

PROCTER & GAMBLE CO  
Form 11-K  
September 22, 2011

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

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
[NO FEE REQUIRED] FOR THE FISCAL YEAR ENDED JUNE 30, 2011, OR  
 TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
[NO FEE REQUIRED] for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-00434

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Procter & Gamble 1-4-1 Plan, Procter & Gamble Technical Centres Limited, Cobalt 12, Silver Fox Way, Cobalt Business Park, Newcastle upon Tyne NE27 0QW.

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202

REQUIRED INFORMATION

Item Audited statements of financial condition as of the end of the latest two fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 2)

Item Audited statements of income and changes in plan equity for each of the latest three fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 3)

PROCTER & GAMBLE  
1-4-1 PLAN

Statements of Net Assets Available for Plan Benefits  
as of June 30, 2011 and 2010, Statements of Changes  
in Net Assets Available for Plan Benefits for the  
Years Ended June 30, 2011, 2010 and 2009, and  
Report of Independent Registered Public Accounting  
Firm



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees of the Procter & Gamble 1-4-1 Plan:

We have audited the accompanying statements of net assets available for plan benefits of the Procter & Gamble 1-4-1 Plan ("Plan") as of June 30, 2011 and 2010, and the related statements of changes in net assets available for plan benefits for each of the three years ended June 30, 2011, 2010 and 2009. These financial statements are the responsibility of the plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements present fairly, in all material respects, the net assets available for plan benefits of the Plan as of June 30, 2011 and 2010 and the changes in net assets available for plan benefits for the years ended June 30, 2011, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte LLP

Deloitte LLP  
Newcastle upon Tyne, United Kingdom

22nd September 2011



PROCTER & GAMBLE  
1-4-1 PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN  
BENEFITS  
JUNE, 30 2011 AND 2010

	2011	2010
	£	£
<b>ASSETS:</b>		
Investment in The Procter & Gamble Company common stock, at fair value	47,412,059	45,111,617
Cash at bank and in hand	967,957	845,659
Total assets	48,380,016	45,957,276
<b>LIABILITIES:</b>		
Amounts due to others (note 5)	(73,903)	(104,549)
Contributions received in advance	(775,850)	(728,532)
Total liabilities	(849,753)	(833,081)
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>	<b>47,530,263</b>	<b>45,124,195</b>

See notes to financial statements.





PROCTER & GAMBLE  
1-4-1 PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
FOR THE YEARS ENDED JUNE 30, 2011, 2010 AND 2009

ADDITIONS/ (LOSSES):	2011 £	2010 £	2009 £
Contributions:			
Employee contributions	3,546,451	3,503,180	3,483,476
Employer contributions	3,546,451	3,503,180	3,483,476
Total contributions	7,092,902	7,006,360	6,966,952
Investment income:			
Net appreciation/(depreciation) in fair value of			
The Procter & Gamble Company common stock	(300,649)	9,577,551	(347,715)
Dividends from The Procter & Gamble Company common stock	1,165,988	1,045,462	849,992
Total investment gain	865,339	10,623,013	502,277
Income from participating Procter & Gamble companies	39,338	35,297	17,045
Total additions	7,997,579	17,664,670	7,486,274
DEDUCTIONS:			
Distributions and withdrawals to participants	(5,552,173)	(5,787,328)	(4,549,011)
Administrative expenses	(39,338)	(35,297)	(17,045)
Total deductions	(5,591,511)	(5,822,625)	(4,566,056)
INCREASE IN NET ASSETS	2,406,068	11,842,045	2,920,218
NET ASSETS AVAILABLE FOR PLAN BENEFITS:			
Beginning of year	45,124,195	33,282,150	30,361,932
End of year	47,530,263	45,124,195	33,282,150

See notes to financial statements.



NOTES TO FINANCIAL STATEMENTS AS OF  
JUNE 30, 2011 AND 2010 AND FOR THE YEARS ENDED JUNE 30, 2011, 2010 AND 2009.

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1. DESCRIPTION OF THE PLAN

The Procter & Gamble 1-4-1 Plan (the “Plan”) is a stock ownership plan sponsored by The Procter & Gamble Company (“Procter & Gamble”). The following brief description of the Procter & Gamble 1-4-1 Plan (“Plan”) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General - The Plan is a share purchase plan established on October 1, 2002 by The Procter & Gamble Company (“Company”), replacing the Procter & Gamble Matched Savings Share Purchase Plan, which ceased to be tax efficient from this date, to provide a means for eligible United Kingdom (“UK”) employees to tax efficiently purchase shares in the Company. The Plan is administered by Capita IRG Trustees Limited who were appointed by the Trustees of the Plan and hold the Plan assets on behalf of the Trustees of the Plan.

Eligibility — Employees eligible to participate in the Plan included all regular employees of participating subsidiaries of the Company with the exception of employees considered to be an executive, officer, director, or a 10 percent stockholder of the Company and employees eligible for another savings plan sponsored by the Company and maintained in the United States, Canada, or Puerto Rico. Eligible employees could have enrolled in the Plan on the first day of each month and on the initial participation date for each participating subsidiary.

Participant Accounts – Individual accounts are maintained for each Plan participant. Each participant’s account is credited with the participant’s contribution, the participating companies’ matching contribution, and allocations of Plan earnings, and charged with withdrawals and an allocation of Plan losses. Allocations are based on participant earnings or account balances, as defined. The distribution to which a participant is entitled is limited to the shares that can be provided from the participant’s vested account.

Participant accounts remaining in the Plan continue to have individual accounts maintained with Plan earnings or losses allocated based on earnings and account balances as defined.

Vesting – Participants are vested immediately in all shares allocated to their respective Plan accounts.

Investments – All employee and employer contributions were invested in shares of the Company’s common stock generally on the 15th day of each month (or if that date is not a business day, the preceding business day). Sales of the Company’s common stock for distributions generally are made on two specified dates in each month. Any dividends on shares of the Company’s common stock are invested in additional shares of the Company’s common stock. Participant Loans – Under the terms of the Plan agreement, participants are not permitted to borrow funds from their account balance.

Distributions and Withdrawals – Participants may withdraw contributory shares from the Plan at any time; however, participants who withdraw contributory shares from the Plan within five years of acquisition will become liable for UK income tax and national insurance. Participants cannot withdraw matching shares from the Plan within five years

of purchase, and cannot withdraw dividend shares from the Plan within three years of purchase, unless the participant ceases to be an employee of one of the participating Procter & Gamble companies.

2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Risks and Uncertainties** - The Plan invests in Company common stock which represents a concentration in investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**Investment Valuation and Income Recognition** – The Plan’s investment in Company common stock is stated at fair value, which is based on quoted market prices and is translated into sterling at the rate of exchange at June 30. Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date, net of any U.S. withholding taxes. Realized gains and losses are based upon the identified cost method.

**Net Appreciation / (Depreciation) in Fair Value of Investments** - Realized and unrealized appreciation / (depreciation) in fair value of investments is based on the difference between the fair value of the assets at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value on the day investments are sold with respect to realized appreciation / (depreciation), or on the last day of the year for unrealized appreciation / (depreciation).

**Cash at Bank and In Hand** – Amounts shown as cash at bank and in hand are uninvested funds held that are to be invested in Company common stock in the following month.

**Expenses of the Plan** - Investment management expenses and all other fees and expenses are reimbursed by the participating Procter & Gamble companies (see Note 9).

**Distributions and Withdrawals** - Participants may withdraw shares from the Plan at any time subject to the following Plan rules. Participants who withdraw shares from the Plan within five years of purchase become liable for income tax. Participants who withdraw shares from the Plan after five years can do so without attracting any income tax.

**New Accounting Standards Adopted** — In January 2010, the FASB issued Accounting Standards Updates (ASU) No. 2010-06, Fair Value Measurements and Disclosures, which amends ASC 820, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which is effective for fiscal years beginning after December 15, 2010. The adoption of this standard had no material effect on the financial statements.

On May 12, 2011, the FASB issued ASU 2011-04, a guidance to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with generally accepted accounting principles in the United States of America and International Financial Reporting Standards. The amendments are of two types: (i) those that clarify the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The update is effective for annual periods beginning after December 15, 2011. Plan management is in the process of evaluating the impact of the adoption of this guidance on the Plan's financial statements.

Contributions- Contributions represent cash amounts received from members, matched by the sponsoring companies (note 9), that have been invested in stock of The Procter & Gamble Company. Where cash amounts are received from members and matched by the sponsoring companies, but have not yet been invested in stock of The Procter & Gamble Company, they are deferred on the balance sheet.

## 3. FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) Topic 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All investments are measured following a level 1 valuation technique.

## 4. INVESTMENTS

The Plan's investment in Company common stock experienced net appreciation/(depreciation) in value as follows for the years ended June 30, 2011, 2010, and 2009:

	2011 £	2010 £	2009 £
The Procter & Gamble Company common stock:			
Net appreciation/(depreciation)	(300,649)	9,577,551	(347,715)

## 5. AMOUNTS DUE TO OTHERS

2011	2010
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	£	£
Amounts due to members	60,977	76,525
Amounts due to participating Procter & Gamble companies	11,827	26,925
Amounts due to Capita IRG Trustees Limited	1,099	1,099
	73,903	104,549



## 6. TAX STATUS

HM Revenue & Customs (HMRC) has determined and informed the Company that it is an approved Employee Share Scheme under UK tax legislation. Therefore, the Plan Administrator believes that the Plan was qualified and tax-exempt as of June 30, 2011 and no provision for income taxes has been reflected in the accompanying financial statements.

## 7. RELATED PARTY TRANSACTIONS

At June 30, 2011 and 2010, 1,201,374 and 1,132,980 shares of Company common stock were held by the Plan, respectively. The cost of this stock at June 30, 2011 and 2010, was £35,915,716 and £35,460,484, respectively. During the years ended June 30, 2011, 2010 and 2009, the Plan recorded dividend income from Company common stock of £1,165,988, £1,045,462, and £849,992, respectively. Contributions from participating Procter & Gamble companies of £3,546,451 £3,503,180, and £3,483,476 were recorded for the years ended June 30, 2011, 2010 and 2009, respectively. Also, the Plan received reimbursements for administrative expenses from the Company titled Income From The Procter & Gamble Company in the Statements of Changes in Net Assets Available For Plan Benefits for the years ended June 30, 2011, 2010 and 2009 of £39,338, £35,297, and £17,045, respectively.

## 8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in the Plan agreement.

## 9. PARTICIPATING PROCTER &amp; GAMBLE COMPANIES

The participating Procter & Gamble companies are as follows:

3.8x \$54,132 \$46,000

Whiting Petroleum Corporation

4.1x 3.6x \$34,298 \$32,519

Median

4.4x 3.7x \$44,215 \$39,260

**Williston Assets**

7.0x  
6.9x  
\$  
44,944  
\$  
46,579

From this data, RBCCM selected an enterprise value reference range for the Williston Assets using 2018E EBITDA multiples of 4.00x 5.00x, 2018E Production multiples of \$35.0 \$55.0 / Mboe/d, 2019E EBITDA multiples of 3.25x 4.25x, and 2019E Production multiples of \$32.5 \$47.5 / Mboe/d. In addition, in order to compare the implied value of the Williston Assets, which do not include all of the costs associated with the operation of a standalone company (public or otherwise) to the implied trading multiples for the selected companies, RBCCM, based on

discussions with Company

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management, assumed general and administrative overhead expenses for the Williston Assets equal to \$3.00/Boe and applied such calculated amounts to the corresponding EBITDA estimates for the Williston Assets. This analysis indicated the following implied Enterprise Value reference range for the Williston Assets, as compared to the Purchase Price:

### Implied Enterprise Value Reference Range for the Williston Assets based on:

2018E EBITDA	2018E Production	2019E EBITDA	2019E Production	Purchase Price
\$796 million - \$995 million	\$1,090 million - \$1,713 million	\$660 million - \$864 million	\$977 million - \$1,428 million	\$1,400 million

**Selected Precedent Transactions Analysis.** RBCCM reviewed certain implied transaction multiples for a set of oil and gas transactions over \$100 million in value with deal assets entirely within the Williston Basin since January 1, 2015. Current Production for the Williston Assets was based on the average estimated daily Production for July 2017.

In this analysis, RBCCM compared (i) multiples of implied Enterprise Value to the latest available Production as publicly disclosed; and (ii) multiples of implied Enterprise Value to the latest Proved Reserves estimates as publicly disclosed. The list of selected transactions, related multiples and the resultant mean, median and operated only median multiples for such selected transactions and for the Williston Assets at the Purchase Price are as follows:

Announcement Date	Acquirer	Seller	Enterprise Value (\$MM)	Production \$/Boepd	Proved Reserves \$/Boe
12/12/2016	Bruin E&P Partners, LLC	Enerplus Corporation	\$ 292	\$ 73,000	**
10/18/2016*	Oasis Petroleum Inc	SM Energy Company	\$ 785	54,704	\$ 15.64
08/18/2016*	Kraken Oil & Gas LLC	Continental Resources, Inc.	\$ 222	79,286	**
06/14/2016	Lime Rock Resources	Natural Resource Partners LP	\$ 116	33,277	11.54
11/12/2015	Natural Resource Partners, LP	Kaiser-Francis Oil Company, Inc.	\$ 339	**	**
10/15/2015*	Lime Rock Resources	Occidental Petroleum Corp	\$ 590	36,875	**
09/15/2015	Energy 11, L.P.	Kaiser-Francis Oil Company, Inc.	\$ 162***	81,457	13.23
Mean				\$ 59,776	\$ 13.47
Median				63,852	13.23
Median Operated Only				54,704	15.64
<b>Williston Assets</b>				\$ 46,667	\$ 11.79

\* Denotes selected transactions for which the target assets were primarily operated by the seller.

\*\* Denotes selected transactions for which the applicable metric was not disclosed or not publicly available.

\*\*\* Contingency payment excluded from Enterprise Value.

From this data, RBCCM selected an implied transaction value reference range for the Company using Production multiples of \$35.0 - \$55.0 / Mboe/d, and Proved Reserve multiples of \$11.50 - \$15.50 / Boe. This analysis indicated the following implied Enterprise Value reference range for Williston Assets, as compared to the Purchase Price:

### Implied Enterprise Value Reference Range for the Williston Assets based on:

Current Production	Current Proved Reserves	Purchase Price
\$1,050 million - \$1,650 million	\$1,366 million - \$1,841 million	\$1,400 million

**Net Asset Value.** RBCCM performed a net asset value ("NAV") analysis of the Williston Assets by calculating the estimated net present value of its estimated oil and gas reserves in each of the Proved Developed Producing, Proved Developed Non-Producing, Proved Undeveloped, Proved Undeveloped (T)(1), Probable and Possible reserve categories, less estimated capital costs associated

- (1) Denotes a reserve sub-category of Proved Undeveloped Reserves which do not meet the 5-year development standard for proved reserves.

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with extracting such reserves, based on the Reserve Reports provided by management of the Company and using NYMEX strip pricing as of July 7, 2017. The NAV analysis incorporated production, operating expense and capital risking adjustments (as discussed with Company management) to estimates provided by management of the Company. Such Reserve Report estimated oil and gas reserves for the Williston Assets were as follows:

Reserve Categories	Oil (MMBbl)	Gas (Bcf)	NGL (MMBbl)	BOE (MMBoe)
Proved Developed Producing	54.7	39.1	8.9	70.1
Proved Developed Non-Producing	5.3	3.5	0.8	6.7
Proved Undeveloped	33.9	20.6	4.6	42.0
<b>Total Proved</b>	93.9	63.2	14.3	118.8
Proved Undeveloped (T)	10.3	6.2	1.4	12.7
Probable	52.4	29.8	7.3	64.7
Possible	8.6	5.4	1.2	10.7
<b>Total</b>	165.2	104.6	24.2	206.9

RBCCM performed the NAV analyses using discount rates ranging from 10.0% to 13.0%, based on an estimated weighted average cost of capital using RBCCM's professional judgment regarding the cost of capital of the Williston Assets. The Williston Assets NAV analyses indicated the following implied net asset value reference ranges, as compared to the Purchase Price:

Assets (in millions)	Discount Rate			Purchase Price
	10.0%	11.5%	13.0%	
Proved Developed Producing	\$ 676	\$ 634	\$ 597	
Proved Developed Non-Producing	\$ 85	\$ 80	\$ 76	
Proved Undeveloped	\$ 291	\$ 261	\$ 234	
<b>Total Proved</b>	\$ 907	\$ 974	\$ 1,051	
Proved Undeveloped (T)	\$ 69	\$ 59	\$ 51	
Probable	\$ 195	\$ 164	\$ 140	
Possible	\$ 36	\$ 30	\$ 25	
<b>Total</b>	\$ 1,351	\$ 1,227	\$ 1,123	\$ 1,400

### **Overview of Analyses; Other Considerations**

No single company or transaction used in the above analyses as a comparison was identical to the Williston Assets or the Williston Divestiture, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involved complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading, acquisition or other values of the companies, businesses or transactions analyzed.

The preparation of a fairness opinion is a complex process that involves the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to particular circumstances. Several analytical methodologies were used by RBCCM, and no one method of analysis should be regarded as critical to the overall conclusion reached. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The overall conclusion of RBCCM was based on all the analyses and factors presented herein, taken as a whole, and also on application of RBCCM's own experience and judgment. Such conclusion may involve significant elements of subjective judgment and qualitative analysis. RBCCM therefore believes that its analyses must be considered as a whole and that selecting portions of the analyses and of the factors considered, without considering all factors and analyses, could create an incomplete or misleading view of the processes underlying its opinion.

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The Company selected RBCCM to render its opinion to the board of directors based on RBCCM's qualifications, expertise, reputation and knowledge of the Company's business and affairs and its experience with E&P companies and the industry in which the Company operates. RBCCM is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restructurings, underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes. In the ordinary course of business, RBCCM and/or its affiliates may act as a market maker and broker in the publicly traded securities of the Company and receive customary compensation, and may also actively trade securities of the Company for its or its own account and the accounts of its customers, and, accordingly, RBCCM and its affiliates, may hold a long or short position in such securities. RBCCM and its affiliates have provided investment banking and financial advisory services to the Company in the past, for which it received customary fees. In particular, during the past two years prior to RBCCM's engagement with respect to the Williston Divestiture, RBCCM acted as an initial purchaser in connection with a high yield debt offering by the Company, as well as acted as a lender under the Company's revolving credit facilities, for which RBCCM and its affiliates have received aggregate fees of approximately \$6,000,000. RBCCM and its affiliates have provided investment banking and financial advisory services to affiliates of ArcLight, an affiliate of Bruin, for which it received customary fees, including, in the past two years prior to RBCCM's engagement with respect to the Williston Divestiture, acting as (i) lead arranger for two acquisition financings by affiliates of ArcLight, (ii) a lender under the credit facilities for three portfolio companies of ArcLight and (iii) a financial advisor to a portfolio company of ArcLight, such investment banking and financial advisory services (i) through (iii) for which RBCCM and its affiliates have received aggregate fees of approximately \$14,000,000. In light of RBCCM's relationships with the Company and affiliates of ArcLight, RBCCM anticipates that it may be selected by the Company and/or ArcLight to provide investment banking and financial advisory and/or financing services that may be required by the Company or affiliates of ArcLight in the future, regardless of whether the Williston Divestiture is successfully completed.

Under its engagement agreement with the Company, RBCCM became entitled to a fee of \$1,250,000 upon delivery of its written opinion relating to the Williston Divestiture, whether or not the opinion was accepted and whether or not the Williston Divestiture was consummated. In addition, for RBCCM's services as financial advisor to the Company in connection with the Williston Divestiture, RBCCM will be entitled to receive a transaction fee currently estimated to be \$7,150,000 (in addition to the fee upon delivery of the fairness opinion). In addition, the Company has agreed to indemnify RBCCM for certain liabilities that may arise out of RBCCM's engagement, including, without limitation, liabilities arising under the federal securities laws, and to reimburse certain out-of-pocket expenses incurred by RBCCM in performing its services. The terms of RBCCM's engagement agreement were negotiated at arm's-length between the Company and RBCCM, and the board of directors was aware of this fee arrangement at the time it reviewed and approved the Purchase Agreement.

### INFORMATION ABOUT THE PARTIES

#### *The Company*

The Company is an independent energy company focused on the acquisition, production, exploration and development of onshore liquids-rich assets in the United States. The Company is a Delaware corporation.

#### *HEPI*

HEPI is a Delaware corporation and a wholly owned subsidiary of Halcón Holdings, Inc., a Delaware corporation ("HHI"). HHI is a wholly owned subsidiary of the Company.

*HRC Operating*

HRC Operating is a Colorado limited liability company and wholly owned subsidiary of Halcón Energy Holdings, LLC, a Delaware limited liability company ("HEH"). HEH is a wholly owned subsidiary of the Company.

*HRC Energy*

HRC Energy is a Colorado limited liability company and wholly owned subsidiary of HEH.

*Williston I*

Williston I is a Texas limited liability company and wholly owned subsidiary of HEPI.

*Williston II*

Williston II is a Texas limited liability company and wholly owned subsidiary of HEPI.

*Purchaser*

Purchaser is a Delaware limited liability company. Purchaser is an affiliate of Bruin E&P Partners, LLC, a portfolio company of ArcLight focused on the development of oil rich unconventional plays, as well as the acquisition of conventional oil and gas producing properties.

**BUSINESS AFTER THE WILLISTON DIVESTITURE**

The sale properties include approximately 105,900 net acres as of June 30, 2017 prospective for the Bakken and Three Forks in the Williston Basin in North Dakota. Estimated proved reserves associated with these properties accounted for approximately 104.9 MMBoe, or approximately 71% of the Company's year-end 2016 proved reserves. For the quarter ended March 31, 2017, these properties produced an average of approximately 28,800 Boe per day, or approximately 75% of the Company's average daily production for the quarter.

Following the Williston Divestiture, we will maintain acreage in the Southern Delaware Basin and other non-core areas, as further described below.

Unaudited pro forma condensed financial information of the Company as of March 31, 2017 and for the year ended December 31, 2016 and the quarter ended March 31, 2017, which gives effect to (i) fresh-start accounting adjustments resulting from emerging from reorganization under chapter 11, (ii) the divestiture of all of the Company's membership interests in HK TMS, LLC, a prior subsidiary of the Company that held oil and gas properties in the Tuscaloosa Marine Shale in Louisiana and Mississippi, (iii) the Williston Divestiture and (iv) the anticipated repurchase of all of our 12% senior secured second lien notes due 2022 and a portion of the Notes using the net proceeds resulting from the Williston Divestiture, was filed by the Company with the SEC on July 14, 2017 as Exhibit 99.2 to the Current Report on Form 8-K, which pro forma financial information is incorporated herein by reference.

*Southern Delaware Basin*

On February 28, 2017, HEPI completed the acquisition of 20,901 net acres and related assets in the Southern Delaware Basin located in Pecos and Reeves Counties, Texas (collectively, the "Pecos County Assets"). Pursuant to the terms of a Purchase and Sale Agreement dated January 18, 2017 between Samson Exploration, LLC and HEPI, the Company completed the acquisition of the Pecos County Assets for a total cash purchase price of \$703.9 million, subject to customary post-closing purchase price adjustments. On May 25, 2017, HEPI completed the acquisition of a partner's interest in

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Halcón-operated units consisting of the Pecos County Assets. This subsequent acquisition resulted in HEPI acquiring approximately 3,634 additional net acres in Pecos County. As of June 5, 2017, we estimate that net production from the Pecos County Assets was approximately 3,600 Boe/d and included an approximate 84% average working interest. We are currently operating two rigs in this area.

In December 2016, the Company entered into an agreement with a private company for the right to purchase up to 15,040 net acres located in Ward and Winkler Counties, Texas (the "Ward County Assets") prospective for the Wolfcamp and Bone Spring formations for an initial purchase price of \$11,000 per acre. The Ward County Assets are divided into two tracts: the Southern Tract, comprising 6,720 net acres, and the Northern Tract, comprising 8,320 net acres, with separate options for each tract. The agreement was subsequently amended on June 14, 2017 to increase the purchase price of the Southern and Northern Tract acreage, from \$11,000 per acre to \$13,000 per acre, for additions to the depths in the acreage to be purchased by the Company. Pursuant to the terms of the agreement, the Company initially paid \$5.0 million and drilled a commitment well on the Southern Tract and on June 15, 2017 purchased the Southern Tract acreage for approximately \$87.4 million. On June 15, 2017, the Company also paid \$5.0 million and plans to drill a commitment well on the Northern Tract by September 1, 2017, to earn the option to acquire the Northern Tract acreage for \$13,000 per acre by December 31, 2017. On June 20, 2017, the Company entered into an additional option agreement with the private company for the right to purchase up to 7,680 additional net acres located in Ward and Winkler Counties, Texas, adjacent, on the east, to the Ward County Assets. The Company also paid \$5.0 million and plans to drill a commitment well by December 1, 2017, to earn the option to acquire the additional acreage for \$10,000 per acre by March 31, 2018.

### *Other Non-core Areas*

We have other oil and natural gas properties with varying working interests located in the Utica/Point Pleasant formations in Ohio and Pennsylvania and the Austin Chalk Trend in East Texas. Production from these other non-core areas totaled approximately 1,700 Boe/d for the quarter ended March 31, 2017. As of December 31, 2016, estimated proved reserves for these properties were approximately 1.6 MMBoe in aggregate, of which all were classified as proved developed. We may consider divesting certain of these assets over time.

## **INTEREST OF CERTAIN PERSONS IN THE ACTIONS TAKEN**

No director or officer of the Company since the beginning of January 1, 2017, nor any associate of such person, has any substantial interest by security holding or otherwise in the Williston Divestiture.

## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of our common stock as of July 11, 2017, by:

each person to be known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

each of our named executive officers;

each of our directors; and

all of our current executive officers and directors as a group.



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As of July 11, 2017, approximately 150,101,051 shares of our common stock were outstanding. Unless otherwise noted, the mailing address of each person or entity named below is 1000 Louisiana St., Suite 6700, Houston, Texas 77002.

Name and Address of Beneficial Owner	Number of Shares	Percent of Class(1)
Franklin Resources, Inc.(2)	33,343,006	22.2%
Ares Management LLC(3)	21,135,842	14.0%
Tyrus Capital S.A.M.(4)	11,955,163	8.0%
Floyd C. Wilson(5)	1,470,564	1.0%
Stephen W. Herod(6)	356,603	*
Mark J. Mize(7)	350,803	*
Sylvia K. Barnes(8)	43,157	*
William J. Campbell(9)	43,249	*
James W. Christmas(10)	79,325	*
Michael L. Clark(11)	43,249	*
Thomas R. Fuller(12)	53,670	*
Darryl L. Schall(13)	33,384	*
Ronald D. Scott(14)	43,249	*
Eric G. Takaha(15)	43,249	*
Nathan W. Walton(16)		*
All directors and executive officers as a group (18 individuals)	3,569,430	2.4%

\*  
Less than 1%.

- (1) Unless otherwise indicated, each stockholder has sole voting and investment power with respect to all shares of common stock indicated as being beneficially owned by such stockholder. Shares of common stock that are not outstanding, but which a designated stockholder has the right to acquire within 60 days, are included in the number of shares beneficially owned by such stockholder and are deemed to be outstanding for purposes of determining the percentage of outstanding shares beneficially owned by such stockholder, but not for purposes of determining the percentage of outstanding shares beneficially owned by any other designated stockholder. In all instances where ownership of unvested restricted stock is reported below, the individual has the sole power to vote such shares but no investment power.
- (2) Includes 426,858 shares of common stock issuable upon the exercise of warrants. According to, and based solely upon, Schedule 13D/A filed by Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr. and Franklin Advisers, Inc. (collectively, "Franklin") with the SEC on June 15, 2017. The business address for Franklin is One Franklin Parkway, San Mateo, California 94403.
- (3) Includes 340,906 shares of common stock issuable upon the exercise of warrants. According to, and based solely upon, Schedule 13D/A filed by AF IV Energy II AIV B1, L.P., Ares Management LLC, Ares Management Holdings L.P., Ares Holdco LLC, Ares Holdings Inc., Ares Management, L.P., Ares Management GP LLC and Ares Partners Holdco LLC (collectively, "Ares") with the SEC on March 1, 2017 and Form 4 filed by Ares Management LLC with the SEC on May 4, 2017. The business address for Ares is 2000 Avenue of the Stars, 12<sup>th</sup> Floor, Los Angeles, California 90067.
- (4) Includes 700,163 shares of common stock issuable upon the exercise of warrants. According to, and based solely upon, Schedule 13G/A filed by Tyrus Capital S.A.M. and

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Tony Chendraoui. (collectively, "Tyrus") with the SEC on February 14, 2017. The business address for Tyrus is 4 Avenue Roqueville, Monaco, MC 98000.

- (5) Includes 776,040 shares of unvested restricted stock and 44,839 shares of common stock issuable upon the exercise of warrants. Also includes 7,019 shares held in seventeen trusts for the benefit of Mr. Wilson's children and grandchildren, of which Mr. Wilson is the trustee and disclaims beneficial ownership of such shares. Does not include 6,583 shares held in three trusts for the benefit of Mr. Wilson's children, of which Mr. Wilson's wife is the trustee and he disclaims beneficial ownership of such shares.
- (6) Includes 203,125 shares of unvested restricted stock stock and 6,029 shares of common stock issuable upon the exercise of warrants. Does not include 2,749 shares held in trusts for the benefit of Mr. Herod's minor children, of which Mr. Herod disclaims beneficial ownership of such shares and has no dispositive or voting power with respect to the shares held by such trusts.
- (7) Includes 203,125 shares of unvested restricted stock stock and 4,306 shares of common stock issuable upon the exercise of warrants. 1,964 shares held by Mr. Mize are pledged.
- (8) Includes 23,157 shares of unvested restricted stock. The business address for Ms. Barnes is c/o Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.
- (9) Includes 25,985 shares of unvested restricted stock. The business address for Mr. Campbell is 820 Gessner, Suite 1460, Houston, Texas 77024.
- (10) Includes 25,985 shares of unvested restricted stock stock and 6,029 shares of common stock issuable upon the exercise of warrants. Includes 1,767 shares held in IRAs. Does not include 177 shares of common stock held in three trusts for his children. Mr. Christmas has no dispositive or voting power with respect to the shares held by such trusts. The business address for Mr. Christmas is c/o Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.
- (11) Includes 25,985 shares of unvested restricted stock. The business address for Mr. Clark is c/o Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.
- (12) Includes 25,985 shares of unvested restricted stock stock and 1,722 shares of common stock issuable upon the exercise of warrants. The business address for Mr. Fuller is 19500 SH 249, Suite 640, Houston, Texas 77070.
- (13) Includes 25,985 shares of unvested restricted stock. The business address for Mr. Schall is c/o Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.
- (14) Includes 25,985 shares of unvested restricted stock. The business address for Mr. Scott is c/o Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.
- (15) Includes 25,985 shares of unvested restricted stock. The business address for Mr. Takaha is c/o Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.
- (16) The business address for Mr. Walton is 2000 Avenue of the Stars, 12<sup>th</sup> Floor, Los Angeles, California 90067.

## DESCRIPTION OF OUR CAPITAL STOCK

Set forth below is a description of the material terms of our capital stock. However, this description is not complete and is qualified by reference to our certificate of incorporation and bylaws. Copies of our certificate of incorporation and bylaws have been filed with the SEC and are incorporated by reference into this Information Statement. Please read "*Where You Can Find More Information*" and "*Incorporation by Reference*." You should also be aware that the summary below does not give full effect to the provisions of statutory or common law that may affect your rights as a stockholder.

### Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of common stock, par value of \$0.0001 per share, and 1,000,000 shares of preferred stock, par value \$0.0001 per share. As of July 24, 2017, we had approximately 150,077,781 shares of common stock and no shares of preferred stock outstanding.

### Common Stock

*Voting rights.* Each share of common stock is entitled to one vote in the election of directors and on all other matters submitted to a vote of stockholders. Stockholders do not have the right to cumulate their votes in the election of directors.

*Dividends, distributions and stock splits.* Holders of common stock are entitled to receive dividends if, as and when such dividends are declared by the board of directors out of assets legally available therefor after payment of dividends required to be paid on shares of preferred stock, if any. Our existing debt arrangements restrict our ability to pay cash dividends.

*Liquidation.* In the event of any dissolution, liquidation, or winding up of our affairs, whether voluntary or involuntary, after payment of debts and other liabilities and making provision for any holders of its preferred stock who have a liquidation preference, our remaining assets will be distributed ratably among the holders of common stock.

*Fully paid.* All shares of common stock outstanding are fully paid and nonassessable.

*Other rights.* Holders of common stock have no redemption or conversion rights and no preemptive or other rights to subscribe for our securities.

### Warrants

On September 9, 2016, we entered into a warrant agreement with U.S. Bank National Association as warrant agent, pursuant to which we issued warrants to purchase up to 4,736,842 shares of our common stock, exercisable for a four-year period at an exercise price of \$14.04 per share. The warrant agreement includes customary anti-dilution provisions that take effect in the event of a stock split, stock dividend, recapitalization, reclassification, reorganization or merger.

### Preferred Stock

Our board of directors has the authority to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rates, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of that series, which may be superior to those of the common stock, without further vote or action by the stockholders. One of the effects of undesignated preferred stock may be to enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a

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tender offer, proxy contest, merger or otherwise, and as a result to protect the continuity of our management. The issuance of shares of the preferred stock by the board of directors as described above may adversely affect the rights of the holders of common stock. For example, preferred stock issued by us may rank superior to the common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock. Accordingly, the issuance of shares of preferred stock may discourage bids for our common stock or may otherwise adversely affect the market price of our common stock.

### **Delaware Anti-Takeover Law and Certain Charter and Bylaw Provisions**

Our certificate of incorporation, bylaws, and the DGCL contain certain provisions that could discourage potential takeover attempts and make it more difficult for stockholders to change management or receive a premium for their shares.

*Delaware law.* Under Section 203 of the DGCL, a corporation is prohibited from engaging in any business combination with a stockholder who, together with its affiliates or associates, owns (or who is an affiliate or associate of the corporation and within a three-year period did own) 15% or more of the corporation's outstanding voting stock (which we refer to as an "interested stockholder") for a three-year period following the time the stockholder became an interested stockholder, unless:

prior to the time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

the interested stockholder owned at least 85% of the voting stock of the corporation, excluding specified shares, upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder; or

at or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized by the affirmative vote, at an annual or special meeting, and not by written consent, of at least  $66\frac{2}{3}\%$  of the outstanding voting shares of the corporation, excluding shares held by that interested stockholder.

A business combination generally includes:

mergers and consolidations with or caused by an interested stockholder;

sales or other dispositions of 10% or more of the assets of a corporation to an interested stockholder;

specified transactions resulting in the issuance or transfer to an interested stockholder of any capital stock of the corporation or its subsidiaries; and

other transactions resulting in a disproportionate financial benefit to an interested stockholder.

The provisions of Section 203 of the DGCL do not apply to a corporation if, subject to certain requirements, the certificate of incorporation or bylaws of the corporation contain a provision expressly electing not to be governed by the provisions of the statute or the corporation does not have voting stock listed on a national securities exchange or held of record by more than 2,000 stockholders. Because our certificate of incorporation and bylaws do not include any provision to "opt-out" of Section 203 of the DGCL, the statute will apply to business combinations involving us.

*Charter and bylaw provisions.* Delaware law permits any Delaware corporation to classify its board of directors into as many as three (3) classes with staggered terms of office. After initial implementation of a classified board, one class will be elected at each annual meeting of the stockholders to serve for a term of three (3) years (depending upon the number of classes into which

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directors are classified) or until their successors are elected and take office. Our certificate of incorporation, as amended and restated, which was duly adopted pursuant to the Amended Joint Prepackaged Plan of Reorganization, dated September 2, 2016 and confirmed by the United States Bankruptcy Court for the District of Delaware entered September 8, 2016 and thereby approved pursuant to Section 303 of the DGCL effective as of September 9, 2016 (the "Plan of Reorganization"), and our bylaws, as amended, provide for a classified board of directors divided into three (3) classes. Class A consists of three directors elected for a term expiring at the annual meeting of stockholders to be held in 2020, Class B consists of four directors elected for a term expiring at the annual meeting of stockholders to be held in 2018, and Class C consists of three directors elected for a term expiring at the annual meeting of stockholders to be held in 2019, and each class subsequently serving for a term of three (3) years or until their successors are elected and qualified. Under Delaware law, stockholders of a corporation with a classified board of directors may remove a director only "for cause" unless the certificate of incorporation provides otherwise. Our certificate of incorporation provides that any director may be removed, with or without cause, by a majority of the shares entitled to vote at an election of directors, other than the director designated by the Requisite Unsecured Noteholders (as defined in the Plan of Reorganization), which may be removed prior to the expiration of such director's initial term only "for cause." The likely effect of the classification of the board of directors and the limitations on the removal of directors is an increase in the time required for the stockholders to change the composition of the board of directors. For example, because approximately no more than one-third of the directors may be replaced by stockholder vote at each annual meeting of stockholders, stockholders seeking to replace a majority of the members of our board of directors will need at least two annual meetings of stockholders to effect this change.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, 1717 Arch Street, Suite 1300, Philadelphia, PA 19103. Its phone number is (877) 830-4936.

## **OTHER MATTERS**

### **Proposals by Stockholders**

No stockholder proposals are included in this Information Statement.

### **Effective Dates**

The actions will take effect on or after \_\_\_\_\_, 2017, which is 20 calendar days following the date we first mail this Information Statement to our stockholders. The consummation of the Williston Divestiture will occur on or following such date, effective as of June 1, 2017.

### **Expenses**

We will bear all costs related to this Information Statement. We will reimburse brokerage houses and other custodians, nominees, trustees and fiduciaries representing beneficial owners of shares for their reasonable out-of-pocket expenses for forwarding this Information Statement to such beneficial owners.

### **Dissenters' Rights of Appraisal**

None of the DGCL, our certificate of incorporation and our bylaws provides holders of our common stock or preferred stock with dissenters' or appraisal rights in connection with the actions described in this Information Statement.

## Householding

We will deliver only one Information Statement to multiple stockholders sharing an address unless we have received contrary instructions from one or more of the stockholders. We undertake to deliver promptly, upon written or oral request, a separate copy of this Information Statement to a stockholder at a shared address to which a single copy of the Information Statement is delivered. A stockholder can notify us that the stockholder wishes to receive a separate copy of the Information Statement by contacting us at the address or phone number set forth above. Conversely, if multiple stockholders sharing an address receive multiple Information Statements and wish to receive only one, such stockholders can notify us at the address or phone number set forth above.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web page site at [www.sec.gov](http://www.sec.gov). You also may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Reports and other information concerning us can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Our common stock is listed and traded on the NYSE under the trading symbol "HK."

## INCORPORATION BY REFERENCE

We "incorporate by reference" information into this Information Statement, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this Information Statement, except for any information superseded by information contained expressly in this Information Statement, and the information we file later with the SEC will automatically supersede the information contained or incorporated by reference herein. Any information furnished to the SEC under Items 2.02 or 7.01 or the exhibits relating to furnished items are not incorporated into or made part of this Information Statement. You should not assume that the information included or incorporated by reference in this Information Statement is current as of any date other than the date of the respective documents. We incorporate by reference the documents listed below:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2016;

our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017; and

our Current Reports on Form 8-K filed with the SEC on January 24, 2017, January 25, 2017, January 26, 2017, February 9, 2017, February 10, 2017, February 16, 2017, March 2, 2017, March 3, 2017, March 9, 2017, April 7, 2017, May 4, 2017, June 2, 2017, July 11, 2017, July 12, 2017, July 14, 2017 and July 25, 2017.

You may request a copy of all incorporated filings at no cost, by making written or telephone requests for such copies to:

Halcón Resources Corporation  
Attention: Investor Relations  
1000 Louisiana, Suite 6700  
Houston, Texas 77002  
Phone: (832) 538-0300  
[investorrelations@halconresources.com](mailto:investorrelations@halconresources.com)

You should rely only on the information incorporated by reference or provided in this Information Statement. If information in incorporated documents conflicts with information in this Information

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Statement you should rely on the most recent information. If information in an incorporated document conflicts with information in another incorporated document, you should rely on the most recent incorporated document. You should not assume that the information in this Information Statement or any document incorporated by reference is accurate as of any date other than the date of those documents. We have not authorized anyone else to provide you with any information.

### FORWARD-LOOKING STATEMENTS

The information discussed in this Information Statement, our filings with the SEC and our public releases include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, concerning, among other things, planned capital expenditures, potential increases in oil and natural gas production, the number and location of wells to be drilled in the future, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "project," "plan," "objective," "believe," "predict," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could," and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements. You should consider carefully the risks described in the section entitled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016, which describe factors that could cause our actual results to differ from those anticipated in the forward-looking statements, including, but not limited to, the following factors:

volatility in commodity prices for oil and natural gas, including the current sustained decline in the price for oil;

our ability to generate sufficient cash flow from operations, borrowings or other sources to enable us to fund our operations, satisfy our obligations and fully develop our undeveloped acreage positions;

our ability to replace our oil and natural gas reserves and production;

we have historically had substantial indebtedness and may incur more debt in the future;

the possibility that acquisitions and divestitures, including the Williston Divestiture, may involve unexpected costs or delays, or may not occur at all, and that acquisitions may not achieve intended benefits and may divert management's time and energy;

higher levels of indebtedness make us more vulnerable to economic downturns and adverse developments in our business;

the presence or recoverability of estimated oil and natural gas reserves and the actual future production rates and associated costs;

our ability to successfully develop our large inventory of undeveloped acreage in our resource plays;

our ability to retain key members of senior management, the board of directors, and key technical employees;

our ability to successfully integrate acquired oil and natural gas businesses and operations;

access to and availability of water and other treatment materials to carry out fracture stimulations in our resource plays;





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access to adequate gathering systems, processing facilities, transportation take-away capacity to move our production to market and marketing outlets to sell our production at market prices;

contractual limitations that affect our management's discretion in managing our business, including covenants that, among other things, limit our ability to incur debt, make investments and pay cash dividends;

the potential for production decline rates for our wells to be greater than we expect;

competition, including competition for acreage in our resource play holdings;

environmental risks;

drilling and operating risks;

exploration and development risks;

the possibility that the industry may be subject to future regulatory or legislative actions (including additional taxes and changes in environmental regulations);

general economic conditions, whether internationally, nationally or in the regional and local market areas in which we do business, may be less favorable than expected, including the possibility that economic conditions in the United States will worsen and that capital markets are disrupted, which could adversely affect demand for oil and natural gas and make it difficult to access capital;

social unrest, political instability or armed conflict in major oil and natural gas producing regions outside the United States, such as the Middle East, and armed conflict or acts of terrorism or sabotage;

other economic, competitive, governmental, regulatory, legislative, including federal, state and tribal regulations and laws, geopolitical and technological factors that may negatively impact our business, operations or oil and natural gas prices;

the insurance coverage maintained by us may not adequately cover all losses that we may sustain;

title to the properties in which we have an interest may be impaired by title defects;

senior management's ability to execute our plans to meet our goals;

the cost and availability of goods and services, such as drilling rigs, fracture stimulation services and tubulars; and

our dependency on the skill, ability and decisions of third party operators of the oil and natural gas properties in which we have a non-operated working interest.

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All forward-looking statements are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this document. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

**Annex A**

Written Opinion of RBCCM

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July 10, 2017

The Board of Directors  
Halcón Resources Corporation  
1000 Louisiana, Suite 6700  
Houston, Texas 770002

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, to Halcón Resources Corporation, a Delaware corporation (the "*Company*"), of the Consideration (as defined below) provided for under the terms of the proposed Agreement of Sale and Purchase (the "*Agreement*") by and among Halcón Energy Properties, Inc., a Delaware Corporation ("*Seller I*"), Halcón Operating Co., Inc., a Texas Corporation ("*Seller II*"), HRC Operating, LLC, a Colorado limited liability company ("*Seller III*"), and HRC Energy, LLC, a Colorado limited liability company ("*Seller IV*", and together with Seller I, Seller II, Seller III, the "*Sellers*", and each individually, a "*Seller*"), Halcón Williston I, LLC, a Texas limited liability company ("*Williston I*"), Halcón Williston II, LLC, a Texas limited liability company ("*Williston II*", and collectively with Williston I, the "*Williston Companies*"), and Bruin Williston Holdings, LLC, a Delaware limited liability company (the "*Purchaser*"), and the Company. We understand that each Seller is a direct or indirect wholly owned subsidiary of the Company. Capitalized terms used herein shall have the meanings used in the Agreement unless otherwise defined herein.

The Agreement provides, among other things, the sale by the Sellers to the Purchaser of certain assets, including 100% of the issued and outstanding membership interests in each of the Williston Companies, as more fully described in the Agreement, which assets, together with the assets owned by the Williston Companies, comprise substantially all of the operating assets of the Company in the Williston Basin (such assets collectively, the "*Assets*") for consideration of \$1,400,000,000 in cash (the "*Consideration*"), subject to certain adjustments as described in the Agreement (the "*Transaction*"). The terms and conditions of the Transaction are set forth more fully in the Agreement.

RBC Capital Markets, LLC ("*RBCCM*"), as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restructurings, underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes.

We are acting as financial advisor to the Board of Directors of the Company (the "*Company Board*") in connection with the Transaction, and we will receive a fee for our services upon delivery of this opinion, which is not contingent upon the successful completion of the Transaction. In addition, for our services as financial advisor to the Company in connection with the Transaction, if the Transaction is successfully completed we will receive an additional substantially larger fee. In addition, the Company has agreed to indemnify us for certain liabilities.

In the ordinary course of business, RBCCM and/or its affiliates may act as a market maker and broker in the publicly traded securities of the Company and receive customary compensation, and may also actively trade securities of the Company for our own account and the accounts of our customers, and, accordingly, RBCCM and its affiliates, may hold a long or short position in such securities.

RBCCM and its affiliates have provided investment banking and financial advisory services to the Company in the past, for which it received customary fees, including, in the past two years, acting as an initial purchaser in connection with a high yield debt offering by the Company, as well as acting as a lender under the Company's revolving credit facility. RBCCM and its affiliates have provided investment banking and financial advisory services to affiliates of ArcLight Capital Partners, LLC

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The Board of Directors  
Halcón Resources Corporation  
July 10, 2017

("ArcLight"), an affiliate of the Purchaser, in the past, for which it received customary fees, including, in the past two years, acting as (i) a lead arranger for two acquisition financings by affiliates of ArcLight, (ii) a lender under the credit facilities for three portfolio companies of ArcLight, and (iii) a financial advisor to a portfolio company of ArcLight in connection with an asset divestiture. In light of RBCCM's relationships with the Company and affiliates of ArcLight, RBCCM anticipates that it may be selected by the Company and/or ArcLight to provide investment banking and financial advisory and/or financing services that may be required by the Company or affiliates of ArcLight in the future, regardless of whether the Transaction is successfully completed.

For the purposes of rendering our opinion, we have undertaken such review and inquiries as we deemed necessary or appropriate under the circumstances, including the following: (i) we reviewed the financial terms of the draft Agreement dated July 9, 2017 (the "*Latest Draft Agreement*"); (ii) we reviewed and analyzed certain relevant historical operating data relating to the Assets made available to us from the internal records of the Company; (iii) we reviewed and analyzed internal projections of the Assets prepared by management of the Company; (iv) we reviewed selected financial metrics of publicly traded companies deemed comparable to the Assets, as well as the financial metrics implied by the Consideration; (v) we reviewed the financial metrics of selected precedent transactions, as well as the financial metrics implied by the Consideration; (vi) we conducted discussions with members of the senior management of the Company with respect to the business prospects and financial outlook of the Assets; (vii) we reviewed certain oil and gas reserve information regarding proved and unproved oil and gas reserves, prepared by the management of the Company with respect to the Assets (the "*Reserve Reports*"), and other information and data relating to the Assets prepared by the management of the Company and certain crude oil and natural gas commodity pricing discussed with the management of the Company; and (viii) we reviewed such other financial and other information as we deemed appropriate.

In rendering our opinion, we have assumed and relied upon the accuracy and completeness of all the information that was publicly available to us and all of the financial, legal, tax, operating and other information provided to or discussed with us by the Company (including, without limitation, the financial statements and related notes thereto of the Company), and have not assumed responsibility for independently verifying and have not independently verified such information. We have assumed, at the direction of the Company, that the Reserve Reports and other information and data relating to the Assets utilized in our analyses were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments as to the oil and gas reserves and future financial condition and prospects of the Assets and the other matters covered thereby and that the crude oil and natural gas commodity pricing and discounting of reserve categories discussed with the management of the Company are an appropriate basis upon which to evaluate the Assets. We express no opinion as to such Reserve Reports and other information and data or the assumptions upon which they were based. We have relied upon the assessments of the management of the Company as to future oil and natural gas drilling and production, market and cyclical trends and prospects relating to the oil and natural gas industry, regulatory matters with respect thereto and the potential impact thereof on the Assets and we have assumed, at the direction of the Company, that there will be no developments with respect to any of the foregoing that would be meaningful to our analyses or opinion. We have assumed with the Company's consent that all projections and forecasts provided to us by the Company, were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of management of the Company of the future financial performance of the Assets. We express no opinion as to such projections and forecasts or the assumptions upon which they were based. We have also

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assumed, at the direction of the Company, that any adjustments to the Consideration will not be meaningful in any respect to our analyses or opinion.

In rendering our opinion, we have not assumed any responsibility to perform, and have not performed, an independent appraisal of any of the assets or liabilities of the Company (including those of the Sellers), and we have not been furnished with any such valuations or appraisals other than the Reserve Reports. We are not experts in the evaluation of oil and gas reserves, drilling or production levels and we express no view as to the reserve quantities, or the development or production (including, without limitation, as to the feasibility or timing), of any oil or gas reserves comprising any portion of the Assets or otherwise. We also express no view as to future crude oil, natural gas and related commodity prices utilized in our analyses, which prices are subject to significant volatility and which, if different than as assumed, could have a material impact on our analyses or opinion. We have not assumed any obligation to conduct, and have not conducted, any physical inspection of the property or facilities comprising any portion of the Assets. We have not investigated, and make no assumption regarding, any litigation or other claims affecting the Company or any of the Assets.

We have assumed, in all respects material to our analysis, that all regulatory and other third-party consents will be obtained, all representations and warranties will be true and correct in accordance with the Agreement, and all other conditions to the consummation of the Transaction will be satisfied without waiver thereof. We have further assumed that the executed version of the Agreement will not differ, in any respect material to our opinion, from the Latest Draft Agreement.

Our opinion speaks only as of the date hereof, is based on the conditions as they exist and information which we have been supplied as of the date hereof, and is without regard to any market, economic, financial, legal, or other circumstances or event of any kind or nature which may exist or occur after such date. We have not undertaken to reaffirm or revise this opinion or otherwise comment upon events occurring after the date hereof and do not have an obligation to update, revise or reaffirm this opinion.

The opinion expressed herein is provided for the information and assistance of the Company Board, in its capacity as such, in connection with the Transaction. We express no opinion and make no recommendation to the Company Board or any stockholder of the Company as to how to vote or act with respect to the Transaction. All advice and opinions (written and oral) rendered by RBCCM are intended for the use and benefit of the Company Board, in its capacity as such. Such advice or opinions may not be reproduced, summarized, excerpted from or referred to in any public document or given to any other person without the prior written consent of RBCCM. If required by applicable law, such opinion may be included in any disclosure document filed by the Company with the Securities and Exchange Commission with respect to the Transaction; provided however, that such opinion must be reproduced in full and that any description of or reference to RBCCM be in a form reasonably acceptable to RBCCM and its counsel. RBCCM shall have no responsibility for the form or content of any such disclosure document, other than the opinion itself.

Our opinion does not address the merits of the underlying decision by the Company to engage in the Transaction or the relative merits of the Transaction compared to any alternative business strategy or transaction in which the Company might engage.

Our opinion addresses solely the fairness of the Consideration, from a financial point of view, to the Company. Our opinion does not in any way address other terms or arrangements of the Transaction or the Agreement, including, without limitation, the financial or other terms of any other agreement contemplated by, or to be entered into in connection with, the Agreement. Further, in rendering our

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opinion we express no opinion about the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or class of such persons, relative to the compensation to be paid to the Company.

Our opinion has been approved by RBCCM's Fairness Opinion Committee.

Based on our experience as investment bankers and subject to the foregoing, including the various assumptions and limitations set forth herein, it is our opinion that, as of the date hereof, the Consideration to be received by the Sellers, in the aggregate, is fair, from a financial point of view, to the Company.

Very truly yours,

RBC CAPITAL MARKETS, LLC

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