



MORNINGSTAR CREDIT RATINGS, LLC
RULE 17G-7 DISCLOSURES & CERTIFICATION
PROCTER & GAMBLE CO
12/18/2018

As required by Rule 17g-7(a) of the Securities Exchange Act of 1934, this form provides the mandatory disclosures and attestation that are to accompany a rating action issued by Morningstar Credit Ratings, LLC (“Morningstar”).

In the context of Rule 17g-7(a), a ‘rating action’ means:

- publication of an expected or preliminary credit rating before publication of the initial credit rating,
- an initial credit rating,
- an upgrade or downgrade of credit rating of an existing credit rating, and
- an affirmation or withdrawal of an existing credit rating if the affirmation or withdrawal is the result of a review of the credit rating assigned by Morningstar using its documented methodologies for determining credit ratings.

Morningstar’s documented credit rating methodologies and detail analysis of a particular offering are viewable at www.morningstarcreditratings.com.

The information contained within this disclosure form is intended as a supplement and not as a substitute of the report detailing Morningstar’s rating action and analysis.

It is important to note that this disclosure form should not be construed as an offer, sale or distribution of this offering by Morningstar. Morningstar encourages investors to perform their own and/or obtain their own counsel to review this offering.

1. Symbol, number, or score used to rate credit rating categories and notches, and the identity and description of the security as required by Rule 17g-7(a)(1)(ii)(A):

(1) Credit rating assigned to the rated obligor, security or money market instrument

Instrument/Entity	Morningstar Rating
Procter & Gamble Co	AA

(2) Name of the obligor, or the identity and description of the security or money market instrument.

Issuer/Deal Name: Procter & Gamble Co

2. Version of the procedure or methodology used to determine the credit rating as required by Rule 17g-7(a)(1)(ii)(B):

The following methodology documents, available at www.morningstarcreditratings.com, were used to determine these credit ratings:

- Corporate Credit Rating Methodology (July 2018)
- Methodology for Rating Parents, Subsidiaries, and Securities (July 2018)
- Morningstar Credit Ratings Definitions and Other Related Opinions and Identifiers (September 2018)



MORNINGSTAR CREDIT RATINGS, LLC
RULE 17G-7 DISCLOSURES & CERTIFICATION
PROCTER & GAMBLE CO
12/18/2018

3. Main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Rule 17g-7(a)(1)(ii)(C):

Morningstar's Corporate and Financial Institution credit rating methodologies are both quantitative and qualitative.

Four key components drive the Morningstar credit rating methodology and models:

- 1) Business Risk, which encompasses the proprietary Morningstar Economic Moat™ Rating and uncertainty ratings along with six other country and industry risk factors.
- 2) The Morningstar Cash Flow Cushion™, a set of proprietary, forward-looking measures based on our analysts' forecasts of cash flows and financial obligations (for banks, we substitute a Stress Test which evaluates a bank's potential to absorb loan losses while maintaining adequate capital levels).
- 3) Morningstar Solvency Score™, a proprietary scoring system that incorporates a firm's leverage, liquidity, coverage ratios, and profitability.
- 4) Distance to Default, a quantitative model that rank-orders firms based on their likelihood of financial distress using market-based inputs.

Morningstar makes the following main assumptions in applying these principles:

- 1) A corporation's competitive position and exposure to economic cycles, industry risk and regulatory risk can be objectively analyzed and related to credit risk.
- 2) Analysis of cash flow relative to fixed obligations and of capital relative to liabilities allow credit risk to be evaluated over a normal business cycle.
- 3) Accounting measures of liquidity, solvency and cash flow are indicative of credit quality.
- 4) Market price and volatility of equity are meaningful indicators of distance to default.
- 5) Legal risks to the relative ranking of individual securities can be determined from credit documents such as bank credit agreements and bond trust indentures.

These qualitative and quantitative methodologies are described in detail in "Corporate Credit Rating Methodology" and "Bank Credit Rating Methodology" available on Morningstar Credit Rating's public website. The principles used to rate subsidiaries and securities of a corporate issuer are described in "Methodology for Rating Parents, Subsidiaries, and Issues" available on Morningstar Credit Rating's public website.

4. Potential limitations of the credit rating, including the types of risks excluded from the credit rating and not commented on as required by Rule 17g-7(a)(1)(ii)(D):

Credit ratings are ultimately opinions evaluating the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or court to enforce, or hold enforceable, the documents in whole or in part, an assessment of the yield to maturity that investors may experience, or other non-credit risks, including, without limitation, market risks or liquidity.

No two issuers or securities possess exactly the same credit characteristics, nor are they likely to have identical future credit risk. Therefore, two issuers or securities with the same rating should not be construed to be of exactly the same credit quality,



MORNINGSTAR CREDIT RATINGS, LLC
RULE 17G-7 DISCLOSURES & CERTIFICATION
PROCTER & GAMBLE CO
12/18/2018

but similar in credit quality. Each rating category contains a degree of variability in relative credit quality, and therefore some fluctuation within the bounds of each rating category exists without requiring upgrade or downgrade. Because economic forces and opportunities are continually changing, an issuer's or security's credit rating is not static.

5. Information on the uncertainty of the credit rating as required by Rule 17g-7(a)(1)(ii)(E):

The quantitative components of credit ratings are based on audited, published financial statements and other reports filed with the SEC and other government regulatory agencies. We rely on the auditor's determination if the financial statements are unqualified with respect to their conformity to US General Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). Morningstar requires at least three years of audited financial statements to initiate or maintain a credit rating. MCR credit ratings are based primarily on publicly available information. This information is generally not verified by Morningstar and is provided as is without any representation, warranty or guaranty as to its accuracy.

6. Whether third party due diligence services were used in determining the credit rating as required by Rule 17g-7(a)(1)(ii)(F):

Morningstar did not use due diligence services of a third party in taking this rating action.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Rule 17g-7(a)(1)(ii)(G):

Morningstar did not use servicer or remittance reports in taking this rating action.

8. Description of the types of data relied upon as required by Rule 17g-7(a)(1)(ii)(H):

Analysts conduct industry and company research to determine the credit rating of an issuer or obligor. Information utilized includes the following: investor conference calls, company financial statements and other SEC or regulatory filings, published news reports specialized trade publications, statistics from government and private industry, and company supplied information if the rated issuer or obligor participates in the rating process. When rating specific securities or classes of debt, analysts examine the relevant legal documentation such as bond indentures and loan agreements.

9. Assessment of the quality of information available and considered as required by Rule 17g-7(a)(1)(ii)(I):

The following procedure, available as Exhibit 2 to Morningstar's Form NRSRO, is as follows:

- Unless otherwise required under MCR's policies and procedures, MCR does not independently verify or perform due diligence on the underlying assets, or any publicly available information or any non-public information provided by arrangers, servicers, data vendors and other third-party sources of information.
- In addition, MCR does not audit or verify the truth or accuracy of any such information.



MORNINGSTAR CREDIT RATINGS, LLC
RULE 17G-7 DISCLOSURES & CERTIFICATION
PROCTER & GAMBLE CO
12/18/2018

- As a result, any ratings reports provided by MCR related to such information are made without representation or warranty of any kind.

10. Information relating to the conflicts of interest as required by Rule 17g-7(a)(1)(ii)(J):

Morningstar was not paid to determine the credit rating.

For additional information about conflicts of interests please refer to Section 3 of Exhibit 5 and Exhibit 6 of our Form NRSRO available at www.morningstarcreditratings.com.

11. Explanation or measure of the potential volatility of the credit rating as required by Rule 17g-7(a)(1)(ii)(K):

A change in P&G's financial strategy or large debt financed acquisition that weakens its Cash Flow Cushion further or its Solvency Score could result in rating downgrade of one or more notches. Conversely, if P&G maintains the strength of its Solvency Score and improves its Cash Flow Cushion by meaningfully terming out a significant portion of its short-term debt and sustains lower leverage, a one-notch ratings upgrade could occur.

12. Information on the content of the credit rating as required by Rule 17g-7(a)(1)(ii)(L):

Morningstar's letter-grade ratings convey our opinion about the relative likelihood of default and general credit quality of a financial obligation or the issuer or obligor behind such an obligation. Our rating scale provides a rank ordering of relative creditworthiness whereby higher ratings are expected to display lower default frequencies than lower ratings over any given time period. Our ratings, however, do not connote a specific default probability or loss given default.

13. Information on the sensitivity of the credit rating as required by Rule 17g-7(a)(1)(ii)(M):

Morningstar credit ratings are sensitive to the factors which influence the issuer's Business Risk, Cash Flow Cushion, Solvency Score, and Distance to Default. These factors typically include, but are not limited to, the following: Business Risk: country risk, size, presence of and duration of long term competitive advantages, potential volatility of future financial performance, operating leverage, financial leverage, product and customer concentration, management, balance sheet policy, dependence on capital markets, and cyclicity of operations. Cash Flow Cushion: total liquid cash, operating cash flow, capital expenditures, dividends, debt service and debt-like contractual commitments. (For banks, we substitute Cash Flow Cushion with a Stress Test: tangible capital levels, tangible assets, risk-weighted assets, loan and security quality, projected pre-tax pre-provision income, and stressed loss-rate assumptions.) Solvency: liquidity, profitability, capital structure, debt service capability and dependence on capital markets. Distance to Default: equity volatility, market capitalization and enterprise value.

14. Information on credit rating assigned to an asset-backed security as required by Rule 17g-7(a)(1)(ii)(N):

Not Applicable



MORNINGSTAR CREDIT RATINGS, LLC

RULE 17G-7 DISCLOSURES & CERTIFICATION

PROCTER & GAMBLE CO

12/18/2018

(1)(iii) Attestation

The person signing this attestation had responsibility for this rating action and to the best of their knowledge:

- No part of the credit rating was influenced by any other business activities;
- The credit rating was based solely upon the merits of the obligor or security being rated; and
- The credit rating was an independent evaluation of the credit risk of the obligor or security.

/s/ Sean Sexton

Signature

12/18/2018

Date

15. *Third-Party Due Diligence Certification.*

Not Applicable