to foreign exchange impacts and improvements in collection results and customer terms. Lower inventory generated $313 million of cash mainly due to supply chain optimizations and lower commodity costs. Inventory days on hand decreased 7 days due to foreign exchange impacts, supply chain optimizations and lower commodity costs. Accounts payable, accrued and other liabilities increased, generating $928 million in operating cash flow primarily driven by extended payment terms. Other operating assets and liabilities utilized $976 million of cash primarily to eliminate the deferred tax impacts associated with the Pet Care divestiture.

Fiscal year 2014 compared with fiscal year 2013

Operating cash flow was $14.0 billion in 2014, a 6% decrease from the prior year, which was primarily driven by a $1.0 billion discretionary contribution into a foreign pension plan. Operating cash flows resulted primarily from net earnings, adjusted for non-cash items (depreciation and amortization, stock-based compensation, deferred income taxes and gains on sale of businesses) partially offset by the impact of other operating assets and liabilities. Working capital changes did not have a significant impact on operating cash flow in 2014. Reduced accounts receivable generated $87 million of cash primarily due to improved collection results, which, along with the timing and mix of sales late in the period, drove a 1 day decrease in accounts receivable days sales outstanding. Inventory changes did not significantly impact operating cash flow as inventory management improvement efforts offset inventory needed to support product initiatives and build stock to support capacity expansions and manufacturing sourcing changes. Inventory days on hand decreased by 3 days primarily due to inventory management improvement efforts. Accounts payable, accrued and other liabilities also did not significantly impact operating cash flow. Other operating assets and liabilities utilized $1.6 billion of cash, primarily driven by $1.0 billion of cash used for a discretionary contribution into a foreign pension plan.

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 certain divestiture impacts (tax payments in the current year for the Pet Care divestiture) and is one of the measures used to evaluate senior management and determine their at-risk compensation.

Fiscal year 2015 compared with fiscal year 2014

Adjusted free cash flow was $11.6 billion in 2015, an increase of 15% versus the prior year. The increase was driven by the increase in operating cash flows. Adjusted free cash flow productivity, defined as the ratio of adjusted free cash flow to net earnings excluding impairment charges on the Batteries business and the Venezuelan deconsolidation charge, was 102% in 2015.

Fiscal year 2014 compared with fiscal year 2013

Adjusted free cash flow was $10.1 billion in 2014, a decrease of 7% versus the prior year. The decrease was driven by the decrease in operating cash flows, which was primarily due to a $1.0 billion discretionary contribution into a foreign pension plan. Adjusted free cash flow productivity, defined as the ratio of adjusted free cash flow to net earnings excluding impairment charges from divested businesses, was 86% in 2014.

Investing Cash Flow

Fiscal year 2015 compared with fiscal year 2014

Net investing activities consumed $2.9 billion in cash in 2015 mainly due to capital spending, net purchases of available-for-sale securities and a reduction in cash due to Venezuela deconsolidation, partially offset by asset sales.

Fiscal year 2014 compared with fiscal year 2013

Net investing activities consumed $4.1 billion in cash in 2014 mainly due to capital spending and cash paid for investments in available-for-sale securities, partially offset by asset sales.

Capital Spending. We manage capital spending to support our business growth plans and have cost controls to deliver our cash generation targets. Capital expenditures, primarily to support capacity expansion, innovation and cost efficiencies, were $3.7 billion in 2015 and $3.8 billion in 2014. Capital spending as a percentage of net sales increased 10 basis points to 4.9% in 2015. Capital spending as a percentage of net sales in 2014 decreased 10 basis points versus 2013 to 4.8%.

Acquisitions. Acquisition activity was not material in 2015 or 2014.

Proceeds from Divestitures and Other Asset Sales. Proceeds from asset sales in 2015 contributed $4.5 billion in cash, primarily from the sale of our Pet Care business, the sale of our Chinese battery venture, and other minor brand divestitures. Proceeds from asset sales contributed $570 million in cash in 2014 mainly due to minor brand divestiture activities, including MDVIP, the Pert business in Latin America and the bleach business in Europe, IMEA and Latin America.

Financing Cash Flow

Dividend Payments. Our first discretionary use of cash is dividend payments. Dividends per common share increased 6% to $2.59 per share in 2015. Total dividend payments to common and preferred shareholders were $7.3 billion in 2015 and $6.9 billion in 2014. In April 2015, the Board of Directors declared an increase in our quarterly dividend from $0.6436 to $0.6629 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 59th consecutive year that our dividend has increased. We have paid a dividend for 125 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 $30.4 billion as of June 30, 2015 and $35.4 billion as of June 30, 2014. Our total debt decreased in 2015 mainly due to debt maturities, partially offset by debt issuances.

Treasury Purchases. Total share repurchases were $4.6 billion in 2015 and $6.0 billion in 2014.

Liquidity

At June 30, 2015, our current liabilities exceeded current assets by $144 million ($2.5 billion, excluding current assets and current liabilities of the Batteries business held for sale), 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, 2015, $11.0 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 on repatriation to the U.S. 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. 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, 2015, our short-term credit ratings were P-1 (Moody's) and A-1+ (Standard & Poor's), while our long-term credit ratings are 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 $11.0 billion facility split between a $7.0 billion five-year facility and a $4.0 billion 364-day facility, which expire in August 2018 and July 2016, respectively. The 364-day facility 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 largely undrawn for the foreseeable future. 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 4.

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 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, 2015.

Amounts in millions	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
RECORDED LIABILITIES					
Total debt	**$ 30,185**	$ 11,985	$ 3,403	$ 4,276	$ 10,521
Capital leases	**52**	20	23	7	2
Uncertain tax positions (1)	**445**	445	—	—	—
OTHER					
Interest payments relating to long-term debt	**6,925**	699	1,277	1,017	3,932
Operating leases (2)	**1,617**	249	435	371	562
Minimum pension funding (3)	**656**	215	441	—	—
Purchase obligations (4)	**1,507**	586	449	242	230
TOTAL CONTRACTUAL COMMITMENTS	**$ 41,387**	$ 14,199	$ 6,028	$ 5,913	$ 15,247

(1) As of June 30, 2015, the Company's Consolidated Balance Sheet reflects a liability for uncertain tax positions of $1.5 billion, including $366 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, 2015, 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 2018 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 represent future purchases in line with expected usage to obtain favorable pricing. This includes service contracts for information technology, human resources management and facilities management activities that have been outsourced. 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. 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 10 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 9 to the Consolidated Financial Statements. For 2015, the average return on assets assumptions for pension plan assets and OPEB assets was 7.2% 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 $101 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 and OPEB plans of 3.1% and 4.5%, respectively, represents a weighted average of local rates in countries where such plans exist. A 100-basis point change in the pension discount rate would impact annual after-tax defined benefit pension expense by approximately $195 million. A change in the OPEB discount rate of 100 basis points would impact annual after-tax OPEB expense by approximately $60 million. For additional details on our defined benefit pension and OPEB plans, see Note 9 to the Consolidated Financial Statements.

Goodwill and Intangible Assets

Significant judgment is required to estimate the fair value of intangible assets and in assigning their respective useful lives. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant tangible and intangible assets. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management, but are inherently uncertain.

We typically use an income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants, and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, economic barriers to entry, a brand's relative market position and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

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 trademarks or brands, 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. Our estimates of the useful lives of determinable-lived intangible assets are primarily based on these same factors. All of our acquired technology and customer-related intangible assets are expected to have determinable useful lives.

The costs of determinable-lived intangible assets are amortized to expense over their estimated lives. The value of indefinite-lived intangible assets and residual goodwill is not amortized, but is tested at least annually for impairment. Our impairment testing for goodwill is performed separately from our impairment testing of indefinite-lived intangible assets. We test goodwill for impairment by reviewing the book value compared to the fair value at the reporting unit level. We test individual indefinite-lived intangible assets by comparing the book values of each asset to the estimated fair value. We determine the fair value of our reporting units and indefinite-lived intangible assets based on the income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. 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 such assumptions and estimates are also comparable to those that would be used by other marketplace participants.

With the exception of our Appliances and Batteries businesses, all of our reporting units have fair values that significantly exceed recorded values. However, 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, any potential change in the strategic plans for these businesses due to the refocusing of our business portfolio could impact these judgments, assumptions and estimates, in turn, impacting our fair value. A significant reduction in the estimated fair values could result in impairment charges that could materially affect the financial statements in any given year. The recorded value of goodwill and intangible assets from recently impaired businesses and recently acquired businesses are derived from more recent business operating plans and macroeconomic environmental conditions and therefore are more susceptible to an adverse change that could require an impairment charge.

Prior to 2013, our Appliances reporting unit incurred an impairment charge to reduce the goodwill carrying amount to its estimated fair value. During 2013, the estimated fair value of our Appliances reporting unit declined further, below the carrying amount resulting from the prior impairment. Therefore, we recorded an additional non-cash before and after-tax impairment charge of $259 million in fiscal 2013. Additionally, our 2013 impairment testing for Appliances indicated a decline in the fair value of our Braun trade name intangible asset below its carrying value. This resulted in a non-cash, before-tax impairment charge of $49 million ($31 million after-tax) to reduce the carrying amount of this asset to its estimated fair value. The impairment of the Appliances business in fiscal 2013 was due to the devaluation of currency in Japan, a key country that generates a significant portion of the earnings of the Appliances business, relative to the currencies in which the underlying net assets are recorded.

As of June 30, 2015, the Appliances business has remaining goodwill of $299 million and remaining intangible assets of $706 million. As a result of the impairments, the estimated fair value of our Appliances business slightly exceeds its respective carrying value. Our 2015 valuation of the Appliances business has it returning to sales and earnings growth rates consistent with our long-term business plans. However, the currency in Japan has continued to devalue relative to the currencies in which the related assets are recorded, reducing the fair value cushion in the Appliances business to approximately 5%.

During 2015, we determined that the estimated fair value of our Batteries reporting unit was less than its carrying amount, resulting in a series of impairment charges. The underlying fair value assessment was initially triggered by an agreement in September 2014 to sell the China-based battery joint venture and a related decision to pursue options to exit the remainder of the Batteries business. The results of our annual goodwill impairment testing during fiscal 2014 had indicated a decline in the fair value of the Batteries reporting unit due to lower long-term market growth assumptions in certain key geographies. At that time, the estimated fair value of the Batteries business continued to exceed its underlying carrying value, but the fair value cushion had been reduced to about 5%. The agreement to sell the China-based battery joint venture was at a transaction value that was below the earnings multiple implied from the prior valuation of our Batteries business, which effectively eliminated our fair value cushion. As a result, the remaining business unit cash flows no longer supported the remaining carrying amount of the Batteries business. Due largely to these factors, we recorded an initial non-cash, before and after-tax impairment charge of $863 million to reduce the carrying amount of goodwill for the Batteries business unit to its estimated fair value. These same factors resulted in a decline in the fair value of our Duracell trade name intangible asset below its carrying value. This resulted in a non-cash, before-tax impairment charge of $110 million ($69 million after tax) to reduce the carrying amount of this asset to its estimated fair value.

In November 2014, the Company reached an agreement to divest the remaining Batteries business via a split transaction in which the Company will exchange a recapitalized Duracell Company for Berkshire Hathaway's (BH) shares of P&G stock (see Note 13). Based on the terms of the agreement and the value of BH's shares of P&G stock at the agreement date, and changes thereto through June 30, 2015, the Company recorded additional non-cash, before and after-tax impairment charges totaling $1.2 billion. All of the fiscal 2015 impairment charges in the Batteries business are included as part of discontinued operations.

The business unit 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 and Company business plans. We believe these estimates and assumptions are reasonable. Changes to or a failure to achieve these business plans or a further deterioration of the macroeconomic conditions could result in a valuation that would trigger an additional impairment of the goodwill and intangible assets of these businesses. In addition, we also considered the structure and value of the divestiture agreement with BH in the impairment testing for Batteries. If the value of BH's shares of the Company declines further before the transaction closing dates, we may need to record additional non-cash impairment charges as part of discontinued operations in the future.

See Note 2 to our 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, 2015.

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. Note 5 to the Consolidated Financial Statements includes a detailed 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, 2015. 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, 2015, 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 enter 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, 2015, we believe, at a 95% confidence level based on historical currency rate movements, the impact 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, 2015 and June 30, 2014, 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 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. When used in the MD&A, we have provided the comparable U.S. GAAP measure in the discussion. These measures include:

Organic Sales Growth. Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions, divestitures and foreign exchange from year-over-year comparisons. We believe this provides investors with a more complete understanding of underlying sales trends by providing sales growth on a consistent basis. Organic sales is also one of the measures used to evaluate senior management and is a factor in determining their at-risk compensation.

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

Year ended June 30, 2015	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact*	Organic Sales Growth
Beauty, Hair and Personal Care	(7)%	5 %	1 %	(1)%
Grooming	(7)%	8 %	0 %	1 %
Health Care	(1)%	5 %	0 %	4 %
Fabric Care and Home Care	(5)%	6 %	1 %	2 %
Baby, Feminine and Family Care	(3)%	6 %	0 %	3 %
TOTAL COMPANY	**(5)%**	**6%**	**0 %**	**1 %**

Year ended June 30, 2014	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact*	Organic Sales Growth
Beauty, Hair and Personal Care	(2)%	2 %	0 %	0 %
Grooming	0 %	3 %	0 %	3 %
Health Care	1 %	1 %	0 %	2 %
Fabric Care and Home Care	0 %	3 %	1 %	4 %
Baby, Feminine and Family Care	2 %	3 %	(1)%	4 %
TOTAL COMPANY	**0 %**	**3%**	**0 %**	**3 %**

* Acquisition/Divestiture Impact includes rounding impacts necessary to reconcile net sales to organic sales.

Core EPS. This is a measure of the Company's 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. This includes:

- charges in each period presented for 1) incremental restructuring due to increased focus on productivity and cost savings, 2) the impacts from foreign exchange policy changes and the devaluations of the official foreign currency exchange rate in Venezuela, and 3) for certain European legal matters;
- a holding gain in 2013 on the purchase of the balance of our Iberian joint venture;
- impairment charges in 2013 for goodwill and indefinite-lived intangible assets; and
- a charge in 2015 for the Venezuelan deconsolidation.

We do not view these items to be part of our sustainable results. We believe the Core EPS measure provides an important perspective of underlying business trends and results and provides a more comparable measure of year-on-year earnings per share growth. Core EPS is also one of the measures used to evaluate senior management and is a factor in determining their at-risk compensation.

The table below provides a reconciliation of reported diluted net earnings per share from continuing operations to Core EPS:

Years ended June 30	2015	2014	2013
Diluted net earnings per share - continuing operations	**$3.06**	$3.86	$3.71
Incremental restructuring charges	**0.20**	0.12	0.17
Venezuela balance sheet devaluation impacts	**0.04**	0.09	0.08
Charges for European legal matters	**0.01**	0.02	0.05
Gain on purchase of balance of Iberian JV	—	—	(0.21)
Impairment charges	—	—	0.10
Venezuelan deconsolidation	**0.71**	—	—
Rounding	—	—	(0.01)
CORE EPS	**$4.02**	$4.09	$3.89
Core EPS Growth	**(2)%**	5%	6%

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

Adjusted Free Cash Flow. Adjusted free cash flow is defined as operating cash flow less capital expenditures and excluding certain divestiture impacts (tax payments in the current year for the Pet Care divestiture). We view adjusted free cash flow as an important measure because it is one factor in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investments. Adjusted free cash flow is also one of the measures used to evaluate senior management and is a factor in determining their at-risk compensation. The following table provides a numerical reconciliation of adjusted free cash flow ($ millions):

	Operating Cash Flow	Capital Spending	Free Cash Flow	Cash Tax Payment - Pet Care Sale	Adjusted Free Cash Flow
2015	**$ 14,608**	**$ (3,736)**	**$ 10,872**	**$ 729**	**$ 11,601**
2014	13,958	(3,848)	10,110	—	10,110
2013	14,873	(4,008)	10,865	—	10,865

Adjusted Free Cash Flow Productivity. Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding impairment charges on the Batteries business and the Venezuelan deconsolidation charge. Adjusted free cash flow productivity is also one of the measures used to evaluate senior management and is a factor in determining their at-risk compensation.

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

	Net Earnings	Impairment & Deconsolidation Charges	Net Earnings Excluding Impairment & Deconsolidation Charges	Adjusted Free Cash Flow	Adjusted Free Cash Flow Productivity
2015	**$ 7,144**	**$ 4,187**	**$ 11,331**	**$ 11,601**	**102%**
2014	11,785	—	11,785	10,110	86 %
2013	11,402	—	11,402	10,865	95 %

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 5 to the Consolidated Financial Statements.

Item 8. Financial Statements and Supplementary Data.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

At The Procter & Gamble Company, we take great pride in our long history of doing what's right. If you analyze what's made our Company successful over the years, you may focus on our brands, our marketing strategies, our organization design and our ability to innovate. But if you really want to get at what drives our Company's success, the place to look is our people. Our people are deeply committed to our Purpose, Values and Principles. It is this commitment to doing what's right that unites us.

This commitment to doing what's right is embodied in our financial reporting. High-quality financial reporting is our responsibility, one we execute with integrity, and within both the letter and spirit of the law.

High-quality financial reporting is characterized by accuracy, objectivity and transparency. Management is responsible for maintaining an effective system of internal controls over financial reporting to deliver those characteristics in all material respects. The Board of Directors, through its Audit Committee, provides oversight. We have engaged Deloitte & Touche LLP to audit our Consolidated Financial Statements, on which they have issued an unqualified opinion.

Our commitment to providing timely, accurate and understandable information to investors encompasses:

Communicating expectations to employees. Every employee, from senior management on down, is required to be trained on the Company's *Worldwide Business Conduct Manual*, which sets forth the Company's commitment to conduct its business affairs with high ethical standards. Every employee is held personally accountable for compliance and is provided several means of reporting any concerns about violations of the *Worldwide Business Conduct Manual*, which is available on our website at www.pg.com.

Maintaining a strong internal control environment. Our system of internal controls includes written policies and procedures, segregation of duties and the careful selection and development of employees. The system is designed to provide reasonable assurance that transactions are executed as authorized and appropriately recorded, that assets are safeguarded and that accounting records are sufficiently reliable to permit the preparation of financial statements conforming in all material respects with accounting principles generally accepted in the United States of America. We monitor these internal controls through control self-assessments conducted by business unit management. In addition to performing financial and compliance audits around the world, our Global Internal Audit organization provides training and continuously improves internal control processes. Appropriate actions are taken by management to correct any identified control deficiencies.

Executing financial stewardship. We maintain specific programs and activities to ensure that employees understand their fiduciary responsibilities to shareholders. This ongoing effort encompasses financial discipline in strategic and daily business decisions and brings particular focus to maintaining accurate financial reporting and effective controls through process improvement, skill development and oversight.

Exerting rigorous oversight of the business. We continuously review business results and strategic choices. Our Global Leadership Council is actively involved - from understanding strategies to reviewing key initiatives, financial performance and control assessments. The intent is to ensure we remain objective, identify potential issues, continuously challenge each other and ensure recognition and rewards are appropriately aligned with results.

Engaging our Disclosure Committee. We maintain disclosure controls and procedures designed to ensure that information required to be disclosed is recorded, processed, summarized and reported timely and accurately. Our Disclosure Committee is a group of senior-level executives responsible for evaluating disclosure implications of significant business activities and events. The Committee reports its findings to the CEO and CFO, providing an effective process to evaluate our external disclosure obligations.

Strong and effective corporate governance from our Board of Directors. We have an active, capable and diligent Board that meets the required standards for independence, and we welcome the Board's oversight. Our Audit Committee comprises independent directors with significant financial knowledge and experience. We review significant accounting policies, financial reporting and internal control matters with them and encourage their independent discussions with external auditors. Our corporate governance guidelines, as well as the charter of the Audit Committee and certain other committees of our Board, are available on our website at www.pg.com.

P&G has a strong history of doing what's right. Our employees embrace our Purpose, Values and Principles. We take responsibility for the quality and accuracy of our financial reporting. We present this information proudly, with the expectation that those who use it will understand our Company, recognize our commitment to performance with integrity and share our confidence in P&G's future.

/s/ A. G. Lafley

A. G. Lafley

Chairman of the Board, President and Chief Executive Officer

/s/ Jon R. Moeller

Jon R. Moeller

Chief Financial Officer

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. 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 the internal audit function. Management takes the appropriate action to correct any identified control deficiencies. 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, 2015, 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, 2015, 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, 2015, as stated in their report which is included herein.

/s/ A. G. Lafley

A. G. Lafley

Chairman of the Board, President and Chief Executive Officer

/s/ Jon R. Moeller

Jon R. Moeller

Chief Financial Officer

August 7, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying Consolidated Balance Sheets of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2015 and 2014, 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, 2015. 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, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2015, 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, 2015, 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, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 7, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

The Procter & Gamble Company

We have audited the internal control over financial reporting of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2015, 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, 2015, 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 of the Company as of and for the year ended June 30, 2015 and our report dated August 7, 2015 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 7, 2015

Consolidated Statements of Earnings

Amounts in millions except per share amounts; Years ended June 30	2015	2014	2013
NET SALES	**$ 76,279**	$ 80,510	$ 80,116
Cost of products sold	**38,876**	41,010	39,991
Selling, general and administrative expense	**23,585**	24,760	26,000
Goodwill and indefinite-lived intangible asset impairment charges	**—**	—	308
Venezuela deconsolidation charge	**2,028**	—	—
OPERATING INCOME	**11,790**	14,740	13,817
Interest expense	**626**	710	667
Interest income	**151**	101	88
Other non-operating income, net	**531**	206	941
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**11,846**	14,337	14,179
Income taxes on continuing operations	**2,916**	3,019	3,226
NET EARNINGS FROM CONTINUING OPERATIONS	**8,930**	11,318	10,953
NET EARNINGS/(LOSS) FROM DISCONTINUED OPERATIONS	**(1,786)**	467	449
NET EARNINGS	**7,144**	11,785	11,402
Less: Net earnings attributable to noncontrolling interests	**108**	142	90
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE	**$ 7,036**	$ 11,643	$ 11,312
BASIC NET EARNINGS PER COMMON SHARE: [(1)]			
Earnings from continuing operations	**$ 3.16**	$ 4.03	$ 3.87
Earnings/(loss) from discontinued operations	**(0.66)**	0.16	0.17
BASIC NET EARNINGS PER COMMON SHARE	**$ 2.50**	$ 4.19	$ 4.04
DILUTED NET EARNINGS PER COMMON SHARE: [(1)]			
Earnings from continuing operations	**$ 3.06**	$ 3.86	$ 3.71
Earnings/(loss) from discontinued operations	**(0.62)**	0.15	0.15
DILUTED NET EARNINGS PER COMMON SHARE	**2.44**	4.01	3.86
DIVIDENDS PER COMMON SHARE	**$ 2.59**	$ 2.45	$ 2.29

(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

Amounts in millions; Years ended June 30	2015	2014	2013
NET EARNINGS	**$ 7,144**	$ 11,785	$ 11,402
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX			
Financial statement translation	**(7,220)**	1,044	710
Unrealized gains/(losses) on hedges (net of $739, $(209) and $92 tax, respectively)	**1,234**	(347)	144
Unrealized gains/(losses) on investment securities (net of $0, $(4) and $(5) tax, respectively)	**24**	9	(24)
Unrealized gains/(losses) on defined benefit retirement plans (net of $328, $(356) and $637 tax, respectively)	**844**	(869)	1,004
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX	**(5,118)**	(163)	1,834
TOTAL COMPREHENSIVE INCOME	**2,026**	11,622	13,236
Less: Total comprehensive income attributable to noncontrolling interests	**108**	150	94
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROCTER & GAMBLE	**$ 1,918**	$ 11,472	$ 13,142

Consolidated Balance Sheets

Amounts in millions; Years ended June 30	2015	2014
Assets		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,845	$ 8,558
Available-for-sale investment securities	4,767	2,128
Accounts receivable	4,861	6,386
INVENTORIES		
Materials and supplies	1,392	1,742
Work in process	550	684
Finished goods	3,512	4,333
Total inventories	5,454	6,759
Deferred income taxes	1,356	1,092
Prepaid expenses and other current assets	2,853	3,845
Assets held for sale	3,510	2,849
TOTAL CURRENT ASSETS	29,646	31,617
PROPERTY, PLANT AND EQUIPMENT, NET	20,268	22,304
GOODWILL	47,316	53,704
TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET	26,829	30,843
OTHER NONCURRENT ASSETS	5,436	5,798
TOTAL ASSETS	$ 129,495	$ 144,266
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Accounts payable	$ 8,257	$ 8,461
Accrued and other liabilities	8,325	8,999
Liabilities held for sale	1,187	660
Debt due within one year	12,021	15,606
TOTAL CURRENT LIABILITIES	29,790	33,726
LONG-TERM DEBT	18,329	19,811
DEFERRED INCOME TAXES	9,531	10,218
OTHER NONCURRENT LIABILITIES	8,795	10,535
TOTAL LIABILITIES	66,445	74,290
SHAREHOLDERS' EQUITY		
Convertible Class A preferred stock, stated value $1 per share (600 shares authorized)	1,077	1,111
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: 2015 - 4,009.2, 2014 - 4,009.2)	4,009	4,009
Additional paid-in capital	63,852	63,911
Reserve for ESOP debt retirement	(1,320)	(1,340)
Accumulated other comprehensive income/(loss)	(12,780)	(7,662)
Treasury stock, at cost (shares held: 2015 - 1,294.7, 2014 - 1,298.4)	(77,226)	(75,805)
Retained earnings	84,807	84,990
Noncontrolling interest	631	762
TOTAL SHAREHOLDERS' EQUITY	63,050	69,976
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 129,495	$ 144,266

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

Dollars in millions; Shares in thousands	Common Shares Outstanding	Common Stock	Preferred Stock	Add-itional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumu-lated Other Comp-rehensive Income/ (Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total
BALANCE JUNE 30, 2012	2,748,033	$ 4,008	$ 1,195	$63,181	$ (1,357)	$ (9,333)	$(69,604)	$75,349	$ 596	$64,035
Net earnings								11,312	90	11,402
Other comprehensive income						1,834				1,834
Dividends to shareholders:										
Common								(6,275)		(6,275)
Preferred, net of tax benefits								(244)		(244)
Treasury purchases	(84,234)						(5,986)			(5,986)
Employee plan issuances	70,923	1		352			3,573			3,926
Preferred stock conversions	7,605		(58)	7			51			—
ESOP debt impacts					5			55		60
Noncontrolling interest, net				(2)					(41)	(43)
BALANCE JUNE 30, 2013	2,742,327	$ 4,009	$ 1,137	$63,538	$ (1,352)	$ (7,499)	$(71,966)	$80,197	$ 645	$68,709
Net earnings								11,643	142	11,785
Other comprehensive loss						(163)				(163)
Dividends to shareholders:										
Common								(6,658)		(6,658)
Preferred, net of tax benefits								(253)		(253)
Treasury purchases	(74,987)						(6,005)			(6,005)
Employee plan issuances	40,288			364			2,144			2,508
Preferred stock conversions	3,178		(26)	4			22			—
ESOP debt impacts					12			61		73
Noncontrolling interest, net				5					(25)	(20)
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**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Amounts in millions; Years ended June 30	2015	2014	2013
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**$ 8,558**	$ 5,947	$ 4,436
OPERATING ACTIVITIES			
Net earnings	**7,144**	11,785	11,402
Depreciation and amortization	**3,134**	3,141	2,982
Share-based compensation expense	**337**	360	346
Deferred income taxes	**(803)**	(44)	(307)
Gain on sale and purchase of businesses	**(766)**	(154)	(916)
Venezuela deconsolidation charge	**2,028**	—	—
Goodwill and indefinite-lived intangible asset impairment charges	**2,174**	—	308
Change in accounts receivable	**349**	87	(415)
Change in inventories	**313**	8	(225)
Change in accounts payable, accrued and other liabilities	**928**	1	1,253
Change in other operating assets and liabilities	**(976)**	(1,557)	68
Other	**746**	331	377
TOTAL OPERATING ACTIVITIES	**14,608**	13,958	14,873
INVESTING ACTIVITIES			
Capital expenditures	**(3,736)**	(3,848)	(4,008)
Proceeds from asset sales	**4,497**	570	584
Cash related to deconsolidated Venezuela operations	**(908)**	—	—
Acquisitions, net of cash acquired	**(137)**	(24)	(1,145)
Purchases of short-term investments	**(3,647)**	(568)	(1,605)
Proceeds from sales of short-term investments	**1,203**	24	—
Change in other investments	**(163)**	(261)	(121)
TOTAL INVESTING ACTIVITIES	**(2,891)**	(4,107)	(6,295)
FINANCING ACTIVITIES			
Dividends to shareholders	**(7,287)**	(6,911)	(6,519)
Change in short-term debt	**(2,580)**	3,304	3,406
Additions to long-term debt	**2,138**	4,334	2,331
Reductions of long-term debt	**(3,512)**	(4,095)	(3,752)
Treasury stock purchases	**(4,604)**	(6,005)	(5,986)
Impact of stock options and other	**2,826**	2,094	3,449
TOTAL FINANCING ACTIVITIES	**(13,019)**	(7,279)	(7,071)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(411)**	39	4
CHANGE IN CASH AND CASH EQUIVALENTS	**(1,713)**	2,611	1,511
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 6,845**	$ 8,558	$ 5,947

SUPPLEMENTAL DISCLOSURE			
Cash payments for:			
Interest	**$ 678**	$ 686	$ 683
Income taxes	**4,558**	3,320	3,780

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

See accompanying Notes to Consolidated Financial Statements.

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 retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores, salons, 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. Prior year amounts have been reclassified to conform with current year presentation for amounts related to discontinued operations (see Note 13) and segment reporting (see Note 12).

Prior to June 30, 2015, we included the results of our Venezuelan operations in our Consolidated Financial Statements using the consolidation method of accounting. The Company's Venezuelan earnings and cash flows are reflected in the historical Consolidated Financial Statements using a combination of the official exchange rates, with imports of certain essential finished goods reflected at the CENCOEX rate of 6.30 bolivars per U.S. dollar and the remaining business, primarily related to our on-the-ground manufacturing and other business activities, reflected at the SICAD rate, which generally operated in a range of approximately 12 to 13 bolivars per U.S. dollar. Evolving conditions in Venezuela, including currency exchange regulations, other operating controls and restrictions, reduced access to dollars through official currency exchange markets and local market dynamics, have resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar, and have restricted our Venezuelan operations' ability to pay dividends and satisfy certain other obligations denominated in U.S. dollars.

While we continue to have access to dollars through the CENCOEX market for certain finished goods and raw materials imports, the currency and other controls in Venezuela have significantly limited our ability to realize the benefits from earnings of the Company's on-the-ground Venezuelan operations and to access the resulting liquidity provided by those operations. We expect that this condition will continue for the foreseeable future. For accounting purposes, this lack of exchangeability and evolving conditions has resulted in a lack of control over our Venezuelan subsidiaries. Therefore, in accordance with the applicable accounting standards for consolidation, we deconsolidated our Venezuelan subsidiaries and began accounting for our investment in those subsidiaries using the cost method of accounting.

This change, which we made effective June 30, 2015, resulted in a fourth quarter fiscal 2015 one-time after-tax charge of $2.1 billion. This charge included the write-off of our investment in our Venezuelan subsidiaries, foreign currency translation losses of $255 previously recorded in accumulated other comprehensive income and the write-off of certain intercompany receivables due from Venezuela subsidiaries, which was triggered by the decision to deconsolidate those subsidiaries. Our Venezuelan operations' cash balance of $908 at June 30, 2015 (previously measured using a combination of CENCOEX and SICAD exchange rates), is no longer reported in Cash and cash equivalents.

In future periods, our financial results will only include sales of finished goods to our Venezuelan subsidiaries to the extent we receive cash payments from those subsidiaries (expected to be largely through the CENCOEX exchange market). Accordingly, we will not include the results of our on-the-ground Venezuelan subsidiaries. Any dividends from our Venezuelan subsidiaries will be recorded as operating income upon receipt of the cash.

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, 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 manufacture 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 $2.0 billion in 2015 and 2014 and $1.9 billion in 2013. Advertising costs, charged to expense as incurred, include worldwide television, print, radio, internet and in-store advertising expenses and were $8.3 billion in 2015, $9.0 billion in 2014 and $9.4 billion in 2013. Non-advertising related components of the Company's total marketing spending include costs associated with consumer promotions, product sampling and sales aids, which are included in SG&A, as well as coupons and customer trade funds, which are recorded as reductions to net sales.

Other Non-Operating Income, Net

Other non-operating income, net, primarily includes net acquisition and divestiture gains and investment income.

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.

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 primarily maintained on the first-in, first-out method. Minor amounts of product inventories, including certain cosmetics and commodities, are maintained on the last-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. 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. When certain events or changes in operating conditions occur, an 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 2.

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 5.

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 will adopt the standard no later than July 1, 2018. While we are currently assessing the impact of the new standard, we do not expect this new guidance to have a material impact on our Consolidated Financial Statements.

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

NOTE 2

GOODWILL AND INTANGIBLE ASSETS

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

	Beauty, Hair and Personal Care	Grooming	Health Care	Fabric Care and Home Care	Baby, Feminine and Family Care	Corporate	Total Company
GOODWILL at JUNE 30, 2013 - Gross	$ 17,094	$ 21,775	$ 6,185	$ 1,973	$ 4,828	$ 4,922	$ 56,777
Accumulated impairment losses at June 30, 2013	(431)	(1,158)	—	—	—	—	(1,589)
GOODWILL at JUNE 30, 2013 - Net	16,663	20,617	6,185	1,973	4,828	4,922	55,188
Acquisitions and divestitures	—	—	—	(3)	—	(2,445)	(2,448)
Goodwill impairment charges	—	—	—	—	—	—	—
Translation and other	377	322	95	11	82	77	964
GOODWILL at JUNE 30, 2014 - Gross	17,471	22,097	6,280	1,981	4,910	2,554	55,293
Accumulated impairment losses at June 30, 2014	(431)	(1,158)	—	—	—	—	(1,589)
GOODWILL at JUNE 30, 2014 - Net	17,040	20,939	6,280	1,981	4,910	2,554	53,704
Acquisitions and divestitures	**(136)**	**—**	**(6)**	**(3)**	**—**	**(449)**	**(594)**
Goodwill impairment charges	**—**	**—**	**—**	**—**	**—**	**(2,064)**	**(2,064)**
Translation and other	**(1,506)**	**(1,320)**	**(398)**	**(104)**	**(361)**	**(41)**	**(3,730)**
GOODWILL at JUNE 30, 2015 - Gross	**15,829**	**20,777**	**5,876**	**1,874**	**4,549**	**2,064**	**50,969**
Accumulated impairment losses at June 30, 2015	**(431)**	**(1,158)**	**—**	**—**	**—**	**(2,064)**	**(3,653)**
GOODWILL at JUNE 30, 2015 - Net	**$ 15,398**	**$ 19,619**	**$ 5,876**	**$ 1,874**	**$ 4,549**	**$ —**	**$ 47,316**

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

During 2015, we determined that the estimated fair value of our Batteries reporting unit was less than its carrying amount, resulting in a series of impairment charges. The underlying fair value assessment was initially triggered by an agreement in September 2014 to sell the China-based battery joint venture and a related decision to pursue options to exit the remainder of the Batteries business. The agreement to sell the China-based battery joint venture was at a transaction value that was below the earnings multiple implied from the prior valuation of our Batteries business, which effectively eliminated our fair value cushion. As a result, the remaining business unit cash flows no longer supported the remaining carrying amount of the Batteries business. Due largely to these factors, we recorded an initial non-cash, before and after-tax impairment charge of $863 to reduce the carrying amount of goodwill for the Batteries business unit to its estimated fair value. These same factors resulted in a decline in the fair value of our Duracell trade name intangible asset below its carrying value. This resulted in a non-cash, before-tax impairment charge of $110 ($69 after tax) to reduce the carrying amount of this asset to its estimated fair value.

In November 2014, the Company reached an agreement to divest the Batteries business via a split transaction in which the Company will exchange a recapitalized Duracell Company for Berkshire Hathaway's (BH) shares of P&G stock (see Note 13). Based on the terms of the agreement and the value of BH's shares of P&G stock as of the transaction date and changes thereto through June 30, 2015, the Company recorded additional non-cash, before and after-tax impairment charges totaling $1.2 billion. All of the fiscal 2015 impairment charges in the Batteries business are included as part of discontinued operations. The Batteries goodwill is included in Corporate in the preceding table as of June 30, 2013 and 2014. The remaining Batteries goodwill at June 30, 2015 is reported in Assets held for sale in the Consolidated Balance Sheet. The remaining change in goodwill during fiscal 2015 was primarily due to currency translation across all reportable segments.

On July 31, 2014, the Company completed the divestiture of its Pet Care operations in North America, Latin America and other selected countries. In December 2014, the Company completed the divestiture of its Pet Care operations in the other markets, primarily the European union countries. The Pet Care business was accounted for as a discontinued operation as of June 30, 2014. As a result, the Pet Care goodwill is included in Corporate in the preceding table as of June 30, 2013. Pet Care goodwill and intangible assets at June 30, 2014 were reported in Assets held for sale in accordance with the accounting principles for discontinued operations. The remaining change in goodwill during fiscal 2014 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. We also considered the structure and value of the divestiture agreement with BH in the impairment testing for Batteries. If the value of BH's shares of the Company declines further before the transaction closing date, we may need to record additional non-cash impairment charges as part of discontinued operations in the future.

Identifiable intangible assets were comprised of:

	2015		2014	
Years ended June 30	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
INTANGIBLE ASSETS WITH DETERMINABLE LIVES				
Brands	**$ 3,678**	**$ (2,200)**	$ 4,154	$ (2,205)
Patents and technology	**2,627**	**(2,036)**	2,850	(2,082)
Customer relationships	**1,621**	**(659)**	2,002	(763)
Other	**307**	**(156)**	355	(164)
TOTAL	**$ 8,233**	**$ (5,051)**	$ 9,361	$ (5,214)
INTANGIBLE ASSETS WITH INDEFINITE LIVES				
Brands	**23,647**		26,696	
TOTAL	**$ 31,880**	**$ (5,051)**	$ 36,057	$ (5,214)

Due to the divestiture of the Batteries and Pet Care businesses, intangible assets specific to the Batteries and Pet Care businesses are reported in Assets held for sale in accordance with the accounting principles for assets held for sale as of June 30, 2015 and 2014.

Amortization expense of intangible assets was as follows:

Years ended June 30	2015	2014	2013
Intangible asset amortization	**$ 457**	$ 514	$ 528

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

Years ending June 30	2016	2017	2018	2019	2020
Estimated amortization expense	$ 388	$ 350	$ 322	$ 299	$ 271

These estimates do not reflect the impact of future foreign exchange rate changes.

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:

Years ended June 30	2015	2014
PROPERTY, PLANT AND EQUIPMENT		
Buildings	**$ 7,209**	$ 8,022
Machinery and equipment	**30,346**	32,398
Land	**795**	893
Construction in progress	**2,997**	3,114
TOTAL PROPERTY, PLANT AND EQUIPMENT	**41,347**	44,427
Accumulated depreciation	**(21,079)**	(22,123)
PROPERTY, PLANT AND EQUIPMENT, NET	**$ 20,268**	$ 22,304

Selected components of current and noncurrent liabilities were as follows:

Years ended June 30	2015	2014
ACCRUED AND OTHER LIABILITIES - CURRENT		
Marketing and promotion	**$ 2,901**	$ 3,290
Compensation expenses	**1,455**	1,647
Restructuring reserves	**389**	381
Taxes payable	**845**	711
Legal and environmental	**208**	399
Other	**2,527**	2,571
TOTAL	**$ 8,325**	$ 8,999
OTHER NONCURRENT LIABILITIES		
Pension benefits	**$ 5,583**	$ 5,984
Other postretirement benefits	**1,414**	1,906
Uncertain tax positions	**1,016**	1,843
Other	**782**	802
TOTAL	**$ 8,795**	$ 10,535

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 expects to incur in excess of $5 billion in before-tax restructuring costs over a six year period (from fiscal 2012 through fiscal 2017), including costs incurred as part of the ongoing and incremental restructuring program. Through the end of fiscal 2015, we have incurred $3.9 billion of the total expected restructuring charges under the program. The program includes a non-manufacturing overhead enrollment reduction target of approximately 25% - 30% through fiscal 2017. This has been updated from the previous non-manufacturing overhead enrollment reduction target of approximately 16% - 22% through fiscal 2016, which we expect to exceed. Through fiscal 2015, the Company has reduced non-manufacturing enrollment by approximately 12,600, or approximately 21% (22% as of July 1, 2015). The reductions are 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 includes integration of newly acquired companies and the 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 as outlined below. The Company incurred total restructuring charges of approximately $1,068 and $806 for the years ended June 30, 2015 and 2014, respectively. Approximately $427 and $358 of these charges were recorded in SG&A for the years ended June 30, 2015 and 2014, respectively and approximately $628 and $399 of these charges were recorded in Cost of products sold, respectively. The remainder is included in discontinued operations. Since the inception of this restructuring program, the Company has incurred charges of approximately $3.9 billion. Approximately $2.0 billion of these charges were related to separations, $954 were asset-related and $944 were related to other restructuring-type costs. The following table presents restructuring activity for the years ended June 30, 2015 and 2014:

Amounts in millions	Separations	Asset-Related Costs	Other	Total
RESERVE JUNE 30, 2013	$ 296	$ —	$ 27	$ 323
Charges	378	179	249	806
Cash spent	(321)	—	(248)	(569)
Charges against assets	—	(179)	—	(179)
RESERVE JUNE 30, 2014	353	—	28	381
Charges	**516**	**289**	**263**	**1,068**
Cash spent	**(507)**	**—**	**(264)**	**(771)**
Charges against assets	**—**	**(289)**	**—**	**(289)**
RESERVE JUNE 30, 2015	**$ 362**	**$ —**	**$ 27**	**$ 389**

Separation Costs

Employee separation charges for the years ended June 30, 2015 and 2014 related to severance packages for approximately 4,820 and 2,730 employees, respectively. For the years ended June 30, 2015 and 2014, these severance packages included approximately 2,340 and 1,640 non-manufacturing employees, respectively. These separations were primarily in North America and Western Europe. 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 14,300 employees, of which approximately 8,620 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 standardization. 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 employee relocation related to separations and office consolidations, termination of contracts related to supply chain redesign and the cost to change internal systems and processes to support the underlying organizational changes.

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 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	2015	2014
Beauty, Hair and Personal Care	**$ 166**	$ 83
Grooming	**57**	20
Health Care	**32**	10
Fabric Care and Home Care	**197**	119
Baby, Feminine and Family Care	**192**	155
Corporate [1]	**424**	419
Total Company	**$ 1,068**	$ 806

(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 Pet Care and Batteries businesses.

NOTE 4

SHORT-TERM AND LONG-TERM DEBT

Years ended June 30	2015	2014
DEBT DUE WITHIN ONE YEAR		
Current portion of long-term debt	**$ 2,772**	$ 4,307
Commercial paper	**8,807**	10,818
Other	**442**	481
TOTAL	**$ 12,021**	$ 15,606
Short-term weighted average interest rates [1]	**0.3%**	0.7%

(1) Short-term weighted average interest rates include the effects of interest rate swaps discussed in Note 5.

Years ended June 30	2015	2014
LONG-TERM DEBT		
3.15% USD note due September 2015	**500**	500
1.80% USD note due November 2015	**1,000**	1,000
4.85% USD note due December 2015	**700**	700
1.45% USD note due August 2016	**1,000**	1,000
0.75% USD note due November 2016	**500**	500
Floating rate USD note due November 2016	**500**	500
5.13% EUR note due October 2017	**1,231**	1,501
1.60% USD note due November 2018	**1,000**	1,000
4.70% USD note due February 2019	**1,250**	1,250
1.90% USD note due November 2019	**550**	—
0.28% JPY note due May 2020	**818**	—
4.13% EUR note due December 2020	**671**	819
9.36% ESOP debentures due 2015-2021 [1]	**572**	640
2.00% EUR note due November 2021	**839**	1,023
2.30% USD note due February 2022	**1,000**	1,000
2.00% EUR note due August 2022	**1,119**	1,365
3.10% USD note due August 2023	**1,000**	1,000
4.88% EUR note due May 2027	**1,119**	1,365
6.25% GBP note due January 2030	**786**	851
5.50% USD note due February 2034	**500**	500
5.80% USD note due August 2034	**600**	600
5.55% USD note due March 2037	**1,400**	1,400
Capital lease obligations	**52**	83
All other long-term debt	**2,394**	5,521
Current portion of long-term debt	**(2,772)**	(4,307)
TOTAL	**$18,329**	$19,811
Long-term weighted average interest rates [2]	**3.2%**	3.2%

(1) Debt issued by the ESOP is guaranteed by the Company and must be recorded as debt of the Company, as discussed in Note 9.

(2) Long-term weighted average interest rates include the effects of interest rate swaps discussed in Note 5.

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

Years ending June 30	2016	2017	2018	2019	2020
Debt maturities	$2,772	$2,094	$1,330	$2,355	$1,929

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 5

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 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, 2015, 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 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. As of June 30, 2015, we had currency swaps with original maturities up to five years, which are intended to offset the effect of exchange rate fluctuations on intercompany loans denominated in foreign currencies. These swaps are accounted for as cash flow hedges. The effective portion of the changes in fair value of these instruments is reported in OCI and reclassified into SG&A and interest expense in the same period or periods during which the related hedged transactions affect 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, 2015 and 2014, 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.

The following table sets forth the Company's financial assets and liabilities as of June 30, 2015 and 2014 that were measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 1		Level 2		Level 3		Total	
Years ended June 30	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS RECORDED AT FAIR VALUE								
Investments:								
U.S. government securities	**$ —**	$ —	**$ 3,495**	$ 1,631	**$ —**	$ —	**$ 3,495**	$ 1,631
Corporate bond securities	**—**	—	**1,272**	497	**—**	—	**1,272**	497
Other investments	**6**	6	**—**	—	**24**	24	**30**	30
Derivatives relating to:								
Foreign currency hedges	**—**	—	**312**	187	**—**	—	**312**	187
Other foreign currency instruments (1)	**—**	—	**13**	24	**—**	—	**13**	24
Interest rates	**—**	—	**172**	197	**—**	—	**172**	197
Net investment hedges	**—**	—	**96**	49	**—**	—	**96**	49
TOTAL ASSETS RECORDED AT FAIR VALUE (2)	**$ 6**	$ 6	**$ 5,360**	$ 2,585	**$ 24**	$ 24	**$ 5,390**	$ 2,615
LIABILITIES RECORDED AT FAIR VALUE								
Derivatives relating to:								
Other foreign currency instruments (1)	**$ —**	$ —	**$ 68**	$ 66	**$ —**	$ —	**$ 68**	$ 66
Interest rates	**—**	—	**13**	29	**—**	—	**13**	29
Net investment hedges	**—**	—	**1**	1	**—**	—	**1**	1
TOTAL LIABILITIES RECORDED AT FAIR VALUE (3)	**$ —**	$ —	**$ 82**	$ 96	**$ —**	$ —	**$ 82**	$ 96
FAIR VALUE OF LONG-TERM DEBT (4)	**$20,947**	$24,747	**$ 2,182**	$ 1,682	**$ —**	$ —	**$23,129**	$26,429

(1) Other foreign currency instruments are comprised of foreign currency financial instruments that do not qualify as hedges.

(2) All derivative assets are presented in Prepaid expenses and other current assets and Other noncurrent assets. 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 $700 and $0 as of June 30, 2015 and 2014, respectively. The amortized cost of the U.S. government securities with maturities between one and five years was $2,789 and $1,649 as of June 30, 2015 and 2014, respectively. The amortized cost of Corporate bond securities with maturities of less than a year was $221 and $39 as of June 30, 2015 and 2014, respectively. The amortized cost of Corporate bond securities with maturities between one and five years was $1,052 and $458 as of June 30, 2015 and 2014, respectively. Fair values are generally estimated based upon quoted market prices for similar instruments.

(3) All derivative liabilities are presented in Accrued and other liabilities or Other noncurrent liabilities.

(4) Long-term debt includes the current portion ($2,776 and $4,400 as of June 30, 2015 and 2014, respectively) of debt instruments. Certain long-term debt is recorded at 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. Fair values are generally estimated based on quoted market prices for identical or similar instruments.

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

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 2), 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, 2015 and 2014.

Disclosures about Derivative Instruments

The notional amounts and fair values of qualifying and non-qualifying financial instruments used in hedging transactions as of June 30, 2015 and 2014 are as follows:

Years ended June 30	Notional Amount 2015	Notional Amount 2014	Fair Value Asset/ (Liability) 2015	Fair Value Asset/ (Liability) 2014
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS				
Foreign currency contracts	**$ 951**	$ 951	**$ 312**	$ 187
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS				
Interest rate contracts	**$ 7,208**	$ 9,738	**$ 159**	$ 168
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS				
Net investment hedges	**$ 537**	$ 831	**$ 95**	$ 48
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS				
Foreign currency contracts	**$ 6,610**	$12,111	**$ (55)**	$ (42)

The total notional amount of contracts outstanding at the end of the period is indicative of the level of the Company's derivative activity during the period. The change in the notional balance of foreign currency contracts not designated as hedging instruments during the period reflects changes in the level of intercompany financing activity.

Years ended June 30	Amount of Gain/(Loss) Recognized in AOCI on Derivatives (Effective Portion) 2015	2014
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS		
Interest rate contracts	**$ (1)**	$ 3
Foreign currency contracts	**5**	14
TOTAL	**$ 4**	$ 17
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS		
Net investment hedges	**$ 60**	$ 30

During the next 12 months, the amount of the June 30, 2015, 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, 2015 and 2014 were as follows:

Years ended June 30	Amount of Gain/(Loss) Reclassified from AOCI into Earnings 2015	2014
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS		
Interest rate contracts	**$ 6**	$ 6
Foreign currency contracts	**152**	38
TOTAL	**$ 158**	$ 44

Years ended June 30	Amount of Gain/(Loss) Recognized in Earnings 2015	2014
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS		
Interest rate contracts	**$ (9)**	$ 36
Debt	**9**	(37)
TOTAL	**$ —**	$ (1)
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS		
Net investment hedges	**$ (1)**	$ —
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS		
Foreign currency contracts [1]	**$ (987)**	$ 123

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

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

NOTE 6

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, 2013	$ (3,529)	$ (27)	$ (4,296)	$ 353	$ (7,499)
OCI before reclassifications [1]	(305)	20	(1,113)	1,044	(354)
Amounts reclassified from AOCI [2] [5]	(42)	(11)	244	—	191
Net current period OCI	(347)	9	(869)	1,044	(163)
BALANCE at JUNE 30, 2014	(3,876)	(18)	(5,165)	1,397	(7,662)
OCI before reclassifications [3]	**1,390**	**26**	**563**	**(7,475)**	**(5,496)**
Amounts reclassified from AOCI [4] [5] [6]	**(156)**	**(2)**	**281**	**255**	**378**
Net current period OCI	**1,234**	**24**	**844**	**(7,220)**	**(5,118)**
BALANCE at JUNE 30, 2015	**$ (2,642)**	**$ 6**	**$ (4,321)**	**$ (5,823)**	**$ (12,780)**

(1) Net of tax (benefit) / expense of $(207), $3 and $(450) for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2014.

(2) Net of tax (benefit) / expense of $(2), $(7), and $94 for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2014.

(3) Net of tax (benefit) / expense of $741, $1, and $219 for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2015.

(4) Net of tax (benefit) / expense of $(2), $(1), and $109 for gains/losses on hedges, investment securities and pension and other retiree benefit items, respectively, for the period ended June 30, 2015.

(5) See Note 5 for classification of gains and losses from hedges in the Consolidated Statements of Earnings. Gains and losses on investment securities are reclassified from AOCI into Other non-operating income, net. Gains and losses on pension and other retiree benefits are reclassified from AOCI into Cost of products sold and SG&A, and are included in the computation of net periodic pension cost (see Note 9 for additional details).

(6) Amounts reclassified from AOCI for financial statement translation relate to the foreign currency losses written off as part of the deconsolidation of our Venezuelan subsidiaries. These losses were reclassified into Venezuela deconsolidation charge on the Consolidated Statements of Earnings.

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

NOTE 7

EARNINGS PER SHARE

Net earnings attributable to Procter & Gamble less preferred dividends (net of related tax benefits) are divided by the weighted average number of common shares outstanding during the year to calculate basic net earnings per common share. Diluted net earnings per common share are calculated to give effect to stock options and other stock-based awards (see Note 8) and assume conversion of preferred stock (see Note 9).

Net earnings attributable to Procter & Gamble and common shares used to calculate basic and diluted net earnings per share were as follows:

Years ended June 30	2015			2014			2013		
CONSOLIDATED AMOUNTS	Continuing Operations	Dis-continued Operations	Total	Continuing Operations	Dis-continued Operations	Total	Continuing Operations	Dis-continued Operations	Total
Net earnings/(loss)	**$ 8,930**	**$ (1,786)**	**$ 7,144**	$ 11,318	$ 467	$ 11,785	$ 10,953	$ 449	$ 11,402
Net earnings attributable to noncontrolling interests	(100)	(8)	(108)	(121)	(21)	(142)	(93)	3	(90)
Net earnings/(loss) attributable to P&G (Diluted)	**8,830**	**(1,794)**	**7,036**	11,197	446	11,643	10,860	452	11,312
Preferred dividends, net of tax	**(259)**	**—**	**(259)**	(253)	—	(253)	(244)	—	(244)
Net earnings/(loss) attributable to P&G available to common shareholders (Basic)	**$ 8,571**	**$ (1,794)**	**$ 6,777**	$ 10,944	$ 446	$ 11,390	$ 10,616	$ 452	$ 11,068
SHARES IN MILLIONS									
Basic weighted average common shares outstanding	**2,711.7**	**2,711.7**	**2,711.7**	2,719.8	2,719.8	2,719.8	2,742.9	2,742.9	2,742.9
Effect of dilutive securities									
Conversion of preferred shares[1]	**108.6**	**108.6**	**108.6**	112.3	112.3	112.3	116.8	116.8	116.8
Exercise of stock options and other unvested equity awards [2]	**63.3**	**63.3**	**63.3**	72.6	72.6	72.6	70.9	70.9	70.9
Diluted weighted average common shares outstanding	**2,883.6**	**2,883.6**	**2,883.6**	2,904.7	2,904.7	2,904.7	2,930.6	2,930.6	2,930.6
PER SHARE AMOUNTS									
Basic net earnings/(loss) per common share [3]	**$ 3.16**	**$ (0.66)**	**$ 2.50**	$ 4.03	$ 0.16	$ 4.19	$ 3.87	$ 0.17	$ 4.04
Diluted net earnings/(loss) per common share [3]	**$ 3.06**	**$ (0.62)**	**$ 2.44**	$ 3.86	$ 0.15	$ 4.01	$ 3.71	$ 0.15	$ 3.86

(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) Approximately 8 million in 2015, 9 million in 2014 and 12 million in 2013 of the Company's outstanding stock options 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 attributable to Procter & Gamble.

NOTE 8

STOCK-BASED COMPENSATION

We have stock-based compensation plans under which we annually grant stock option, restricted stock, restricted stock unit (RSU) and performance stock unit (PSU) awards to key managers and directors. 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. Since September 2002, the key manager stock option awards granted vest after three years and have a 10-year life. The key manager stock option awards granted from July 1998 through August 2002 vested after three years and have a 15-year life. Key managers can elect to receive up to the entire value of their option award in RSUs. Key manager RSUs vest and are settled in shares of common stock five years from the grant date. The awards provided to the Company's directors are in the form of restricted stock and RSUs. In addition to our key manager and director grants, we make other minor stock option and RSU grants to employees for which the terms are not substantially different than key manager awards.

Senior-level executives receive PSU awards. Under this program, the number of PSUs that will vest three years after the respective grant date is based on the Company's performance relative to pre-established performance goals during that three year period.

A total of 185 million shares of common stock were authorized for issuance under stock-based compensation plan approved by shareholders in 2014. The number of shares available for award under the 2014 plan includes the shares previously authorized but not awarded under the shareholder approved plans in 2003 and 2009. A total of 156 million shares remain available for grant under the 2014 plan.

Total stock-based compensation expense for stock option grants was $223, $246 and $249 for 2015, 2014 and 2013, respectively. Total compensation expense for restricted stock, RSUs and PSUs was $114, $114 and $97 in 2015, 2014 and 2013, respectively. The total income tax benefit recognized in the income statement for stock options, restricted stock, RSUs and PSUs was $109, $127 and $96 in 2015, 2014 and 2013, respectively.

In calculating the compensation expense for stock options granted, we utilize a binomial lattice-based valuation model. Assumptions utilized in the model, which are evaluated and revised to reflect market conditions and experience, were as follows:

Years ended June 30	2015	2014	2013
Interest rate	**0.1 - 2.1%**	0.1 - 2.8%	0.2 - 2.0%
Weighted average interest rate	**2.0%**	2.5%	1.8%
Dividend yield	**3.1%**	3.1%	2.9%
Expected volatility	**11 - 15%**	15 - 17%	14 - 15%
Weighted average volatility	**15%**	16%	15%
Expected life in years	**8.3**	8.2	8.9

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, 2015 and activity during the year then ended is presented below:

Options	Options (in thousands)	Weighted Avg. Exercise Price	Weighted Avg. Contract-ual Life in Years	Aggregate Intrinsic Value
Outstanding, beginning of year	**291,626**	**$ 59.74**		
Granted	**23,066**	**84.97**		
Exercised	**(53,294)**	**50.60**		
Canceled	**(1,106)**	**70.46**		
OUTSTANDING, END OF YEAR	**260,292**	**$ 63.74**	**4.9**	**$ 3,971**
EXERCISABLE	**188,959**	**$ 57.68**	**3.4**	**$ 3,895**

The weighted average grant-date fair value of options granted was $9.38, $10.01 and $8.19 per share in 2015, 2014 and 2013, respectively. The total intrinsic value of options exercised was $1,814, $1,152 and $1,759 in 2015, 2014 and 2013, respectively. The total grant-date fair value of options that vested during 2015, 2014 and 2013 was $241, $319 and $352, respectively. At June 30, 2015, there was $205 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 1.9 years. Cash received from options exercised was $2,631, $1,938 and $3,294 in 2015, 2014 and 2013, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $519, $338 and $575 in 2015, 2014 and 2013, respectively.

	RSUs		PSUs	
Other stock-based awards	Units (in thousands)	Weighted-Average Grant-Date Fair Value	Units (in thousands)	Weighted-Average Grant-Date Fair Value
Non-vested at July 1, 2014	4,902	$ 61.74	1,883	$ 66.53
Granted	**1,451**	**69.25**	**575**	**77.47**
Vested	**(1,212)**	**59.22**	**(1,251)**	**63.96**
Forfeited	**(133)**	**64.74**	**(19)**	**69.82**
Non-vested at June 30, 2015	**5,008**	**$ 64.78**	**1,188**	**$ 74.48**

At June 30, 2015, there was $197 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 2.9 years. The total fair value of shares vested was $79, $95 and $51 in 2015, 2014 and 2013, respectively.

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 9

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 $305, $311 and $314 in 2015, 2014 and 2013, 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 2015 and 15% in 2014 and 2013.

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.

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

	Pension Benefits (1)		Other Retiree Benefits (2)	
Years ended June 30	2015	2014	2015	2014
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year (3)	**$ 17,053**	$ 14,514	**$ 5,505**	$ 5,289
Service cost	**317**	298	**156**	149
Interest cost	**545**	590	**240**	256
Participants' contributions	**19**	20	**71**	72
Amendments	**17**	4	**(325)**	(5)
Actuarial loss/(gain)	**524**	1,365	**(399)**	(46)
Acquisitions	**7**	—	**—**	—
Special termination benefits	**11**	5	**23**	9
Currency translation and other	**(1,908)**	797	**(134)**	20
Benefit payments	**(634)**	(540)	**(233)**	(239)
BENEFIT OBLIGATION AT END OF YEAR (3)	**$ 15,951**	$ 17,053	**$ 4,904**	$ 5,505
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	**$ 11,098**	$ 8,561	**$ 3,574**	$ 3,553
Actual return on plan assets	**1,016**	964	**10**	124
Employer contributions	**262**	1,549	**18**	31
Participants' contributions	**19**	20	**71**	72
Currency translation and other	**(1,156)**	544	**(6)**	—
ESOP debt impacts (4)	**—**	—	**36**	33
Benefit payments	**(634)**	(540)	**(233)**	(239)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**$ 10,605**	$ 11,098	**$ 3,470**	$ 3,574
FUNDED STATUS	**$ (5,346)**	$ (5,955)	**$ (1,434)**	$ (1,931)

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

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

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.

	Pension Benefits		Other Retiree Benefits	
Years ended June 30	2015	2014	2015	2014
CLASSIFICATION OF NET AMOUNT RECOGNIZED				
Noncurrent assets	**$ 276**	$ 69	**$ —**	$ —
Current liabilities	**(39)**	(40)	**(20)**	(25)
Noncurrent liabilities	**(5,583)**	(5,984)	**(1,414)**	(1,906)
NET AMOUNT RECOGNIZED	**$ (5,346)**	$ (5,955)	**$ (1,434)**	$ (1,931)
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME (AOCI)				
Net actuarial loss	**$ 4,488**	$ 5,169	**$ 1,731**	$ 1,871
Prior service cost/(credit)	**300**	344	**(346)**	(39)
NET AMOUNTS RECOGNIZED IN AOCI	**$ 4,788**	$ 5,513	**$ 1,385**	$ 1,832

The accumulated benefit obligation for all defined benefit pension plans was $14,239 and $14,949 as of June 30, 2015 and 2014, 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:

	Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets		Projected Benefit Obligation Exceeds the Fair Value of Plan Assets	
Years ended June 30	2015	2014	2015	2014
Projected benefit obligation	**$ 13,411**	$ 14,229	**$ 14,057**	$ 15,325
Accumulated benefit obligation	**11,918**	12,406	**12,419**	13,279
Fair value of plan assets	**7,931**	8,353	**8,435**	9,301

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

	Pension Benefits			Other Retiree Benefits		
Years ended June 30	2015	2014	2013	2015	2014	2013
AMOUNTS RECOGNIZED IN NET PERIODIC BENEFIT COST						
Service cost	**$ 317**	$ 298	$ 300	**$ 156**	$ 149	$ 190
Interest cost	**545**	590	560	**240**	256	260
Expected return on plan assets	**(732)**	(701)	(587)	**(406)**	(385)	(382)
Prior service cost/(credit) amortization	**30**	26	18	**(20)**	(20)	(20)
Net actuarial loss amortization	**275**	214	213	**105**	118	199
Special termination benefits	**11**	5	39	**23**	9	18
Curtailments, settlements and other	**—**	—	4	**—**	—	—
GROSS BENEFIT COST	**446**	432	547	**98**	127	265
Dividends on ESOP preferred stock	**—**	—	—	**(58)**	(64)	(70)
NET PERIODIC BENEFIT COST/(CREDIT)	**$ 446**	$ 432	$ 547	**$ 40**	$ 63	$ 195
CHANGE IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN AOCI						
Net actuarial loss/(gain) - current year	**$ 240**	$ 1,102		**$ (3)**	$ 215	
Prior service cost/(credit) - current year	**17**	4		**(325)**	(5)	
Amortization of net actuarial loss	**(275)**	(214)		**(105)**	(118)	
Amortization of prior service (cost)/credit	**(30)**	(26)		**20**	20	
Currency translation and other	**(677)**	245		**(34)**	2	
TOTAL CHANGE IN AOCI	**(725)**	1,111		**(447)**	114	
NET AMOUNTS RECOGNIZED IN PERIODIC BENEFIT COST AND AOCI	**$ (279)**	$ 1,543		**$ (407)**	$ 177	

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

Amounts expected to be amortized from AOCI into net periodic benefit cost during the year ending June 30, 2016, are as follows:

	Pension Benefits	Other Retiree Benefits
Net actuarial loss	$ 270	$ 78
Prior service cost/(credit)	30	(52)

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. As of June 30, 2015, we updated our assumptions for revised mortality projections for the measurement of U.S. retirement benefit obligations that reflect longevity improvements of plan participants, resulting in an increase to future pension expense and to our benefit obligation. The weighted average assumptions used to determine benefit obligations recorded on the Consolidated Balance Sheets as of June 30, were as follows: [(1)]

	Pension Benefits		Other Retiree Benefits	
	2015	2014	2015	2014
Discount rate	**3.1%**	3.5%	**4.5%**	4.4%
Rate of compensation increase	**3.1%**	3.2%	**N/A**	N/A
Health care cost trend rates assumed for next year	**N/A**	N/A	**6.8%**	6.8%
Rate to which the health care cost trend rate is assumed to decline (ultimate trend rate)	**N/A**	N/A	**5.0%**	5.0%
Year that the rate reaches the ultimate trend rate	**N/A**	N/A	**2021**	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)]

	Pension Benefits			Other Retiree Benefits		
Years ended June 30	2015	2014	2013	2015	2014	2013
Discount rate	**3.5%**	4.0%	4.2%	**4.4%**	4.8%	4.3%
Expected return on plan assets	**7.2%**	7.2%	7.3%	**8.3%**	8.3%	8.3%
Rate of compensation increase	**3.2%**	3.2%	3.3%	**N/A**	N/A	N/A

(1) Determined as of beginning of year and adjusted for acquisitions.

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:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on the total service and interest cost components	$ 81	$ (62)
Effect on the accumulated postretirement benefit obligation	824	(642)

Plan Assets. Our investment objective for defined benefit retirement plan assets is to meet the plans' benefit obligations, while minimizing the potential for future required Company plan contributions. 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 matching the actuarial projections of the plans' future liabilities and benefit payments with 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, 2015, and actual asset allocation by asset category as of June 30, 2015 and 2014, were as follows:

	Target Asset Allocation		Actual Asset Allocation at June 30			
			Pension Benefits		Other Retiree Benefits	
Asset Category	Pension Benefits	Other Retiree Benefits	2015	2014	2015	2014
Cash	**2%**	**2%**	**2%**	1%	**1%**	1%
Debt securities	**51%**	**3%**	**50%**	51%	**5%**	6%
Equity securities	**47%**	**95%**	**48%**	48%	**94%**	93%
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, 2015 and 2014 segregated by level within the fair value hierarchy (refer to Note 5 for further discussion on the fair value hierarchy and fair value principles). Common collective funds are 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. 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.

	Pension Benefits							
	Level 1		Level 2		Level 3		Total	
Years ended June 30	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS AT FAIR VALUE								
Cash and cash equivalents	**$ 154**	$ 79	**$ 112**	$ —	**$ —**	$ —	**$ 266**	$ 79
Collective fund - equity	**—**	—	**5,054**	5,336	**—**	—	**5,054**	5,336
Collective fund - fixed income	**—**	—	**5,162**	5,539	**—**	—	**5,162**	5,539
Other	**4**	5	**—**	—	**119**	139	**123**	144
TOTAL ASSETS AT FAIR VALUE	**$ 158**	$ 84	**$10,328**	$10,875	**$ 119**	$ 139	**$10,605**	$11,098

	Other Retiree Benefits							
	Level 1		Level 2		Level 3		Total	
Years ended June 30	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS AT FAIR VALUE								
Cash and cash equivalents	**$ 36**	$ 30	**$ —**	$ —	**$ —**	$ —	**$ 36**	$ 30
Company stock	**—**	—	**3,239**	3,304	**—**	—	**3,239**	3,304
Common collective fund - equity	**—**	—	**17**	18	**—**	—	**17**	18
Common collective fund - fixed income	**—**	—	**178**	217	**—**	—	**178**	217
Other	**—**	—	**—**	—	**—**	5	**—**	5
TOTAL ASSETS AT FAIR VALUE	**$ 36**	$ 30	**$ 3,434**	$ 3,539	**$ —**	$ 5	**$ 3,470**	$ 3,574

There was no significant activity within the Level 3 pension and other retiree benefits plan assets during the years presented.

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, 2016, is $215 and $34, respectively. For the defined benefit retirement plans, this is comprised of $96 in expected benefit payments from the Company directly to participants of unfunded plans and $119 of expected contributions to funded plans. For other retiree benefit plans, this is comprised of $27 in expected benefit payments from the Company directly to participants of unfunded plans and $7 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:

Years ending June 30	Pension Benefits	Other Retiree Benefits
EXPECTED BENEFIT PAYMENTS		
2016	$ 533	$ 182
2017	542	196
2018	560	210
2019	572	223
2020	587	235
2021 - 2025	3,403	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 $86 remain outstanding at June 30, 2015. 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 $2.59 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 $662 is outstanding at June 30, 2015. 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 $2.59 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 4) 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:

Shares in thousands	2015	2014	2013
Allocated	**42,044**	44,465	45,535
Unallocated	**7,228**	8,474	9,843
TOTAL SERIES A	**49,272**	52,939	55,378
Allocated	**23,074**	22,085	21,278
Unallocated	**34,096**	35,753	37,300
TOTAL SERIES B	**57,170**	57,838	58,578

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

NOTE 10

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	2015	2014	2013
United States	**$ 8,863**	$ 8,816	$ 8,020
International	**2,983**	5,521	6,159
TOTAL	**$11,846**	$14,337	$14,179

Income taxes on continuing operations consisted of the following:

Years ended June 30	2015	2014	2013
CURRENT TAX EXPENSE			
U.S. federal	**$ 2,272**	$ 1,524	$ 1,745
International	**1,195**	1,301	1,502
U.S. state and local	**252**	237	278
	3,719	3,062	3,525
DEFERRED TAX EXPENSE			
U.S. federal	**(611)**	142	185
International and other	**(192)**	(185)	(484)
	(803)	(43)	(299)
TOTAL TAX EXPENSE	**$ 2,916**	$ 3,019	$ 3,226

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	2015	2014	2013
U.S. federal statutory income tax rate	**35.0 %**	35.0 %	35.0 %
Country mix impacts of foreign operations	**(13.9)%**	(11.1)%	(7.8)%
Changes in uncertain tax positions	**(0.8)%**	(1.6)%	(1.9)%
Impairment adjustments	**— %**	— %	0.6 %
Holding gain on joint venture buy-out	**— %**	— %	(1.5)%
Venezuela deconsolidation charge	**6.2 %**	— %	— %
Other	**(1.9)%**	(1.2)%	(1.6)%
EFFECTIVE INCOME TAX RATE	**24.6 %**	21.1 %	22.8 %

Changes in uncertain tax positions represent changes in our net liability related to prior year tax positions. 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.

Tax costs charged to shareholders' equity totaled $634 for the year ended June 30, 2015. This primarily relates to the tax effects of net investment hedges and the impact of certain adjustments to pension obligations recorded in stockholders' equity, partially offset by excess tax benefits from the exercise of stock options. Tax benefits to shareholders' equity totaled $716 for the year ended June 30, 2014. This primarily relates to the tax effects of net investment hedges, excess tax benefits from the exercise of stock options and the impacts of certain adjustments to pension and other retiree benefit obligations recorded in shareholders' equity.

We have undistributed earnings of foreign subsidiaries of approximately $45.0 billion at June 30, 2015, 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	2015	2014	2013
BEGINNING OF YEAR	**$ 1,437**	$ 1,600	$ 1,773
Increases in tax positions for prior years	**87**	146	162
Decreases in tax positions for prior years	**(146)**	(296)	(225)
Increases in tax positions for current year	**118**	142	188
Settlements with taxing authorities	**(250)**	(135)	(195)
Lapse in statute of limitations	**(27)**	(33)	(98)
Currency translation	**(123)**	13	(5)
END OF YEAR	**$ 1,096**	$ 1,437	$ 1,600

Included in the total liability for uncertain tax positions at June 30, 2015, is $510 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 60-70 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 closing of statute of limitations. Such adjustments are reflected in the tax provision as appropriate. We have tax years open ranging from 2002 and forward. We are generally not able to reliably estimate the ultimate settlement amounts until the close of the audit. Based on information currently available, we anticipate that over the next 12 month period, audit activity could be completed related to uncertain tax positions in multiple jurisdictions for which we have accrued existing liabilities of approximately $445, including interest and penalties.

Accounting pronouncements require that, without discretion, we recognize the additional accrual of any possible related interest and penalties relating to the underlying uncertain tax position in income tax expense, unless the Company qualifies for a specific exception. As of June 30, 2015, 2014 and 2013, we had accrued interest of $347, $411 and $413 and accrued penalties of $19, $32 and $34, respectively, which are not included in the above table. During the fiscal years ended June 30, 2015, 2014 and 2013, we recognized $15, $(6) and $24 in interest benefit/(expense) and $13, $2 and $32 in penalties benefit, respectively. The net benefits recognized resulted primarily from the favorable resolution of tax positions for prior years.

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

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

Years ended June 30	2015	2014
DEFERRED TAX ASSETS		
Pension and postretirement benefits	**$ 1,839**	$ 2,045
Loss and other carryforwards	**1,014**	1,211
Stock-based compensation	**949**	1,060
Advance payments	**281**	—
Accrued marketing and promotion	**266**	258
Unrealized loss on financial and foreign exchange transactions	**183**	352
Fixed assets	**139**	115
Inventory	**49**	35
Accrued interest and taxes	**48**	66
Goodwill and other intangible assets	**25**	49
Other	**814**	809
Valuation allowances	**(324)**	(384)
TOTAL	**$ 5,283**	$ 5,616
DEFERRED TAX LIABILITIES		
Goodwill and other intangible assets	**$ 10,136**	$ 11,428
Fixed assets	**1,590**	1,665
Unrealized gain on financial and foreign exchange transactions	**353**	43
Other	**149**	101
TOTAL	**$ 12,228**	$ 13,237

Net operating loss carryforwards were $3.1 billion and $3.6 billion at June 30, 2015 and 2014, respectively. If unused, $1.2 billion will expire between 2015 and 2034. The remainder, totaling $1.9 billion at June 30, 2015, may be carried forward indefinitely.

NOTE 11

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	2016	2017	2018	2019	2020	There after
Purchase obligations	$ 586	$ 280	$ 169	$ 132	$ 110	$ 230

Such amounts represent future purchases in line with expected usage to obtain favorable pricing. This includes purchase commitments related to service contracts for information technology, human resources management and facilities management activities that have been outsourced to third-party suppliers. 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:

Years ending June 30	2016	2017	2018	2019	2020	There after
Operating leases	$ 249	$ 225	$ 210	$ 194	$ 177	$ 562

Litigation

We are subject to various legal proceedings and claims arising out of our business which cover a wide range of matters such as antitrust, trade and other governmental regulations, product liability, patent and trademark, advertising, contracts, environmental, labor and employment and income taxes.

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

As previously disclosed, the Company has had a number of antitrust matters in Europe. These matters involve a number of other consumer products companies and/or retail customers. Several regulatory authorities in Europe have issued separate decisions pursuant to their investigations alleging that the Company, along with several other companies, engaged in violations of competition laws in those countries. Many of these matters have concluded and the fines have been paid. For ongoing matters, the Company has accrued liabilities for competition law violations from these European cases totaling $38 as of June 30, 2015. While the ultimate resolution of ongoing matters for which we have accrued liabilities may result in fines or costs in excess of the amounts reserved, it is difficult to estimate such amounts at this time. Currently, however, we do not expect any such incremental losses to materially impact our financial statements in the periods in which they are accrued and paid, respectively.

With respect to other litigation and claims, 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 have a material effect on our financial position, results of operations or cash flows.

NOTE 12

SEGMENT INFORMATION

Our Global Business Units (GBUs) are organized into four industry-based sectors, comprised of 1) Global Beauty, 2) Global Health and Grooming, 3) Global Fabric and Home Care and 4) Global Baby, Feminine and Family Care. The Company completed the divestiture of its Pet Care business during the current fiscal year. On November 13, 2014, the Company announced that it plans to divest the Batteries business via a transaction with Berkshire Hathaway. The Company expects to complete the Batteries transaction in the beginning of calendar year 2016, pending necessary regulatory approvals. These GBUs are reported as discontinued operations for all periods presented (see Note 13).

Under U.S. GAAP, the remaining GBUs underlying the four sectors are aggregated into five reportable segments: 1) Beauty, Hair and Personal Care, 2) Grooming, 3) Health Care, 4) Fabric Care and Home Care and 5) Baby, Feminine and Family Care. Our five reportable segments are comprised of:

- *Beauty, Hair and Personal Care*: Skin and Personal Care (Antiperspirant and Deodorant, Personal Cleansing, Skin Care); Cosmetics; Hair Care and Color; Prestige (SKII, Fragrances); Salon Professional;
- *Grooming*: Shave Care (Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Shave Care); Electronic Hair Removal;
- *Health Care*: Personal Health Care (Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/ Supplements, Other Personal Health Care); Oral Care (Toothbrush, Toothpaste, Other Oral Care);
- *Fabric Care and Home Care*: Fabric Care (Laundry Additives, Fabric Enhancers, Laundry Detergents); Home Care (Air Care, Dish Care, Surface Care, P&G Professional); and
- *Baby, Feminine and 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 maintain a competitive cost structure, including manufacturing and workforce optimization 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*

Years ended June 30	2015	2014	2013
Fabric Care	**20%**	21%	21%
Baby Care	**14%**	14%	13%
Hair Care and Color	**11%**	11%	12%
Shave Care	**9%**	9%	9%
Home Care	**8%**	8%	8%
Family Care	**7%**	7%	7%
Oral Care	**7%**	7%	7%
Feminine Care	**6%**	6%	6%
Skin and Personal Care	**6%**	6%	6%
All Other	***12%***	*11%*	*11%*
TOTAL	**100%**	100%	100%

* % of sales by business unit excludes sales held in Corporate.

The Company had net sales in the U.S. of $28.3 billion, $28.3 billion and $28.1 billion for the years ended June 30, 2015, 2014 and 2013, respectively. Long-lived assets in the U.S. totaled $8.4 billion and $8.7 billion as of June 30, 2015 and 2014, 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 14% of consolidated net sales in 2015, 2014 and 2013.

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

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, HAIR AND PERSONAL CARE	**2015**	**$ 18,135**	**$ 3,379**	**$ 2,584**	**$ 377**	**$ 7,429**	**$ 524**
	2014	19,507	3,530	2,739	394	8,576	502
	2013	19,956	3,215	2,474	375	8,396	541
GROOMING	**2015**	**7,441**	**2,374**	**1,787**	**540**	**23,090**	**372**
	2014	8,009	2,589	1,954	576	23,767	369
	2013	8,038	2,458	1,837	603	23,971	378
HEALTH CARE	**2015**	**7,713**	**1,700**	**1,167**	**202**	**5,212**	**218**
	2014	7,798	1,597	1,083	199	5,879	253
	2013	7,684	1,582	1,093	191	5,933	248
FABRIC CARE AND HOME CARE	**2015**	**22,277**	**4,061**	**2,635**	**547**	**7,155**	**986**
	2014	23,509	4,266	2,771	539	7,938	1,057
	2013	23,395	4,379	2,835	544	7,658	985
BABY, FEMININE AND FAMILY CARE	**2015**	**20,247**	**4,317**	**2,938**	**924**	**10,109**	**1,337**
	2014	20,950	4,310	2,940	908	10,946	1,317
	2013	20,479	4,507	3,047	837	10,926	1,560
CORPORATE [(1)]	**2015**	**466**	**(3,985)**	**(2,181)**	**544**	**76,500**	**299**
	2014	737	(1,955)	(169)	525	87,160	350
	2013	564	(1,962)	(333)	432	82,379	296
TOTAL COMPANY	**2015**	**$ 76,279**	**$ 11,846**	**$ 8,930**	**$ 3,134**	**$ 129,495**	**$ 3,736**
	2014	80,510	14,337	11,318	3,141	144,266	3,848
	2013	80,116	14,179	10,953	2,982	139,263	4,008

(1) The Corporate reportable segment includes depreciation and amortization, total assets and capital expenditures of the Pet Care business prior to its divestiture during fiscal year 2015 and of the Batteries business.

NOTE 13

DISCONTINUED OPERATIONS

During the quarter ended December 31, 2014, the Company divested its interest in a China-based battery joint venture, resulting in proceeds of approximately $560. In November 2014, the Company reached an agreement to divest the remainder of its Batteries business to Berkshire Hathaway (BH) via a split transaction, in which the Company will exchange a recapitalized Duracell Company for BH's shares of P&G stock. As of the date the transaction was signed, BH's shares were valued at approximately $4.7 billion. As of June 30, 2015, this value has declined to approximately $4.1 billion. The Company expects to contribute approximately $1.8 billion in cash to the Duracell Company in the pre-transaction recapitalization, subject to final working capital adjustments. The Company recorded goodwill and indefinite-lived asset impairment charges during the fiscal year ended June 30, 2015 which reflected the total estimated proceeds from the divestiture transactions (see Note 2). Since the number of shares of P&G stock the Company will receive in the Batteries transaction is fixed, the total value to be received in the transaction will be based on the Company's share price as of the closing date, which is expected to occur in the beginning of calendar 2016. Accordingly, any further increase or decrease in the Company's share price before the closing date will ultimately be reflected in earnings from discontinued operations as a gain or loss.

The Batteries business had historically been part of the Company's Fabric Care and Home Care reportable segment. In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Batteries business are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. Additionally, the Batteries balance sheet positions as of June 30, 2015 are presented as Assets and Liabilities held for sale in the Consolidated Balance Sheets.

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

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

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 were substantially completed as of June 30, 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.

The Pet Care business had historically been part of the Company's Health Care reportable segment. In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Pet Care business are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. Additionally, the Pet Care balance sheet positions as of June 30, 2014 are presented as assets and liabilities held for sale in the Consolidated Balance Sheets.

Following is selected financial information included in net earnings from discontinued operations for the Batteries and Pet Care businesses:

		Net Sales	Earnings Before Impairment Charges and Income Taxes	Impairment Charges	Income Tax Expense	Gain on Sale Before Income Taxes	Income Tax Expense on Sales	Net Earnings from Discontinued Operations
Batteries	**2015**	**$ 2,226**	**$ 479**	**$ (2,174)**	**$ (140)**	**$ —**	**$ —**	**$ (1,835)**
	2014	2,552	548	—	(159)	—	—	389
	2013	2,465	513	—	(165)	—	—	348
Pet Care	**2015**	**251**	**—**	**—**	**(4)**	**195**	**(142)**	**49**
	2014	1,475	130	—	(52)	—	—	78
	2013	1,586	151	—	(50)	—	—	101
Total	**2015**	**$ 2,477**	**$ 479**	**$ (2,174)**	**$ (144)**	**$ 195**	**$ (142)**	**$ (1,786)**
	2014	4,027	678	—	(211)	—	—	467
	2013	4,051	664	—	(215)	—	—	449

The major components of assets and liabilities of the Pet Care and Batteries businesses held for sale were as follows:

	Batteries	Pet Care
	June 30, 2015	June 30, 2014
Cash	**$ 25**	$ —
Accounts receivable	**245**	—
Inventories	**304**	122
Prepaid expenses and other assets	**28**	14
Property, plant and equipment, net	**496**	441
Goodwill and intangible assets, net	**2,389**	2,258
Other noncurrent assets	**23**	14
Total assets held for sale	**$ 3,510**	$ 2,849
Accounts payable	**$ 195**	$ 63
Accrued and other liabilities	**194**	13
Long-term debt	**18**	—
Noncurrent deferred tax liabilities	**780**	584
Total liabilities held for sale	**$ 1,187**	$ 660

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

NOTE 14

SUBSEQUENT EVENT

On July 9, 2015, the Company announced the signing of a definitive agreement to divest four product categories, comprised of 43 of its beauty brands ("Beauty Brands"), which will be merged with Coty, Inc. ("Coty"). While the ultimate form of the transaction has not yet been decided, the Company's current preference is for a Reverse Morris Trust split-off transaction in which P&G shareholders could elect to participate in an exchange offer to exchange P&G shares for Coty shares. The transaction includes the global salon professional hair care and color, retail hair color, cosmetics and fine fragrance businesses, along with select hair styling brands. Combined, the Beauty Brands had $5.5 billion in net sales for the year ended June 30, 2015. The Company expects to close the transaction in the second half of calendar year 2016, pending regulatory approvals.

Coty's offer for the Beauty Brands, which was accepted by the Company, was $12.5 billion. While the final value of the transaction will be determined at closing, based on Coty's stock price and outstanding shares and equity grants as of the date of signing, the value of the transaction was approximately $15.0 billion. The value is comprised of approximately 413 million shares, or 52% of the diluted equity of the newly combined company, valued at approximately $13.1 billion and the assumption of debt of $1.9 billion by the entity holding the beauty businesses immediately prior to close of the transaction. The assumed debt is expected to vary between $3.9 billion and $1.9 billion, depending on a $22.06 to $27.06 per share collar of Coty's stock based on the trading price prior to the close of the transaction, but will be subject to other contractual valuation adjustments.

Beginning in the quarter ending September 30, 2015, the Beauty Brands will be reported as discontinued operations in our Consolidated Financial Statements, with prior year periods restated to reflect the same treatment.

NOTE 15

QUARTERLY RESULTS (UNAUDITED)

Quarters Ended		Sep 30	Dec 31	Mar 31	Jun 30	Total Year
NET SALES	**2014-2015**	**$ 20,186**	**$ 20,161**	**$ 18,142**	**$ 17,790**	**$ 76,279**
	2013-2014	20,174	21,099	19,641	19,596	80,510
OPERATING INCOME (1)	**2014-2015**	**3,778**	**3,947**	**3,135**	**930**	**11,790**
	2013-2014	3,970	4,302	3,306	3,162	14,740
GROSS MARGIN	**2014-2015**	**49.4%**	**50.0%**	**48.6%**	**48.0%**	**49.0%**
	2013-2014	49.4 %	50.4 %	48.9 %	47.5 %	49.1 %
NET EARNINGS:						
Net earnings from continuing operations (1)	**2014-2015**	**$ 2,840**	**$ 2,975**	**$ 2,475**	**$ 640**	**$ 8,930**
	2013-2014	2,934	3,297	2,531	2,556	11,318
Net earnings/(loss) from discontinued operations	**2014-2015**	**(820)**	**(577)**	**(287)**	**(102)**	**(1,786)**
	2013-2014	123	175	105	64	467
Net earnings attributable to Procter & Gamble	**2014-2015**	**1,990**	**2,372**	**2,153**	**521**	**7,036**
	2013-2014	3,027	3,428	2,609	2,579	11,643
DILUTED NET EARNINGS PER COMMON SHARE: (2)						
Earnings from continuing operations	**2014-2015**	**$ 0.97**	**$ 1.02**	**$ 0.85**	**$ 0.22**	**$ 3.06**
	2013-2014	1.00	1.12	0.87	0.87	3.86
Earnings/(loss) from discontinued operations	**2014-2015**	**(0.28)**	**(0.20)**	**(0.10)**	**(0.04)**	**(0.62)**
	2013-2014	0.04	0.06	0.03	0.02	0.15
Net earnings	**2014-2015**	**0.69**	**0.82**	**0.75**	**0.18**	**2.44**
	2013-2014	1.04	1.18	0.90	0.89	4.01

(1) The Company recorded a one-time Venezuela deconsolidation charge of $2.0 billion before tax ($2.1 billion after tax) in the quarter-ended June 30, 2015. This impact is discussed more fully in Note 1.

(2) Diluted net earnings per share is calculated on 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, A. G. Lafley, 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. Lafley 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. Lafley 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 2015 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 Board Engagement and Attendance; the subsections of the Corporate Governance section entitled Code of Ethics 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 2015 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, 2015. The table includes the following plans: The Procter & Gamble 1992 Stock Plan; The Procter & Gamble 1993 Non-Employee Directors' 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; The Procter & Gamble 2013 Non-Employee Directors' Stock Plan; and The Procter & Gamble 2014 Stock and Incentive Compensation Plan.

Plan Category	(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	254,163,681	$63.8297	(2)
Restricted Stock Units (RSUs)/Performance Stock Units (PSUs)	11,087,436	N/A	(2)
Equity compensation plans not approved by security holders (3)			
Options	6,128,201	59.8356	(4)
GRAND TOTAL	**271,379,318**	**$63.7357** (5)	**156,065,007**

(1) Includes The Procter & Gamble 1992 Stock Plan; The Procter & Gamble 1993 Non-Employee Directors' Stock 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; The Procter & Gamble 2013 Non-Employee Directors' Stock 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 156 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 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 19,000,000 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 2015 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 2015 Proxy Statement filed pursuant to Regulation 14A: the sections 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 2015 Proxy Statement filed pursuant to Regulation 14A, beginning with the section entitled Report of the Audit Committee and ending with the section 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, 2015, 2014 and 2013
- Consolidated Statements of Other Comprehensive Income - for years ended June 30, 2015, 2014 and 2013
- Consolidated Balance Sheets - as of June 30, 2015 and 2014
- Consolidated Statements of Shareholders' Equity - for years ended June 30, 2015, 2014 and 2013
- Consolidated Statements of Cash Flows - for years ended June 30, 2015, 2014 and 2013
- 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 (2-1) - Transaction Agreement dated as of July 8, 2015 among The Procter & Gamble Company, Coty Inc., Galleria Co. and Green Acquisition Sub Inc. + **

Exhibit (3-1) - Amended Articles of Incorporation (as amended by shareholders at the annual meeting on October 11, 2011) (Incorporated by reference to Exhibit (3-1) of the Company's Form 10-Q for the quarter ended September 30, 2011).

(3-2) - Regulations (as approved by the Board of Directors on October 14, 2014, 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 Form 10-Q for the quarter ended September 30, 2014).

Exhibit (4-1) - Indenture, dated as of September 3, 2009, between the Company and Deutsche Bank Trust Company Americas, as Trustee. +

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(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) - The Procter & Gamble 1992 Stock Plan (Belgian Version) (as amended December 11, 2001), which was originally adopted by the Board of Directors on February 14, 1997 (Incorporated by reference to Exhibit (10-6) of the Company's Annual Report on Form 10-K for the year ended June 30, 2013).*

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Exhibit (32) - Section 1350 Certifications. +

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101.INS (1) XBRL Instance Document

101.SCH (1) XBRL Taxonomy Extension Schema Document

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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.

** Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementary to the Securities and Exchange Commission a copy of any omitted schedule or similar attachment upon request.

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/ A.G. LAFLEY
(A.G. Lafley)
Chairman of the Board, President and
Chief Executive Officer

August 7, 2015

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.

Signature	Title	Date
/s/ A.G. LAFLEY (A.G. Lafley)	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	August 7, 2015
/s/ JON R. MOELLER (Jon R. Moeller)	Chief Financial Officer (Principal Financial Officer)	August 7, 2015
/s/ VALARIE L. SHEPPARD (Valarie L. Sheppard)	Senior Vice President, Comptroller & Treasurer (Principal Accounting Officer)	August 7, 2015
/s/ FRANCIS S. BLAKE (Francis S. Blake)	Director	August 7, 2015
/s/ ANGELA F. BRALY (Angela F. Braly)	Director	August 7, 2015
/s/ KENNETH I. CHENAULT (Kenneth I. Chenault)	Director	August 7, 2015
/s/ SCOTT D. COOK (Scott D. Cook)	Director	August 7, 2015
/s/ SUSAN DESMOND-HELLMANN (Susan Desmond-Hellmann)	Director	August 7, 2015
/s/ TERRY J. LUNDGREN (Terry J. Lundgren)	Director	August 7, 2015
/s/ W. JAMES MCNERNEY, JR. (W. James McNerney, Jr.)	Director	August 7, 2015
/S/ DAVID S. TAYLOR (David S. Taylor)	Director	August 7, 2015
/s/ MARGARET C. WHITMAN (Margaret C. Whitman)	Director	August 7, 2015
/s/ MARY AGNES WILDEROTTER (Mary Agnes Wilderotter)	Director	August 7, 2015
/s/ PATRICIA A. WOERTZ (Patricia A. Woertz)	Director	August 7, 2015
/s/ ERNESTO ZEDILLO (Ernesto Zedillo)	Director	August 7, 2015

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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

Global Company Leadership

A.G. Lafley
Chairman of the Board, President and Chief Executive Officer [1]

COMPANY OPERATIONS

Mark F. Biegger
Chief Human Resources Officer

Linda Clement-Holmes
Chief Information Officer

Kathleen B. Fish
Chief Technology Officer

Deborah P. Majoras
Chief Legal Officer and Secretary

Jon R. Moeller
Chief Financial Officer

Julio N. Nemeth
President–Global Business Services

Marc S. Pritchard
Chief Brand Officer

Jeffrey K. Schomburger
Global Sales Officer

Yannis Skoufalos
Global Product Supply Officer

Philip J. Duncan
Global Design Officer

William Gipson
Senior Vice President–Global Diversity and Research & Development, Asia Innovation Centers

Valarie L. Sheppard
Senior Vice President, Comptroller and Treasurer

Kirti V. Singh
Vice President–Global Consumer & Market Knowledge

SELLING AND MARKET OPERATIONS

Carolyn M. Tastad
Group President–North America

Gary A. Coombe
President–Europe

Tarek N. Farahat
President–Latin America

Hatsunori Kiriyama
President–Asia Pacific

Matthew Price
President–Greater China

Mohamed Samir
President–India, Middle East and Africa

Henry Karamanoukian
Senior Vice President–Sales, North America

BABY, FEMININE AND FAMILY CARE

Martin Riant
Group President–Global Baby, Feminine and Family Care

Mary Lynn Ferguson-McHugh
Group President–Global Family Care

BEAUTY

David S. Taylor
Group President–Global Beauty, Grooming and Health Care and Member of Board of Directors [1][2]

Patrice Louvet
Group President–Global Beauty

Colleen E. Jay
President–Beauty Specialty Businesses

R. Alexandra Keith
President–Global Skin & Personal Care

FABRIC AND HOME CARE

Giovanni Ciserani
Group President–Global Fabric and Home Care

Shailesh Jejurikar
President–Fabric Care, North America; Brand Building Organization, Global Fabric and Home Care; and Global New Business Creation

George Tsourapas
President–Global Home Care and P&G Professional

HEALTH AND GROOMING

David S. Taylor
Group President–Global Beauty, Grooming and Health Care and Member of Board of Directors [1][2]

Steven D. Bishop
Group President–Global Oral Care

Charles E. Pierce
Group President–Global Grooming

Thomas M. Finn
President–Global Health Care

The following Company officers retired during the 2014–15 fiscal year:

Stassi Anastassov
Bruce Brown
Joanne Crewes
Werner Geissler
Melanie Healey
Deborah A. Henretta
Joan Lewis
Adil Mehboob-Khan
Filippo Passerini
Laurent Philippe
Shannan Stevenson
Nancy K. Swanson
Alessandro Tosolini
Jorge Uribe

(1) On July 28, 2015, it was announced that David S. Taylor will succeed A.G. Lafley as P&G's President and Chief Executive Officer and A.G. Lafley will become P&G's Executive Chairman, with both changes effective November 1, 2015. Mr. Taylor was also appointed to the Board of Directors effective July 28, 2015.
(2) David S. Taylor is listed twice, as his role as Group President of Global Beauty, Grooming and Health Care covers two sectors.

Board of Directors

Francis S. Blake
Former Chairman of the Board and Chief Executive Officer of The Home Depot, Inc. (national retailer). Appointed to the Board on February 10, 2015. Also a Director of Delta Airlines. Age 66. *Member of the Audit and Governance & Public Responsibility Committees.*

Angela F. Braly
Former Chair of the Board, President and Chief Executive Officer of WellPoint, Inc. (healthcare insurance), now known as Anthem. Director since 2009. Also a Director of Lowe's Companies, Inc. and Brookfield Asset Management. Age 54. *Member of the Audit and Governance & Public Responsibility Committees*.

Kenneth I. Chenault
Chairman and Chief Executive Officer of the American Express Company (global services, payments and travel company). Director since 2008. Also a Director of International Business Machines Corporation. Age 64. *Member of the Audit and Compensation & Leadership Development Committees.*

Scott D. Cook
Chairman of the Executive Committee of the Board of Intuit Inc. (software and web services). Director since 2000. Also a Director of eBay Inc. Age 63. *Chair of the Innovation & Technology Committee and member of the Compensation & Leadership Development Committee.*

Susan Desmond-Hellmann
Chief Executive Officer of the Bill & Melinda Gates Foundation (a private foundation supporting U.S. education, global health and development, and community giving in the Pacific Northwest). Former Chancellor and Arthur and Toni Rembe Rock Distinguished Professor, University of California, San Francisco. Director since 2010. Also a Director of Facebook, Inc. Age 58. *Member of the Audit and Innovation & Technology Committees.*

A.G. Lafley
Chairman of the Board, President and Chief Executive Officer of the Company. Director since 2013. Also a Director of Legendary Pictures, LLC. Age 68.

Terry J. Lundgren
Chairman and Chief Executive Officer of Macy's, Inc. (national retailer). Director since 2013. Also a Director of Kraft Foods Group. Age 63. *Member of the Governance & Public Responsibility and Innovation & Technology Committees.*

W. James McNerney, Jr.
Chairman of the Board of The Boeing Company (aerospace, commercial jetliners and military defense systems). President of The Boeing Company from 2005 to December 2013 and Chief Executive Officer from 2005 to June 2015. Director since 2003. Also a Director of International Business Machines Corporation. Age 66. *Lead Director, Chair of the Compensation & Leadership Development Committee and member of the Governance & Public Responsibility Committee.*

David S. Taylor
Group President–Global Beauty, Grooming and Health Care. Appointed to the Board on July 28, 2015. Age 57.

Margaret C. Whitman
Chairman, President and Chief Executive Officer of Hewlett Packard (computer software, hardware and IT services company). Former President and Chief Executive Officer of eBay Inc. (ecommerce and payments) from 1998 to 2008. Director since 2011. Age 59. *Member of the Compensation & Leadership Development and Innovation & Technology Committees.*

Mary Agnes Wilderotter
Executive Chairman of Frontier Communications Corporation (company specializing in providing communication services to predominantly rural and suburban towns and cities in 28 states). President of Frontier Communications from 2004 to April 2012 and Chief Executive Officer from 2004 to April 2015. Director since 2009. Also a Director of Xerox Corporation and Juno Therapeutics. Age 60. *Member of the Audit, Compensation & Leadership Development, and Innovation & Technology Committees.*

Patricia A. Woertz
Chairman of the Board of Archer Daniels Midland Company (agricultural processors of oilseeds, corn, wheat and cocoa, etc.). President of Archer Daniels Midland Company from 2006 to February 2014 and Chief Executive Officer from 2006 to January 2015. Director since 2008. Also a director of Royal Dutch Shell plc. Age 62. *Chair of the Audit Committee and member of the Governance & Public Responsibility Committee.*

Ernesto Zedillo
Former President of Mexico, Director of the Center for the Study of Globalization and Professor in the field of International Economics and Politics at Yale University. Director since 2001. Also a Director of Alcoa Inc., Citigroup, Inc. and Promotora de Informaciones S.A. Age 63. *Chair of the Governance & Public Responsibility Committee and member of the Innovation & Technology Committee.*

THE BOARD OF DIRECTORS HAS FOUR COMMITTEES:
Audit, Compensation & Leadership Development, Governance & Public Responsibility, Innovation & Technology

Company and Shareowner Information

P&G'S PURPOSE

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareowners, and the communities in which we live and work to prosper. To learn more, please visit www.pg.com.

BRANDS

For information on our portfolio of brands and our latest innovations, please visit www.pg.com/brands and www.pginnovation.com.

SUSTAINABILITY

At P&G, we are focusing our efforts where we can make the most meaningful difference in both environmental and social sustainability. To learn more, please visit www.pg.com/sustainability.

CORPORATE HEADQUARTERS

The Procter & Gamble Company
P.O. Box 599
Cincinnati, OH 45201-0599

P&G SHAREHOLDER INVESTMENT PROGRAM

The Procter & Gamble Shareholder Investment Program (SIP) is a direct stock purchase and dividend reinvestment plan. The SIP is open to current P&G shareowners as well as new investors and is designed to encourage long-term investment in P&G by providing a convenient and economical way to purchase P&G stock and reinvest dividends. Highlights of the plan include:

- Minimum initial investment—$250
- Nominal administrative fees, including no enrollment fee, and no dividend reinvestment fee
- Optional cash investment—minimum $50
- Administered by The Computershare Trust Company

For complete information on the SIP, please read the Program Prospectus. The Prospectus and New Account Application Form are available at www.pgshareholder.com or by contacting Computershare.

GIVING THE GIFT OF P&G STOCK

Did you know you can give P&G stock to your children, grandchildren, nieces, nephews and friends? Many of our long-time shareowners know what a great gift P&G stock makes for a special person on a special occasion. You can make the gift by transferring shares from your account or by purchasing shares for the recipient through the SIP. Please visit www.pgshareholder.com or contact Computershare for details.

SHAREHOLDER SERVICES

The Computershare Trust Company serves as transfer and dividend paying agent for P&G Common Stock and Administrator of the Procter & Gamble Shareholder Investment Program. Registered shareowners and Program participants needing account assistance with share transfers, plan purchases/sales, lost stock certificates, etc., should contact Computershare at:

Website: www.pgshareholder.com
E-mail: P&G@computershare.com
Phone (M–F, 8am–8pm Eastern): 1-800-742-6253;
1-781-575-4399 (outside U.S. and Canada)

TRANSFER AGENT

Computershare
250 Royall Street
Canton, MA 02021

REGISTRAR

Computershare
P.O. Box 43078
Providence, RI 02940

EXCHANGE LISTINGS

New York Stock Exchange, NYSE Euronext-Paris

STOCK SYMBOL

PG

ANNUAL MEETING

The next annual meeting of shareholders will be held on Tuesday, October 13, 2015. A full transcript of the meeting will be available from Susan Felder, Assistant Secretary. Ms. Felder can be reached at 1 P&G Plaza, Cincinnati, OH 45202-3315.

FORM 10-K

Shareowners may obtain a copy of P&G's 2015 report to the Securities and Exchange Commission on Form 10-K at no charge by going to www.pginvestor.com or by sending a written request to Computershare, P.O. Box 43078, Providence, RI 02940.

The most recent certifications by our Chief Executive and Chief Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Form 10-K for the fiscal year ended June 30, 2015. We have also filed with the New York Stock Exchange the most recent Annual CEO certification as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Recognition

P&G is consistently recognized as a leading global company, earning a variety of awards and recognition in several key areas.

REPUTATION AND LEADERSHIP

Fortune named P&G #1 in our industry and #17 overall on its list of the World's Most Admired Companies.

Barron's ranked P&G #31 on its World's Most Respected Companies list.

Chief Executive Magazine named P&G #3 on its list of the 40 Best Companies for Leaders.

Hay Group ranked P&G #1 on its list of the Best Companies for Leadership.

Universum named P&G to its list of the World's Most Attractive Employers.

P&G ranked #11 on Glassdoor's list of the Best Places to Work across the U.S. and the U.K. in its seventh annual Employees' Choice Awards.

INNOVATION

Innovative new products earned Procter & Gamble five of the top 10 spots in the IRI New Product Pacesetters ranking of the most successful non-food product launches of 2014. P&G innovations making the list were Gain Flings! (#2), DayQuil/NyQuil SEVERE (#5), Old Spice Wild Collection (#7), Duracell Quantum (#8), and Cascade Platinum (#9). This achievement underscores P&G's focus on driving business growth through a strong portfolio of innovative products designed to delight consumers. Since the first IRI New Product Pacesetters Report in 1995, P&G has had 161 products make the top 25 Pacesetters list in non-food categories—more than our six largest competitors combined.

For the first time, Gartner, a leading research and advisory firm, named P&G a "Supply Chain Master" as part of its 2015 Supply Chain Top 25 list. This distinction recognizes companies that have consistently ranked highly on the Top 25 list over the past 10 years. The Gartner Supply Chain Top 25 recognizes sustained leadership and continued excellence in consumer-driven supply chain technologies.

At the 62nd Cannes Lions Festival of Creativity, the premier worldwide event for recognizing the best creative work in the advertising, media and communications industry, P&G brands and our agencies were awarded 36 Lions across 10 brands, including Always/Whisper, Old Spice, Tide, Pampers, Oral-B, and Crest—more than any other advertiser. Always/Whisper led the way with 21 Lions, a record for P&G brands and the best performance of any brand at the 2015 Festival. The Always #LikeAGirl campaign won 14 Lions, including a Titanium Lion—the Festival's highest honor, recognizing breakthrough ideas that change the world of creativity and inform new ways of thinking. In addition to the recognition at the Cannes Lions Festival of Creativity, the Always #LikeAGirl campaign and its agencies have won several awards, including a 2015 Emmy nomination, a Grand CLIO Award and PRWeek's Global Campaign of the Year.

DIVERSITY

P&G received the 2015 Catalyst Award, recognizing the Company for success in creating a workplace where women and men have equal opportunity to advance and lead. P&G is one of only four companies—and the only company in the CPG industry—to win this award more than once.

P&G's commitment to creating a diverse workplace has been recognized by DiversityInc, including a #10 ranking on its Top 50 Companies for Diversity and a #7 ranking on its Top Ten Companies for Global Diversity.

Working Mother named P&G among its 100 Best Companies for working mothers for the seventh consecutive year. We were also ranked among Working Mother's Top 5 Best Companies for Multicultural Women.

The National Association for Female Executives recognized P&G among their Top 50 Companies for Executive Women for the 15th year, ranking P&G in the top 10 for-profit companies for the 5th consecutive year.

The Human Rights Campaign has recognized P&G among a select group of companies, scoring a perfect 100 on the Human Rights Campaign Foundation's 2015 Corporate Equality Index.

SUPPLIER DIVERSITY

Supplier diversity is a fundamental business strategy that strengthens our innovation and go-to-market capabilities and touches and improves the lives of our diverse suppliers, their employees and the communities in which they live and work.

For the eighth year in a row, P&G spent more than $2 billion with minority- and women-owned businesses. Since 2005, P&G has been a member of the Billion Dollar Roundtable, a forum of 20 corporations that spend more than $1 billion annually with diverse suppliers.

We are expanding the scope of supplier diversity to create even more value in our business and communities, launching our Global Supplier Diversity Program to develop diverse suppliers outside the U.S., and renewing our commitment to LGBT- and U.S. Military Veteran-Owned suppliers.

SUSTAINABILITY

P&G's commitment to sustainability is clear, and our focus on sustainability is making P&G stronger, delivering value for consumers, customers and shareowners. P&G's innovative work in this area has earned numerous awards across our business, including Corporate Responsibility Magazine's 100 Best Corporate Citizens, the MSCI Sustainability Index, and recognition on FTSE4Good—on which P&G has been named since the index's inception.

FSC www.fsc.org MIX Paper from responsible sources FSC® C101537

The paper utilized in the printing of this annual report is certified to the FSC® Standards, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

Design: VSA Partners, Inc.

Strengthening Our Business by Accelerating Sustainability

We continue to accelerate and expand our work in sustainability, seeking new opportunities, innovation and partners to make lasting change for our business and the consumers we serve.

This year, we updated our goals to focus on where we can make the most positive impact on our social outreach and reducing our environmental footprint as we continue to grow our business. We also clarified our strategies, better integrating sustainability into our daily business management. This is resulting in increased engagement, innovation and more high-potential projects.

Our approach to bring our strategies to life and accelerate progress is to Preserve, Partner and Pioneer.

50%
less weight per diaper over 20 years

150+
global partners with the P&G CSDW Program

7,000
tons of agricultural waste repurposed

WE PRESERVE

We are working to use less while doing more by reducing our environmental footprint and increasing our positive impact on the communities we serve.

Our **Pampers** teams in Western Europe cut packaging by 80% by moving from "box-to-bag" packaging, saving 6,000+ tons of material, 430+ truckloads and 160+ tons of CO_2 emissions per year. In the last 20 years, Pampers has reduced 50% of the weight of each diaper and 70% of the external packaging.

WE PARTNER

We can accomplish more with partners than we can alone.

In partnership with several other companies, organizations and government offices, we are developing one of the largest biomass facilities in the United States. The plant will generate energy entirely from wood scraps, providing 100% of the steam energy needed to make **Bounty** and **Charmin** at our Albany, Georgia facility, plus generating additional electricity for Georgia residents.

With support of more than 150 global partners, our key corporate cause, **The P&G Children's Safe Drinking Water (CSDW) Program**, marked its 10th year supporting families and children in some of the most remote parts of the world with clean drinking water.

WE PIONEER

We aim to improve tomorrow through industry-leading innovation.

We are turning agricultural corn waste into a key cleaning ingredient for **Tide Coldwater**. Working with DuPont, we developed a breakthrough process that will turn 7,000 tons of agricultural waste annually into cellulosic ethanol. Tide Coldwater is the first brand in the world on a path to blend cellulosic ethanol in a scalable and commercial way.

For more details on our sustainability goals and progress, please go to www.pg.com/en_US/sustainability/report.shtml.


head & shoulders
classic clean
head & shoulders
classic clean
CONDITIONER


Tide
PODS
original