Introduction to Financial Accounting

英文会計入門

サンプルテキスト資料集

Abitus

2014 Annual Report

Dear Shareowners,

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

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

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

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

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, 2014, using criteria established in *Internal Control - Integrated Framework (1992)* 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, 2014, 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, 2014, 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 8, 2014

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, 2014 and 2013, 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, 2014. 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 Company at June 30, 2014 and 2013, and the results of its operations and cash flows for each of the three years in the period ended June 30, 2014, 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, 2014, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 8, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
August 8, 2014

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, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* 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 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, 2014, based on the criteria established in *Internal Control - Integrated Framework (1992)* 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, 2014 and our report dated August 8, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
August 8, 2014

Consolidated Balance Sheets

Amounts in millions; June 30

Assets	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 8,558	$ 5,947
Available-for-sale investment securities	2,128	—
Accounts receivable	6,386	6,508
INVENTORIES		
Materials and supplies	1,742	1,704
Work in process	684	722
Finished goods	4,333	4,483
Total inventories	6,759	6,909
Deferred income taxes	1,092	948
Prepaid expenses and other current assets	3,845	3,678
Assets held for sale	2,849	—
TOTAL CURRENT ASSETS	31,617	23,990
PROPERTY, PLANT AND EQUIPMENT, NET	22,304	21,666
GOODWILL	53,704	55,188
TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET	30,843	31,572
OTHER NONCURRENT ASSETS	5,798	6,847
TOTAL ASSETS	$ 144,266	$ 139,263

Amounts in millions; June 30

Liabilities and Shareholders' Equity	2014	2013
CURRENT LIABILITIES		
Accounts payable	$ 8,461	$ 8,777
Accrued and other liabilities	8,999	8,828
Liabilities held for sale	660	—
Debt due within one year	15,606	12,432
TOTAL CURRENT LIABILITIES	33,726	30,037
LONG-TERM DEBT	19,811	19,111
DEFERRED INCOME TAXES	10,218	10,827
OTHER NONCURRENT LIABILITIES	10,535	10,579
TOTAL LIABILITIES	74,290	70,554
SHAREHOLDERS' EQUITY		
Convertible Class A preferred stock, stated value $1 per share (600 shares authorized)	1,111	1,137
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: 2014 - 4009.2, 2013 - 4,009.2)	4,009	4,009
Additional paid-in capital	63,911	63,538
Reserve for ESOP debt retirement	(1,340)	(1,352)
Accumulated other comprehensive income/(loss)	(7,662)	(7,499)
Treasury stock, at cost (shares held: 2014 - 1,298.4, 2013 - 1,266.9)	(75,805)	(71,966)
Retained earnings	84,990	80,197
Noncontrolling interest	762	645
TOTAL SHAREHOLDERS' EQUITY	69,976	68,709
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 144,266	$ 139,263

連結貸借対照表

（単位：百万ドル；6月30日）

資産の部	2014	2013
流動資産		
現金及び現金同等物	**$ 8,558**	$ 5,947
売却可能有価証券	**2,128**	—
売掛金	**6,386**	6,508
棚卸資産		
原材料及び貯蔵品	**1,742**	1,704
仕掛品	**684**	722
製品	**4,333**	4,483
棚卸資産合計	**6,759**	6,909
繰延税金資産	**1,092**	948
前払費用及びその他流動資産	**3,845**	3,678
売却目的保有資産	**2,849**	—
流動資産合計	**31,617**	23,990
有形固定資産（純額）	**22,304**	21,666
のれん	**53,704**	55,188
商標権及びその他の無形資産（純額）	**30,843**	31,572
その他の非流動資産	**5,798**	6,847
資産合計	**$ 144,266**	$ 139,263

（※ P&G社の財務諸表の日本語訳については、（株）アビタスが作成しました。）

（単位：百万ドル；6月30日）

負債及び株主資本の部	2014	2013
流動負債		
買掛金	**$ 8,461**	$ 8,777
未払費用及びその他の負債	**8,999**	8,828
売却目的保有負債	**660**	—
1年以内返済予定長期債務	**15,606**	12,432
流動負債合計	**33,726**	30,037
長期債務	**19,811**	19,111
繰延税金負債	**10,218**	10,827
その他の非流動負債	**10,535**	10,579
負債合計	**74,290**	70,554
株主資本		
転換権付クラスA優先株式、表示価額1ドル（授権株式数：600百万株）	**1,111**	1,137
無議決権クラスB優先株式、表示価額1ドル（授権株式数：200百万株）	—	—
普通株式、表示価額1ドル（授権株式数：10,000百万株; 発行済株式数：2014年—4,009.2百万株及び2013年—4,009.2百万株）	**4,009**	4,009
資本剰余金	**63,911**	63,538
従業員持株制度（ESOP）基金債務償還準備金	**(1,340)**	(1,352)
その他の包括利益累計額	**(7,662)**	(7,499)
自己株式（保有株式数：2014年—1,298.4百万株及び2013年—1,266.9百万株）	**(75,805)**	(71,966)
利益剰余金	**84,990**	80,197
非支配持分	**762**	645
株主資本合計	**69,976**	68,709
負債及び株主資本合計	**$ 144,266**	$ 139,263

（※P&G社の財務諸表の日本語訳については、（株）アビタスが作成しました。）

Consolidated Statements of Earnings

Amounts in millions except per share amounts; Years ended June 30	2014	2013	2012
NET SALES	**$ 83,062**	$ 82,581	$ 82,006
Cost of products sold	**42,460**	41,391	41,411
Selling, general and administrative expense	**25,314**	26,552	25,984
Goodwill and indefinite-lived intangible asset impairment charges	**—**	308	1,576
OPERATING INCOME	**15,288**	14,330	13,035
Interest expense	**709**	667	769
Interest income	**100**	87	77
Other non-operating income, net	**206**	942	185
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**14,885**	14,692	12,528
Income taxes on continuing operations	**3,178**	3,391	3,378
NET EARNINGS FROM CONTINUING OPERATIONS	**11,707**	11,301	9,150
NET EARNINGS FROM DISCONTINUED OPERATIONS	**78**	101	1,754
NET EARNINGS	**11,785**	11,402	10,904
Less: Net earnings attributable to noncontrolling interests	**142**	90	148
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE	**$ 11,643**	$ 11,312	$ 10,756
BASIC NET EARNINGS PER COMMON SHARE [1]:			
Earnings from continuing operations	**$ 4.16**	$ 4.00	$ 3.18
Earnings from discontinued operations	**0.03**	0.04	0.64
BASIC NET EARNINGS PER COMMON SHARE	**4.19**	4.04	3.82
DILUTED NET EARNINGS PER COMMON SHARE [1]:			
Earnings from continuing operations	**$ 3.98**	$ 3.83	$ 3.06
Earnings from discontinued operations	**0.03**	0.03	0.6
DILUTED NET EARNINGS PER COMMON SHARE	**4.01**	3.86	3.66
DIVIDENDS PER COMMON SHARE	**$ 2.45**	$ 2.29	$ 2.14

[1] Basic net earnings per common share and diluted net earnings per common share are calculated on net earnings attributable to Procter & Gamble.

連結損益計算書

（単位：百万ドル、ただし1株当たり数値を除く；6月30日終了年度）	2014	2013	2012
売上高	**$ 83,062**	$ 82,581	$ 82,006
売上原価	**42,460**	41,391	41,411
販売費および一般管理費	**25,314**	26,552	25,984
のれん及び耐用年数を確定できない無形資産に係る減損損失	**—**	308	1,576
営業利益	**15,288**	14,330	13,035
支払利息	**709**	667	769
受取利息	**100**	87	77
その他の営業外収益（純額）	**206**	942	185
継続事業からの税引前利益	**14,885**	14,692	12,528
継続事業に対する法人所得税	**3,178**	3,391	3,378
継続事業からの当期純利益	**11,707**	11,301	9,150
非継続事業からの当期純利益	**78**	101	1,754
当期純利益	**11,785**	11,402	10,904
差引：非支配持分に帰属する当期純利益	**142**	90	148
当社株主に帰属する当期純利益	**$ 11,643**	$ 11,312	$ 10,756
基本的1株当たり利益[(1)]：			
継続事業からの利益	**$ 4.16**	$ 4.00	$ 3.18
非継続事業からの利益	**0.03**	0.04	0.64
基本的1株当たり利益	**4.19**	4.04	3.82
希薄化後1株当たり利益[(1)]：			
継続事業からの利益	**$ 3.98**	$ 3.83	$ 3.06
非継続事業からの利益	**0.03**	0.03	0.6
希薄化後1株当たり利益	**4.01**	3.86	3.66
普通株式1株当たり配当金	**$ 2.45**	$ 2.29	$ 2.14

(1) 基本的1株当たり利益及び希薄化後1株当たり利益は、当社株主に帰属する当期純利益を基に算出されています。

（※P&G社の財務諸表の日本語訳については、（株）アビタスが作成しました。）

Consolidated Statements of Shareholders' Equity

Dollars in millions/ Shares in thousands	Common Shares Outstanding	Common Stock	Preferred Stock	Additional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumulated Other Com-prehensive Income/ (Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total
BALANCE JUNE 30, 2011	2,765,737	$ 4,008	$ 1,234	$ 62,405	$ (1,357)	$ (2,054)	$ (67,278)	$ 70,682	$ 361	$ 68,001
Net earnings								10,756	148	10,904
Other comprehensive loss						(7,279)				(7,279)
Dividends to shareholders:										
Common								(5,883)		(5,883)
Preferred, net of tax benefits								(256)		(256)
Treasury purchases	(61,826)						(4,024)			(4,024)
Employee plan issuances	39,546			550			1,665			2,215
Preferred stock conversions	4,576		(39)	6			33			—
ESOP debt impacts								50		50
Noncontrolling interest, net				220					87	307
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**

連結株主持分計算書

単位：百万ドル／千株	流通普通株式数	普通株式	優先株式	資本剰余金	ESOP債務償還準備金	その他の包括利益累計額	自己株式	利益剰余金	非支配持分	合計
2011年6月30日現在残高	2,765,737	$ 4,008	$ 1,234	$ 62,405	$ (1,357)	$ (2,054)	$ (67,278)	$ 70,682	$ 361	$ 68,001
当期純利益								10,756	148	10,904
その他の包括利益						(7,279)				(7,279)
株主配当金：										
普通株式								(5,883)		(5,883)
優先株式（税効果後）								(256)		(256)
自己株式購入	(61,826)						(4,024)			(4,024)
従業員持株制度に基づく発行	39,546			550			1,665			2,215
優先株式の転換	4,576		(39)	6			33			—
ESOP基金債務償還準備金の増減								50		50
非支配持分（純額）				220					87	307
2012年6月30日現在残高	2,748,033	4,008	1,195	63,181	(1,357)	(9,333)	(69,604)	75,349	596	64,035
当期純利益								11,312	90	11,402
その他の包括利益						1,834				1,834
株主配当金：										
普通株式								(6,275)		(6,275)
優先株式（税効果後）								(244)		(244)
自己株式購入	(84,234)						(5,986)			(5,986)
従業員持株制度に基づく発行	70,923	1		352			3,573			3,926
優先株式の転換	7,605		(58)	7			51			—
ESOP基金債務償還準備金の増減					5			55		60
非支配持分（純額）				(2)					(41)	(43)
2013年6月30日現在残高	2,742,327	4,009	1,137	63,538	(1,352)	(7,499)	(71,966)	80,197	645	68,709
当期純利益								**11,643**	**142**	**11,785**
その他の包括利益						**(163)**				**(163)**
株主配当金：										
普通株式								**(6,658)**		**(6,658)**
優先株式（税効果後）								**(253)**		**(253)**
自己株式購入	**(74,987)**						**(6,005)**			**(6,005)**
従業員持株制度に基づく発行	**40,288**			**364**			**2,144**			**2,508**
優先株式の転換	**3,178**		**(26)**	**4**			**22**			—
ESOP基金債務償還準備金の増減					**12**			**61**		**73**
非支配持分（純額）				**5**					**(25)**	**(20)**
2014年6月30日現在残高	**2,710,806**	**$ 4,009**	**$ 1,111**	**$ 63,911**	**$ (1,340)**	**$ (7,662)**	**$ (75,805)**	**$ 84,990**	**$ 762**	**$ 69,976**

（※P&G社の財務諸表の日本語訳については、(株)アビタスが作成しました。）

Consolidated Statements of Cash Flows

Amounts in millions; Years ended June 30	2014	2013	2012
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	$ 5,947	$ 4,436	$ 2,768
OPERATING ACTIVITIES			
Net earnings	11,785	11,402	10,904
Depreciation and amortization	3,141	2,982	3,204
Share-based compensation expense	360	346	377
Deferred income taxes	(44)	(307)	(65)
Gain on sale and purchase of businesses	(154)	(916)	(2,106)
Goodwill and indefinite-lived intangible asset impairment charges	—	308	1,576
Change in accounts receivable	87	(415)	(427)
Change in inventories	8	(225)	77
Change in accounts payable, accrued and other liabilities	1	1,253	(22)
Change in other operating assets and liabilities	(1,557)	68	(444)
Other	331	377	210
TOTAL OPERATING ACTIVITIES	13,958	14,873	13,284
INVESTING ACTIVITIES			
Capital expenditures	(3,848)	(4,008)	(3,964)
Proceeds from asset sales	570	584	2,893
Acquisitions, net of cash acquired	(24)	(1,145)	(134)
Purchases of available-for-sale investment securities	(568)	(1,605)	—
Proceeds from sales of available-for-sale investment securities	24	—	—
Change in other investments	(261)	(121)	112
TOTAL INVESTING ACTIVITIES	(4,107)	(6,295)	(1,093)
FINANCING ACTIVITIES			
Dividends to shareholders	(6,911)	(6,519)	(6,139)
Change in short-term debt	3,304	3,406	(3,412)
Additions to long-term debt	4,334	2,331	3,985
Reductions of long-term debt	(4,095)	(3,752)	(2,549)
Treasury stock purchases	(6,005)	(5,986)	(4,024)
Impact of stock options and other	2,094	3,449	1,729
TOTAL FINANCING ACTIVITIES	(7,279)	(7,071)	(10,410)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	39	4	(113)
CHANGE IN CASH AND CASH EQUIVALENTS	2,611	1,511	1,668
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 8,558	$ 5,947	$ 4,436
SUPPLEMENTAL DISCLOSURE			
Cash payments for:			
Interest	$ 686	$ 683	$ 740
Income taxes	3,320	3,780	4,348

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

連結キャッシュ・フロー計算書

(単位：百万ドル；6月30日終了年度)	2014	2013	2012
現金及び現金同等物の期首残高	**$ 5,947**	$ 4,436	$ 2,768
営業活動			
当期純利益	**11,785**	11,402	10,904
減価償却費及び償却費	**3,141**	2,982	3,204
株式に基づく報酬費用	**360**	346	377
繰延税金	**(44)**	(307)	(65)
事業売買益	**(154)**	(916)	(2,106)
のれん及び耐用年数を確定できない無形資産に係る減損損失	**—**	308	1,576
売掛金の増減	**87**	(415)	(427)
棚卸資産の増減	**8**	(225)	77
買掛金、未払費用及びその他の負債の増減	**1**	1,253	(22)
その他の営業資産及び負債の増減	**(1,557)**	68	(444)
その他	**331**	377	210
営業活動によるキャッシュ・フロー合計	**13,958**	14,873	13,284
投資活動			
有形固定資産の取得による支出	**(3,848)**	(4,008)	(3,964)
資産売却による収入	**570**	584	2,893
買収による支出(取得現金控除後)	**(24)**	(1,145)	(134)
売却可能有価証券の取得による支出	**(568)**	(1,605)	—
売却可能有価証券の売却による収入	**24**	—	—
その他の投資による収支	**(261)**	(121)	112
投資活動によるキャッシュ・フロー合計	**(4,107)**	(6,295)	(1,093)
財務活動			
配当金の支払額	**(6,911)**	(6,519)	(6,139)
短期債務の純増減	**3,304**	3,406	(3,412)
長期債務による調達	**4,334**	2,331	3,985
長期債務の返済	**(4,095)**	(3,752)	(2,549)
自己株式の取得	**(6,005)**	(5,986)	(4,024)
ストックオプションの行使その他による増減	**2,094**	3,449	1,729
財務活動によるキャッシュ・フロー合計	**(7,279)**	(7,071)	(10,410)
現金及び現金同等物に対する為替レート変動の影響	**39**	4	(113)
現金及び現金同等物の純増減額	**2,611**	1,511	1,668
現金及び現金同等物の期末残高	**$ 8,558**	$ 5,947	$ 4,436

	2014	2013	2012
補足的開示情報			
現金支出額：			
利息	**$ 686**	$ 683	$ 740
法人所得税	**3,320**	3,780	4,348

現金支出を伴わないキャピタルリースによる資産の取得については、全ての表示年度において重要性はありません。

(※P&G社の財務諸表の日本語訳については、(株)アビタスが作成しました。)

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, high-frequency stores and e-commerce. 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).

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 2014, 2013 and 2012. Advertising costs, charged to expense as incurred, include worldwide television, print, radio, internet and in-store advertising expenses and were $9.2 billion in 2014, $9.6 billion in 2013 and $9.2 billion in 2012. 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). Currency translation adjustments in accumulated OCI were gains of $1.4 billion and $353 at June 30, 2014 and June 30, 2013, respectively. 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. The reconciliation adjustments include the removal of timing differences between the occurrence of operating receipts and payments and their recognition in net earnings. The adjustments also remove cash flows arising from investing and financing activities, which are presented separately 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.

Cash Equivalents

Highly liquid investments with remaining stated maturities of three months or less when purchased are considered cash equivalents and recorded at cost.

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 current assets or 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. The annual evaluation for impairment of goodwill and indefinite-lived intangible assets is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. We believe such assumptions are also comparable to those that would be used by other marketplace participants.

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.

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, other 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 on July 1, 2017. We are evaluating the impact, if any, that the standard will have on our 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	Grooming	Health Care	Fabric Care and Home Care	Baby, Feminine and Family Care	Corporate	Total Company
GOODWILL at JUNE 30, 2012 - Gross	$ 16,860	$ 21,579	$ 6,115	$ 4,424	$ 3,684	$ 2,441	$ 55,103
Accumulated impairment losses at June 30, 2012	(431)	(899)	—	—	—	—	(1,330)
GOODWILL at JUNE 30, 2012 - Net	16,429	20,680	6,115	4,424	3,684	2,441	53,773
Acquisitions and divestitures	(21)	(40)	—	(14)	1,090	—	1,015
Goodwill impairment charges	—	(259)	—	—	—	—	(259)
Translation and other	255	236	70	43	54	1	659
GOODWILL at JUNE 30, 2013 - Gross	17,094	21,775	6,185	4,453	4,828	2,442	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	4,453	4,828	2,442	55,188
Acquisitions and divestitures	—	—	—	**(3)**	—	**(2,445)**	**(2,448)**
Translation and other	**377**	**322**	**95**	**85**	**82**	**3**	**964**
GOODWILL at JUNE 30, 2014 - Gross	**17,471**	**22,097**	**6,280**	**4,535**	**4,910**	—	**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**	**4,535**	**4,910**	—	**53,704**

On July 31, 2014, the Company completed the divestiture of its Pet Care operations in North America, Latin America and other selected countries. The Company is pursuing alternate plans to sell its Pet Care business in the other markets, primarily the European Union countries. As a result, the Pet Care goodwill is included in the Corporate Segment as of June 30, 2013 and 2012. Pet Care goodwill and intangible assets at June 30, 2014 are reported in assets held for sale. The remaining change in goodwill since June 30, 2013 was primarily due to currency translation across all reportable segments.

The results of our goodwill impairment testing during fiscal 2013 determined that the estimated fair value of our Appliances reporting unit declined below its carrying amount. As a result, we recorded a non-cash before and after-tax impairment charge of $259, in fiscal 2013, to reduce the carrying amount of goodwill to estimated fair value. We also recorded a non-cash before-tax impairment charge of $49 ($31 after-tax) to reduce the carrying amount of our Braun indefinite-lived trade name intangible asset to its fair value. The fiscal 2013 declines in fair values of the Appliances reporting unit and the Braun trade name intangible asset were primarily driven by currency impacts. Specifically, currency in Japan, a country that generates a significant portion of the Appliances earnings, devalued approximately 20% in the second half of fiscal 2013 relative to the currencies in which the underlying net assets are recorded. This sustained reduction in the yen reduced the underlying category market size and the projected future cash flows of the business, which in turn triggered the impairment.

In October 2012, the Company acquired our partner's interest in a joint venture in Iberia that operates in our Baby Care and Family Care and Health Care reportable segments. We paid $1.1 billion for our partner's interest and the transaction was accounted for as a business combination. The total enterprise value of $1.9 billion was allocated to indefinite-lived intangible assets of $0.2 billion, defined-life intangible assets of $0.9 billion and goodwill of $1.1 billion. These were partially offset by $0.3 billion of deferred tax liabilities on the intangible assets. The Company recognized a $0.6 billion holding gain on its previously held investment, which was included in other non-operating income, net in the Consolidated Statement of Earnings in fiscal 2013. In addition to these items and the impairment discussed above, the remaining net increase in goodwill during fiscal 2013 was primarily due to currency translation across all reportable segments.

The results of our goodwill impairment testing during fiscal 2012 determined that the estimated fair values of our Appliances and Salon Professional reporting units were less than their respective carrying amounts. As a result, we recorded a non-cash before and after-tax impairment charge of $1.3 billion in fiscal 2012 to reduce the carrying amount of goodwill to estimated fair value. $899 of the impairment related to Appliances and $431 related to Salon Professional. Our impairment testing for indefinite-lived intangible assets during fiscal 2012 also indicated a decline in the fair value of our Koleston Perfect and Wella trade name intangible assets below their respective carrying values. This resulted in a non-cash before-tax impairment charge of $246 ($173 after-tax) to reduce the carrying amounts of these assets to their respective values. The fiscal 2012 declines in the fair values of the Appliances and Salon Professional reporting units and the underlying Koleston Perfect and Wella trade name intangible assets were driven by a combination of competitive and economic factors, which resulted in a reduction in the forecasted growth rates and cash flows used to estimate fair value.

All of the goodwill and indefinite-lived intangible asset impairment charges 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. 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.

Identifiable intangible assets were comprised of:

	2014		2013	
June 30	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
INTANGIBLE ASSETS WITH DETERMINABLE LIVES				
Brands	**$ 4,154**	**$ (2,205)**	$ 4,251	$ (2,020)
Patents and technology	**2,850**	**(2,082)**	2,976	(2,032)
Customer relationships	**2,002**	**(763)**	2,118	(703)
Other	**355**	**(164)**	348	(168)
TOTAL	**9,361**	**(5,214)**	9,693	(4,923)
INTANGIBLE ASSETS WITH INDEFINITE LIVES				
Brands	**26,696**	**—**	26,802	—
TOTAL	**36,057**	**(5,214)**	36,495	(4,923)

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

Amortization expense of intangible assets was as follows:

Years ended June 30	2014	2013	2012
Intangible asset amortization	**$ 514**	$ 528	$ 500

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

Years ended June 30	2015	2016	2017	2018	2019
Estimated amortization expense	$ 432	$ 393	$ 360	$ 332	$ 309

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

NOTE 3

SUPPLEMENTAL FINANCIAL INFORMATION

The components of property, plant and equipment were as follows:

June 30	2014	2013
PROPERTY, PLANT AND EQUIPMENT		
Buildings	**$ 8,022**	$ 7,829
Machinery and equipment	**32,398**	31,070
Land	**893**	878
Construction in progress	**3,114**	3,235
TOTAL PROPERTY, PLANT AND EQUIPMENT	**44,427**	43,012
Accumulated depreciation	**(22,123)**	(21,346)
PROPERTY, PLANT AND EQUIPMENT, NET	**22,304**	21,666

Selected components of current and noncurrent liabilities were as follows:

June 30	2014	2013
ACCRUED AND OTHER LIABILITIES - CURRENT		
Marketing and promotion	**$ 3,290**	$ 3,122
Compensation expenses	**1,647**	1,665
Restructuring reserves	**381**	323
Taxes payable	**711**	817
Legal and environmental	**399**	374
Other	**2,571**	2,527
TOTAL	**8,999**	8,828
OTHER NONCURRENT LIABILITIES		
Pension benefits	**$ 5,984**	$ 6,027
Other postretirement benefits	**1,906**	1,713
Uncertain tax positions	**1,843**	2,002
Other	**802**	837
TOTAL	**10,535**	10,579

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 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 $4.5 billion in before-tax restructuring costs over a five year period (from fiscal 2012 through fiscal 2016), including costs incurred as part of the ongoing and incremental restructuring program. Through the end of fiscal 2014, we had incurred $2.8 billion of the total expected restructuring charges under the program. The restructuring program plans included a targeted net reduction in non-manufacturing overhead enrollment of approximately 16% - 22% through fiscal 2016, which we expect to exceed. Through fiscal 2014, the Company has reduced non-manufacturing enrollment by approximately 9,300, or approximately 15%. The reductions are enabled by the elimination of duplicate work, simplification through the use of technology, 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 $806 and $956 for the years ended June 30, 2014 and 2013, respectively. Approximately $373 and $591 of these charges were recorded in SG&A for the years ended June 30, 2014 and 2013, respectively. Approximately $399 and $354 of these charges were recorded in cost of products sold for the years ended June 30, 2014 and 2013, respectively. The remainder is included in discontinued operations. Since the inception of this restructuring program, the Company has incurred charges of approximately $2.8 billion. Approximately $1.5 billion of these charges were related to separations, $666 were asset-related and $680 were related to other restructuring-type costs. The following table presents restructuring activity for the years ended June 30, 2014 and 2013:

	Separations	Asset-Related Costs	Other	Total
RESERVE JUNE 30, 2012	$ 316	$ —	$ 27	$ 343
Charges	595	109	252	956
Cash spent	(615)	—	(252)	(867)
Charges against assets	—	(109)	—	(109)
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**

Separation Costs

Employee separation charges for the years ended June 30, 2014 and 2013 relate to severance packages for approximately 2,730 and 3,450 employees, respectively. For the years ended June 30, 2014 and 2013, these severance packages include approximately 1,640 and 2,390 non-manufacturing employees, respectively. These separations are primarily in North America and Western Europe. The packages are predominantly voluntary and the amounts are 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 9,480 employees, of which approximately 6,280 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	2014	2013
Beauty	**$ 83**	$ 132
Grooming	**20**	50
Health Care	**10**	14
Fabric Care and Home Care	**121**	140
Baby, Feminine and Family Care	**155**	129
Corporate [1]	**417**	491
Total Company	**806**	956

[1] Corporate includes costs related to allocated overheads, including charges related to our SMO, Global Business Services and Corporate Functions activities and costs related to discontinued operations from our divested Pet Care business.

NOTE 4

SHORT-TERM AND LONG-TERM DEBT

June 30	2014	2013
DEBT DUE WITHIN ONE YEAR		
Current portion of long-term debt	**$ 4,307**	$ 4,506
Commercial paper	**10,818**	7,642
Other	**481**	284
TOTAL	**15,606**	12,432
Short-term weighted average interest rates[1]	**0.7%**	0.5%

[1] Weighted average short-term interest rates include the effects of interest rate swaps discussed in Note 5.

June 30	2014	2013
LONG-TERM DEBT		
4.95% USD note due August 2014	**$ 900**	$ 900
0.70% USD note due August 2014	**1,000**	1,000
3.50% USD note due February 2015	**750**	750
0.95% JPY note due May 2015	**987**	1,012
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**	—
Floating rate USD note due November 2016	**500**	—
5.13% EUR note due October 2017	**1,501**	1,437
1.60% USD note due November 2018	**1,000**	—
4.70% USD note due February 2019	**1,250**	1,250
4.13% EUR note due December 2020	**819**	784
9.36% ESOP debentures due 2014-2021[1]	**640**	701
2.00% EUR note due November 2021	**1,023**	—
2.30% USD note due February 2022	**1,000**	1,000
2.00% EUR note due August 2022	**1,365**	1,307
3.10% USD note due August 2023	**1,000**	—
4.88% EUR note due May 2027	**1,365**	1,307
6.25% GBP note due January 2030	**851**	764
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	**83**	31
All other long-term debt	**1,884**	5,674
Current portion of long-term debt	**(4,307)**	(4,506)
TOTAL	**19,811**	19,111
Long-term weighted average interest rates[2]	**3.2%**	3.3%

[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] Weighted average long-term 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:

June 30	2015	2016	2017	2018	2019
Debt maturities	$4,307	$2,356	$2,123	$1,605	$2,357

The Procter & Gamble Company fully and unconditionally guarantees the registered debt and securities issued by its 100% finance subsidiaries.

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. 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, 2014, 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 our financing operations, we have historically used a combination of forward contracts, options and currency swaps. As of June 30, 2014, we had currency swaps with 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, 2014 and 2013, 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, by contract or deemed to be in the best interest of the Company.

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, 2014 and 2013 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	
June 30	2014	2013	2014	2013	2014	2013	2014	2013
ASSETS RECORDED AT FAIR VALUE								
Investments:								
U.S. government securities	**$ —**	$ —	**$ 1,631**	$ 1,571	**$ —**	$ —	**$ 1,631**	$ 1,571
Corporate bond securities	**—**	—	**497**	—	**—**	—	**497**	—
Other investments	**6**	23	**—**	—	**24**	24	**30**	47
Derivatives relating to:								
Foreign currency hedges	**—**	—	**187**	168	**—**	—	**187**	168
Other foreign currency instruments(1)	**—**	—	**24**	19	**—**	—	**24**	19
Interest rates	**—**	—	**197**	191	**—**	—	**197**	191
Net investment hedges	**—**	—	**49**	233	**—**	—	**49**	233
TOTAL ASSETS RECORDED AT FAIR VALUE(2)	**6**	23	**2,585**	2,182	**24**	24	**2,615**	2,229
LIABILITIES RECORDED AT FAIR VALUE								
Derivatives relating to:								
Other foreign currency instruments(1)	**—**	—	**66**	90	**—**	—	**66**	90
Interest rates	**—**	—	**29**	59	**—**	—	**29**	59
Net investment hedges	**—**	—	**1**	—	**—**	—	**1**	—
TOTAL LIABILITIES AT FAIR VALUE(3)	**—**	—	**96**	149	**—**	—	**96**	149
LIABILITIES NOT RECORDED AT FAIR VALUE								
Long-term debt (4)	**24,747**	22,671	**1,682**	3,022	**—**	—	**26,429**	25,693
TOTAL LIABILITIES RECORDED AND NOT RECORDED AT FAIR VALUE	**24,747**	22,671	**1,778**	3,171	**—**	—	**26,525**	25,842

(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, except the U.S. government securities are included in Other noncurrent assets in our Consolidated Balance Sheets at June 30, 2013. The amortized cost of the U.S. government securities was $1,649 and $1,604 as of June 30, 2014 and 2013, respectively. All U.S. government securities have contractual maturities between one and five years. The amortized cost of the corporate bond securities was $497 as of June 30, 2014. The amortized cost and fair value of corporate bond securities with maturities of less than a year was $39 as of June 30, 2014. The amortized cost and fair value of corporate bond securities with maturities between one and five years was $458 as of June 30, 2014. Fair values are generally estimated based upon quoted market prices for similar instruments.

(3) All liabilities are presented in accrued and other liabilities or other noncurrent liabilities.

(4) Long-term debt includes the current portion ($4,400 and $4,540 as of June 30, 2014 and 2013, respectively) of debt instruments. 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.

The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each quarter. During fiscal 2013, the Company transferred long-term debt with a fair value of $455 from Level 1 to Level 2. The transferred instruments represent the Company's outstanding industrial development bonds which are infrequently traded in an observable market. There were no additional 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.

During fiscal 2013, we recorded impairments of certain goodwill and intangible assets. Also, during fiscal 2013, we applied purchase accounting and re-measured assets and liabilities at fair value related to the purchase of the balance of a joint venture in Iberia (see Note 2 for additional details on these items). Except for these items, there were no significant assets or liabilities that were re-measured at fair value on a non-recurring basis during fiscal 2013 or 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, 2014 and 2013 are as follows:

	Notional Amount		Fair Value Asset/(Liability)	
June 30	2014	2013	2014	2013
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS				
Foreign currency contracts	**$ 951**	$ 951	**$ 187**	$ 168
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS				
Interest rate contracts	**$ 9,738**	$ 9,117	**$ 168**	$ 132
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS				
Net investment hedges	**$ 831**	$ 1,303	**$ 48**	$ 233
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS				
Foreign currency contracts	**$ 12,111**	$ 7,080	**$ (42)**	$ (71)

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 notional balance of foreign currency contracts changes during the period reflects changes in the level of intercompany financing activity.

	Amount of Gain/(Loss) Recognized in AOCI on Derivatives (Effective Portion)	
June 30	2014	2013
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS		
Interest rate contracts	**$ 3**	$ 7
Foreign currency contracts	**14**	14
TOTAL	**17**	21
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS		
Net investment hedges	**$ 30**	$ 145

During the next 12 months, the amount of the June 30, 2014, accumulated OCI 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, 2014 and 2013 were as follows:

	Amount of Gain/(Loss) Reclassified from AOCI into Earnings	
Years ended June 30	2014	2013
DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS		
Interest rate contracts	**$ 6**	$ 6
Foreign currency contracts	**38**	215
TOTAL	**44**	221

	Amount of Gain/(Loss) Recognized in Earnings	
Years ended June 30	2014	2013
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS		
Interest rate contracts	**$ 36**	$ (167)
Debt	**(37)**	171
TOTAL	**(1)**	4
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS		
Net investment hedges	**$ —**	$ (2)
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS		
Foreign currency contracts[(1)]	**$ 123**	$ (34)

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

NOTE 6

ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The tables below present the changes in accumulated other comprehensive income/(loss) by component and the reclassifications out of accumulated other comprehensive income/(loss):

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, 2012	$ (3,673)	$ (3)	$ (5,300)	$ (357)	$ (9,333)
OCI before reclassifications [1]	363	(24)	731	710	1,780
Amounts reclassified from AOCI	(219)	—	273	—	54
Net current period OCI	144	(24)	1,004	710	1,834
Balance at June 30, 2013	(3,529)	(27)	(4,296)	353	(7,499)
OCI before reclassifications [2]	**(305)**	**20**	**(1,113)**	**1,044**	**(354)**
Amounts reclassified from AOCI	**(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)**

[1] Net of tax (benefit) / expense of $94, $(5) and $496 for gains / losses on hedges, investment securities and pension and other retiree benefit items, respectively.
[2] Net of tax (benefit) / expense of $(207), $3, and $(450) for gains and losses on hedges, investment securities and pension and other retiree benefit items, respectively.

Reclassifications out of Accumulated Other Comprehensive Income/(Loss)

Years ended June 30	2014	2013
Hedges [1]		
Interest rate contracts	**$ 6**	$ 6
Foreign exchange contracts	**38**	215
Total before-tax	**44**	221
Tax (expense)/benefit	**(2)**	(2)
Net of tax	**42**	219
Gains / (losses) on Investment Securities [2]	**18**	—
Tax (expense)/benefit	**(7)**	—
Net of tax	**11**	—
Pension and Other Retiree Benefits [3]		
Amortization of deferred amounts	**(6)**	2
Recognized net actuarial gains/(losses)	**(332)**	(412)
Curtailments and settlements	**—**	(4)
Total before-tax	**(338)**	(414)
Tax (expense)/benefit	**94**	141
Net of tax	**(244)**	(273)
Total reclassifications, net of tax	**(191)**	(54)

[1] See Note 5 for classification of these items in the Consolidated Statements of Earnings.
[2] Reclassified from AOCI into Other non-operating income, net.
[3] Reclassified from AOCI into Cost of products sold and SG&A. These components are included in the computation of net periodic pension cost (see Note 9 for additional details).

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	2014	2013	2012
NET EARNINGS FROM CONTINUING OPERATIONS	**$ 11,707**	$ 11,301	$ 9,150
Net earnings from discontinued operations	**78**	101	1,754
NET EARNINGS	**11,785**	11,402	10,904
Net earnings attributable to noncontrolling interests	**(142)**	(90)	(148)
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE (DILUTED)	**11,643**	11,312	10,756
Preferred dividends, net of tax benefit	**(253)**	(244)	(256)
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE AVAILABLE TO COMMON SHAREHOLDERS (BASIC)	**11,390**	11,068	10,500
NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO PROCTER & GAMBLE AVAILABLE TO COMMON SHAREHOLDERS (BASIC)	**$ 11,312**	$ 10,967	$ 8,746
NET EARNINGS FROM CONTINUTING OPERATIONS ATTRIBUTABLE TO PROCTER & GAMBLE (DILUTED)	**$ 11,565**	$ 11,211	$ 9,002

Shares in millions; Years ended June 30	2014	2013	2012
Basic weighted average common shares outstanding	**2,719.8**	2,742.9	2,751.3
Effect of dilutive securities			
Conversion of preferred shares[(1)]	**112.3**	116.8	123.9
Exercise of stock options and other unvested equity awards [(2)]	**72.6**	70.9	66.0
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	**2,904.7**	2,930.6	2,941.2
BASIC NET EARNINGS PER COMMON SHARE [(3)]			
Earnings from continuing operations	**$ 4.16**	$ 4.00	$ 3.18
Earnings from discontinued operations	**0.03**	0.04	0.64
BASIC NET EARNINGS PER COMMON SHARE	**4.19**	4.04	3.82
DILUTED NET EARNINGS PER COMMON SHARE [(3)]			
Earnings from continuing operations	**$ 3.98**	$ 3.83	$ 3.06
Earnings from discontinued operations	**0.03**	0.03	0.60
DILUTED NET EARNINGS PER COMMON SHARE	**4.01**	3.86	3.66

(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 9 million in 2014, 12 million in 2013 and 67 million in 2012 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 those described in the preceding paragraph. In 2011, we implemented a performance stock program (PSP) and granted PSUs to senior level executives. 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 180 million shares of common stock were authorized for issuance under stock-based compensation plans approved by shareholders in 2003 and 2009. A total of 27 million shares remain available for grant under the 2003 and 2009 plans.

Total stock-based compensation expense for stock option grants was $246, $249 and $317 for 2014, 2013 and 2012, respectively. Total compensation expense for restricted stock, RSUs and PSUs was $114, $97 and $60 in 2014, 2013 and 2012, respectively. The total income tax benefit recognized in the income statement for stock options, restricted stock, RSUs and PSUs was $127, $96 and $102 in 2014, 2013 and 2012, 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 as necessary, to reflect market conditions and experience, were as follows:

Years ended June 30	2014	2013	2012
Interest rate	**0.1-2.8%**	0.2-2.0%	0.2-2.1%
Weighted average interest rate	**2.5%**	1.8%	1.9%
Dividend yield	**3.1%**	2.9%	2.6%
Expected volatility	**15-17%**	14-15%	12-18%
Weighted average volatility	**16%**	15%	15%
Expected life in years	**8.2**	8.9	8.5

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, 2014, and activity during the year then ended is presented below:

Options in thousands	Options	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contract-ual Life in Years	Aggregate Intrinsic Value (in millions)
Outstanding, beginning of year	**306,239**	**$ 57.07**		
Granted	**25,680**	**78.71**		
Exercised	**(38,165)**	**50.79**		
Canceled	**(2,128)**	**65.09**		
OUTSTANDING, END OF YEAR	**291,626**	**59.74**	**4.8**	**$ 5,626**
EXERCISABLE	**212,502**	**54.67**	**3.4**	**5,172**

The weighted average grant-date fair value of options granted was $10.01, $8.19 and $8.05 per share in 2014, 2013 and 2012, respectively. The total intrinsic value of options exercised was $1,152, $1,759 and $820 in 2014, 2013 and 2012, respectively. The total grant-date fair value of options that vested during 2014, 2013 and 2012 was $319, $352 and $435, respectively. At June 30, 2014, there was $223 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 $1,938, $3,294 and $1,735 in 2014, 2013 and 2012, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $338, $575 and $239 in 2014, 2013 and 2012, respectively.

Other Stock-Based Awards in thousands	RSUs Units	RSUs Weighted-Average Grant-Date Fair Value	PSUs Units	PSUs Weighted-Average Grant-Date Fair Value
Non-vested at July 1, 2013	**4,590**	**$ 56.88**	**1,887**	**$ 61.75**
Granted	**1,955**	**65.74**	**623**	**71.68**
Vested	**(1,484)**	**51.85**	**(609)**	**57.04**
Forfeited	**(159)**	**62.82**	**(18)**	**64.22**
Non-vested at June 30, 2014	**4,902**	**61.74**	**1,883**	**66.53**

At June 30, 2014, there was $223 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 3.0 years. The total fair value of shares vested was $95, $51 and $38 in 2014, 2013 and 2012, 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 $311, $314 and $353 in 2014, 2013 and 2012, 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 15% of total participants' annual wages and salaries in 2014, 2013 and 2012.

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	2014	2013	2014	2013
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year(3)	**$ 14,514**	$ 13,573	**$ 5,289**	$ 6,006
Service cost	**298**	300	**149**	190
Interest cost	**590**	560	**256**	260
Participants' contributions	**20**	20	**72**	66
Amendments	**4**	104	**(5)**	—
Actuarial loss/(gain)	**1,365**	473	**(46)**	(1,022)
Acquisitions	**—**	51	**—**	—
Special termination benefits	**5**	39	**9**	18
Currency translation and other	**797**	(4)	**20**	5
Benefit payments	**(540)**	(602)	**(239)**	(234)
BENEFIT OBLIGATION AT END OF YEAR(3)	**17,053**	14,514	**5,505**	5,289
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	**8,561**	7,974	**3,553**	2,713
Actual return on plan assets	**964**	796	**124**	954
Acquisitions	**—**	59	**—**	—
Employer contributions	**1,549**	391	**31**	23
Participants' contributions	**20**	20	**72**	66
Currency translation and other	**544**	(77)	**—**	—
ESOP debt impacts(4)	**—**	—	**33**	31
Benefit payments	**(540)**	(602)	**(239)**	(234)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**11,098**	8,561	**3,574**	3,553
FUNDED STATUS	**(5,955)**	(5,953)	**(1,931)**	(1,736)

(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.

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.

June 30	Pension Benefits 2014	Pension Benefits 2013	Other Retiree Benefits 2014	Other Retiree Benefits 2013
CLASSIFICATION OF NET AMOUNT RECOGNIZED				
Noncurrent assets	**$ 69**	$ 114	**$ —**	$ —
Current liabilities	**(40)**	(40)	**(25)**	(23)
Noncurrent liabilities	**(5,984)**	(6,027)	**(1,906)**	(1,713)
NET AMOUNT RECOGNIZED	**(5,955)**	(5,953)	**(1,931)**	(1,736)
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME (AOCI)				
Net actuarial loss	**$ 5,169**	$ 4,049	**$ 1,871**	$ 1,772
Prior service cost /(credit)	**344**	353	**(39)**	(54)
NET AMOUNTS RECOGNIZED IN AOCI	**5,513**	4,402	**1,832**	1,718

The accumulated benefit obligation for all defined benefit pension plans was $14,949 and $12,652 as of June 30, 2014 and 2013, respectively. Pension plans with accumulated benefit obligations in excess of plan assets and plans with projected benefit obligations in excess of plan assets consist of the following:

June 30	Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets 2014	Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets 2013	Projected Benefit Obligation Exceeds the Fair Value of Plan Assets 2014	Projected Benefit Obligation Exceeds the Fair Value of Plan Assets 2013
Projected benefit obligation	**$ 14,229**	$ 12,024	**$ 15,325**	$ 12,962
Accumulated benefit obligation	**12,406**	10,406	**13,279**	11,149
Fair value of plan assets	**8,353**	6,086	**9,301**	6,895

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

	Pension Benefits			Other Retiree Benefits		
Years ended June 30	2014	2013	2012	2014	2013	2012
AMOUNTS RECOGNIZED IN NET PERIODIC BENEFIT COST						
Service cost	**$ 298**	$ 300	$ 267	**$ 149**	$ 190	$ 142
Interest cost	**590**	560	611	**256**	260	276
Expected return on plan assets	**(701)**	(587)	(573)	**(385)**	(382)	(434)
Prior service cost /(credit) amortization	**26**	18	21	**(20)**	(20)	(20)
Net actuarial loss amortization	**214**	213	102	**118**	199	99
Special termination benefits	**5**	39	—	**9**	18	27
Curtailments, settlements and other	**—**	4	6	**—**	—	—
GROSS BENEFIT COST	**432**	547	434	**127**	265	90
Dividends on ESOP preferred stock	**—**	—	—	**(64)**	(70)	(74)
NET PERIODIC BENEFIT COST/(CREDIT)	**432**	547	434	**63**	195	16
CHANGE IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN AOCI						
Net actuarial loss /(gain) - current year	**1,102**	264		**215**	(1,594)	
Prior service cost/(credit) - current year	**4**	104		**(5)**	—	
Amortization of net actuarial loss	**(214)**	(213)		**(118)**	(199)	
Amortization of prior service (cost) / credit	**(26)**	(18)		**20**	20	
Settlement / curtailment cost	**—**	(4)		**—**	—	
Currency translation and other	**245**	(2)		**2**	1	
TOTAL CHANGE IN AOCI	**1,111**	131		**114**	(1,772)	
NET AMOUNTS RECOGNIZED IN PERIODIC BENEFIT COST AND AOCI	**1,543**	678		**177**	(1,577)	

Amounts expected to be amortized from AOCI into net periodic benefit cost during the year ending June 30, 2015, are as follows:

	Pension Benefits	Other Retiree Benefits
Net actuarial loss	$ 299	$ 106
Prior service cost/(credit)	31	(20)

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. 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	
	2014	2013	2014	2013
Discount rate	**3.5%**	4.0%	**4.4%**	4.8%
Rate of compensation increase	**3.2%**	3.2%	**—%**	—%
Health care cost trend rates assumed for next year	**—%**	—%	**6.8%**	7.3%
Rate to which the health care cost trend rate is assumed to decline (ultimate trend rate)	**—%**	—%	**5.0%**	5.0%
Year that the rate reaches the ultimate trend rate	**N/A**	N/A	**2021**	2020

(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[2]:

	Pension Benefits			Other Retiree Benefits		
	2014	2013	2012	2014	2013	2012
Discount rate	**4.0%**	4.2%	5.3%	**4.8%**	4.3%	5.7%
Expected return on plan assets	**7.2%**	7.3%	7.4%	**8.3%**	8.3%	9.2%
Rate of compensation increase	**3.2%**	3.3%	3.5%	**—%**	—%	—%

(2) 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 the fact 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	$ 80	$ (61)
Effect on the accumulated postretirement benefit obligation	879	(696)

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.

Our target asset allocation for the year ended June 30, 2014, and actual asset allocation by asset category as of June 30, 2014 and 2013, were as follows:

	Target Asset Allocation		Actual Asset Allocation at June 30			
			Pension Benefits		Other Retiree Benefits	
Asset Category	Pension Benefits	Other Retiree Benefits	2014	2013	2014	2013
Cash	**1%**	**2%**	**1%**	1%	**1%**	2%
Debt securities	**52%**	**8%**	**51%**	52%	**6%**	6%
Equity securities	**47%**	**90%**	**48%**	47%	**93%**	92%
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, 2014 and 2013 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	
June 30	2014	2013	2014	2013	2014	2013	2014	2013
ASSETS AT FAIR VALUE								
Cash and cash equivalents	**$ 79**	$ 71	**$ —**	$ —	**$ —**	$ —	**$ 79**	$ 71
Common collective fund - equity	**—**	—	**5,336**	3,993	**—**	—	**5,336**	3,993
Common collective fund - fixed income	**—**	—	**5,539**	4,361	**—**	—	**5,539**	4,361
Other	**5**	4	**—**	—	**139**	132	**144**	136
TOTAL ASSETS AT FAIR VALUE	**84**	75	**10,875**	8,354	**139**	132	**11,098**	8,561

	Other Retiree Benefits							
	Level 1		Level 2		Level 3		Total	
June 30	2014	2013	2014	2013	2014	2013	2014	2013
ASSETS AT FAIR VALUE								
Cash and cash equivalents	**$ 30**	$ 56	**$ —**	$ —	**$ —**	$ —	**$ 30**	$ 56
Company stock	**—**	—	**3,304**	3,270	**—**	—	**3,304**	3,270
Common collective fund - equity	**—**	—	**18**	16	**—**	—	**18**	16
Common collective fund - fixed income	**—**	—	**217**	200	**—**	—	**217**	200
Other	**—**	—	**—**	—	**5**	11	**5**	11
TOTAL ASSETS AT FAIR VALUE	**30**	56	**3,539**	3,486	**5**	11	**3,574**	3,553

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, 2015, is $266 and $39, respectively. For the defined benefit retirement plans, this is comprised of $102 in expected benefit payments from the Company directly to participants of unfunded plans and $164 of expected contributions to funded plans. For other retiree benefit plans, this is comprised of $25 in expected benefit payments from the Company directly to participants of unfunded plans and $14 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.

Total benefit payments expected to be paid to participants, which include payments funded from the Company's assets, as discussed above, as well as payments from the plans, are as follows:

Years ending June 30	Pension Benefits	Other Retiree Benefits
EXPECTED BENEFIT PAYMENTS		
2015	$ 584	$ 203
2016	578	218
2017	604	233
2018	614	248
2019	624	264
2020 - 2024	3,615	1,528

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 $98 remain outstanding at June 30, 2014. 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 $2.45 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 $602 is outstanding at June 30, 2014. 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 $2.45 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, net of advances made by the Company to the Trust. The number of preferred shares outstanding at June 30 was as follows:

Shares in thousands	2014	2013	2012
Allocated	**44,465**	45,535	50,668
Unallocated	**8,474**	9,843	11,348
TOTAL SERIES A	**52,939**	55,378	62,016
Allocated	**22,085**	21,278	20,802
Unallocated	**35,753**	37,300	38,743
TOTAL SERIES B	**57,838**	58,578	59,545

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	2014	2013	2012
United States	**$ 9,005**	$ 8,260	$ 7,398
International	**5,880**	6,432	5,130
TOTAL	**14,885**	14,692	12,528

Income taxes on continuing operations consisted of the following:

Years ended June 30	2014	2013	2012
CURRENT TAX EXPENSE			
U.S. federal	**$ 1,606**	$ 1,845	$ 1,837
International	**1,379**	1,567	1,357
U.S. state and local	**237**	279	246
	3,222	3,691	3,440
DEFERRED TAX EXPENSE			
U.S. federal	**135**	185	86
International and other	**(179)**	(485)	(148)
	(44)	(300)	(62)
TOTAL TAX EXPENSE	**3,178**	3,391	3,378

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	2014	2013	2012
U.S. federal statutory income tax rate	**35.0 %**	35.0 %	35.0 %
Country mix impacts of foreign operations	**(10.9)%**	(7.7)%	(8.2)%
Changes in uncertain tax positions	**(1.5)%**	(1.8)%	(1.3)%
Impairment adjustments	**— %**	0.6 %	3.8 %
Holding gain on joint venture buy-out	**— %**	(1.4)%	— %
Other	**(1.2)%**	(1.6)%	(2.3)%
EFFECTIVE INCOME TAX RATE	**21.4 %**	23.1 %	27.0 %

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

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. Tax costs charged to shareholders' equity totaled $503 for the year ended June 30, 2013. This primarily relates to the impact of certain adjustments to pension obligations recorded in shareholders' equity, partially offset by excess tax benefits from the exercise of stock options.

We have undistributed earnings of foreign subsidiaries of approximately $44.0 billion at June 30, 2014, 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	2014	2013	2012
BEGINNING OF YEAR	**$ 1,600**	$ 1,773	$ 1,848
Increases in tax positions for prior years	**146**	162	166
Decreases in tax positions for prior years	**(296)**	(225)	(188)
Increases in tax positions for current year	**142**	188	178
Settlements with taxing authorities	**(135)**	(195)	(49)
Lapse in statute of limitations	**(33)**	(98)	(81)
Currency translation	**13**	(5)	(101)
END OF YEAR	**1,437**	1,600	1,773

The Company is present in approximately 140 taxable jurisdictions and, at any point in time, has 50-60 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. The Company is making a concerted effort to bring its audit inventory to a more current position. We have done this by working with tax authorities to conduct audits for several open years at once. 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. While we do not expect material changes, it is possible that the amount of unrecognized benefit with respect to our uncertain tax positions will significantly increase or decrease within the next 12 months related to the audits described above. At this time, we are not able to make a reasonable estimate of the range of impact on the balance of uncertain tax positions or the impact on the effective tax rate related to these items.

Included in the total liability for uncertain tax positions at June 30, 2014, is $1.1 billion that, depending on the ultimate resolution, could impact the effective tax rate in future periods.

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, 2014, 2013 and 2012, we had accrued interest of $411, $413 and $439 and accrued penalties of $32, $34 and $66, respectively, that are not included in the above table. During the fiscal years ended June 30, 2014, 2013 and 2012, we recognized $(6), $24 and $2 in interest benefit/(expense) and $2, $32 and $10 in penalties benefit, respectively. The net benefits recognized resulted primarily from the favorable resolution of tax positions for prior years.

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

June 30	2014	2013
DEFERRED TAX ASSETS		
Pension and postretirement benefits	**$ 2,045**	$ 1,777
Stock-based compensation	**1,060**	1,125
Loss and other carryforwards	**1,211**	1,062
Goodwill and other intangible assets	**49**	60
Accrued marketing and promotion	**258**	285
Fixed assets	**115**	135
Unrealized loss on financial and foreign exchange transactions	**352**	324
Accrued interest and taxes	**66**	15
Inventory	**35**	46
Other	**809**	879
Valuation allowances	**(384)**	(341)
TOTAL	**5,616**	5,367
DEFERRED TAX LIABILITIES		
Goodwill and other intangible assets	**$ 11,428**	$11,941
Fixed assets	**1,665**	1,718
Other	**144**	315
TOTAL	**13,237**	13,974

Net operating loss carryforwards were $3.6 billion and $3.1 billion at June 30, 2014 and 2013, respectively. If unused, $1.5 billion will expire between 2015 and 2034. The remainder, totaling $2.1 billion at June 30, 2014, 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 ended June 30	2015	2016	2017	2018	2019	There after
Purchase obligations	$1,068	$ 268	$ 164	$ 92	$ 72	$ 321

Such amounts represent future purchases in line with expected usage to obtain favorable pricing. Approximately 19% of our purchase commitments relate 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 ended June 30	2015	2016	2017	2018	2019	There after
Operating leases	$ 288	$ 273	$ 236	$ 216	$ 188	$ 743

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 matters, advertising, contracts, environmental issues, labor and employments matters and income and other taxes.

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 totaling $225 as of June 30, 2014. While the ultimate resolution of these matters may result in fines or costs in excess of the amounts reserved, we do not expect any such incremental losses to materially impact our financial statements in the period 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

Effective July 1, 2013, we reorganized our Global Business Unit (GBU) structure, which resulted in changes to our reporting segments. We reorganized our GBUs 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. In April 2014, we announced our decision to exit our Pet Care business. On July 31, 2014, the Company completed the divestiture of its Pet Care operations in North America, Latin America and other selected markets. The Company is pursuing alternate plans to sell its Pet Care business in the other markets, primarily the European Union countries. This GBU is reported as a discontinued operation for all periods presented.

Under U.S. GAAP, the remaining GBUs underlying the four sectors are aggregated into five reportable segments: 1) Beauty, 2) Grooming, 3) Health Care, 4) Fabric Care and Home Care and 5) Baby, Feminine and Family Care. As a result of the organizational changes, Feminine Care transitioned from Health Care to Baby, Feminine and Family Care for all periods presented. Our five reportable segments are comprised of:

- *Beauty*: Beauty Care (Antiperspirant and Deodorant, Cosmetics, Personal Cleansing, Skin Care); Hair Care and Color; Prestige (SKII, Fragrances); Salon Professional;

- *Grooming*: Shave Care (Blades and Razors, Pre- and Post-Shave Products); Appliances;

- *Health Care*: Personal Health Care (Gastrointestinal, Rapid Diagnostics, Respiratory, Other Personal Health Care, Vitamins/Minerals/Supplements); 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); Personal Power (Batteries); Professional;

- *Baby, Feminine and Family Care*: Baby Care (Baby Wipes, Diapers and Pants); Feminine Care (Feminine Care, Incontinence); 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. Previously, we also had a difference in the treatment of certain unconsolidated investees. Certain unconsolidated investees that are managed as integral parts of our businesses were reflected as consolidated subsidiaries in management reporting and segment results, with full recognition of the individual income statement line items through before-tax earnings. Eliminations to adjust these line items to U.S. GAAP were included in Corporate. In determining after-tax earnings for the businesses, we eliminated the share of earnings applicable to other ownership interests, in a manner similar to noncontrolling interest, and applied statutory tax rates. During the final quarter of fiscal 2014, we changed our management accounting for unconsolidated investees within our segments, which had no impact to our consolidated financial statements. Pursuant to this change, segment results no longer include full recognition of the individual income statement line items of unconsolidated investees, and resulting eliminations of such amounts are no longer included in corporate. All periods have been adjusted to reflect this change.

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 including cash, accounts receivable, investment securities and goodwill, are included in Corporate.

Our business units are comprised of similar product categories. In 2014, 2013 and 2012, nine business units individually accounted for 5% or more of consolidated net sales as follows:

	% of Sales by Business Unit		
Years ended June 30	2014	2013	2012
Fabric Care	**20%**	20%	20%
Baby Care	**13%**	13%	13%
Hair Care and Color	**11%**	11%	12%
Shave Care	**9%**	9%	9%
Beauty Care	**7%**	7%	7%
Home Care	**7%**	7%	7%
Family Care	**7%**	7%	6%
Oral Care	**7%**	6%	6%
Feminine Care	**5%**	5%	5%
All Other	***14%***	*15%*	*15%*
Total	**100%**	100%	100%

The Company had net sales in the U.S. of $29.4 billion, $29.2 billion and $28.4 billion for the years ended June 30, 2014, 2013 and 2012, respectively. Long-lived assets in the U.S. totaled $8.7 billion and $9.1 billion as of June 30, 2014 and 2013, 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 2014, 2013 and 2012.

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	**2014**	**$ 19,507**	**$ 3,530**	**$ 2,739**	**$ 394**	**$ 8,576**	**$ 502**
	2013	19,956	3,215	2,474	375	8,396	541
	2012	20,318	3,196	2,390	379	8,357	569
GROOMING	**2014**	**8,009**	**2,589**	**1,954**	**576**	**23,767**	**369**
	2013	8,038	2,458	1,837	603	23,971	378
	2012	8,339	2,395	1,807	623	24,518	392
HEALTH CARE	**2014**	**7,798**	**1,597**	**1,083**	**199**	**5,879**	**253**
	2013	7,684	1,582	1,093	191	5,933	248
	2012	7,235	1,520	1,022	186	5,832	251
FABRIC CARE AND HOME CARE	**2014**	**26,060**	**4,678**	**3,039**	**625**	**11,384**	**1,154**
	2013	25,862	4,757	3,089	639	11,231	1,064
	2012	25,580	4,485	2,816	627	10,647	965
BABY, FEMININE AND FAMILY CARE	**2014**	**20,950**	**4,310**	**2,940**	**908**	**10,946**	**1,317**
	2013	20,479	4,507	3,047	837	10,926	1,560
	2012	19,714	4,271	2,927	753	9,203	1,495
CORPORATE[(1)]	**2014**	**738**	**(1,819)**	**(48)**	**439**	**83,714**	**253**
	2013	562	(1,827)	(239)	337	78,806	217
	2012	820	(3,339)	(1,812)	636	73,687	292
TOTAL COMPANY	**2014**	**83,062**	**14,885**	**11,707**	**3,141**	**144,266**	**3,848**
	2013	82,581	14,692	11,301	2,982	139,263	4,008
	2012	82,006	12,528	9,150	3,204	132,244	3,964

(1) The Corporate reportable segment includes depreciation and amortization, total assets and capital expenditures of the Snacks business prior to its divestiture effective May 31, 2012 and of the Pet Care business.

NOTE 13

DISCONTINUED OPERATIONS

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 billion in an all-cash transaction. Under the terms of the agreement, Mars acquired our branded pet care products, our manufacturing facilities in the United States and the majority of the employees working in the Pet Care business. The agreement includes an option for Mars to acquire the Pet Care business in several additional countries. The one-time earnings impact from the divestiture is not expected to be material and will be reflected in fiscal 2015 results. The European Union countries are not included in the agreement with Mars. The Company is pursuing alternate plans to sell its Pet Care business in these markets.

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.

In fiscal 2012, the Company completed the divestiture of our global Snacks business to The Kellogg Company (Kellogg) for $2.7 billion of cash. Under the terms of the agreement, Kellogg acquired our branded snacks products, our manufacturing facilities in Belgium and the United States and the majority of the employees working on the snacks business. The Company recorded an after-tax gain on the transaction of $1.4 billion, which is included in net earnings from discontinued operations in the Consolidated Statement of Earnings for the year ended June 30, 2012.

The Snacks business had historically been part of the Company's former Snacks and Pet Care reportable segment. In accordance with the applicable accounting guidance for the disposal of long-lived assets, the results of the Snacks business are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all years presented.

Following is selected financial information included in net earnings from discontinued operations for the pet care and snacks businesses:

		Net Sales	Earnings from Discontinued Operations	Income Tax Expense	Gain on Sale of Discontinued Operations	Income Tax Benefit/ (Expense) on Sale	Net Earnings from Discontinued Operations
PET CARE	**2014**	**$ 1,475**	**$ 130**	**$ (52)**	**$ —**	**$ —**	**$ 78**
	2013	1,586	151	(50)	—	—	101
	2012	1,674	257	(90)	—	—	167
SNACKS	**2014**	—	—	—	—	—	—
	2013	—	—	—	—	—	—
	2012	1,440	266	(96)	1,899	(482)	1,587
TOTAL	**2014**	**1,475**	**130**	**(52)**	**—**	**—**	**78**
	2013	1,586	151	(50)	—	—	101
	2012	3,114	523	(186)	1,899	(482)	1,754

At June 30, 2014, the major components of assets and liabilities of the Pet Care business held for sale were as follows:

	June 30, 2014
Inventories	**$ 122**
Prepaid expenses and other current assets	**14**
Property, plant and equipment, net	**441**
Goodwill and intangible assets, net	**2,258**
Other noncurrent assets	**14**
Total assets held for sale	**2,849**
Accounts payable	**63**
Accrued and other liabilities	**13**
Noncurrent deferred tax liabilities	**584**
Total liabilities held for sale	**660**

NOTE 14

QUARTERLY RESULTS (UNAUDITED)

Quarters Ended		Sept 30	Dec 31		Mar 31	Jun 30		Total Year
NET SALES	**2013-2014**	**$ 20,830**	**$ 21,897**		**$ 20,178**	**$ 20,157**		**$83,062**
	2012-2013	20,342	21,737		20,205	20,297		82,581
OPERATING INCOME	**2013-2014**	**4,120**	**4,523**		**3,405**	**3,240**		**15,288**
	2012-2013	3,889	4,429		3,361	2,651	(3)	14,330
GROSS MARGIN	**2013-2014**	**49.2%**	**50.3%**		**48.6%**	**47.2%**		**48.9%**
	2012-2013	50.3 %	51.2 %		50.0 %	47.9 %		49.9 %
NET EARNINGS:								
Net earnings from continuing operations	**2013-2014**	**$ 3,039**	**$ 3,454**		**$ 2,603**	**$ 2,611**		**$11,707**
	2012-2013	2,812	4,034	(2)	2,562	1,893	(3)	11,301
Net earnings from discontinued operations	**2013-2014**	**18**	**18**		**33**	**9**		**78**
	2012-2013	41	42		29	(11)		101
Net earnings attributable to Procter & Gamble	**2013-2014**	**3,027**	**3,428**		**2,609**	**2,579**		**11,643**
	2012-2013	2,814	4,057	(2)	2,566	1,875	(3)	11,312
DILUTED NET EARNINGS PER COMMON SHARE: (1)								
Earnings from continuing operations	**2013-2014**	**$ 1.03**	**$ 1.17**		**$ 0.89**	**$ 0.89**		**$ 3.98**
	2012-2013	0.95	1.38		0.87	0.64		3.83
Earnings from discontinued operations	**2013-2014**	**0.01**	**0.01**		**0.01**	**—**		**0.03**
	2012-2013	0.01	0.01		0.01	—		0.03
Net earnings	**2013-2014**	**1.04**	**1.18**		**0.90**	**0.89**		**4.01**
	2012-2013	0.96	1.39		0.88	0.64		3.86

(1) Diluted net earnings per share is calculated on earnings attributable to Procter & Gamble.

(2) The Company acquired the balance of its Baby Care and Feminine Care joint venture in Iberia in October 2012 resulting in a non-operating gain of $623.

(3) During the fourth quarter of fiscal year 2013, the Company recorded before-tax goodwill and indefinite-lived intangible assets impairment charges of $308 ($290 after-tax). For additional details, see Note 2.

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.

Global Leadership Council

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

COMPANY OPERATIONS

Werner Geissler
Vice Chairman and Advisor to the Chairman and Chief Executive Officer

Mark F. Biegger
Chief Human Resources Officer

Linda Clement-Holmes
Global IDS (Information & Decision Solutions) Officer

Kathleen B. Fish
Chief Technology Officer

Deborah P. Majoras
Chief Legal Officer and Secretary

Jon R. Moeller
Chief Financial Officer

Filippo Passerini
Group President – Global Business Services and Chief Information Officer

Marc S. Pritchard
Global Brand Building Officer

Yannis Skoufalos
Global Product Supply Officer

Carolyn M. Tastad
Global Customer Business Development Officer

Jorge Uribe
Global Productivity & Organization Transformation Officer

Philip Duncan
Global Design Officer

William Gipson
Senior Vice President – Global Diversity and Research & Development, Global Hair Care and Color and Salon Professional

Julio N. Nemeth
Senior Vice President – Product Supply, Global Operations

Valarie L. Sheppard
Senior Vice President – Comptroller and Treasurer

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

Nancy K. Swanson
Vice President – Corporate

SELLING & MARKET OPERATIONS

Tarek N. Farahat
President – Latin America

Mary Lynn Ferguson-McHugh
Group President – Europe

Melanie Healey
Group President – North America

Hatsunori Kiriyama
President – Asia

Mohamed Samir
President – India, Middle East and Africa

Jeffrey K. Schomburger
President – Global Walmart Team

Shannan Stevenson
President – Greater China

Alessandro Tosolini
Senior Vice President – Global eBusiness

BABY, FEMININE AND FAMILY CARE

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

Steven D. Bishop
Group President – Global Feminine and Family Care

BEAUTY

Deborah A. Henretta
Group President – Global Beauty

Joanne Crewes
President – Global Prestige

Colleen E. Jay
President – Global Retail Hair Care and Color

Adil Mehboob-Khan
President – Global Salon Professional

FABRIC AND HOME CARE

Giovanni Ciserani
Group President – Global Fabric and Home Care

Stassi Anastassov
President – Duracell

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

HEALTH AND GROOMING

David Taylor
Group President – Global Health and Grooming

Patrice Louvet
Group President – Global Grooming

Charles E. Pierce
Group President – Global Oral Care and New Business Creation and Innovation

Thomas M. Finn
President – Global Health Care

The following Company officer retired during the 2013 – 14 fiscal year:
Robert L. Fregolle, Jr.

The following Company officers announced their intention to retire during the 2014 – 15 fiscal year:
Bruce Brown
Joan Lewis
Laurent Philippe

Board of Directors

Angela F. Braly
Former Chair of the Board, President and Chief Executive Officer of WellPoint, Inc. (healthcare insurance). Director since 2009. Also a Director of Lowe's Companies, Inc. Age 53. *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). Director since 2008. Also a Director of International Business Machines Corporation. Age 63. *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 62. *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 57. *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 67.

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 62. *Member of the Governance & Public Responsibility and Innovation & Technology Committees.*

W. James McNerney, Jr.
Chairman of the Board and Chief Executive Officer of The Boeing Company (aerospace, commercial jetliners and military defense systems). Director since 2003. Also a Director of International Business Machines Corporation. Age 65. *Presiding Director, Chair of the Compensation & Leadership Development Committee and member of the Governance & Public Responsibility Committee.*

Margaret C. Whitman
President and Chief Executive Officer of Hewlett Packard (computer software, hardware and IT services) since September 2011. Former President and Chief Executive Officer of eBay Inc. (ecommerce and payments) from 1998 to 2008. Director since 2011. Age 58. *Member of the Compensation & Leadership Development and Innovation & Technology Committees.*

Mary Agnes Wilderotter
Chairman of the Board and Chief Executive Officer of Frontier Communications Corporation (communications company specializing in providing services to rural areas and small and medium-sized towns and cities). Director since 2009. Also a Director of Xerox Corporation. Age 59. *Member of the Audit, Compensation & Leadership Development, and Innovation & Technology Committees.*

Patricia A. Woertz
Chairman and Chief Executive Officer of Archer Daniels Midland Company (agricultural processors of oilseeds, corn, wheat and cocoa, etc.). Director since 2008. Also a director of Royal Dutch Shell plc. Age 61. *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 62. *Chair of the Governance & Public Responsibility Committee and member of the Innovation & Technology Committee.*

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

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 (3)
4/1/2014 - 4/30/2014	6,180,000	$80.90	6,180,000	(3)
5/1/2014 - 5/31/2014	—	—	—	(3)
6/1/2014 - 6/30/2014	—	—	—	(3)

(1) The total number of shares purchased was 6,180,000 for the quarter. 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.

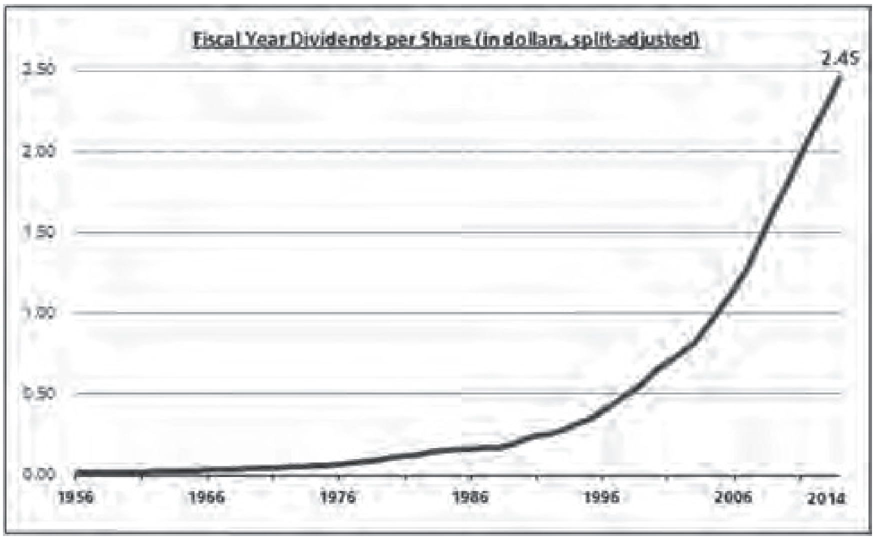
(3) On April 23, 2014, the Company stated that fiscal year 2014 share repurchases to reduce Company shares outstanding were estimated to be approximately $6 billion. This does not include any purchases under the Company's compensation and benefit plans. The share repurchases were authorized pursuant 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 dollar value of shares purchased under the share repurchase plan was $6.0 billion. The share repurchase plan ended on June 30, 2014.

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 124 consecutive years since its incorporation in 1890 and has increased its dividend for 58 consecutive years at an annual compound average rate of over 9%.



(in dollars; split-adjusted)	1956	1966	1976	1986	1996	2006	2014
Dividends per Share	$ 0.01	$ 0.03	$ 0.06	$ 0.16	$ 0.40	$ 1.15	$ **2.45**

QUARTERLY DIVIDENDS

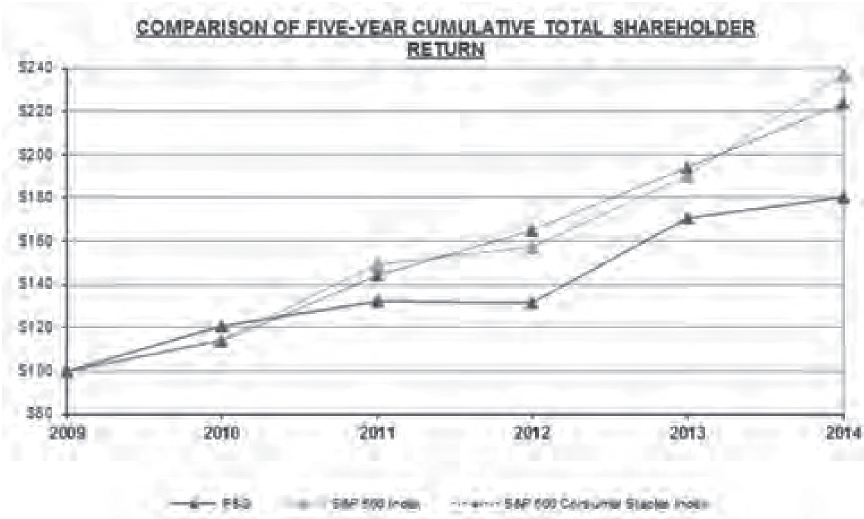
Quarter Ended	2013-2014	2012-2013
September 30	**$ 0.6015**	$ 0.5620
December 31	**0.6015**	0.5620
March 31	**0.6015**	0.5620
June 30	**0.6436**	0.6015

COMMON STOCK PRICE RANGE

	2013-2014		2012 - 2013	
Quarter Ended	High	Low	High	Low
September 30	**$ 82.40**	**$ 73.61**	$ 69.97	$ 60.78
December 31	**85.82**	**75.20**	70.99	65.84
March 31	**81.70**	**75.26**	77.82	68.35
June 30	**82.98**	**78.43**	82.54	75.10

SHAREHOLDER RETURN

The following graph compares the cumulative total return of P&G's common stock for the 5-year period ending June 30, 2014, 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, 2009, and that all dividends were reinvested.



Company Name/Index	Cumulative Value of $100 Investment, through June 30					
	2009	2010	2011	2012	2013	2014
P&G	$ 100	$ 121	$ 132	$ 132	$ 171	**$ 180**
S&P 500 Index	100	114	150	158	190	**237**
S&P 500 Consumer Staples Index	100	114	144	165	194	**224**

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	2014	2013	2012	2011	2010	2009
Net sales	**$ 83,062**	$ 82,581	$ 82,006	$ 79,385	$ 75,785	$ 73,565
Gross profit	**40,602**	41,190	40,595	40,551	39,663	36,882
Operating income	**15,288**	14,330	13,035	15,233	15,306	14,819
Net earnings from continuing operations	**11,707**	11,301	9,150	11,523	10,573	10,414
Net earnings from discontinued operations	**78**	101	1,754	404	2,273	3,108
Net earnings attributable to Procter & Gamble	**11,643**	11,312	10,756	11,797	12,736	13,436
Net Earnings margin from continuing operations	**14.1%**	13.7%	11.2%	14.5%	14.0%	14.2%
Basic net earnings per common share [1]:						
Earnings from continuing operations	**$ 4.16**	$ 4.00	$ 3.18	$ 3.98	$ 3.53	$ 3.44
Earnings from discontinued operations	**0.03**	0.04	0.64	0.14	0.79	1.05
Basic net earnings per common share	**4.19**	4.04	3.82	4.12	4.32	4.49
Diluted net earnings per common share [1]:						
Earnings from continuing operations	**$ 3.98**	$ 3.83	$ 3.06	$ 3.80	$ 3.38	$ 3.27
Earnings from discontinued operations	**0.03**	0.03	0.60	0.13	0.73	0.99
Diluted net earnings per common share	**4.01**	3.86	3.66	3.93	4.11	4.26
Dividends per common share	**$ 2.45**	$ 2.29	$ 2.14	$ 1.97	$ 1.80	$ 1.64
Research and development expense	**$ 2,023**	$ 1,980	$ 1,987	$ 1,940	$ 1,888	$ 1,802
Advertising expense	**9,236**	9,612	9,222	9,086	8,338	7,338
Total assets	**144,266**	139,263	132,244	138,354	128,172	134,833
Capital expenditures	**3,848**	4,008	3,964	3,306	3,067	3,238
Long-term debt	**19,811**	19,111	21,080	22,033	21,360	20,652
Shareholders' equity	**69,976**	68,709	64,035	68,001	61,439	63,382

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

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.computershare.com/pg 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.computershare.com/pg 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.computershare.com/pg
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)
Financial information request line (24 hours): 1-800-742-6253

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

SHAREOWNERS OF COMMON STOCK
There were approximately 2,372,000 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, 2014.

ANNUAL MEETING
The next annual meeting of shareholders will be held on Tuesday, October 14, 2014. 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, Ohio 45202-3315.

FORM 10-K
Shareowners may obtain a copy of P&G's 2014 report to the Securities and Exchange Commission on Form 10-K by going to www.pginvestor.com or by calling 1-800-742-6253.
This information is also available at no charge by sending a request to Computershare at the address listed.

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, 2014. 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.

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