

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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No fee required.

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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](http://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](http://www.proxyvote.com)). As more fully described in the Notice, shareholders may choose to access our proxy materials at [www.proxyvote.com](http://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](mailto: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](http://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](http://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 <sup>1</sup>	Mr. McNerney <sup>1</sup>	Dr. Zedillo <sup>1</sup>	Mr. Cook <sup>1</sup>
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	

<sup>1</sup> 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](http://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](http://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](http://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](http://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](http://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](http://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](http://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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