

PROCTER & GAMBLE CO
Form DEF 14A
August 27, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

The Procter & Gamble Company

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(Name of Registrant as Specified In Its Charter)

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THE PROCTER & GAMBLE COMPANY

Notice of Annual Meeting

and

Proxy Statement

Procter & Gamble Hall

at the Aronoff Center for the Arts

Annual Meeting of Shareholders

October 12, 2010

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THE PROCTER & GAMBLE COMPANY

P.O. Box 599

Cincinnati, Ohio 45201-0599

August 27, 2010

Fellow Procter & Gamble Shareholders:

It is my pleasure to invite you to this year's annual meeting of shareholders, which will be held on Tuesday, October 12, 2010.

The meeting will start at 9:00 a.m., Eastern Daylight Time, at the Procter & Gamble Hall at the Aronoff Center for the Arts, 650 Walnut Street, in Cincinnati.

We appreciate your continued confidence in our Company and look forward to seeing you on October 12.

Sincerely,

ROBERT A. MCDONALD
CHAIRMAN OF THE BOARD, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

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THE PROCTER & GAMBLE COMPANY

P.O. Box 599

Cincinnati, Ohio 45201-0599

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

August 27, 2010

Date: Tuesday, October 12, 2010
Time: 9:00 a.m., Eastern Daylight Time
Place: Procter & Gamble Hall at the Aronoff Center for the Arts
650 Walnut Street, Cincinnati, Ohio 45202

Purposes of the meeting:

To review the minutes of the 2009 annual meeting of shareholders;

To receive reports of officers;

To elect ten members of the Board of Directors;

To vote on a Board proposal to ratify appointment of the independent registered public accounting firm;

To vote on one shareholder proposal; and

To consider any other matters properly brought before the meeting.

Who may attend the meeting:

Only shareholders, persons holding proxies from shareholders, and invited representatives of the media and financial community may attend the meeting.

Shareholders attending the meeting who are hearing-impaired should identify themselves during registration so they can sit in a special section where an interpreter will be available.

What to bring:

If your shares are registered in your name, and you requested and received a printed copy of the proxy materials, you should bring the enclosed Admission Ticket to the meeting. If you received a Notice of Internet Availability of Proxy Materials and will not be requesting a printed copy of the proxy materials, please bring that Notice with you as your Admission Ticket.

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If your shares are held in the name of a broker, trust, bank or other nominee, you will need to bring a proxy or letter from that broker, trust, bank or nominee that confirms that you are the beneficial owner of those shares.

Audiocast of the annual meeting:

If you are not able to attend the meeting in person, you may join a live audiocast of the meeting on the internet by visiting www.pg.com/investors at 9:00 a.m., Eastern Daylight Time on October 12, 2010.

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Record Date:

August 13, 2010, is the record date for the meeting. This means that owners of Procter & Gamble stock at the close of business on that date are entitled to:

receive notice of the meeting; and

vote at the meeting and any adjournments or postponements of the meeting.

Information About the Notice of Internet Availability of Proxy Materials:

Again this year, instead of mailing a printed copy of our proxy materials, including our Annual Report, to each shareholder of record, we have decided to provide access to these materials in a fast and efficient manner via the internet. This reduces the amount of paper necessary to produce these materials, as well as the costs associated with mailing these materials to all shareholders. On August 27, 2010, we began mailing a Notice of Internet Availability of Proxy Materials (the Notice) to all shareholders of record as of August 13, 2010, and we posted our proxy materials on the website referenced in the Notice (www.proxyvote.com). As more fully described in the Notice, shareholders may choose to access our proxy materials at www.proxyvote.com or may request a printed set of our proxy materials. In addition, the Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. For those who previously requested printed proxy materials or electronic materials on an ongoing basis, you will receive those materials as you requested.

Householding Information:

Shareholders of record who have the same address and last name and have not previously requested electronic delivery of proxy materials will receive a single envelope containing the Notices for all shareholders having that address. The Notice for each shareholder will include that shareholder's unique control number needed to vote his or her shares. This procedure reduces our printing costs and postage fees. If, in the future, you do not wish to participate in householding and prefer to receive your Notice in a separate envelope, please call us toll-free at 1-800-742-6253 in the U.S., or inform us in writing at: The Procter & Gamble Company, Shareholder Services, P.O. Box 5572, Cincinnati, OH 45201-5572, or by email at shareholders.im@pg.com. We will respond promptly to such requests.

For those shareholders who have the same address and last name and who request to receive a printed copy of the proxy materials by mail, we will send only one copy of such materials to each address unless one or more of those shareholders notifies us, in the same manner described above, that they wish to receive a printed copy for each shareholder at that address.

Beneficial shareholders can request information about householding from their banks, brokers or other holders of record.

Proxy Voting:

Your vote is important. Please vote your proxy promptly so your shares can be represented, even if you plan to attend the annual meeting. You can vote by internet, by telephone or by requesting a printed copy of the proxy materials and using the enclosed proxy card.

Our proxy tabulator, Broadridge Financial Solutions, must receive any proxy that will not be delivered in person to the annual meeting by 11:59 p.m., Eastern Daylight Time on Monday, October 11, 2010.

By order of the Board of Directors,

DEBORAH P. MAJORAS

Chief Legal Officer and Secretary

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Proxy Statement

As more fully described in the Notice, the Board of Directors of The Procter & Gamble Company (the Company) has made these materials available to you over the internet or, upon your request, has mailed you printed versions of these materials in connection with the Company's 2010 annual meeting of shareholders, which will take place on October 12, 2010. The Notice was mailed to Company shareholders beginning August 27, 2010, and our proxy materials were posted on the website referenced in the Notice on that same date. The Company, on behalf of its Board of Directors, is soliciting your proxy to vote your shares at the 2010 annual meeting of shareholders. We solicit proxies to give shareholders of record an opportunity to vote on matters that will be presented at the annual meeting. In this proxy statement, you will find information on these matters, which is provided to assist you in voting your shares.

Voting Information

Who can vote?

You can vote if, as of the close of business on Friday, August 13, 2010, you were a shareholder of record of the Company:

Common Stock;

Series A ESOP Convertible Class A Preferred Stock; or

Series B ESOP Convertible Class A Preferred Stock.

Each share of Company stock gets one vote. On August 13, 2010, there were issued and outstanding:

2,837,458,599 shares of Common Stock;

68,873,753 shares of Series A ESOP Convertible Class A Preferred Stock; and

62,098,606 shares of Series B ESOP Convertible Class A Preferred Stock.

For The Procter & Gamble Shareholder Investment Program participants:

If you are a participant in The Procter & Gamble Shareholder Investment Program, you can vote shares of common stock held for your account through the custodian for that program.

For participants in The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan and/or The Procter & Gamble Savings Plan:

If you are a participant in The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan and/or The Procter & Gamble Savings Plan, you can instruct the Trustees how to vote the shares of stock that are allocated to your account. If you do not vote your shares, the Trustees will vote them in proportion to those shares for which they have received voting instructions. Likewise, the Trustees will vote shares held by the trust that have not been allocated to any account in the same manner.

How do I vote by proxy?

Most shareholders can vote by proxy in three ways:

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By Internet You can vote via the internet by following the instructions in the Notice or by accessing the internet at www.proxyvote.com and following the instructions contained on that website;

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By Telephone In the United States and Canada you can vote by telephone by following the instructions in the Notice or by calling 1-800-690-6903 (toll-free) and following the instructions; or

By Mail You can vote by mail by requesting a full packet of proxy materials be sent to your home address. Upon receipt of the materials, you may fill out the enclosed proxy card and return it per the instructions on the card.

Please see the Notice or the information your bank, broker or other holder of record provided you for more information on these options.

If you authorize a proxy to vote your shares over the internet or by telephone, you should not return a proxy card by mail (unless you are revoking your proxy).

If you vote by proxy, your shares will be voted at the annual meeting in the manner you indicate on your proxy card. If you sign your proxy card but do not specify how you want your shares to be voted, they will be voted as the Board of Directors recommends.

Can I change or revoke my vote after I return my proxy card?

Yes. You can change or revoke your proxy by internet, telephone or mail at any time before the annual meeting or by attending the annual meeting and voting in person.

Can I vote in person at the annual meeting instead of voting by proxy?

Yes. However, we encourage you to vote your proxy by internet, telephone or mail prior to the meeting.

Voting Procedures

Election of Directors Each of the ten nominees for Director who receive a majority of votes cast will be elected as a member of the Board of Directors. A majority of votes cast means that the number of shares cast for a nominee must exceed the number of votes cast against that nominee. Abstentions and broker non-votes will have no effect. Pursuant to the By Laws of the Board of Directors, if a non-incumbent nominee for Director receives a greater number of votes cast against than votes cast for such nominee, such nominee shall not be elected as a member of the Board of Directors. Any incumbent nominee for Director who receives a greater number of votes cast against than votes cast for such nominee shall continue to serve on the Board pursuant to Ohio law, but shall immediately tender his or her resignation as a Director to the Board of Directors. Within 90 days, the Board will decide, after taking into account the recommendation of the Governance & Public Responsibility Committee (in each case excluding the nominee in question), whether to accept the resignation. Absent a compelling reason for the Director to remain on the Board, the Board of Directors shall accept the resignation. The Board's explanation of its decision shall be promptly disclosed on a Form 8-K submitted to the Securities and Exchange Commission (SEC).

Other Proposals The affirmative vote of a majority of shares participating in the voting on each proposal is required for adoption. Abstentions and broker non-votes will not be counted as participating in the voting, and will therefore have no effect.

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Who pays for this proxy solicitation?

The Company does. We have hired Phoenix Advisory Partners, a proxy solicitation firm, to assist us in soliciting proxies for a fee of \$15,000 plus reasonable expenses. In addition, Phoenix Advisory Partners and the Company's Directors, officers, and employees may also solicit proxies by mail, telephone, personal contact, email or other online methods. We will reimburse their expenses for doing this.

We will also reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of Company stock. Other proxy solicitation expenses that we will pay include those for preparing, mailing, returning and tabulating the proxies.

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Board Composition

Diversity

The Board of Directors considers diversity to be an important criterion in the selection and nomination of candidates for Director. As a global company, the Board seeks Directors with international background and global experience, among other factors. This is reflected in the Board's Corporate Governance Guidelines, which set forth the minimum criteria for Board members, and note that the Board seeks to achieve a mix of Board members that represents a diversity of background and experience, including with respect to age, gender, international background, race, and specialized experience.

Although the Board does not establish specific goals with respect to diversity, the Board's overall diversity is a significant consideration in the director nomination process. For this year's election, the Board has nominated ten individuals. Those ten individuals range in age from 49 to 64 (two Board members retired during the year upon reaching age 70). Each nominee is a strategic thinker and has varying, specialized experience in areas that are relevant to the Company. Moreover, their collective experience covers a wide range of countries, geographies and industries, including consumer products, technology, financial services, media, agriculture, aerospace, and health care, as well as roles in consulting and government. Three are women; two are African-American; one is Mexican; and one is Indian.

The Board assesses the effectiveness of its diversity policy every year as part of the nomination process for the annual election of Directors by the Company's shareholders. The Board's Governance & Public Responsibility Committee, responsible for making recommendations for Director nominations to the full Board, reviews the Director nominees (including shareholder nominees) and ascertains whether, as a whole, the group meets the Board's policy in this regard. Having reviewed the collective background and experience of the ten nominees, the Board has concluded that they provide sufficient diversity to meet the Board's policy.

Experiences, Skills and Qualifications

Each individual Director should epitomize the Company's Purpose, Values and Principles, possess the highest ethics and integrity, and demonstrate commitment to representing the long-term interests of the Company's shareholders. Each Director should also have individual experiences that provide practical wisdom, mature judgment, and an inquisitive and objective mind. These experiences, at policy-making levels, may include business, government, technology, international, marketing and other areas that are relevant to the Company's global operations. In addition, as noted above, the evaluation of Director nominees by the Governance & Public Responsibility Committee takes into account diversity, including with respect to international background, age, gender and race.

Below we identify and describe specific experiences, skills and qualifications our Directors bring to the Board. Each Director's specific experiences, skills and qualifications that the Board considered in their re-nomination are included in their individual biographies. However, the fact that we do not list a particular experience, skill or qualification for a Director does not mean that Director does not possess that particular experience, skill or qualification.

Leadership experience. Directors with significant leadership experience over an extended period, especially current and former chief executive officers, provide the Company with special insights. These individuals demonstrate a practical understanding of how large organizations operate including the importance of human resource management and how employee and executive compensation are set. They understand strategy and risk management. They possess extraordinary leadership qualities and are able to identify and develop leadership qualities in others. And, through their various leadership positions, they have access to important information and relationships that benefit the Company.

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Consumer Industry experience. Directors with experience in dealing with consumers, particularly in the areas of marketing and selling products or services to consumers, provide valuable insights to the Company. They understand consumer needs, recognize products and marketing campaigns that might resonate with consumers, and identify potential changes in consumer trends and buying habits.

International experience. Directors with experience in markets outside of the United States bring valuable knowledge to the Company, which generates over 60% of its revenue from international markets.

Marketing experience. Directors with experience identifying, developing and marketing new products, as well as new areas for existing products, can add significant positive impact to the Company's operational results. As one of the world's largest advertisers, this is a particularly important attribute.

Finance experience. Directors with an understanding of accounting, finance, and financial reporting processes, particularly as they relate to a large, complex, international business, provide an important oversight role. The Company employs a number of financial targets to measure its performance, and accurate financial reporting is critical to the Company's success. Directors with financial experience are critical to ensuring effective oversight of the Company's financial measures and processes.

Government experience. Directors with government experience, whether as members of the government or through extensive interactions with government and government agencies, are able to recognize, identify and understand the key issues that the Company faces in an economy increasingly affected by the role of governments around the world.

Technology experience. Directors with an understanding of technology and innovation help the Company focus its efforts in these important areas, as well as track progress. As one of the few companies with an Innovation & Technology Committee of the Board, this is particularly important to the Company's overall success.

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Election of Directors

All of the Board's nominees for Director are incumbent nominees who will be elected for a one-year term. Kenneth I. Chenault, Scott D. Cook, Rajat K. Gupta, Robert A. McDonald, W. James McNerney, Jr., Johnathan A. Rodgers, Mary Agnes Wilderotter, Patricia A. Woertz and Ernesto Zedillo were elected for one-year terms at the 2009 annual meeting. Angela F. Braly was appointed to the Board effective December 8, 2009. The current terms of all nominees for Director will expire at the 2010 annual meeting. The Board has nominated each of these individuals for new terms that will expire at the 2011 annual meeting.

Each of the nominees for Director has accepted the nomination and agreed to serve as a Director if elected by the Company's shareholders. If any nominee becomes unable or unwilling to serve between the date of the proxy statement and the annual meeting, the Board may designate a new nominee and the persons named as proxies will vote for that substitute nominee.

The Board of Directors recommends a vote FOR Angela F. Braly, Kenneth I. Chenault, Scott D. Cook, Rajat K. Gupta, Robert A. McDonald, W. James McNerney, Jr., Johnathan A. Rodgers, Mary Agnes Wilderotter, Patricia A. Woertz and Ernesto Zedillo as Directors to hold office until the 2011 annual meeting of shareholders and until their successors are elected.

Nominees for Election as Directors with Terms Expiring in 2011

Angela F. Braly

Director since 2009, Age 49

Ms. Braly is Chair of the Board, President and Chief Executive Officer of WellPoint, Inc. (a healthcare insurance company). She has served as Chair of the Board since March 2010 and President and Chief Executive Officer since 2007. She previously served as Executive Vice President, General Counsel and Chief Public Affairs Officer of WellPoint from 2005 to 2007 and President and Chief Executive Officer of Blue Cross Blue Shield of Missouri from 2003 to 2005. Ms. Braly was appointed to the Board on December 8, 2009.

As Chief Executive Officer of a major health benefits company that interacts directly with consumers, Ms. Braly has a vast amount of leadership, consumer industry and marketing experience. Ms. Braly also brings a significant amount of government experience, given her prior role as general counsel and chief public affairs officer for WellPoint, where she was responsible for the company's government relations efforts, among other areas.

Member of the Audit and Governance & Public Responsibility Committees.

Kenneth I. Chenault

Director since 2008, Age 59

Mr. Chenault is Chairman and Chief Executive Officer of the American Express Company (a global services, payments and travel company), where he has served in various roles of increasing responsibility since joining the company in 1981. Mr. Chenault assumed his current responsibilities as Chairman and Chief Executive Officer in 2001. He has been a Director of International Business Machines Corporation since 1998.

As Chairman and Chief Executive Officer of American Express, Mr. Chenault has significant leadership and financial experience. With more than 30 years of experience delivering products and services to consumers and businesses all across the world, Mr. Chenault brings consumer and business insights, marketing expertise, as well as a global perspective to the Board.

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Scott D. Cook

Director since 2000, Age 58

Mr. Cook is Chairman of the Executive Committee of the Board of Intuit Inc. (a software and web services company), which he co-founded in 1983. He served as President and Chief Executive Officer of Intuit from 1983 to 1994 and as Chairman of the Board of Intuit from 1993 through 1998. He has been a Director of eBay Inc. since 1998.

As a co-founder and former Chief Executive Officer of Intuit, whose software is marketed and sold directly to consumers, and a current Director of eBay, Mr. Cook has a wealth of leadership, technology, consumer industry and marketing experience that he brings to the Board.

Chair of the Innovation & Technology Committee and member of the Compensation & Leadership Development Committee.

Rajat K. Gupta

Director since 2007, Age 61

Mr. Gupta was named Senior Partner Emeritus at McKinsey & Company (an international consulting firm) in 2007. He joined McKinsey & Company in 1973 and previously held the positions of Senior Partner Worldwide from 2003 to 2007 and Worldwide Managing Director from 1994 to 2003. He has been a Director of AMR Corporation since 2008, Genpact, Ltd. since 2007, and Harman International Industries, Inc. since 2009. In addition, Mr. Gupta was a Director of Goldman Sachs Group, Inc. from 2006 to 2010 and Sberbank from 2009 to 2010.

As the former head of a major international consulting firm, Mr. Gupta has vast leadership, international, marketing and technology experience. As a former member of the Audit Committee of Goldman Sachs, a global investment banking and securities firm, Mr. Gupta also brings sophisticated financial experience to the Board.

Member of the Audit and Innovation & Technology Committees.

Robert A. McDonald

Director since 2009, Age 57

Mr. McDonald is Chairman of the Board, President and Chief Executive Officer of the Company, which he joined in 1980 and where he has held numerous positions of increasing responsibility in the United States and internationally, including Chief Operating Officer from 2007 to 2009 and Vice Chair, Global Operations from 2004 to 2007. He has been a Director of Xerox Corporation since 2005.

As someone who has spent his entire career with the Company, much of it outside of the United States, and who currently serves as Chief Executive Officer, Mr. McDonald has an extensive, in-depth knowledge of the Company's business. His wide-ranging roles throughout his career at the Company also provide him with significant leadership, consumer industry, marketing and international experience.

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W. James McNerney, Jr.

Director since 2003, Age 61

Mr. McNerney is Chairman of the Board, President and Chief Executive Officer of The Boeing Company (an aerospace, commercial jetliners and military defense systems company), a position he has held since 2005. From 2001 to 2005, Mr. McNerney was CEO of 3M Company, a global technology company. Prior to his appointment as CEO of 3M Company, Mr. McNerney was employed by General Electric for nearly twenty years, where he held positions of increasing importance. He has been a Director of International Business Machines Corporation since 2009.

As the Chief Executive Officer of Boeing, former Chief Executive Officer of 3M and former executive of General Electric, Mr. McNerney brings a wealth of leadership, global and technology experience. His extensive experience managing large, global manufacturing companies, as well as his insight into government affairs, enable him to advise the Board on a variety of strategic and business matters.

Presiding Director, Chair of the Compensation & Leadership Development Committee and member of the Governance & Public Responsibility Committee.

Johnathan A. Rodgers

Director since 2001, Age 64

Mr. Rodgers is President and Chief Executive Officer of TV One, LLC (a media and communications company), a position he has held since 2003. Prior to joining TV One, Mr. Rodgers was President of Discovery Networks for six years and worked for CBS, Inc. for twenty years, where he held a variety of executive positions. He has been a Director of Nike, Inc. since 2006.

As Chief Executive Officer of TV One, LLC, Mr. Rodgers has significant leadership experience. His current role in media and communications, combined with past management roles at Discovery Networks and CBS, Inc., also give him extensive consumer industry, marketing and technology experience.

Member of the Innovation & Technology Committee.

Mary Agnes Wilderotter

Director since 2009, Age 55

Mrs. Wilderotter is Chairman, President and Chief Executive Officer of Frontier Communications Corporation (a communications company specializing in providing services to rural areas and small and medium-sized towns and cities), which she joined as President and Chief Executive Officer in 2004. Mrs. Wilderotter previously held positions as Senior Vice President of Worldwide Public Sector at Microsoft, President and Chief Executive Officer of Wink Communications, Inc. and Executive Vice President of National Operations for AT&T's Wireless Service, Inc. She has been a Director of Xerox Corporation since 2006. Mrs. Wilderotter was a Director of The McClatchy Company from 2001 to 2007, and she was a Director of Yahoo! Inc. from 2007 to 2009.

As Chief Executive Officer of Frontier Communications, and previously as Chief Executive Officer of Wink Communications, Mrs. Wilderotter has significant leadership experience. Her current role, along with her prior roles at Microsoft, Wink Communications and AT&T, also give her a vast amount of consumer industry, marketing and technology experience.

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Patricia A. Woertz

Director since 2008, Age 57

Ms. Woertz is Chairman, Chief Executive Officer and President of Archer Daniels Midland Company (agricultural processors of oilseeds, corn, wheat and cocoa, etc.), a company she joined in 2006. Ms. Woertz was named Chief Executive Officer and President in 2006 and Chairman in 2007. Prior to joining Archer Daniels Midland, Ms. Woertz held positions of increasing importance at Chevron Corporation and its predecessor companies. She began her career as a certified public accountant with Ernst & Ernst.

As Chief Executive Officer of Archer Daniels Midland, Ms. Woertz has significant leadership experience. Having started her career as a certified public accountant, and with a broad range of executive roles at Chevron Corporation and its predecessor companies, Ms. Woertz also brings a significant amount of international, marketing, finance and technology experience.

Chair of the Audit Committee and member of the Governance & Public Responsibility Committee.

Ernesto Zedillo

Director since 2001, Age 58

Dr. Zedillo served as President of Mexico from 1994 to 2000 and currently serves as Director of the Center for the Study of Globalization and Professor in the field of International Economics and Politics at Yale University. He has been a Director of Alcoa Inc. since 2002 and Citigroup, Inc. since 2010. Dr. Zedillo was also a Director of Union Pacific Corporation from 2001 to 2006.

Dr. Zedillo's prior service as President of Mexico provides him with significant government and leadership experience. His current role as Director of the Center for the Study of Globalization and Professor in the field of International Economics and Politics at Yale University provides him with a wealth of international experience. He also has significant financial experience, having previously served on the Audit Committee of Union Pacific and as the Secretary of Economic Programming and the Budget for Mexico, as well as having held various positions at the Banco de Mexico.

Chair of the Governance & Public Responsibility Committee and member of the Innovation & Technology Committee.

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The Board of Directors

General Oversight

The Board of Directors has general oversight responsibility for the Company's affairs pursuant to Ohio's General Corporation Law, the Company's Amended Articles of Incorporation and Code of Regulations, and the Board of Directors' By Laws. The Board has established committees to assist in this regard. In exercising its fiduciary duties, the Board of Directors represents and acts on behalf of the Company's shareholders. Although the Board of Directors does not have responsibility for the day-to-day management of the Company, it stays informed about the Company's business and provides guidance to Company management through periodic meetings, site visits and other interactions. The Board is deeply involved in the Company's strategic planning process, leadership development and succession planning. Additional details concerning the role and structure of the Board of Directors are contained in the Board's Corporate Governance Guidelines, which can be found in the corporate governance section of the Company's website at www.pg.com/investors.

Leadership Structure

The Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its shareholders are best served by not having a formal policy on whether the same individual should serve as both Chief Executive Officer and Chairman of the Board. The Board believes that it is important to retain the flexibility to make this determination at any given point in time based on what it believes will provide the best leadership structure for the Company at that time. This approach allows the Board to utilize its considerable experience and knowledge to elect the most qualified Director as Chairman of the Board, while maintaining the ability to separate the Chairman and Chief Executive Officer roles when necessary. Accordingly, at different points in time in the Company's history, the Chief Executive Officer and Chairman of the Board roles have been held by the same person. At other times, they have been held by different individuals. In each instance, the decision on whether to combine or separate the roles was made in the best interests of the Company's shareholders, based on the circumstances at the time.

Further, in the event that the Board determines that the same individual should hold the positions of Chief Executive Officer and Chairman of the Board, the Board elects a Presiding Director from the independent Directors. The Presiding Director has the authority to call meetings of the independent Directors, can be contacted directly by shareholders, acts as the key Board liaison with the Chief Executive Officer, chairs the executive sessions of the Board, presides over Board meetings in the absence of the Chairman and communicates the Board of Directors feedback to the Chief Executive Officer. This guarantees full involvement in decision-making by the non-employee Directors. The Presiding Director also approves meeting agendas and other information sent to the Board and ensures that there is sufficient time for discussion of all agenda items.

During the previous fiscal year, the Board separated the role of Chief Executive Officer and Chairman of the Board from July 1, 2009, through December 31, 2009. This coincided with the transition from A.G. Lafley, the Company's previous Chairman of the Board and Chief Executive Officer, to Mr. McDonald, the Company's current Chairman of the Board and Chief Executive Officer. From July 1, 2009 through December 31, 2009, Mr. McDonald held the position of Chief Executive Officer while Mr. Lafley retained the role of Chairman of the Board. After the transition was complete, the Board elected Mr. McDonald as Chairman of the Board, effective January 1, 2010.

The Board believes that its current leadership structure, with Mr. McDonald serving as both Chief Executive Officer and Chairman of the Board, provides unified leadership and direction for the Company and gives clear focus for management to execute the Company's strategy and business plans at this time. This structure has served the Company and its shareholders well in the past, as evidenced by the Company's success. The Board will continue to evaluate the Company's leadership structure to ensure the Board's structure is right and appropriate at all times.

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Risk Oversight

It is the responsibility of the Company's senior management to develop and implement the Company's strategic plans, and to identify, evaluate, manage and mitigate the risks inherent in those plans. It is the responsibility of the Board to understand and oversee the Company's strategic plans, the associated risks, and the steps that senior management is taking to manage and mitigate those risks. The Board takes an active approach to its risk oversight role. This approach is bolstered by the Board's leadership and committee structure, which ensures: (1) proper consideration and evaluation of potential enterprise risks by the full Board under the auspices of the Chairman of the Board and Presiding Director; and (2) further consideration and evaluation of discrete risks at the committee level.

To ensure proper oversight of the Company's management and the potential risks that face the Company, the non-employee members of the Board elect annually a Presiding Director from the Board's independent Directors. In addition, the Board is comprised of predominantly independent Directors and all members of the key committees of the Board (Audit, Compensation & Leadership Development, and Governance & Public Responsibility) are independent. This strong system of checks and balances ensures that key decisions made by the Company's most senior management, up to and including the Chief Executive Officer, are reviewed and overseen by the non-employee Directors of the Board.

Risk management oversight by the full Board includes a comprehensive annual review of the Company's overall strategic plan and the plans for each of the Company's global business units, including the risks associated with these strategic plans. The Board also conducts an annual review of the conclusions and recommendations generated by management's enterprise risk management process. This process involves a cross-functional group of the Company's senior management which, on a continual basis, identifies current and future potential risks facing the Company and ensures that actions are taken to manage and mitigate those potential risks. The Board also has overall responsibility for leadership succession for the Company's most senior officers and reviews succession plans each year.

In addition, the Board has delegated certain risk management oversight responsibilities to certain Board committees, each of which reports regularly to the full Board. In performing these oversight responsibilities, each committee has full access to management, as well as the ability to engage independent advisors. The Audit Committee oversees the Company's compliance with legal and regulatory requirements and its overall risk management process. It also regularly receives reports regarding the Company's most significant internal controls and compliance risks, along with management's processes for maintaining compliance within a strong internal controls environment. In addition, the Audit Committee receives reports regarding potential legal and regulatory risks and management's plans for managing and mitigating those risks. Representatives from the Company's independent auditor attend Audit Committee meetings, regularly make presentations to the Audit Committee and comment on management presentations. In addition, the Company's Chief Financial Officer, Chief Legal Officer, chief audit executive and representatives of the Company's independent auditor individually meet in private session with the Audit Committee to raise any concerns they might have with the Company's risk management practices.

The Board's Compensation & Leadership Development Committee employs an independent compensation consultant who does no work for management and, among other tasks, reviews the Company's compensation programs, including the potential risks and other impacts of incentives created by these programs. At the same time, this consultant reviews the design of the Company's executive compensation programs, including those features that mitigate any potential risks, such as the Company's combination of performance based compensation, the use of equity as a significant portion of incentive compensation, stock ownership and retention requirements, and clawback provisions. Based upon the comprehensive review of the executive compensation programs provided by the independent compensation consultant, and the assessment of other compensation programs provided by company management, the Compensation & Leadership Development Committee has concluded that the Company's compensation programs are not reasonably likely to have a material adverse effect on the

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Company as a whole. Finally, the Board's Governance & Public Responsibility Committee reviews annually the Company's key corporate governance documents to ensure they are in compliance with the changing legal and regulatory environment and appropriately enable the Board to fulfill its oversight duties.

Committees of the Board

To facilitate deeper penetration into certain key areas of oversight, the Board of Directors has established four committees. Membership on these Committees, as of August 13, 2010, is shown in the following chart:

Compensation &		Governance &	
Audit	Leadership Development	Public Responsibility	Innovation & Technology
Ms. Woertz ¹	Mr. McNerney ¹	Dr. Zedillo ¹	Mr. Cook ¹
Ms. Braly	Mr. Chenault	Ms. Braly	Mr. Gupta
Mr. Chenault	Mr. Cook	Mr. McNerney	Mr. Rodgers
Mr. Gupta	Mrs. Wilderotter	Mrs. Wilderotter	Dr. Zedillo
		Ms. Woertz	

¹ Committee Chair

All Directors served on the respective committees listed above, including committee chairs, for the Company's entire fiscal year, with the following exceptions:

Ms. Woertz was appointed Chair of the Audit Committee at the April 18, 2010, Board of Director's meeting, following the retirement of Charles R. Lee from the Board. From July 1, 2009, through April 18, 2010, Mr. Lee served as a member of the Board of Directors, Chair of the Audit Committee and as a member of the Compensation & Leadership Development Committee.

Mr. Cook was appointed Chair of the Innovation & Technology Committee at the April 18, 2010, Board of Director's meeting, following the retirement of Ralph Snyderman. From July 1, 2009, through April 18, 2010, Dr. Snyderman served as a member of the Board of Directors, Chair of the Innovation & Technology Committee and as a member of the Audit Committee.

Mrs. Wilderotter was appointed as a member of the Compensation & Leadership Development and Governance & Public Responsibility Committees effective upon her appointment to the Board of Directors on August 11, 2009.

Ms. Braly was appointed as a member of the Audit and Governance & Public Responsibility Committees effective upon her appointment to the Board of Directors on December 8, 2009.

The Company's Committee Charter Appendix applies to all Committees and can be found in the corporate governance section of the Company's website at www.pg.com/investors.

The **Audit Committee** met eight times during the fiscal year ended June 30, 2010, to carry out its responsibilities under its charter. At all of these meetings, representatives of Deloitte & Touche LLP, the Company's independent registered public accounting firm, and financial management were present to review accounting, control, auditing and financial reporting matters. During certain of these meetings, the Committee also held private sessions with the Company's Chief Financial Officer, Chief Legal Officer, chief audit executive and representatives of Deloitte & Touche, LLP. All members of the Committee are independent under the New York Stock Exchange (NYSE) listing standards and the Board of Directors' Guidelines for Determining the Independence of its Members (the Independence Guidelines) which can be found in the corporate governance section of the Company's website at www.pg.com/investors. The

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Audit Committee has the responsibilities set forth in its charter with respect to the quality and integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the Company's overall risk management process; the independent registered public accounting firm's qualifications and independence; the performance of the Company's internal audit function and the independent registered public accounting firm; preparing the annual Report of the Audit Committee to be included in the Company's proxy statement; and assisting the Board of Directors and the Company in interpreting and applying the Company's *Worldwide Business Conduct Manual*. In addition to these responsibilities, the Committee, at the request of the Board, continued to oversee the Company's internal investigation, as well as the external investigations, into competition law violations in Europe, for which the Board assigned oversight responsibility to the Committee. The Audit Committee's charter can be found in the corporate governance section of the Company's website at www.pg.com/investors.

The **Compensation & Leadership Development Committee** met six times during the fiscal year ended June 30, 2010, during which it held five executive sessions with no member of management present. All members of this Committee are independent under the NYSE listing standards and the Independence Guidelines. The Compensation & Leadership Development Committee has a charter, under which it has full authority and responsibility for the Company's overall compensation policies, their specific application to principal officers elected by the Board of Directors (including review and evaluation of their compensation) and the compensation of the non-employee members of the Board of Directors. This Committee also assists the Board in the leadership development and evaluation of principal officers. As a practical matter, the Chief Executive Officer makes recommendations to the Committee regarding the compensation elements of the principal officers (other than his own compensation) based on Company performance, individual performance and input from Company management and the Committee's independent compensation consultant. All final decisions regarding compensation for principal officers are made by this Committee. For more details regarding principal officer compensation or this Committee's process for making decisions regarding the compensation of principal officers, please see the Compensation Discussion and Analysis section of this proxy statement found on pages 23 to 43. This Committee also approves all stock-based equity grants made under The Procter & Gamble 2009 Stock and Incentive Compensation Plan to non-principal officers. This Committee has delegated to the Chief Executive Officer the authority to make equity grants to non-principal officers and determine the specific terms and conditions of such grants within the guidelines set forth by the Committee. This Committee retains an independent compensation consultant, hired directly by the Committee, to advise it regarding executive compensation matters. For more details on this arrangement, please see the section entitled "How is competitiveness established for executive compensation?" found on pages 28 to 29 of this proxy statement. The Compensation & Leadership Development Committee's charter can be found in the corporate governance section of the Company's website at www.pg.com/investors.

The **Governance & Public Responsibility Committee** met six times during the fiscal year ended June 30, 2010. All members of the Governance & Public Responsibility Committee are independent under the NYSE listing standards and the Independence Guidelines. The Governance & Public Responsibility Committee has the governance responsibilities set forth in its charter with respect to identifying individuals qualified to become members of the Board of Directors; recommending when new members should be added to the Board and individuals to fill vacant Board positions; recommending to the Board the Director nominees for the next annual meeting of shareholders and whether to accept the resignation of any incumbent Director nominee who received a greater number of "against" votes than "for" votes in a non-contested election; periodically reviewing and recommending updates to the Board's Corporate Governance Guidelines; educating the Board and the Company in applicable governance laws and regulations; assisting the Board and the Company in interpreting and applying the Company's Corporate Governance Guidelines and other issues related to Board governance; and evaluating the Board and its members. The committee also covers public responsibility topics such as overseeing the Company's social investments and commitment to making a meaningful impact around the world, by reviewing

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strategies and plans for improving lives in ways that enable people to thrive and that increase their quality of living; overseeing the Company's commitment to and efforts regarding environmental sustainability; overseeing the Company's community and government relations; overseeing the Company's product quality and quality assurance systems; overseeing protection of the Company's corporate reputation and other matters of importance to the Company and its stakeholders (including employees, consumers, customers, suppliers, shareholders, governments, local communities and the general public); and overseeing the Company's organizational diversity. The Governance & Public Responsibility Committee's charter can be found in the corporate governance section of the Company's website at www.pg.com/investors.

The **Innovation & Technology Committee** met two times during the fiscal year ended June 30, 2010. The Innovation & Technology Committee has the responsibilities set forth in its charter with respect to overseeing and providing counsel on matters of innovation and technology. Topics considered by this Committee include the Company's approach to technical and commercial innovation; the innovation and technology acquisition process; and tracking systems important to successful innovation. The Innovation & Technology Committee's charter can be found in the corporate governance section of the Company's website at www.pg.com/investors.

Board and Committee Meeting Attendance

During the fiscal year ended June 30, 2010, the Board of Directors held eight meetings and the Committees of the Board of Directors held 22 meetings for a total of 30 meetings. Average attendance at these meetings by members of the Board during the past year exceeded 97%. All Directors attended greater than 90% of the meetings of the Board and the Committees on which they serve.

Corporate Governance

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines to set forth its commitments and guiding principles concerning overall governance practices. These guidelines can be found in the corporate governance section of the Company's website at www.pg.com/investors.

Director Independence

The Board of Directors has determined that the following Directors are independent under the NYSE listing standards and the Independence Guidelines because they have either no relationship with the Company (other than being a Director and shareholder of the Company) or only immaterial relationships with the Company: Angela F. Braly, Kenneth I. Chenault, Scott D. Cook, Rajat K. Gupta, W. James McNerney, Jr., Mary Agnes Wilderotter, Patricia A. Woertz and Ernesto Zedillo. As noted previously, all members of the Board's Audit, Compensation & Leadership Development and Governance & Public Responsibility Committees are independent.

In making these independence determinations, the Board applied the NYSE listing standards and the categorical independence standards contained in the Independence Guidelines. Under the Independence Guidelines, certain relationships were considered immaterial and, therefore, were not considered by the Board in determining independence but were reported to the Chair of the Governance & Public Responsibility Committee. Applying the NYSE listing standards and the Independence Guidelines, the Board determined that there are no transactions, relationships or arrangements that would impair the independence or judgment of any of the directors deemed independent by the Board.

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Mr. McDonald was elected President and Chief Executive Officer of the Company effective July 1, 2009, and Chairman of the Board effective January 1, 2010. As such, he cannot be deemed independent under the NYSE listing standards and the Independence Guidelines. Mr. Rodgers is the President and CEO of TV One, LLC, a cable television network. The Board has declared Mr. Rodgers not independent under the NYSE listing standards and the Independence Guidelines because, during 2009, the Company paid TV One, LLC for advertising time in an amount that exceeded 2% of TV One, LLC's gross revenue for that year.

Code of Ethics

The Company has a code of ethics for its employees. The most recent version of this code of ethics, which is consistent with SEC regulations and NYSE listing standards, is contained in the *Worldwide Business Conduct Manual*. The *Worldwide Business Conduct Manual* applies to all of the Company's employees, officers and Directors, and, together with any future amendments thereto, can be found on the Company's website at www.pg.com. The *Worldwide Business Conduct Manual* is firmly rooted in the Company's long-standing Purpose, Values and Principles, which can also be found on the Company's website at www.pg.com. During the fiscal year ended June 30, 2010, the Company continued its deployment of the *Worldwide Business Conduct Manual* throughout the Company in 29 different languages, including online training.

Review and Approval of Transactions with Related Persons

The *Worldwide Business Conduct Manual* requires that all employees and Directors disclose all potential conflicts of interest and promptly take actions to eliminate any such conflict when the Company requests. In addition, the Company has adopted a written Related Person Transaction Policy that prohibits any of the Company's executive officers, Directors or any of their immediate family members from entering into a transaction with the Company, except in accordance with the policy.

Under our Related Person Transaction Policy, the Chief Legal Officer is charged with primary responsibility for determining whether, based on the facts and circumstances, a related person has a direct or indirect material interest in a proposed transaction. To assist the Chief Legal Officer in making this determination, the policy sets forth certain categories of transactions that are deemed not to involve a direct or indirect material interest on behalf of the related person. If, after applying these categorical standards and weighing all of the facts and circumstances, the Chief Legal Officer determines that the related person would have a direct or indirect material interest in the transaction, the Chief Legal Officer must present the proposed transaction to the Audit Committee for review or, if impracticable under the circumstances, to the Chair of the Audit Committee. The Audit Committee must then either approve or reject the transaction in accordance with the terms of the policy. In the course of making this determination, the Audit Committee shall consider all relevant information available to it and, as appropriate, must take into consideration the following:

Whether the proposed transaction was undertaken in the ordinary course of business of the Company;

Whether the proposed transaction was initiated by the Company or the related person;

Whether the proposed transaction contains terms no less favorable to the Company than terms that could have been reached with an unrelated third party;

The purpose of, and the potential benefits to the Company of, the proposed transaction;

The approximate dollar value of the proposed transaction, particularly as it involves the related person;

The related person's interest in the proposed transaction; and

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Any other information regarding the related person's interest in the proposed transaction that would be material to investors under the circumstances.

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The Audit Committee may only approve the proposed transaction if it determines that the transaction is not inconsistent with the best interests of the Company as a whole. Further, in approving any such transaction, the Audit Committee has the authority to impose any terms or conditions it deems appropriate on the Company or the related person. Absent this approval, no such transaction may be entered into by the Company with any related person.

Jon R. Moeller, the Company's Chief Financial Officer, is married to Lisa Sauer, a long-tenured employee of the Company who currently holds the position of Vice President Global Product Supply, Purchases, Natural Commodities & Ingredients. Her total compensation in the last year was approximately \$750,000, consisting of salary, bonus, equity grants and retirement benefits. Her compensation is consistent with the Company's overall compensation principles based on her years of experience, performance and position within the Company. Prior to Mr. Moeller becoming Chief Financial Officer, the Audit Committee approved the continued employment of Ms. Sauer with the Company under the Company's Related Person Transaction Policy, concluding that her continued employment was not inconsistent with the best interests of the Company as a whole.

Deborah P. Majoras became the Company's Chief Legal Officer and Secretary on February 1, 2010. Ms. Majoras is married to John M. Majoras, one of over 800 partners in the law firm of Jones Day. The Company has hired Jones Day in the ordinary course of business to perform legal services. The Company's relationship with Jones Day dates back more than 25 years and significantly precedes Ms. Majoras joining the Company as Vice President and General Counsel in 2008 from the Federal Trade Commission, where she served as Chairman. Mr. Majoras does not receive any direct compensation from the fees paid to Jones Day by the Company, his ownership in the Jones Day law firm is significantly less than 1%, and the fees paid by the Company to Jones Day in our last fiscal year were significantly less than 1% of their annual revenues. Mr. Majoras did not personally render any legal services to the Company, nor supervise any attorney in rendering legal services to the Company. Under the Company's Related Person Transaction Policy, the Audit Committee reviewed and approved the continued use of Jones Day as a provider of legal services to the Company but required Mr. McDonald, the Company's Chief Executive Officer, to approve any recommendations by Ms. Majoras to hire Jones Day for a specific legal matter. In doing so, the Committee concluded that the Majorases did not have a direct or indirect material interest in the Company's hiring of Jones Day and that the relationship is not inconsistent with the best interests of the Company as a whole.

Other than as noted above, there were no transactions in which the Company or any of its subsidiaries was a participant, the amount involved exceeded \$120,000, and any Director, Director nominee, executive officer or any of their immediate family members had a direct or indirect material interest reportable under applicable SEC rules or that required approval of the Audit Committee under the Company's Related Person Transaction Policy, nor are there any currently proposed.

Presiding Director and Executive Sessions

Upon recommendation of the Governance & Public Responsibility Committee, the non-employee members of the Board of Directors reappointed W. James McNerney, Jr. to serve as the Presiding Director for fiscal year 2010-11. Mr. McNerney began his service as Presiding Director on August 14, 2007. The Presiding Director has the authority to call meetings of the independent Directors, can be contacted directly by shareholders, acts as the key Board liaison with the Chief Executive Officer, chairs the executive sessions of the Board, presides over Board meetings in the absence of the Chairman and communicates the Board of Directors' feedback to the Chief Executive Officer, thus ensuring full involvement in decision-making by the non-employee Directors. The Presiding Director also approves meeting agendas and other information sent to the Board and ensures that there is sufficient time for discussion of all agenda items.

The non-employee members of the Board of Directors met four times during fiscal year 2009-10 in executive session (without the presence of employee Directors or other employees of the Company) to

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discuss various matters related to the oversight of the Company, the management of Board affairs, succession planning for the Company's top management (including the Chief Executive Officer position), and the Chief Executive Officer's performance. It also met in semi-executive session (with the Chief Executive Officer present for portions of the discussion) on five occasions.

Communication with Directors and Executive Officers

Shareholders and others who wish to communicate with the Board of Directors or any particular Director, including the Presiding Director, or with any executive officer of the Company, may do so by writing to the following address:

[Name of Director(s)/Executive Officer or Board of Directors]

The Procter & Gamble Company

c/o Secretary

One Procter & Gamble Plaza

Cincinnati, OH 45202-3315

All such correspondence is reviewed by the Secretary's office, which logs the material for tracking purposes. The Board of Directors has asked the Secretary's office to forward to the appropriate Director(s) all correspondence, except for personal grievances, items unrelated to the functions of the Board of Directors, business solicitations, advertisements and materials that are profane.

Availability of Corporate Governance Documents

In addition to their availability on the Company's website at www.pg.com, copies of the Company's Amended Articles of Incorporation, the Company's Code of Regulations, all Committee Charters, the Committee Charters Appendix, the Corporate Governance Guidelines, the Independence Guidelines, the *Worldwide Business Conduct Manual*, the Company's Purpose, Values and Principles and the Related Person Transaction Policy are available in print upon request by writing to the Company Secretary at One Procter & Gamble Plaza, Cincinnati, OH 45202-3315.

Shareholder Recommendations of Board Nominees and Committee Process for Recommending Board Nominees

The Governance & Public Responsibility Committee will consider shareholder recommendations for candidates for the Board, which should be submitted to:

Chair of the Governance & Public Responsibility Committee

The Procter & Gamble Company

c/o Secretary

One Procter & Gamble Plaza

Cincinnati, OH 45202-3315

Pursuant to the Company's Code of Regulations, a shareholder wishing to nominate a candidate for election to the Board at an annual meeting of shareholders is required to give written notice to the Secretary of the Company of his or her intention to make such a nomination. The notice of nomination must be received at the Company's principal executive offices not less than 140 days nor more than 240 days prior to the one-year anniversary of the preceding year's annual shareholder meeting. Certain other notice periods apply if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date. Based on the one-year anniversary of the 2010 annual meeting, a shareholder wishing to nominate a candidate for election to the Board at the 2011 annual meeting must provide such notice no earlier than February 14, 2011, and no later than May 25, 2011.

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As set forth in the Code of Regulations, the notice of nomination is required to contain information about both the nominee and the shareholder making the nomination, including information sufficient to allow the Governance & Public Responsibility Committee to determine if the candidate meets certain criteria. A nomination that does not comply with the requirements set forth in the Company's Code of Regulations will not be considered for presentation at the annual meeting.

The minimum qualifications and preferred specific qualities and skills required for Directors are set forth in Article II, Sections B through E of the Board's Corporate Governance Guidelines. The Committee considers all candidates using these criteria, regardless of the source of the recommendation. The Committee's process for evaluating candidates includes the considerations set forth in Article II, Section B of the Committee's Charter. After initial screening for minimum qualifications, the Committee determines appropriate next steps, including requests for additional information, reference checks and interviews with potential candidates. In addition to shareholder recommendations, the Committee also relies on recommendations from current Directors, Company personnel and others. From time to time, the Committee may engage the services of outside search firms to help identify candidates. During the fiscal year ended June 30, 2010, no such engagement existed (and none currently exists), and no funds were paid to outside parties in connection with the identification of nominees. All nominees for election as Directors who currently serve on the Board are known to the Committee and were recommended by the Committee to the Board as Director nominees. Ms. Braly was recommended to the Governance & Public Responsibility Committee by various non-employee members of the Board of Directors and other executive officers.

Annual Meeting Attendance

The Board's expectation is that all its members attend the annual meeting of shareholders. All Directors attended the 2009 annual meeting.

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The following table and footnotes provide information regarding the compensation paid to the Company's non-employee Directors in fiscal year 2009-10. Directors who are employees of the Company receive no compensation for their services as Directors.

Director Compensation Table

Name	Fees						Total
	Annual Retainer ¹	Committee Meeting Fees	Committee Chair Fees ²	Total Fees Earned or Paid in Cash	Stock Awards ³	All Other Compensation ⁴	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Angela F. Braly	50,000	12,000	0	62,000 ⁵	0	20,261	82,261
Kenneth I. Chenault	100,000	26,000	0	126,000 ⁶	125,000	256	251,256
Scott D. Cook	100,000	16,000	2,500	118,500 ⁷	125,000	14,946	258,446
Rajat K. Gupta	100,000	20,000	0	120,000	125,000	18,266	263,266
Charles R. Lee	83,333	22,000	12,500	117,833	125,000	100	242,933
Lynn M. Martin	58,333	8,000	0	66,333	125,000	100	191,433
W. James McNerney, Jr.	100,000	24,000	10,000	134,000 ⁸	125,000	334	259,334
Johnathan A. Rodgers	100,000	4,000	0	104,000 ⁹	125,000	16,158	245,158
Ralph Snyderman	83,333	14,000	8,333	105,666	125,000	18,063	248,729
Mary Agnes Wilderotter	87,500	20,000	0	107,500	125,000	15,300	247,800
Patricia A. Woertz	100,000	28,000	3,750	131,750	125,000	14,058	270,808
Ernesto Zedillo	100,000	16,000	10,000	126,000 ¹⁰	125,000	7,714	258,714

¹ The annual retainer for each Director is \$100,000 and is paid in quarterly increments. Because Ms. Braly and Mrs. Wilderotter were appointed to the Board after the beginning of the fiscal year, their retainers were prorated. Ms. Martin, Mr. Lee and Dr. Snyderman received the prorated portion of their retainers earned prior to their retirements.

² The Committee Chair fees for Mr. Lee and Dr. Snyderman, who were Chairs of the Audit and Innovation & Technology Committees, respectively, until their retirement from the Board on April 18, 2010, were prorated for July 2009 through April 2010. The Committee Chair Fees for Mr. Cook and Ms. Woertz, who were named Chairs of the Innovation & Technology and Audit Committees, respectively, at the Board of Directors meeting on April 18, 2010, were prorated for April through June 2010.

³ Annually, upon election at the Company's annual meeting of shareholders, each Director is awarded a grant of restricted stock units (RSUs) with a grant date fair value of \$125,000. Because Ms. Braly was not appointed to the Board until December 8, 2009, she did not receive the annual RSU grant. As of the end of FY 2009-10:

- Ms. Braly has 989 unvested stock awards outstanding.
- Mr. Chenault has 7,813 unvested stock awards outstanding.
- Mr. Cook has 20,236 unvested stock awards outstanding and 10,674 option awards outstanding.
- Mr. Gupta has 6,184 unvested stock awards outstanding.
- Mr. Lee has 15,356 unvested stock awards outstanding and 16,712 option awards outstanding.
- Ms. Martin has 15,356 unvested stock awards outstanding and 16,712 option awards outstanding.
- Mr. McNerney has 19,328 unvested stock awards outstanding.
- Mr. Rodgers has 25,428 unvested stock awards outstanding and 6,644 option awards outstanding.
- Dr. Snyderman has 15,356 unvested stock awards outstanding and 16,712 option awards outstanding.
- Mrs. Wilderotter has 2,232 unvested stock awards outstanding.
- Ms. Woertz has 4,289 unvested stock awards outstanding.
- Dr. Zedillo has 19,239 unvested stock awards outstanding and 6,644 option awards outstanding.

Unvested stock awards include RSUs that have not yet delivered in shares and restricted stock for which the restrictions have not lapsed. RSUs earn dividend equivalents which are accrued in the form of additional RSUs each quarter and credited to each Director's holdings. These RSUs have the same vesting restrictions as the underlying RSUs and are ultimately deliverable in shares. Restricted stock earns cash dividends that are paid quarterly.

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⁴ The All Other Compensation total includes certain costs associated with Directors and their guests (spouse, family member or similar guest) attending Board meetings and/or Board activities. For two Board meetings during FY 2009-10, each Director was

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encouraged to bring a guest. For each of these meetings, the Company incurred costs associated with providing minor commemorative items, sightseeing and other similar activities for both the Director and accompanying guest. In some cases, the Company also incurred costs associated with commercial airfare for the guest. For all other regular Board meetings throughout the fiscal year, Directors were entitled to bring a guest so long as the Director used the Company aircraft to attend the meeting and the guest's attendance did not result in any incremental aircraft costs. Directors and their guests are also covered under the same insurance policy as all Company employees for accidental death while traveling on Company business (coverage is \$750,000 for each Director and \$300,000 for a guest). The incremental cost to the Company for this benefit is \$2,489. In addition, the Company maintains a Charitable Awards Program for current and retired Directors who were participants prior to July 1, 2003. Under this program, at their death, the Company donates \$1,000,000 per Director to up to five qualifying charitable organizations selected by each Director. Directors derive no financial benefit from the program because the charitable deductions accrue solely to the Company. The Company funds this contribution from general corporate assets and made no payments during FY 2009-10. This program was discontinued for any new Director effective July 1, 2003. In FY 2009-10, the Company also made a \$500 donation on behalf of each Director to the Children's Safe Drinking Water Program or to a different charity of their choice. Similar to the Charitable Awards Program described above, these donations were funded from general corporate assets, and the Directors derive no financial benefit from these donations because the charitable deductions accrue solely to the Company. A.G. Lafley was an employee Director of the Board during FY 2009-10 until his retirement from the Board effective December 31, 2009. As an employee director, he did not receive a retainer, fees or a stock award. Mr. Lafley attended Board meetings and activities as described above prior to stepping down as Chairman of the Board on December 31, 2009, and, in conjunction with those meetings, received \$241 as All Other Compensation.

- 5 Ms. Braly took her fees for the FY 2009-10 in retirement restricted stock which had a grant date fair value of \$62,000.
 6 Mr. Chenault took his fees for the FY 2009-10 in retirement restricted stock which had a grant date fair value of \$126,000.
 7 Mr. Cook took his fees for the first half of the fiscal year in retirement restricted stock which had a grant date fair value of \$60,000. For the second half of the fiscal year, he took his fees in unrestricted stock which had a grant date fair value of \$58,500.
 8 Mr. McNerney took his fees for FY 2009-10 in unrestricted stock which had a grant date fair value of \$134,000.
 9 Mr. Rodgers took 25% of his fees for the first half of the fiscal year in cash and 75% in retirement restricted stock which had a grant date fair value of \$39,000. For the second half of the fiscal year, he took 100% of his fees in retirement restricted stock which had a grant date fair value of \$52,000.
 10 For the first half of the fiscal year, Dr. Zedillo took 50% of his retainer as cash and 50% of his retainer as retirement restricted stock, and 100% of his committee fees as cash. The retirement restricted stock had a grant date fair value of \$25,000. For the second half of the fiscal year he took 100% of his fees in cash.

The objective of the Compensation & Leadership Development Committee of the Board of Directors is to provide non-employee members of the Board of Directors a compensation package consistent with the median of the Peer Group (as this group is further described on pages 28-29 of this proxy statement). In fiscal year 2009-10, non-employee members of the Board of Directors received the following compensation:

A grant of restricted stock units (RSUs) on October 13, 2009, following election to the Board at the Company's 2009 annual meeting of shareholders, with a grant date fair value of \$125,000. These units are forfeitable if the Director resigns during the year, will not deliver in shares until at least one year after the Director leaves the Board, and cannot be sold or traded until delivered in shares, thus encouraging alignment with the Company's long-term interests and the interests of shareholders. These RSUs earn dividend equivalents at the same rate as dividends paid to shareholders;

An annual retainer fee of \$100,000 paid in quarterly increments;

A committee meeting fee of \$2,000 for every Committee meeting attended; and

An additional annual retainer paid to the Chair of each committee as follows: Chair of the Audit Committee, \$15,000; Chairs of the Compensation & Leadership Development, Governance & Public Responsibility and Innovation & Technology Committees, \$10,000.

At their June 8, 2010 meeting, the Board of Directors, upon the recommendation of the Compensation & Leadership Development Committee, approved changes to the compensation package provided to non-employee members of the Board of Directors to make the package more consistent with the median of the Peer Group. In fiscal year 2010-11, non-employee members of the Board of Directors will receive the following compensation:

A grant of RSUs on October 12, 2010, following election to the Board at the Company's 2010 annual meeting of shareholders, with a grant date fair value of \$160,000. These units will be

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forfeitable if the Director resigns during the year, will not deliver in shares until at least one year after the Director leaves the Board, and cannot be sold or traded until delivered in shares, thus encouraging alignment with the Company's long-term interests and the interests of shareholders. These RSUs will earn dividend equivalents at the same rate as dividends paid to shareholders;

An annual retainer fee of \$100,000 paid in quarterly increments; and

An additional annual retainer paid to the Presiding Director and Chair of each committee as follows: Presiding Director and Chairs of the Audit and Compensation & Leadership Development Committees \$20,000; Chairs of the Governance & Public Responsibility and Innovation & Technology Committees \$15,000.

Directors can elect to receive any part of their fees or retainer (other than the grant of RSUs) as cash, retirement restricted stock or unrestricted stock. The Company did not grant any stock options to Directors in fiscal year 2009-10.

Non-employee members of the Board of Directors must own Company stock and/or RSUs worth six times their annual cash retainer. A number of the non-employee Directors were recently appointed or elected to the Board within the last few years. However, all non-employee Directors either meet or are on track to meet the ownership requirements within the five-year period established by the Compensation & Leadership Development Committee.

Report of the Compensation & Leadership Development Committee

The Compensation & Leadership Development Committee of the Board of Directors has reviewed and discussed the following section of this proxy statement entitled "Compensation Discussion and Analysis" with management. Based on this review and discussion, the Committee has recommended to the Board that the section entitled "Compensation Discussion and Analysis" as it appears below, be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2010.

W. James Mc Nerney, Jr. (Chair)

Kenneth I. Chenault

Scott D. Cook

Mary Agnes Wilderotter

Table of Contents**Compensation Discussion and Analysis****Executive Summary**

Our fundamental and overriding objective is to create value for our shareholders at leadership levels on a consistent basis. To accomplish this goal, we need to drive organic sales growth, increase earnings per share, and generate strong cash flow. We design our compensation programs to encourage and reward these results.

We focus on performance measures that create shareholder value in each of our performance-based compensation programs. We believe that organic sales growth, core earnings per share growth, before tax operating profit, and free cash flow productivity are the primary drivers for creating shareholder value over time. We also believe that our strategy for purpose-inspired growth to win by touching and improving the lives of more consumers, in more parts of the world, more completely will drive strong results on these measures.

The Company's performance during fiscal year 2009-10 was solid. We resumed organic sales growth sooner than anticipated, raised initial guidance for both organic sales growth and core earnings per share and delivered against those revised numbers, generated record levels of free cash flow, improved productivity, simplified our organization, and significantly reduced costs. We also increased our quarterly dividend by 9.5% making this the 120th consecutive year that we have paid a dividend to shareholders and the 54th consecutive year that we have increased the dividend at an annual compound rate of approximately 9.5%.

We delivered these results at the same time that we made significant investments in our business supporting a strong multi-year innovation program. We also grew our business despite the continued impact of a global economic recession which included lower market growth versus pre-recession levels. The following table summarizes the Company's key results for fiscal year 2009-10:

Measure	Initial Fiscal Year 2009-10 Goal	2009-10 Results
Organic sales growth ¹	+1% to +3%	3%
Core earnings per share ² (Core EPS) growth	-1% to +3% ³	6%
Adjusted free cash flow productivity ⁴	90%	125%

¹ Organic sales growth measures sales growth excluding the impacts of acquisitions, divestitures and foreign exchange from year-over-year comparisons.

² Core EPS measures the Company's diluted net earnings per share from continuing operations, excluding certain items that we do not view to be part of our sustainable results. Core EPS for FY 2009-10 was \$3.67 and excludes charges taken for pending European legal matters and recently enacted legislation which changed the taxation of certain future retiree prescription drug subsidy payments in the U.S. Core EPS for FY 2008-09 was \$3.47 and excludes the impact of incremental restructuring charges incurred in FY 2008-09 versus FY 2007-08 to offset the dilutive impact of the coffee business divestiture.

³ Range includes an adjustment for the pharmaceuticals business divestiture which closed on October 30, 2009.

⁴ Adjusted free cash flow is defined as operating cash flow less capital spending, plus the tax payments made on the gains from the global pharmaceuticals divestitures. Adjusted free cash flow productivity is the ratio of adjusted free cash flow to net earnings, excluding the gains on the divestitures of the pharmaceuticals business.

Our longstanding compensation principles of supporting the business strategy, paying for performance and paying competitively remain unchanged. Our annual cash and long-term incentive programs link the compensation of our Named Executive Officers to the overall success of the Company. While we delivered organic sales growth in-line with target and core earnings per share growth above our initial guidance, our results did not exceed our long-term goals. As a result, the Total Company Performance Factor portion of our annual cash incentive program (STAR) was at target (100%) recognizing the hard work required to meet or exceed our initial guidance, but also acknowledging that our results did not exceed our long-term goals. For the second year in a row, the Interim Payment for our long-term incentive program (BGP) paid out at 25% of target.

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At the end of fiscal year 2009-10, the Committee re-evaluated BGP in light of the compensation principles and objectives described below. The Committee determined that it was in the best interests of the Company and its shareholders to terminate BGP and adopt a new long-term incentive program that better supports our business strategies and reinforces our principle to pay for performance. This new plan will continue to focus on the four performance categories that the Committee believes are the most critical for creating long-term shareholder value (organic sales growth, core earnings per share growth, before tax operating profit growth and free cash flow productivity). The plan will also continue to measure performance over three-year periods, but it will differ from the previous plan in two significant ways. First, awards will be paid entirely in performance-vested equity, so executive pay is more directly linked to changes in shareholder value. Second, the new program will include annual grants with overlapping performance periods. Because a new three-year performance period will start each year, we will be able to set more precise and meaningful goals and eliminate interim payments used in the previous plan where performance periods were end-to-end. This design will also better align with compensation practices used by our peers. More information on the program can be found in the description provided on page 43 of this proxy statement.

We design our compensation programs to motivate our executives to win during these tough economic times and to achieve our fundamental and overriding objective to create value for our shareholders at leadership levels on a consistent basis. When coupled with our purpose-inspired growth strategy, we believe that the Company is positioned to win by touching and improving the lives of more consumers, in more parts of the world, more completely.

What are the Company's overall compensation principles?

The Committee designs and oversees the Company's compensation policies and approves compensation for all principal officers, including the Named Executive Officers. The Committee has established the following principles for compensating all employees:

Support the business strategy We align compensation programs with business strategies focused on long-term growth and creating value for shareholders. These programs provide an incentive for executives to meet and exceed Company goals.

Pay for performance We pay above target when goals are exceeded and below target when goals are not met.

Pay competitively We set target compensation to be competitive with other multinational corporations of similar size, value and complexity.

These principles encourage the right behaviors, enable us to deliver strong shareholder value over time, and ensure the development and retention of talented employees who are committed to the Company's long-term success.

What are the Company's executive compensation objectives?

To drive superior business results and financial performance by providing incentives to executives to achieve or exceed Company, business unit and individual goals.

To instill a focus on long-term success by holding executives accountable for long-term measures of success designed to provide superior returns for shareholders over time.

To create ownership alignment with shareholders by including Company stock as a cornerstone of our executive pay programs.

To strengthen retention by paying competitively and rewarding talented executives who meet or exceed goals.

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Who are the Company's Named Executive Officers?

The Company's Named Executive Officers for fiscal year 2009-10 are: Chairman of the Board, President and Chief Executive Officer, Robert A. McDonald; Chief Financial Officer, Jon R. Moeller; and our Vice Chairmen (in alphabetical order) Werner Geissler, Vice Chairman Global Operations; E. Dimitri Panayotopoulos, Vice Chairman Global Household Care; Edward D. Shirley, Vice Chairman Global Beauty & Grooming; and Robert A. Steele, Vice Chairman Global Health and Well-Being.

We have voluntarily expanded our list of Named Executive Officers to include each executive at the Vice Chairman level. We believe that such additional disclosure is helpful for shareholders because it provides complete visibility into the Committee's compensation decisions for all Company executives at this critical management level. Effective January 1, 2010, A.G. Lafley stepped down as Chairman of the Board, and Mr. McDonald became Chairman of the Board, President and Chief Executive Officer.

What are the elements of the Company's executive compensation programs?

How do we assure that compensation keeps executives focused on long-term success?

For our employees, focus on the long-term success of the Company begins at hire and is often built over decades. Because we have a longstanding practice of building our organization from within, most of our employees spend their entire careers with the Company. Whether an employee begins a career with the Company, or joins as a result of an acquisition, our compensation programs and our approach towards stock ownership encourage them to focus on the long-term success of the Company. This dynamic creates an inextricable link between the long-term success of the individual and the long-term success of the Company it is difficult to achieve the former without the latter. We tailor our compensation programs to reinforce this result.

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Employee Stock Ownership Aligns the Interests of Executives and Shareholders

Employee stock ownership has long been an important aspect of the Company's culture of commitment to long-term success. William Cooper Procter established the Company's employee stock ownership plan in 1887. Today it is the oldest continuous profit sharing plan of its kind in the United States. For more than 120 years, this innovative plan has connected employees to the Company's long-term success. The Company makes annual contributions of P&G stock to the retirement accounts of all U.S.-based employees beginning shortly after they are hired until the end of their careers. By making employees shareholders early on, and increasing their level of ownership over time, we consistently reinforce the importance of long-term success both for the individual and for the Company.

As an important element of a balanced, competitive compensation program, the Company also makes an annual grant of stock options and RSUs to the Company's key managers. These awards reinforce the executives' focus on the long-term success of the Company by further tying their personal success to that of other shareholders. Our key managers hold these stock options for an average of eight years (five years beyond the vesting date) before they exercise. This reflects a culture that is focused on, and confident in, the long-term success of the Company.

The long-term focus that comes with stock ownership is even more pronounced for our senior executives. Most of our Named Executive Officers have risen through the Company's ranks and their personal wealth is often tied to the Company stock and options that they have accumulated over the course of their careers. Our Named Executive Officers have an average of 30 years of service at the Company or its subsidiaries' long-term careers during which these individuals first as employees, then as managers, then as senior executives build shareholder value and benefit from the value they help to create. This is consistent with the Committee's belief that employment contracts and similar arrangements are not necessary for our executives because most have spent the majority of their professional careers with the Company and have developed a focus on the Company's long-term success.

Ownership and Holding Requirements Focus on Long-Term Success

To reinforce the importance of stock ownership and long-term focus for our most senior executives, including the Named Executive Officers, the Committee established the Executive Share Ownership Program and Stock Option Exercise Holding Requirement. The *Executive Share Ownership Program* requires the Chief Executive Officer to own shares of Company stock and/or RSUs valued at a minimum of eight times base salary. All other Named Executive Officers must own stock and/or RSUs valued at a minimum of five times base salary. The Committee annually reviews these holdings, and in 2010 each Named Executive Officer exceeded these requirements (with the exception of the recently appointed Chief Financial Officer, who is on track to meet these requirements next fiscal year).

The *Stock Option Exercise Holding Requirement* ensures executives remain focused on sustained shareholder value even after exercising their stock options. This policy requires the Chief Executive Officer to hold the net shares received from stock option exercises for at least two years. The other Named Executive Officers must hold net shares for at least one year after exercise. The holding requirement does not apply to incentive plan awards that executives elect to take as stock options instead of cash or unrestricted stock.

Finally, to further align our executives with the interests of our shareholders, the Company's Insider Trading Policy prohibits Named Executive Officers from pledging, collars, short sales, hedging investments and other derivative transactions involving Company stock. Purchases and sales of Company stock by Named Executive Officers can only be made during the one-month period following public earnings announcements or, if outside these window periods, with express permission from the Company's Chief Legal Officer or in accordance with a previously established trading plan that meets SEC requirements.

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The Company Emphasizes Pay for Performance

Our long-term success depends on outstanding financial and operational performance year after year. Therefore, the Committee ties approximately 75-80% of our senior executives' compensation to the achievement of short and long-term goals, taking into consideration the individual's impact on delivering those goals. If short-term and long-term financial and operational goals are not achieved, then performance-related compensation decreases. If goals are exceeded, then performance-related compensation increases.

In addition, we tie a significant portion of our executives' compensation to the interests of P&G shareholders via performance of the Company's stock price. We do this by awarding stock options, RSUs, and Company stock as a key component of total compensation. The result is that our executives always have a significant stake in the long-term success of the Company just like other shareholders.

The charts below show that 88% of the Chief Executive Officer's total compensation was performance-based and 69% of his total compensation was paid in stock, RSUs or stock options. On average, 77% of the other Named Executive Officers' compensation was performance-based and 58% of their total compensation was paid in stock, RSUs or stock options. Tying pay to the Company's and the individual's performance, as well as to the Company's stock price, motivates Company executives to drive superior business and financial performance for the long-term.

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How is competitiveness established for executive compensation?

The Committee structures executive compensation so that total targeted annual cash and long-term compensation opportunities are competitive with the targets for comparable positions at 25 companies considered to be our peers (based on criteria described below) (Peer Group). The Committee sets targets for each element of compensation based on the same elements of compensation paid to those holding similar jobs at companies in our Peer Group, focusing on positions with similar management and revenue responsibility. The Committee uses a regression analysis to adjust for the differences in revenue size within the Peer Group. For the Chief Executive Officer's compensation analysis, the Committee also reviews a regression analysis adjusting for the differences in market capitalization.

The Peer Group consists of companies that generally meet the following criteria:

Revenue comparable to the Company (\$79 billion in fiscal year 2008-09) and/or market capitalization comparable to the Company (approximately \$149 billion as of June 30, 2009);

n Peer Group revenues range from \$15 billion to \$408 billion with a median of \$62 billion; and

n Peer Group market capitalization ranges from \$25 billion to \$300 billion with a median of \$82 billion.

Compete with the Company in the marketplace for business and investment capital;

Compete with the Company for executive talent; and

Have generally similar pay models (we do not compare with financial services, insurance or gas and electric utility companies where the mix of pay elements or program structure is materially different).

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Each year, the Committee evaluates and, if appropriate, updates the composition of the Peer Group to ensure it remains relevant and is not skewed by over-representation of any non-consumer products industry. Changes to the Peer Group are carefully considered and made infrequently to assure continuity from year to year. The Peer Group currently consists of the following companies unchanged from the prior year:

3M	Coca-Cola	General Electric	Kimberly-Clark	Pfizer
Altria Group	Colgate-Palmolive	Hewlett-Packard	Kraft Foods	Target
AT&T	ConocoPhillips	Home Depot	Lockheed Martin	United Technologies
Boeing	Du Pont	IBM	Merck	Verizon Communications
Chevron	Exxon Mobil	Johnson & Johnson	PepsiCo	Wal-Mart Stores

While the target total compensation for our Named Executive Officers is consistent with the target total compensation for our Peer Group, actual compensation varies depending on total Company, business unit and individual performance. This may result in substantial differences among the Named Executive Officers' pay. Consistent with our principles to pay competitively and to pay for performance, the Committee does not set guidelines for the ratio of any one position's pay to another.

The Committee has directed Frederic W. Cook & Co., its outside and independent compensation consultant, to advise it on various compensation matters, including peer group identification, competitive practices and trends, specific program design, and Committee actions with respect to principal officer compensation. Under the terms of its agreement with the Committee, Frederic W. Cook & Co. is prohibited from doing any other business for the Company or its management, and the Committee may contact Frederic W. Cook & Co. without any interaction from Company management. This is meant to ensure the independence of the Committee's compensation consultant. Consistent with the terms of the Committee's agreement with Frederic W. Cook & Co., the Committee has adopted a policy prohibiting any compensation consultant retained by the Committee from doing any other business for the Company or its management.

Company management uses a separate compensation consultant, Meridian Compensation Partners, LLC (formerly Hewitt Associates), to provide compensation advice, competitive survey analysis and other benchmark information related to trends and competitive practices in executive compensation.

Details regarding each element of executive compensation***Annual Cash Compensation***