UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark one)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended June 30, 2012

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 1-434

THE PROCTER & GAMBLE COMPANY

One Procter & Gamble Plaza, Cincinnati, Ohio 45202

Telephone (513) 983-1100

IRS Employer Identification No. 31-0411980

State of Incorporation: Ohio

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, without Par Value	**New York Stock Exchange, NYSE Euronext-Paris**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates amounted to $184 billion on December 31, 2011.

There were 2,754,274,536 shares of Common Stock outstanding as of July 31, 2012.

Documents Incorporated by Reference

Portions of the Proxy Statement for the 2012 Annual Meeting of Shareholders which will be filed within one hundred and twenty days of the fiscal year ended June 30, 2012 (2012 Proxy Statement) are incorporated by reference into Part III of this report to the extent described herein.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting of The Procter & Gamble Company (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Strong internal controls is an objective that is reinforced through our *Worldwide Business Conduct Manual*, which sets forth our commitment to conduct business with integrity, and within both the letter and the spirit of the law. The Company's internal control over financial reporting includes a Control Self-Assessment Program that is conducted annually for critical financial reporting areas of the Company and is audited by the internal audit function. Management takes the appropriate action to correct any identified control deficiencies. Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2012, using criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the Company maintained effective internal control over financial reporting as of June 30, 2012, based on these criteria.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2012, as stated in their report which is included herein.

/s/ Robert A. McDonald

Robert A. McDonald
Chairman of the Board, President and Chief Executive Officer

/s/ Jon R. Moeller

Jon R. Moeller
Chief Financial Officer

August 8, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Procter & Gamble Company

We have audited the accompanying Consolidated Balance Sheets of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2012 and 2011, and the related Consolidated Statements of Earnings, Shareholders' Equity, and Cash Flows for each of the three years in the period ended June 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company at June 30, 2012 and 2011, and the results of its operations and cash flows for each of the three years in the period ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2012, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 8, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
August 8, 2012

NOTE 6

EARNINGS PER SHARE

Net earnings attributable to Procter & Gamble less preferred dividends (net of related tax benefits) are divided by the weighted average number of common shares outstanding during the year to calculate basic net earnings per common share. Diluted net earnings per common share are calculated to give effect to stock options and other stock-based awards (see Note 7) and assume conversion of preferred stock (see Note 8).

Net earnings attributable to Procter & Gamble and common shares used to calculate basic and diluted net earnings per share were as follows:

Years ended June 30	2012	2011	2010
NET EARNINGS FROM CONTINUING OPERATIONS	**$ 9,317**	$ 11,698	$ 10,851
Net earnings from discontinued operations	**1,587**	229	1,995
NET EARNINGS	**10,904**	11,927	12,846
Net earnings attributable to noncontrolling interests	**(148)**	(130)	(110)
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE (Diluted)	**10,756**	11,797	12,736
Preferred dividends, net of tax benefit	**(256)**	(233)	(219)
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE AVAILABLE TO COMMON SHAREHOLDERS (Basic)	**10,500**	11,564	12,517
NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO PROCTER & GAMBLE AVAILABLE TO COMMON SHAREHOLDERS (Basic)	**$ 8,913**	$ 11,335	$ 10,522
NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO PROCTER & GAMBLE (Diluted)	**$ 9,169**	$ 11,568	$ 10,741

Shares in millions; Years ended June 30	2012	2011	2010
Basic weighted average common shares outstanding	**2,751.3**	2,804.0	2,900.8
Effect of dilutive securities			
Conversion of preferred shares (1)	**123.9**	128.5	134.0
Exercise of stock options and other unvested equity awards (2)	**66.0**	69.4	64.5
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	**2,941.2**	3,001.9	3,099.3

(1) Despite being included currently in diluted net earnings per common share, the actual conversion to common stock occurs pursuant to the repayment of the ESOPs' obligations through 2035.

(2) Approximately 67 million in 2012, 93 million in 2011 and 101 million in 2010 of the Company's outstanding stock options were not included in the diluted net earnings per share calculation because the options were out of the money or to do so would have been antidilutive (i.e., the total proceeds upon exercise would have exceeded the market value of the underlying common shares).

NOTE 7

STOCK-BASED COMPENSATION

We have stock-based compensation plans under which we annually grant stock option, restricted stock, restricted stock unit (RSU) and performance stock unit (PSU) awards to key managers and directors. Exercise prices on options granted have been, and continue to be, set equal to the market price of the underlying shares on the date of the grant. Since September 2002, the key manager stock option awards granted are vested after three years and have a 10-year life. The key manager stock option awards granted from July 1998 through August 2002 vested after three years and have a 15-year life. Key managers can elect to receive up to 50% of the value of their option award in RSUs. Key manager RSUs vest and are settled in shares of common stock five years from the grant date. The awards provided to the Company's directors are in the form of restricted stock and RSUs.

In addition to our key manager and director grants, we make other minor stock option and RSU grants to employees for which the terms are not substantially different. In 2011, we implemented a performance stock program (PSP) and granted PSUs to senior level executives. Under this program, the number of PSUs that will vest three years after the respective grant date is based on the Company's performance relative to pre-established performance goals during that three year period.

A total of 180 million shares of common stock were authorized for issuance under stock-based compensation plans approved by shareholders in 2003 and 2009. A total of 87 million shares remain available for grant under the 2003 and 2009 plans.

Total stock-based compensation expense for stock option grants was $317, $358 and $417 for 2012, 2011 and 2010, respectively. Total compensation cost for restricted stock, RSUs and PSUs was $60, $56 and $36 in 2012, 2011 and 2010, respectively. The total income tax benefit recognized in the income statement for stock options, restricted stock, RSUs and PSUs was $102, $117 and $118 in 2012, 2011 and 2010, respectively.

In calculating the compensation expense for stock options granted, we utilize a binomial lattice-based valuation model. Assumptions utilized in the model, which are evaluated and revised, as necessary, to reflect market conditions and experience, were as follows:

Years ended June 30	2012	2011	2010
Interest rate	**0.2-2.1%**	0.3-3.7%	0.3-4.0%
Weighted average interest rate	**1.9%**	3.4%	3.7%
Dividend yield	**2.6%**	2.4%	2.2%
Expected volatility	**12-18%**	14-18%	15-20%
Weighted average volatility	**15%**	16%	18%
Expected life in years	**8.5**	8.8	8.8

Lattice-based option valuation models incorporate ranges of assumptions for inputs and those ranges are disclosed in the preceding table. Expected volatilities are based on a combination of historical volatility of our stock and implied volatilities of call options on our stock. We use historical data to estimate option exercise and employee termination patterns within the valuation model. The expected life of options granted is derived from the output of the option valuation model and represents the average period of time that options granted are expected to be outstanding. The interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of options outstanding under the plans as of June 30, 2012, and activity during the year then ended is presented below:

Options in thousands	Options	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contract-ual Life in Years	Aggregate Intrinsic Value (in millions)
Outstanding, beginning of year	**363,174**	**$ 51.75**		
Granted	**30,225**	**67.05**		
Exercised	**(38,967)**	**44.53**		
Canceled	**(1,339)**	**59.12**		
OUTSTANDING, END OF YEAR	**353,093**	**53.83**	**5.0**	**$ 3,125**
EXERCISABLE	**268,131**	**50.52**	**3.8**	**3,109**

The weighted average grant-date fair value of options granted was $8.05, $11.09 and $13.47 per share in 2012, 2011 and 2010, respectively. The total intrinsic value of options exercised was $820, $628 and $342 in 2012, 2011 and 2010, respectively. The total grant-date fair value of options that vested during 2012, 2011 and 2010 was $435, $445 and $563, respectively. We have no specific policy to repurchase common shares to mitigate the dilutive impact of options; however, we have historically made adequate discretionary purchases, based on cash availability, market trends and other factors, to satisfy stock option exercise activity.

At June 30, 2012, there was $297 of compensation cost that has not yet been recognized related to stock option grants. That cost is expected to be recognized over a remaining weighted average period of 1.8 years. At June 30, 2012, there was $125 of compensation cost that has not yet been recognized related to restricted stock, RSUs and PSUs. That cost is expected to be recognized over a remaining weighted average period of 3.1 years.

Cash received from options exercised was $1,735, $1,237 and $703 in 2012, 2011 and 2010, respectively. The actual tax benefit realized for the tax deductions from option exercises totaled $239, $188 and $89 in 2012, 2011 and 2010, respectively.

NOTE 8

POSTRETIREMENT BENEFITS AND EMPLOYEE STOCK OWNERSHIP PLAN

We offer various postretirement benefits to our employees.

Defined Contribution Retirement Plans

We have defined contribution plans which cover the majority of our U.S. employees, as well as employees in certain other countries. These plans are fully funded. We generally make contributions to participants' accounts based on individual base salaries and years of service. Total global defined contribution expense was $353, $347 and $344 in 2012, 2011 and 2010, respectively.

The primary U.S. defined contribution plan (the U.S. DC plan) comprises the majority of the expense for the Company's defined contribution plans. For the U.S. DC plan, the contribution rate is set annually. Total contributions for this plan approximated 15% of total participants' annual wages and salaries in 2012, 2011 and 2010.

We maintain The Procter & Gamble Profit Sharing Trust (Trust) and Employee Stock Ownership Plan (ESOP) to provide a portion of the funding for the U.S. DC plan and other retiree benefits (described below). Operating details of the ESOP are provided at the end of this Note. The fair value of the ESOP Series A shares allocated to participants reduces our cash contribution required to fund the U.S. DC plan.

Table of Contents

Compensation Discussion and Analysis

Executive Summary

Company Results

Our results, in aggregate, have driven a below target payout in our FY 2011-12 short-term incentive program. While FY 2010-11 results were used to set FY 2011-12 long-term incentive compensation opportunities for our executives, including the Named Executive Officers' ("NEO") compensation components described on pages 35-38, our long-term incentive programs are currently tracking, in aggregate, to less than 50% of target, further reflecting the connection of pay to performance.

	FY 2010-11 Actual	FY 2011-12 Targets	FY 2011-12 Actual
Core EPS[1]	7%	5% to 10%	-1%
Organic sales growth[2]	4%	3% to 6%	3%
Adjusted free cash flow productivity[3]	84%	90%	90%

1 Core EPS measures the Company's diluted net earnings per share from continuing operations excluding certain items that are not judged to be part of the Company's sustainable results or trends. This exclusion includes impairment charges for goodwill and indefinite-lived intangible assets in 2012, incremental restructuring charges due to increased focus on productivity and cost savings in 2012, charges in 2011 and 2012 related to the European legal matters, and a significant settlement from U.S. tax litigation related to the valuation of technology donations in 2011. FY 2010-11 data has been revised to reflect the sale of the Snacks business.

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

3 Adjusted free cash flow productivity is defined as the ratio of operating cash flow less capital spending to net earnings adjusted for the impact of major divestitures.

In FY 2011-12, adjusted free cash flow productivity was at target, and organic sales growth was at the low end of our target range. Core EPS was well below target primarily due to the following factors. First, commodity costs were up $1.8 billion for the second consecutive year. Second, foreign exchange reduced Core EPS by 4% versus our going-in plan.

Finally, our growth in developed markets was lower than planned. We increased prices to recover higher commodity costs. Market share softened in certain country category combinations where competition did not raise prices to the same extent as us. And, developed market growth slowed. These impacts were only partially offset by double-digit growth in developing markets where we increased market share.

Looking forward, we expect continued headwinds from foreign exchange and slow developed market growth. We expect market shares to improve as we address pricing issues in developed markets, deliver high single to low double-digit growth in developing markets, and execute innovation and marketing programs globally with excellence. In February 2012, we announced a $10 billion cost savings program. Over time, these savings will help us offset macro-economic challenges, continue to invest in top-line growth, and restore earnings growth. [1]

1 The foregoing statements may be considered "forward-looking statements" within the meaning of the Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties which may cause actual results to differ materially from such forward-looking statements is included in the section titled "Risk Factors" of our Annual Report on Form 10-K for the year ended June 30, 2012. We undertake no obligation to update or publicly revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Our Compensation Philosophy

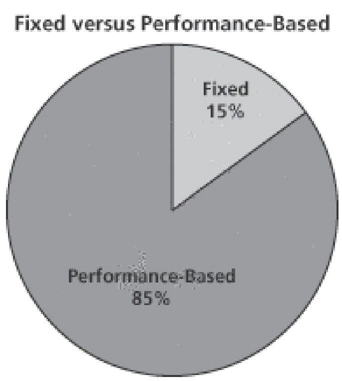
Our fundamental and overriding objective is to create value for our shareholders at leadership levels on a consistent basis. To accomplish this goal, we design executive compensation programs that emphasize pay for performance, support our business strategies, and discourage our executives from taking excessive risks. We ensure that target compensation opportunities for our executives are competitive with the target opportunities for comparable positions in our Peer Group (as defined below). This is crucial for retention of our talented employees who are committed to the Company's long-term success and to spending their careers with the Company. The majority of our executives' actual compensation is tied to the performance of the Company through short-term and long-term incentives. We use a combination of annual and three-year goals to ensure a strong connection between Company performance and actual compensation realized.

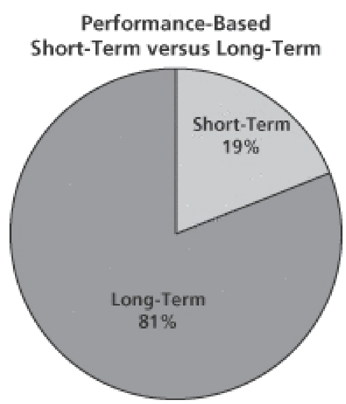
Furthermore, we align the interests of executives and shareholders by tying a significant portion of executive compensation to the value of our Company's stock. Employee stock ownership has been a cornerstone of our compensation and retirement programs since William Cooper Procter established the Company's employee stock ownership plan in 1887. We reinforce employee stock ownership with our executives through share ownership requirements and share retention requirements from stock option exercises. These requirements, when combined with the significant percentage of executive compensation paid in Company equity, ensure that executives focus on building long-term shareholder value and benefit from this value along with our shareholders.

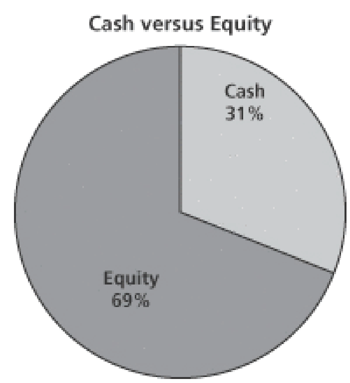
Our Compensation Programs

Our executive compensation program consists of four key components: salary, Short-Term Achievement Reward ("STAR") and two long-term incentive equity programs—the Performance Stock Program ("PSP") and the Key Manager Stock Grant. These four components constitute approximately 94% of each NEO total compensation. The remaining 6% consists of retirement and other benefits.

We design our programs so that NEO compensation varies by type (fixed versus performance-based), length of performance period (short-term versus long-term), and form (cash versus equity). We believe that such variation is necessary to: (1) strike the appropriate balance between short and long-term business goals; (2) encourage the right behaviors and discourage excessive risk-taking; and (3) align the interests of the Company's executives with our shareholders. While salary is the only key component of pay that is considered fixed, salary progression over time is based on individual performance. The values of the remaining components vary based on the performance of the individual, the performance of the individual's business unit, and the performance of the Company as a whole. This mix of components is designed to incent both individual accountability and teamwork to build long-term shareholder value. The charts below show the average mix of the key components of NEO compensation by type, length, and form.







Consistent with our design principles, actual compensation earned under each of our performance-based programs varies based on results. A 100% payout occurs when all goals are achieved. Payouts below 100% occur when goals are not achieved and payouts above 100% are possible when goals are exceeded. For example, from 2007-2011, the average STAR payout for NEOs ranged from a low of 89% versus target to a high of 143%. During this same period, the Company's three-year long-term incentive program payout ranged from a low of 42% of target to a high of 120%. These payouts were based on the results delivered versus defined performance targets, highlighting the clear link between pay and performance that underlies our compensation programs.

FY 2011-12 NEOs

The Company's NEOs for FY 2011-12 are: Robert A. McDonald, Chairman of the Board, President and Chief Executive Officer; Jon R. Moeller, Chief Financial Officer; Werner Geissler, Vice Chairman—Global Operations; E. Dimitri Panayotopoulos, Vice Chairman—Global Business Units; and Filippo Passerini, Group President—Global Business Services and Chief Information Officer.

Throughout this Compensation Discussion and Analysis and the compensation tables that follow, we refer to the title of each NEO in effect on the last day of the fiscal year, June 30, 2012.

CEO Compensation

Mr. McDonald's compensation is determined by the C&LD Committee with assistance from the C&LD Committee's independent compensation consultant, Frederic W. Cook & Co. The C&LD Committee reviews survey and peer market data on chief executive officer compensation along with all elements of Mr. McDonald's total compensation, including salary, STAR, Key Manager Stock Grant, PSP awards, any special equity award, and unrealized gains from stock options, restricted stock and RSUs, and the cost to the Company of all retirement programs, benefits, and executive benefits. Company results, as well as Mr. McDonald's personal contributions and leadership, are also considered when making compensation decisions.

The C&LD Committee's decisions on Mr. McDonald's FY 2011-12 compensation primarily considered the Company results as described above. In addition, the C&LD Committee also considered Mr. McDonald's contributions to other important Company priorities such as sustainability, diversity, innovation, and the development of leadership needed for the long-term success of the Company. Under Mr. McDonald's leadership, the Company continued to have strong performance in these areas as evidenced by many external recognitions including Fortune's *"Global Most Admired Companies," Bloomberg Business Week/Hay Group's "Twenty Best Companies for Leadership," Global 100 Most Sustainable Corporations in the World, National Association of Female Executives' "Top 50 Company for Executive Women," and Diversity Inc's "Top 50 Companies for Diversity."*

The C&LD Committee modestly increased Mr. McDonald's target compensation opportunity for FY 2011-12 to maintain his compensation at the size-adjusted median of the compensation opportunity for chief executive officers in our Peer Group and considering results achieved from July 2010 through June 2011. Of course, his actual compensation varies above or below this target opportunity based on actual performance, with 89% of Mr. McDonald's key compensation components tied to Company performance. Specifically, 42% is based on results versus the three-year quantitative performance goals in the PSP, 30% is linked to longer term stock performance through the Key Manager Stock Grant, and 17% is based on FY 2011-12 results through STAR. In addition to a significant portion of his total compensation being performance-based, Mr. McDonald holds 13 times his salary in Company stock, RSUs, and granted performance stock units (PSUs), significantly exceeding the Board-approved stock ownership requirements, and illustrating his personal investment in building long-term shareholder value.

FY 2011-12 Highlights

- **Salary.** Mr. McDonald's salary of $1,600,000 was unchanged from the previous year.
- **STAR Annual Bonus Program.** The CEO STAR Target for FY 2011-12 increased from 175% to 190% of salary to align total annual cash opportunity and mix of pay for performance with other chief executive officers in the Peer Group. The FY 2011-12 STAR award payout as a percentage of STAR target was 80% for Mr. McDonald resulting in a STAR award of $2,432,000. This actual STAR payout was lower than last year despite the increase in STAR Target, further highlighting the link between CEO pay and Company results.
- **Long-Term Incentive Programs.** The C&LD Committee allocated about half of Mr. McDonald's long-term incentive opportunity to PSP, and the remainder was awarded in stock options under the Key Manager Stock Grant. These long-term incentives were set to maintain Mr. McDonald's compensation opportunity at the size adjusted median of other chief executive officers in the Peer Group. While the grant date fair value of these awards was $10,565,424, the actual payouts will vary. The PSP payout will occur in August 2014 based on the achievement of performance goals described on page 37 and the actual payout of the Key Manager Stock Grant depends on the Company's future stock price.

Other Key Program Features

- **Engagement of Independent Adviser.** Our C&LD Committee engages an independent compensation consultant, who performs no other work for the Company, to advise on executive compensation matters.
- **Avoidance of Poor Pay Practices.** Our compensation programs are consistent with best practices and sound corporate governance principles. We **do not**:
  - Execute employment agreements with executives containing special severance payments such as golden parachutes;
  - Utilize severance programs that are specific to executive officers;
  - Gross-up payments to cover personal income taxes or excise taxes that pertain to executive or severance benefits;
  - Provide excessive perquisites for executives (less than 2% of NEO compensation for FY 2011-12);
  - Provide special executive retirement programs;
  - Re-price or backdate stock options; or
  - Grant time-based equity awards that vest immediately solely on account of a change-in-control (requires a qualifying termination following a change-in-control).
- **Mitigation of Excessive Risk-Taking.** We design our compensation programs to discourage excessive risk-taking by executive officers. These design features include the following:
  - Clawback policy permits the C&LD Committee to recoup certain compensation payments in the event of a significant restatement of financial results for any reason;
  - Clawback provision in our stock plan to allow recovery of proceeds from stock transactions if a participant violates certain plan provisions;
  - Share ownership and share retention requirement;
  - Multiple performance metrics under STAR and PSP to discourage excessive risk-taking by removing any incentive to focus on a single performance goal to the detriment of the Company;

- Appropriate balance between short-term and long-term compensation to discourage short-term risk taking at the expense of long-term results; and
- Prohibition on engaging in the following transactions that include shares of Common Stock: pledging, collars, short sales, hedging investments, and other derivative transactions.

2011 Say-on-Pay Advisory Vote Outcome

In October 2011, shareholders approved the Company's Say-on-Pay proposal with 97.5% of votes cast in favor of the compensation paid to the NEOs. The Company considers this vote a positive endorsement of its executive compensation practices and decisions. The shareholders' overwhelming support of the Company's executive compensation program is one factor that contributed to the C&LD Committee's decision not to make significant changes to the Company's current executive compensation programs, principles, and policies. The C&LD Committee will continue to consider results from the annual shareholder advisory votes, including the next vote on October 9, 2012, when reviewing executive compensation programs, principles, and policies.

We design our compensation programs to motivate our executives to win during tough economic times and to achieve our fundamental and overriding objective—to create value for our shareholders at leadership levels on a consistent long-term basis. As such, we encourage shareholders to support the Company's advisory Say-on-Pay resolution which can be found on pages 66-67 of this proxy statement.

Our Compensation Philosophy

What are the Company's overall compensation principles?

The C&LD Committee designs and oversees the Company's compensation policies and approves compensation for all principal officers, including the NEOs. The C&LD Committee has established the following principles for compensating all employees:

- **Pay for performance**. We pay more when goals are exceeded and less when goals are not met.
- **Pay competitively**. We set target compensation opportunity to be competitive with other multinational corporations of similar size, value, and complexity.
- **Support the business strategies**. 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.

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 ("Business Unit") and individual goals, while discouraging excessive risk-taking by removing any incentive to focus on a single performance goal to the detriment of others.
- **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.

How is competitiveness established for executive compensation?

The C&LD 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 C&LD 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 C&LD Committee uses a regression analysis to adjust for the differences in revenue size within the Peer Group. For the CEO's compensation analysis, the C&LD Committee considers the Company's revenue and market capitalization compared to our Peer Group.

The Peer Group is objectively determined and consists of companies that generally meet the following criteria:

- Revenue comparable to the Company ($81 billion in FY 2010-11) and/or market capitalization comparable to the Company (approximately $174 billion as of April 30, 2012);
  - Peer Group revenues range from $17 billion to $445 billion with a median of $69 billion; and
  - Peer Group market capitalization ranges from $29 billion to $406 billion with a median of $91 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.

Each year, the C&LD Committee evaluates and, if appropriate, updates the composition of the Peer Group. Changes to the Peer Group are carefully considered and made infrequently to assure continuity from year to year. This year, 96% of the Peer Group remained the same. Ford Motor Company was added in place of Altria Group to improve the comparability of revenue and market capitalization of the Peer Group. The Peer Group currently consists of the following companies:

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

While the target total compensation for our NEOs is set based on the size-adjusted median target total compensation within our Peer Group, actual compensation varies depending on experience in role and total Company, Business Unit and individual performance. This may result in substantial differences among the NEOs' pay. Consistent with our principles to pay for performance and pay competitively, the C&LD Committee does not set specific guidelines for the ratio of any one position's pay to another.

Table of Contents

Our Compensation Programs

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

	Program	Description
Annual Cash Compensation	Salary	Annual base pay
	Short-Term Achievement Reward ("STAR")	Annual performance-based bonus
Long-Term Incentive Programs	Key Manager Stock Grant	Annual equity award paid in stock options and restricted stock units ("RSUs")
	Performance Stock Plan ("PSP")	Three-year program, paid in performance-vested equity
Retirement Programs	The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan ("PST")	Annual contribution of Company stock made to U.S. employee retirement accounts
	PST Restoration Program	Annual award of RSUs to PST participants whose PST contribution is capped by tax regulations
	Global Pension and Retirement Benefits	Retirement arrangements that vary by country outside the U.S. (and other legacy programs resulting from acquisitions)
Other Programs	Executive Benefits	Various benefits available to certain executives to assure protection of Company assets and/or focus on Company business with minimal disruption
	Special Equity Awards	Equity grants for retention of critical executive talent or reward for extraordinary accomplishments

Annual Cash Compensation

The Company's annual cash compensation consists of salary and STAR. We collect and analyze data from the Peer Group on the total annual cash compensation opportunity (salary plus annual bonus target) for positions comparable to those at the Company. For each position, we set a target amount for both salary and STAR ("STAR Target"), where the STAR Target is an amount payable as a percentage of annual salary if all goals are met. The sum of the salary range midpoint and STAR Target for each position is generally set at the target median annual cash compensation opportunity of similar positions within our Peer Group, adjusted for size using a regression analysis of Peer Group revenues.

Salary

Salary provides a competitive fixed rate of pay, recognizing different levels of responsibility within the Company. Salaries are the basis for the STAR performance-based incentive program, as well as the basis for retirement programs, executive group life insurance, and certain benefits available to all employees. For FY 2011-12, Mr. McDonald's salary remained unchanged at $1,600,000, which was in-line with chief executive officers in the Peer Group. Mr. Moeller's salary was increased from $750,000 to $825,000 on July 1, 2011 to more closely align his salary with chief financial officers in the Peer Group. On July 1, 2011, Messrs. Geissler's and Panayotopoulos' salaries each increased $100,000 to $1,045,000 and $1,085,000, respectively. These increases recognize their expanded roles with the reduction in the number of Vice Chairmen from four to two and represent a shift in the operating model where the Vice Chairmen are increasingly responsible for total Company performance. Mr. Passerini's salary increased from $750,000 to

$800,000 on September 1, 2011 in recognition of his strong contributions and results within Global Business Services, making his FY 2011-12 total salary $791,667.

STAR Annual Bonus

The STAR program provides an incentive for approximately 14,000 senior managers to meet or exceed annual performance and business goals. The program primarily focuses on the achievement of Business Unit results, but includes a component that measures the performance of the Company as a whole. STAR awards are generally paid in cash, but executives can elect to receive their awards in RSUs, stock options, or deferred compensation.

STAR awards are based on three factors: (1) STAR Target, (2) Business Unit performance, and (3) total Company performance. STAR awards are calculated using the following formula:

STAR Target ($)	**X**	**Business Unit Performance Factor (%)**	**X**	**Total Company Performance Factor (%)**	**=**	**STAR Award ($)**

The basis for each element of STAR is:

- **STAR Target**. The C&LD Committee sets STAR Targets, expressed as a percentage of salary for NEOs, based on the target annual bonus opportunities for similar positions in our Peer Group after taking into account the total annual cash compensation for those positions. Based solely on that analysis, the C&LD Committee made each of the following decisions. Effective with FY 2011-12, the CEO's STAR Target increased from 175% to 190% of salary to maintain total targeted annual cash compensation opportunity and mix of pay for performance in-line with other chief executive officers in the Peer Group. The CFO's STAR Target remained at 105% and the STAR Target for the Vice Chairmen remained at 115%. Mr. Passerini's STAR target was increased from 75% to 90% to align total targeted annual cash compensation and mix of pay for performance with comparable roles in the Peer Group.
- **Business Unit Performance Factor**. The Business Unit Performance Factor for each Business Unit is derived from a retrospective assessment of the qualitative and quantitative performance of the Business Unit against certain performance targets. Business Units include global product categories ("GBUs"), regional market development organizations ("MDOs"), global business services ("GBS"), and corporate functions. The targets for each Business Unit vary based on each business' role in the Company's portfolio, reflecting a variety of factors such as the different industries in which the Company's businesses compete and their growth potential.

  The C&LD Committee carefully considers the metrics used to measure performance to minimize the risk of too much focus on one result to the detriment of building long-term shareholder value. Each Business Unit's performance against these targets is discussed and evaluated by the CEO, the CFO, and the Global Human Resources Officer. Based on their review, they provide a recommendation for each Business Unit Performance Factor to the C&LD Committee for review and approval. None of these officers participates in the determination or recommendation for the Business Unit Performance Factor used for their own STAR award. Each Business Unit Performance Factor is established after considering:

  - *Quantitative measurements* of top-line growth in volume, sales and market share, and bottom-line measures of profit, operating cash flow, and operating total shareholder return (a cash flow return on investment model that measures sales growth, earnings growth, and cash flow to determine the rate of return that a business earns); and

- *Qualitative measures* that are retrospective assessments of performance relative to competitors, coordination and collaboration with other Business Units, the quality of business strategy and business model, the strength of the innovation program and the portfolio and other considerations such as adherence to ethical standards and response to the external economic environment and unpredictable events such as natural disasters.

The Business Unit Performance Factor for each Business Unit can range from 53% to 167% (with a target level of 100%). The Business Unit Performance Factor has a wide range and the greatest potential impact on the amount of each STAR award.

Mr. McDonald will make a recommendation for STAR awards to the C&LD Committee on the Business Unit Performance Factors for Messrs. Geissler and Panayotopoulos. The basis for the Business Unit Performance Factor for Mr. Geissler is the weighted average of all the MDOs and the Product Supply Corporate Function. The basis for the Business Unit Performance Factor for Mr. Panayotopoulos is the weighted average of all the GBUs. Mr. McDonald will also consider the average of all of the Company's Business Unit Performance Factors when making his recommendation. There are no separate performance goals for Messrs. Geissler and Panayotopoulos for purposes of STAR Annual Bonus recommendation to the C&LD Committee.

Mr. Passerini will receive the GBS Business Unit Performance Factor based on GBS performance in areas of cost savings, user satisfaction with service delivery, key service enhancements, and strength of internal controls.

The CEO also provides the C&LD Committee with a recommendation to assist with its evaluation and determination of Mr. Moeller's STAR award. The C&LD Committee then separately determines the STAR awards for Messrs. McDonald and Moeller. Although Messrs. McDonald and Moeller do not receive a Business Unit Performance Factor, the C&LD Committee considers the Business Unit Performance Factors for all Business Units when determining Mr. McDonald's award and considers the Finance and Accounting Business Unit Performance factor when determining Mr. Moeller's award.

- **Total Company Performance Factor**. This factor is determined by evaluating Company performance on two measures against targets predetermined by the C&LD Committee: (1) organic sales growth and (2) Core EPS growth. The C&LD Committee selected metrics that, in combination, encourage a balanced focus on both top-line and bottom-line results.

  Organic sales growth: The C&LD Committee includes organic sales growth in the Total Company Performance Factor because it drives total shareholder return, is a tangible measure for which managers take ownership, and is directly linked to the performance of each business. For FY 2011-12, the organic sales growth target was 4.5%.

  Core EPS growth: This measure assures continued Company alignment with shareholder interests. The target for Core EPS growth for FY 2011-12 was 8%.

  The Total Company Performance Factor is determined by a matrix that includes a series of growth rates for organic sales growth ranging from $\leq$3% to $\geq$6% along a horizontal axis and a series of growth rates for Core EPS ranging from $\leq$5.1% to $\geq$11.1% along a vertical axis. The matrix provides for a Total Company Performance Factor of 100% when both results are at the target performance level. If both results are at or below the minimum performance level, the Total Company Performance Factor is 80%. If both results are at or above the maximum performance level, the Total Company Performance Factor is 130%. For results that fall between the minimum and maximum performance levels, the matrix assigns a Total Company Performance Factor between 80%-130%. The Total Company Performance Factor varies with each particular combination of results achieved for these measures within the ranges set forth in the matrix.

Table of Contents

While the formula described on page 32 is used to calculate potential STAR awards, the C&LD Committee retains the authority to make no STAR award in a given year and the discretion to accept, modify, or reject management's recommendations for any or all employees, including the NEOs.

FY 2011-12 STAR Annual Bonus

For FY 2011-12, there were 31 Business Unit Performance Factors that ranged between 55% and 165% of Target for a weighted average Business Unit Performance Factor of 96%.

The Total Company Performance Factor was computed using organic sales growth within range but below target at 3.3%, and Core EPS well below target at -1%. These two results produced a FY 2011-12 Total Company Performance Factor of 83%, below target and near the bottom of the potential range of 80% to 130% reflecting the below target results.

Based on the STAR formula described on page 32, the average FY 2011-12 STAR award was 80% based on the average of each Business Unit Performance Factor multiplied by the Total Company Performance Factor.

The C&LD Committee reviewed the recommendations provided for the Business Unit Performance Factors and total STAR awards and, after considering the performance of the total Company and each Business Unit, approved the STAR award for each of these NEOs.

The following chart shows the factors used to calculate the STAR awards for each NEO and the final C&LD approved STAR:

NEO	Business Unit Performance Factor	Total Company Performance Factor	STAR Award as % of Target	STAR Target ($)	STAR Award ($)
Robert A. McDonald	Committee Decision Based on Performance[1]		80%	3,040,000	2,432,000
Jon R. Moeller	Committee Decision Based on Performance[2]		88%	866,250	762,127
Werner Geissler	97%	83%	81%	1,201,750	967,529
E. Dimitri Panayotopoulos	93%	83%	77%	1,247,750	963,138
Filippo Passerini	115%	83%	95%	720,000	687,240

1 The Committee considers the overall Company average STAR award when determining Mr. McDonald's award.
2 The Committee considers the Finance & Accounting STAR award when determining Mr. Moeller's award.

Because they evaluate and recommend Business Unit Performance Factors for the other NEOs, the STAR awards for Messrs. McDonald and Moeller are determined separately and directly by the C&LD Committee. The CEO provides the C&LD Committee with a recommendation to assist with its evaluation and determination of Mr. Moeller's STAR award.

The C&LD Committee determined a STAR award of $2,432,000 for Mr. McDonald, which was equal to 80% of his STAR Target and in-line with the Company's average STAR award as a percent of target. The C&LD Committee determined that an award in-line with the Company average was appropriate.

The C&LD Committee, with input from Mr. McDonald determined that Mr. Moeller's award be in the amount of $762,127 which was equal to 88% of his STAR Target. This award is the combination of the Finance & Accounting Business Unit Performance Factor and the Total Company Performance Factor. The Finance & Accounting Factor of 106% reflects Mr. McDonald's assessment of the function's performance throughout the fiscal year in areas such as strategy development, capital structure management, and internal controls. The C&LD Committee concluded that basing 100% of Mr. Moeller's Business Unit Performance Factor on the performance of the Finance & Accounting Function was appropriate given his role as CFO.

The STAR awards submitted to the C&LD Committee for Messrs. Geissler, Panayotopoulos and Passerini were calculated using the formula described on page 32 of this proxy statement. For Mr. Geissler, the calculated Business Unit Performance Factor was 97%, reflecting the weighted average of all the MDOs and the Product Supply Corporate Function, the organizations for which he has direct responsibility. For Mr. Panayotopoulos, the Business Unit Performance Factor was 93%, reflecting the weighted average of the GBUs, the organizations for which he has direct responsibility. Mr. McDonald also considered the weighted average of all the Company's Business Unit Performance Factors when recommending the Business Unit Performance Factors for Messrs. Geissler and Panayotopoulos but recommended no further adjustments.

For Mr. Passerini, the Business Unit Performance Factor of 115% reflects slightly above target results for GBS. The organization delivered significant incremental cost savings versus the going-in business plan, improved service levels, and user satisfaction.

Summary of Total Annual Cash Compensation

The total annual cash compensation for each of our NEOs for FY 2011-12 is the sum of each officer's salary and STAR award and reflects the scope and complexity of the business he leads. Mr. McDonald's total annual cash compensation was $4,032,000, which was below the median of actual annual cash compensation of chief executive officers in the Peer Group. The table below summarizes the total annual cash compensation of each NEO:

NEO	Salary ($)	STAR Award ($)	Total Annual Cash Compensation ($)
Robert A. McDonald	1,600,000	2,432,000	4,032,000
Jon R. Moeller	825,000	762,127	1,587,127
Werner Geissler	1,045,000	967,529	2,012,529
E. Dimitri Panayotopoulos	1,085,000	963,138	2,048,138
Filippo Passerini	791,667	687,240	1,478,907

Long-Term Incentive Programs

Long-term incentive compensation comprises the majority of total compensation for senior executives and is paid through two programs—the PSP and the Key Manager Stock Grant. The C&LD Committee uses competitive market data to set a total long-term compensation target consistent with the median total long-term compensation of comparable positions in the Peer Group regressed for revenue size. It then sets a PSP award equal to approximately one-half of each total long-term incentive target to ensure focus on the three-year quantitative performance goals utilized by the PSP. The remainder of the long-term incentive target is the basis for the Key Manager Stock Grant that may be adjusted for individual performance as appropriate. The C&LD Committee then approves the final PSP and Key Manager Stock Grants to be awarded to each NEO. The grant date fair value of the awards is computed based on financial factors as of the grant date. The ultimate value of these long-term incentive awards depends upon Company performance and stock price.

Table of Contents

Performance Stock Program

The PSP focuses executives on the long-term goals most critical to the overall success of the Company. The value of PSP compensation is based on Company performance against three-year performance goals (“Performance Goals”) in categories (“Performance Categories”) focused on building shareholder value. The four Performance Categories include: organic sales growth, before tax operating profit growth, Core EPS growth, and free cash flow productivity. The C&LD Committee sets the Performance Goals for each three-year period that begins on July 1 and ends on June 30 three years later (the “Performance Period”). In the first year of each Performance Period, the C&LD Committee grants Performance Stock Units (“PSUs”) to participants (“Initial PSU Grant”).

The C&LD Committee uses a sliding scale to measure results in each Performance Category to establish a performance factor (each, individually, a “Performance Factor” together, in the aggregate, “Performance Factors”). These Performance Factors range from a minimum of 0% to a maximum of 200%, with a target of 100% for each Performance Category. This results in a participant having the ability to earn a maximum number of shares of Common Stock equal to two times the Initial PSU Grant (if all four goals are achieved at the maximum level) or a minimum of zero depending on the Company performance versus the Performance Goals. Performance Factors for Company results falling between the minimum, target, and maximum levels are determined via linear interpolation. Using the sliding scale to reward performance versus the Performance Goals, as opposed to “all or nothing” goals, discourages participants from taking unnecessary risks to ensure a final payment under the program. This aligns the interests of the NEOs with shareholders by encouraging participants to focus on the long-term performance of the Company over a multi-year period. At the end of each Performance Period, the C&LD Committee determines the Performance Factor for each Performance Category based on the Company’s results versus the Performance Goals. The average of the four Performance Factors is multiplied by the Initial PSU Grant to determine the vested PSUs. The formula is as follows:

Average of: Sales Performance Factor, Profit Performance Factor, EPS Performance Factor, and Cash Flow Performance Factor	**X**	**Initial PSU Grant**	**=**	**Vested PSUs**

The vested PSUs are then converted into Common Stock and delivered to the applicable participant following the end of the Performance Period. Participants may elect to defer receipt of Common Stock by choosing to receive RSUs instead of Common Stock.

For the Performance Period July 1, 2011 through June 30, 2014, the C&LD Committee granted the following: Mr. McDonald, 98,737 PSUs with a grant date fair value of $6,160,718; Mr. Moeller, 33,324 PSUs with a grant date fair value of $2,079,259; Messrs. Geissler and Panayotopoulos, each 38,508 PSUs with a grant date fair value of $2,402,716; and Mr. Passerini, 21,328 PSUs with a grant date fair value of $1,330,766. The grant date fair values of these awards assume 100% of goals are achieved and 100% payout. The actual payout will vary depending on whether Performance Goals are achieved by June 30, 2014. The following chart outlines the Performance Goals established for each Performance Category and the minimum, target, and maximum levels for each Performance Factor.

PSP Goals for the Performance Period July 1, 2011 through June 30, 2014

Performance Category	Description	Performance Factor Goal Target (100%)	Performance Factor Min (0%)	Performance Factor Max (200%)
Organic Sales Growth	Sales growth that excludes the impact of acquisitions, divestitures and foreign exchange	60th percentile rank in the competitive peer group	≤ 30th percentile	≥ 90th percentile
Before Tax Operating Profit Growth	Net sales, less the cost of product sold and less selling, general and administrative expense, after adjustments	7% compound	≤ 4%	≥ 10%
Core EPS Growth	Diluted earnings per share growth, after adjustments	8% compound	≤ 5%	≥ 11%
Adjusted Free Cash Flow Productivity	Operating cash flow, less capital spending, divided by net earnings, after adjustments	90% average	≤ 65%	≥ 115%

The first payout of the three-year Performance Stock Program will occur in August 2013. The grants made in FY 2010-11 and FY 2011-12 are currently projecting to pay out significantly below target due to the results as described in the Executive Summary on page 25. The low payout projection for below target results highlights the connection of pay to performance and reinforces the design of the Performance Stock Program.

Key Manager Stock Grant

The Key Manager Stock Grant is the second component of the Company's long-term incentive compensation for its senior executives. It is paid in stock options and/or RSUs, focuses senior executives' attention on the long-term performance of the Company, and directly links executives' interests to those of shareholders. Stock options are not exercisable (do not vest) until three years from the date of grant and expire ten years from the date of grant. RSUs are delivered in shares five years from the date of grant. In addition to focusing executives on the long-term success of the Company, these restrictions enhance retention because employees who voluntarily resign from the Company during the specified periods forfeit their grants. Key Manager Stock Grants are generally granted in stock options, but executives can elect to receive up to one-half of their grant in RSUs, with the exception of the CEO, whose grant form and amount is solely determined by the C&LD Committee.

Once the Key Manager Stock Grant target is established based on the total long-term incentive target and the determination of the PSP target, the CEO recommends specific grants to the C&LD Committee for each NEO based on: (1) the prior year's business results attributable to each NEO; (2) summaries of business results for each Business Unit attributable to each NEO for the current fiscal year; and (3) individual contributions to the business by each NEO, including that individual's leadership skills. These recommendations can be up to 50% above or 50% below target. In exceptional cases, no grant will be awarded. The C&LD Committee retains full authority to accept, modify, or reject these recommendations.

The C&LD Committee awarded Mr. McDonald a Key Manager Stock Grant of 522,721 stock options based on total Company and individual performance as described on page 27 of this proxy statement. While the grant date fair value of this award is $4,404,706, the actual payout of this grant will depend upon the Company's future stock price.

For FY 2011-12, the C&LD Committee awarded the following Key Manager Stock Grants to each of the NEOs: Mr. Moeller, 122,187 stock options with a grant date fair value of $1,029,608 and 8,146 RSUs with a grant date fair value of $482,201; Messrs. Geissler and Panayotopoulos, 207,346 stock options, each with a grant date fair value of $1,747,200; and Mr. Passerini, 51,837 stock options with a grant date fair value of $436,804 and 10,368 RSUs with a grant date fair value of $613,732. These grants were based on Mr. McDonald's input using individual performance, and the C&LD Committee approved long-term incentive targets for similar jobs in our Peer Group. As with Mr. McDonald's grant, the actual payout of these grants will depend upon the Company's future stock price.

Summary of Total FY 2011-12 Long-Term Incentive Compensation (PSP + Key Manager Stock Grant)

The C&LD Committee sets long-term incentive opportunities for the NEOs using market data, the Company's prior year results (as shown on page 25), and individual performance. While these long-term incentive opportunities are reported in terms of grant date fair value, actual payouts will vary. The PSP payout will occur in August 2014 based on the achievement of performance goals described on page 37 and the actual payout of the Key Manager Stock Grant depends on the Company's future stock price.

The C&LD Committee approved total long-term incentives for Mr. McDonald in order to maintain his long-term compensation opportunity at the size-adjusted median of chief executive officers in our Peer Group and to recognize total Company and individual performance as described on pages 27-28 of this proxy statement. The $10,565,424 grant date fair value of Mr. McDonald's long-term incentive awards is $955,710 lower than the grant date fair value of last year's awards due to the low risk-free interest rates, low stock volatility, and the Company's current dividend yield used to determine the stock option grant date fair value. The lower grant date fair value for stock options also impacted each of the other NEOs long-term incentive values.

The C&LD Committee approved an increase in total long-term incentives for Mr. Moeller, which is slightly above the median long-term compensation opportunity of other CFOs in the Peer Group for companies of similar size. This increase reflects Mr. Moeller's strong performance and increased experience as CFO. The grant date fair value of his long-term incentive awards was $3,591,068.

The C&LD Committee approved increases to the total long-term incentives for Messrs. Geissler and Panayotopoulos to position them in-line with the size-adjusted median long-term compensation opportunity of similar positions at other companies in our Peer Group. The increase recognizes their increased roles in leading the Company with the reduction in Vice Chairmen from four to two. The grant date fair value of Messrs. Geissler's and Panayotopoulos' awards was $4,149,916 each. The C&LD Committee approved an increase to Mr. Passerini's total long-term incentives, which positions him slightly above similar positions at other companies in our Peer Group. This increase recognizes the continued strong results of the Global Business Services organization and his role as Chief Information Officer in addition to Group President–Global Business Services. The grant date fair value of Mr. Passerini's long-term incentive awards was $2,381,302.

Special Equity Awards

On rare occasions, the C&LD Committee makes special equity grants in the form of restricted stock or RSUs to senior executives to assure retention of the talent necessary to manage the Company successfully or to recognize superior performance. There were no special equity awards granted to NEOs by the Committee during FY 2011-12.

Retirement Programs

The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan ("PST") is the Company's primary retirement program for U.S.-based employees. The PST is a qualified defined contribution plan providing retirement benefits for full-time U.S. employees, including the NEOs. Under the PST, the Company makes an annual contribution of cash which is used to purchase Company stock that is credited to each participant's PST account, upon which dividends are earned. The amount of the stock grant varies based upon individual salaries and years of service.

Some participants in PST (including the NEOs) do not receive their full grant due to federal tax limitations. As a result, they participate in the nonqualified PST Restoration Program. These individuals receive RSUs valued at an amount equal to the difference between the contribution made under PST and what would have otherwise been contributed under PST but for the tax limitations. Participants are vested in their PST accounts after five years, and their PST Restoration RSUs are forfeitable until they become eligible for retirement.

We are proud of the way PST and the PST Restoration Program have created ownership at all levels of our Company. We believe these programs continue to serve the Company and its shareholders well by focusing employees on the long-term success of the business.

For non U.S.-based employees, individual country plans provide retirement benefits. In addition, the Company offers the International Retirement Plan ("IRP") and the Global International Retirement Arrangement ("IRA") which provides supplemental benefits to employees who work in multiple countries during their careers. Messrs. Geissler, Panayotopoulos, and Passerini participate in these programs.

Executive Benefits

The Company provides certain other limited benefits to senior executives to fulfill particular business purposes, which are primarily for convenience and personal security. Total executive benefits were less than 2% of total compensation for NEOs during FY 2011-12. Benefits such as home security systems, secured workplace parking, and an annual physical health examination are provided to safeguard NEOs. While Company aircraft are generally used for Company business only, for security reasons Mr. McDonald is required by the Board to use Company aircraft for all air travel, including personal travel. To increase executive efficiency, in limited circumstances, NEOs may travel to outside board meetings on Company aircraft as part of a longer business trip. In addition, if a Company aircraft flight is already scheduled for business purposes and can accommodate additional passengers, NEOs and their spouse/guests may join flights for personal travel. To the extent any travel on Company aircraft (e.g. personal/spouse/guest travel) results in imputed income to the NEO, the NEO is responsible for paying the taxes on that income and the Company does not provide gross-up payments to cover the NEO's personal income tax due. We also reimburse NEOs for tax preparation and some financial counseling to minimize distractions, and keep their attention focused on Company business, and to assure accurate personal tax reporting. To remain competitive and retain our top executives, we offer executive group whole life insurance coverage (equal to salary plus STAR Target). Finally, to further increase executive efficiency, we provide limited local transportation within Cincinnati. The C&LD Committee reviews these arrangements regularly to assure they continue to fulfill business needs and remain reasonable versus market practice.

Our Approach to Stock Ownership

For our employees, focus on the long-term success of the Company and creating shareholder value 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, joins as a result of an acquisition, or is hired from the outside, our compensation programs and our approach towards stock ownership, encourage them to focus on the long-term success of the Company and creating shareholder value. 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.

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 Company 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 in their careers, 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.

The Company's annual grant of stock options and RSUs to the Company's key managers further reinforces the executives' focus on the long-term success of the Company and creating shareholder value 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 NEOs 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 NEOs have an average of 31 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.

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 NEOs, the C&LD Committee established the Executive Share Ownership Program and Stock Option Exercise Holding Requirement. The Executive Share Ownership Program requires the CEO to own shares of Company stock and/or RSUs (including granted PSUs) valued at a minimum of eight times salary. All other NEOs must own stock and/or RSUs (including granted PSUs) valued at a minimum of four or five times salary, depending on the NEO's role. The C&LD Committee annually reviews these holdings, and in 2012 each NEO exceeded these requirements.

The Stock Option Exercise Holding Requirement ensures executives remain focused on sustained shareholder value even after exercising their stock options. The holding requirement applies when an executive, including a NEO, has not met the ownership requirements of the Executive Share Ownership Program. The holding requirement does not apply to incentive plan awards that executives elect to take as stock options instead of cash or unrestricted stock. Under the holding requirement, the CEO would be required to hold the net shares received from stock option exercises for at least two years. The other NEOs would be required to hold net shares for at least one year.

Other Key Compensation Program Features

This additional information may assist the reader in better understanding the Company's compensation practices and principles.

Engagement of Independent Adviser

The C&LD 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 actions with respect to NEO and principal officer compensation. Under the terms of its agreement with the C&LD Committee, Frederic

W. Cook & Co. is prohibited from doing any other business for the Company or its management, and the C&LD Committee may contact Frederic W. Cook & Co. without any interaction with Company management. This arrangement ensures the independence of the C&LD Committee's compensation consultant. The C&LD Committee meets with its outside and independent compensation consultant in an Executive Session at every C&LD meeting.

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

Avoidance of Poor Pay Practices

Perquisites

The Company provides limited benefits to NEOs to fulfill particular business purposes, as explained on page 39 of this proxy statement. No changes were made to executive benefits over the past year, and the Company continues to manage executive benefits as a very small percentage (2%) of total compensation for the NEOs.

Employment Contracts

The C&LD Committee believes employment contracts for executives are not necessary, because most executives have spent the majority of their professional careers with the Company and have developed a focus on the Company's long-term success. Moreover, the C&LD Committee does not provide special executive severance payments, such as golden parachutes, to its executives. In the event the Company encourages a NEO, or any other U.S. employee, to terminate employment with the Company (but not for cause), that individual may receive a separation allowance of up to one year's annual salary, calculated based on years of service.

Tax Gross-Ups

Generally, the Company does not increase payments to any employees, including NEOs, to cover non- business-related personal income taxes. However, certain expatriate allowances, relocation reimbursements, and tax equalization payments are made to employees assigned to work outside their home countries, and the Company will cover the personal income taxes due on these items in accordance with expatriate policy because there is a business purpose. In addition, from time to time, the Company may be required to pay personal income taxes for certain separating executives hired through acquisitions in conjunction with pre-existing contractual obligations.

Governing Plans, Timing, Pricing, and Vesting of Stock-Based Grants

All grants of stock options, PSUs, restricted stock and/or RSUs made after October 13, 2009, are made under The Procter & Gamble 2009 Stock and Incentive Compensation Plan (as amended) ("2009 Plan"). The 2009 Plan was approved by Company shareholders at the October 13, 2009, annual shareholders' meeting. Previous grants were made under The Procter & Gamble 2001 Stock and Incentive Compensation Plan (as amended) ("2001 Plan") and The Gillette Company 2004 Long-Term Incentive Plan ("2004 Gillette Plan"). The 2001 Plan was approved by Company shareholders. The 2004 Gillette Plan was approved by Gillette shareholders and adopted by the Company in 2005 as part of our merger with The Gillette Company.

The 2009 Plan contains a vesting provision commonly known as a "second trigger," which limits accelerated vesting in the event of a change in control. Time-based awards assumed as part of a change in control would only vest for involuntary terminations of employment for reasons other than cause and for terminations of employment for good reason.

With the exception of any special equity awards discussed on page 38 of this proxy statement, the Company grants stock, PSUs, RSUs, and stock options on dates that are consistent from year to year. If the C&LD Committee changes a grant date, it is done in advance and only after careful review and discussion. The Company does not backdate stock options.

The Company has never re-priced stock options and is not permitted to do so without prior shareholder approval. We use the closing price of the Common Stock on the date of grant to determine the grant price for executive compensation awards. However, because the PST uses the value of shares based on the average price of Common Stock for the last five days in June, the grants of RSUs made under the PST Restoration Program and IRP follow this same grant price practice. The pre-established grant dates for the programs are as follows: PST Restoration and IRP, first Thursday in August; STAR, last business day on or before September 15; and PSP and Key Manager Stock Grants, last business day of February (and, if necessary for corrections, on the last business day on or before May 9).

Mitigation of Excessive Risk-Taking

Recoupment & Clawback

The C&LD Committee's Senior Executive Officer Recoupment Policy permits the C&LD Committee to recoup or "clawback" STAR or long-term incentive program payments made to executives in the event of a significant restatement of financial results for any reason. This authority is in addition to the C&LD Committee's authority under the 2001 Plan and the 2009 Plan to suspend or terminate any outstanding stock options if the C&LD Committee determines that the participant violated certain plan provisions. Moreover, the 2009 Plan has a clawback provision that allows the Company or the C&LD Committee to recover certain proceeds from option exercises or delivery of shares if the participant violates certain plan provisions.

Balanced Weighting of Performance Metrics in Compensation Programs

The STAR program and PSP use balanced weighting of multiple performance metrics to determine the payout. This discourages excessive risk-taking by removing any incentive to focus on one goal to the detriment of others. STAR and PSP are described on pages 32-35 and pages 36-37 of this proxy statement, respectively.

Prohibition of Use of Company Stock in Derivative Transactions

The Company's Insider Trading Policy prohibits NEOs from involving Company stock in pledging, collars, short sales, hedging investments, and other derivative transactions. Purchases and sales of Company stock by NEOs 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 Legal Division or in accordance with a previously established trading plan that meets SEC requirements.

Additional Information

Deferred Compensation Plan

The Procter & Gamble Company Executive Deferred Compensation Plan ("EDCP") allows executives to defer receipt of up to 100% of their STAR award and/or up to 50% of their annual salary. Executives may also elect to convert a portion of their PST Restoration RSUs into notional cash contributions to the EDCP with investment choices that mirror those available to all U.S. employees who participate in the Company's 401(k) plan. No above-market or preferential interest is credited on deferred compensation, as those terms are defined by the SEC.

Tax Treatment of Certain Compensation

Section 162(m) of the Internal Revenue Code limits the Company deductibility of executive compensation paid to certain NEOs to $1,000,000 per year, but contains an exception for certain performance-based compensation.

For FY 2011-12, awards granted under STAR, the Key Manager Stock Grant and PSP programs satisfied the performance-based requirements for deductible compensation. The Committee approved award pools for STAR and PSP, based on net earnings, with a maximum portion of each pool set for each of the NEOs subject to Section 162(m). The Committee then used its discretion to determine STAR awards based on Company and business results. Each of the amounts approved for NEOs subject to Section 162(m) were below the maximums established, and are therefore deductible by the Company. PSP award payments do not vest until the end of FY 2013-14, at which time the C&LD Committee will determine the PSP payments based on Company and business results for the three-year performance period.

Company deductibility of compensation was taken into account by the C&LD Committee when setting compensation levels for current NEOs. While the C&LD Committee's general policy is to preserve the deductibility of compensation paid to the NEOs, the C&LD Committee nevertheless authorizes payments that might not be deductible if it believes they are in the best interests of the Company and its shareholders. The C&LD Committee determined that it was appropriate to pay Mr. McDonald a competitive salary of $1,600,000, although $600,000 was not deductible by the Company. The C&LD Committee also determined that Messrs. Geissler and Panayotopoulos should be paid $1,045,000 and $1,085,000, respectively even though $130,000 of their combined compensation would not be deductible by the Company. In addition, in certain years, individuals may receive non-deductible payments resulting from awards made prior to becoming a NEO.

Executive Compensation Changes for FY 2012-13

The C&LD Committee reviewed the competitiveness of total annual cash compensation as well as results achieved from July 2011 through June 2012 for the CEO, CFO, and Vice Chairmen at its June 12, 2012 meeting. As a result, the C&LD Committee made no changes to the salaries or STAR Targets for Mr. McDonald. Additionally, The C&LD Committee made no changes to the salary or STAR Target for Messrs. Panayotopoulos and Geissler. The total annual cash compensation opportunity of the CEO and Vice Chairmen remain aligned with similar roles at companies in our Peer Group with similar size.

The C&LD Committee increased the salary of Mr. Moeller from $825,000 to $850,000 and increased his STAR Target from 105% to 115% for FY 2012-13. These increases provide Mr. Moeller with total annual cash compensation opportunity at the size adjusted median of other chief financial officers in the Peer Group.

The C&LD Committee did not make any decisions in the June 12, 2012 meeting that impacted the compensation of Mr. Passerini.

Table of Contents

Executive Compensation

The following tables, footnotes and narratives found on pages 44-60 of this proxy statement provide information regarding the compensation, benefits and equity holdings in the Company for the NEOs.

Summary Compensation

The following table and footnotes provide information regarding the compensation of the NEOs for the fiscal years shown.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus[1] ($)	Stock Awards[2] ($)	Option Awards[3] ($)	Non-Equity Incentive Plan Compensation[4] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($)	All Other Compensation[6] ($)	Total ($)
Robert A. McDonald	2011-12	1,600,000	2,432,000	6,449,332	4,404,706	0	0	312,559	15,198,597
Chairman of the Board, President and Chief	2010-11	1,600,000	2,632,000	5,599,736	6,171,877	0	0	184,424	16,188,037
Executive Officer	2009-10	1,400,000	2,670,000	2,956,724	5,616,469	175,000	0	297,035	13,115,228
Jon R. Moeller	2011-12	825,000	762,127	2,669,053	1,029,608	0	0	60,815	5,346,603
Chief Financial Officer	2010-11	750,000	781,121	2,118,128	1,251,451	0	0	61,759	4,962,459
	2009-10	675,000	807,975	516,146	1,161,306	37,500	0	59,634	3,257,561
Werner Geissler	2011-12	1,045,000	967,529	2,551,836	1,747,200	0	421,000	149,240	6,881,805
Vice Chairman—Global Operations	2010-11	945,000	1,137,284	2,907,394	1,112,405	0	132,000	70,859	6,304,942
	2009-10	907,500	1,071,630	141,311	2,654,409	54,375	772,000	78,083	5,679,308
E. Dimitri Panayotopoulos	2011-12	1,085,000	963,138	2,560,331	1,747,200	0	465,000	79,450	6,900,119
Vice Chairman—Global Business Units	2010-11	985,000	886,490	1,733,915	2,595,600	0	0	75,238	6,276,243
	2009-10	947,500	1,396,238	150,140	3,096,801	56,875	601,000	94,923	6,343,477
Filippo Passerini Group President—Global Business Services and Chief Information Officer	2011-12	791,667	687,240	2,049,952	436,804	0	118,700	65,182	4,149,545

1 For FY 2011-12, Bonus reflects 2011-12 STAR awards that will be paid on September 14, 2012. Each NEO can elect to take his STAR award in cash, deferred compensation, RSUs, or stock options. For FY 2011-12, Messrs. McDonald, Moeller, and Passerini elected 100% cash and Messrs. Geissler and Panayotopoulos elected 100% options.

2 For FY 2011-12, Stock Awards include the grant date fair value of any PST Restoration Program awards and the PSUs granted in February 2012 under the PSP. For Messrs. Moeller and Passerini, 2011-12 Stock Awards also include the grant date fair value of RSUs granted in February 2012 under the Key Manager Stock Grant. The fair value of these awards is determined in accordance with FASB ASC Topic 718. For PSUs granted under the PSP, an executive must be an employee as of June 30th following the grant date to retain the PSUs ("retention period"), and the PSUs vest on August 20th following the end of the Performance Period ("vesting period"). For RSUs granted under the Key Manager Stock Grant, an executive must be an employee as of June 30th following the grant date to retain the RSUs ("retention period"), and the RSUs vest five years from the grant date ("vesting period"). Pursuant to SEC rules, the amounts shown exclude the impact of forfeitures related to service-based and performance-based vesting conditions. Please see Note 7 to the Consolidated Financial Statements contained in the Company's 2012 Annual Report on Form 10-K for more information.

3 Option Awards for FY 2011-12 include the grant date fair value of each Key Manager Stock Grant, determined in accordance with FASB ASC Topic 718. Executives must remain employed through June 30th following a Key Manager Stock Grant in order to retain these stock options ("retention period") and these option grants vest three years from the date of grant ("vesting period"). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the assumptions made in the valuation for the current year awards reflected in this column, please see Note 7 to the Consolidated Financial Statements contained in the Company's 2012 Annual Report on Form 10-K. For information on the valuation assumptions with respect to grants made in prior fiscal years, please see the corresponding note to the Consolidated Financial Statements contained in the Company's Annual Report for the respective fiscal year.

4 This column reflects the portion of the Business Growth Program payout that was designated to be paid in cash, regardless of the form of payment elected by the individual NEO. The Business Growth Program was terminated at the end of FY 2009-10.

5 This column reflects aggregate changes in the actuarial present value of Messrs. Geissler's, Panayotopoulos', and Passerini's pension benefits under all defined benefit and actuarial pension plans. None of the other NEOs has a pension plan. None of the NEOs had above-market earnings on deferred compensation.

6 Please see the table below for information on the numbers that comprise the All Other Compensation column.

All Other Compensation

Name	Year	Retirement Plan Contri-butions[i] ($)	Executive Group Life Insurance[ii] ($)	Flexible Compensation Program Contributions[iii] ($)	Expatriate, Relocation and Tax Equalization Payments[iv] ($)	Executive Benefits[v] ($)	Total[vi] ($)
Robert A. McDonald	2011-12	50,541	10,748	4,900	3,385	242,985	312,559
	2010-11	51,747	8,960	4,900	1,031	117,786	184,424
	2009-10	52,710	6,058	4,750	0	233,517	297,035
Jon R. Moeller	2011-12	50,541	3,081	3,675	0	3,518	60,815
	2010-11	51,747	2,562	3,675	0	3,775	61,759
	2009-10	52,710	1,710	3,563	0	1,651	59,634
Werner Geissler	2011-12	50,541	4,985	4,900	82,718	6,096	149,240
	2010-11	51,747	3,901	4,900	5,364	4,947	70,859
	2009-10	52,710	3,240	4,750	10,115	7,268	78,083
E. Dimitri Panayotopoulos	2011-12	50,541	6,267	4,900	6,635	11,107	79,450
	2010-11	51,747	4,900	4,900	932	12,759	75,238
	2009-10	52,710	4,106	4,750	6,520	26,837	94,923
Filippo Passerini	2011-12	50,541	2,293	4,900	0	7,448	65,182

i Amounts contributed by the Company pursuant to the PST, a qualified defined contribution plan providing retirement benefits for U.S.-based employees. NEOs also receive contributions in the form of RSU grants pursuant to the PST Restoration Program, a nonqualified defined contribution plan. These RSU awards are included in the Stock Awards column of the Summary Compensation Table.

ii Under the Executive Group Life Insurance Program ("EGLIP"), the Company offers key executives who have substantially contributed to the success and development of the business, and upon whom the future of the Company chiefly depends, life insurance coverage equal to salary plus their STAR target. These policies are owned by the Company. Because premium payments are returned to the Company when the benefit is paid out, we believe the annual premiums paid by the Company overstate the Company's true cost of providing this life insurance benefit. Accordingly, the amounts shown in the table are an average based on Internal Revenue Service tables used to value the term cost of such coverage for calendar year 2011 and calendar year 2012, which reflect what it would cost the executive to obtain the same coverage in a term life insurance policy. The average of the two calendar years was used because fiscal year data is not available. The average of the dollar value of the premiums actually paid by the Company in calendar years 2011 and 2012 under these policies were as follows: Mr. McDonald, $126,268; Mr. Moeller, $29,419; Mr. Geissler, $55,439; Mr. Panayotopoulos, $70,921; Mr. Passerini, $25,603. This program is in addition to any other Company-provided group life insurance in which a NEO may enroll that is also available to all employees on the same basis.

iii Flexible Compensation Program Contributions are given to U.S.-based employees in the form of credits to pay for coverage in a number of benefit plans including, but not limited to, medical insurance and additional life insurance. Employees may also receive unused credits as cash. Credits are earned based on PST years of service.

iv The amounts shown are for fees paid by the Company for services provided to assist these executives with issues related to tax equalization payments and storage and delivery associated with past expatriate assignments, and for tax equalization payments made by the Company to cover incremental taxes required in connection with the NEO's prior expatriate assignments. Mr. McDonald's tax equalization payments resulted from previous assignments in Belgium and Japan. Messrs. Geissler's and Panayotopoulos' tax equalization payments resulted from their respective prior expatriate assignments in Switzerland.

v The NEOs are entitled to the following personal benefits: financial counseling (including tax preparation), an annual physical examination, occasional use of a Company car, secure workplace parking, and home security and monitoring. While Company aircraft is generally used for Company business only, Mr. McDonald is required to use Company aircraft for all air travel, including travel to outside board meetings and personal travel, pursuant to the Company's executive security program established by the Board of Directors. While traveling on Company aircraft, Mr. McDonald may bring a limited number of guests (spouse, family member, or similar guest) to accompany him. The aggregate incremental aircraft usage costs associated with Mr. McDonald's personal use of Company aircraft, including the costs associated with travel to outside board meetings not fully reimbursed by the other company, were $215,660 for FY 2011-12 and are included in the total above. Messrs. Moeller, Geissler, Panayotopoulos, and Passerini are permitted to use the Company aircraft for travel to outside board meetings and, if the Company aircraft is already scheduled for business purposes and can accommodate additional passengers, may use it for personal travel and guest accompaniment. Each of the NEOs, except Mr. Moeller, utilized the Company aircraft for personal travel and/or guest accompaniment when the aircraft was scheduled for business purposes, but there was no incremental cost to the Company associated with these trips. In FY 2011-12, the Company held a senior management meeting, where the Company expected each executive to bring a guest. In some of these cases, the guest travel costs may be considered incremental or may involve commercial flights. For this meeting, the Company incurred costs associated with providing minor commemorative items, sightseeing, and other similar activities for both the executive and the guest. The incremental costs to the Company for these benefits, other than use of Company aircraft, are the actual costs or charges incurred by the Company for the benefits. The incremental cost to the Company for use of the Company aircraft is calculated by using an hourly rate for each flight hour. The hourly rate is based on the variable operational costs of each flight, including fuel, maintenance, flight crew travel expense, catering, communications and fees, including flight planning, ground handling and landing permits. For any flights that involved mixed personal and business usage, any personal usage hours that exceed the business usage are utilized to determine the incremental cost to the Company.

vi This total does not reflect a charitable donation of $10,000 made by the Company to the Children's Safe Drinking Water Program on behalf of the Company's Global Leadership Council, of which each NEO is a member. This donation was funded from general corporate assets, and the NEOs derived no financial benefits from this donation because this charitable deduction accrues solely to the Company.

The material factors necessary for an understanding of the compensation detailed in the above two tables are further described in the Compensation Discussion and Analysis section of this proxy statement.

Table of Contents

Grants of Plan-Based Awards

The following table and footnotes provide information regarding grants of equity under Company plans made to the NEOs during FY 2011-12.

Grants of Plan-Based Awards Table

NEO/*Plan Name*[1]	Grant Date[2]	Compensation & Leadership Development Committee Action Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Stock Units (#)	All Other Option Awards Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards[3] ($ per share)	Grant Date Fair Value of Stock and Option Awards[4] ($)
			Threshold (#)	Target (#)	Maximum (#)				
Robert A. McDonald									
Key Manager Options[5]	02/29/2012	02/14/2012					522,721	67.52	4,404,706
Performance Stock Plan PSUs[6]	02/29/2012	02/14/2012	0	98,737	197,474				6,160,718
PST Restoration RSUs[7]	08/04/2011	06/07/2011				4,587			288,614
Jon R. Moeller									
Key Manager Options[5]	02/29/2012	02/14/2012					122,187	67.52	1,029,608
Key Manager RSUs[8]	02/29/2012	02/14/2012				8,146			482,201
Performance Stock Plan PSUs[6]	02/29/2012	02/14/2012	0	33,324	66,648				2,079,259
PST Restoration RSUs[9]	08/04/2011	06/07/2011				1,710			107,593
Werner Geissler									
Key Manager Options[5]	02/29/2012	02/14/2012					207,346	67.52	1,747,200
Performance Stock Plan PSUs[6]	02/29/2012	02/14/2012	0	38,508	77,016				2,402,716
PST Restoration RSUs[7]	08/04/2011	06/07/2011				2,370			149,120
E. Dimitri Panayotopoulos									
Key Manager Options[5]	02/29/2012	02/14/2012					207,346	67.52	1,747,200
Performance Stock Plan PSUs[6]	02/29/2012	02/14/2012	0	38,508	77,016				2,402,716
PST Restoration RSUs[7]	08/04/2011	06/07/2011				2,505			157,615
Filippo Passerini									
Key Manager Options[5]	02/29/2012	02/14/2012					51,837	67.52	436,804
Key Manager RSUs[8]	02/29/2012	02/14/2012				10,368			613,732
Performance Stock Plan PSUs[6]	02/29/2012	02/14/2012	0	21,328	42,656				1,330,766
PST Restoration RSUs[7]	08/04/2011	06/07/2011				1,676			105,454

1 For awards granted under the PST Restoration Program, dividend equivalents are earned at the same rate as dividends paid on Common Stock. All references below to delivery of RSUs in shares reflect the current election of the NEO and may be changed at a later date, subject to applicable tax rules and regulations.
2 Grant dates for equity awards are consistent from year to year, as described on page 41 of this proxy statement.
3 The options granted were awarded using the closing price of the Company stock on the date of the grant.
4 This column reflects the grant date fair value of each award computed in accordance with FASB ASC Topic 718.
5 These options are forfeitable until the later of retirement eligibility or June 30 th after the grant date, vest on February 28, 2015, and expire on February 28, 2022.
6 These units are forfeitable until the later of retirement eligibility or June 30 th after the grant date, and will deliver in shares on August 19, 2014.
7 These units will deliver in shares one year following retirement.
8 These units are forfeitable until the later of retirement eligibility or June 30 th after the grant date, and will deliver in shares on February 28, 2017.
9 These units are forfeitable until Mr. Moeller is eligible for retirement, and will deliver in shares one year following such retirement.

Table of Contents

Outstanding Equity at Fiscal Year-End

The following table and footnotes provide information regarding unexercised stock options and stock awards that have not yet vested as of the end of FY 2011-12.

Outstanding Equity at Fiscal Year-End Table

Name	Grant Date[1]	Option Awards: Number of Securities Underlying Unexercised Options Exercisable[2] (#)	Option Awards: Number of Securities Underlying Unexercised Options Unexer-cisable[2] (#)	Option Awards: Option Exercise Price ($)	Option Awards: Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested[3] (#)	Stock Awards: Market Value of Shares or Units That Have Not Vested[4] ($)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have not Vested (#)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have not Vested ($)
Robert A. McDonald	02/26/1999	14,886		44.2656	02/26/2014				
	09/15/1999	46,256		49.4759	09/15/2014				
	07/10/2000	20,256		27.4459	07/10/2015				
	09/15/2000	161,204		31.0118	09/15/2015				
	09/24/2001	154,210(1)		34.5688	09/24/2016				
	09/13/2002	161,034		45.6625	09/13/2012				
	09/15/2003	28,284		45.9700	09/15/2013				
	02/27/2004	223,672		51.4150	02/27/2014				
	02/28/2005	158,597		53.5950	02/28/2015				
	08/04/2005					3,466	212,293		
	12/01/2005					16,309	998,926		
	02/28/2006	140,496		60.5000	02/28/2016				
	08/03/2006					3,146	192,693		
	02/28/2007	160,656		63.4900	02/28/2017				
	08/02/2007					929	56,901		
	02/29/2008	264,431		66.1800	02/28/2018				
	08/07/2008					2,913	178,421		
	02/27/2009	332,157		48.1700	02/27/2019				
	08/06/2009					3,427	209,904		
	02/26/2010		401,247	63.2800	02/26/2020				
	02/26/2010					46,711	2,861,049		
	08/05/2010					4,177	255,841		
	02/28/2011		527,986	63.0500	02/28/2021				
	02/28/2011							91,198	5,585,878(4)
	08/04/2011					4,487	274,829		
	02/29/2012		522,721	67.5200	02/28/2022				
	02/29/2012							98,737	6,047,641(6)
Jon R. Moeller	02/26/1999	2,016		44.2656	02/26/2014				
	07/01/1999	832		43.2423	07/01/2014				
	09/15/1999	7,528		49.4759	09/15/2014				
	02/27/2004	37,722		51.4150	02/27/2014				
	02/28/2005	43,474		53.5950	02/28/2015				
	08/04/2005					442	27,073		
	12/01/2005					282	17,273		
	02/28/2006	43,665		60.5000	02/28/2016				
	08/03/2006					560	34,300		
	02/28/2007	58,720		63.4900	02/28/2017				
	08/02/2007					630	38,588		
	02/29/2008	56,709		66.1800	02/28/2018				
	08/07/2008					778	47,653		
	02/27/2009	97,572		48.1700	02/27/2019				
	08/06/2009					1,443	88,384		
	02/26/2010		82,965	63.2800	02/26/2020				
	02/26/2010					7,902	483,998		
	08/05/2010					1,633	100,021		
	02/28/2011		107,058	63.0500	02/28/2021				
	02/28/2011					7,931	485,774(3)		
	02/28/2011							26,963	1,651,484(4)

Table of Contents

Name	Grant Date[1]	Option Awards: Number of Securities Underlying Unexercised Options Exercisable[2] (#)	Option Awards: Number of Securities Underlying Unexercised Options Unexer-cisable[2] (#)	Option Awards: Option Exercise Price ($)	Option Awards: Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested[3] (#)	Stock Awards: Market Value of Shares or Units That Have Not Vested[4] ($)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have not Vested (#)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have not Vested ($)
	08/04/2011					1,753	107,371		
	02/29/2012					8,146	498,943(5)		
	02/29/2012		122,187	67.5200	02/28/2022				
	02/29/2012							33,324	2,041,095(6)
Werner Geissler	02/26/1999	14,626		44.2656	02/26/2014				
	07/09/1999	5,540		42.7329	07/09/2014				
	09/15/1999	43,786		49.4759	09/15/2014				
	07/10/2000	14,378		27.4459	07/10/2015				
	09/15/2000	116,148		31.0118	09/15/2015				
	09/24/2001	101,260(2)		34.5688	09/24/2016				
	09/13/2002	54,750		45.6625	09/13/2012				
	02/27/2004	92,388		51.4150	02/27/2014				
	09/15/2004					32,901	2,015,186		
	02/28/2005	69,970		53.5950	02/28/2015				
	08/04/2005					4,366	267,418		
	09/15/2005					28,869	1,768,226		
	12/01/2005					4,530	277,463		
	02/28/2006	70,248		60.5000	02/28/2016				
	08/03/2006					2,674	163,783		
	09/15/2006					18,350	1,123,938		
	02/28/2007	94,504		63.4900	02/28/2017				
	08/02/2007					1,035	63,394		
	09/14/2007					14,058	861,053		
	02/29/2008	113,328		66.1800	02/28/2018				
	02/29/2008					10,133	620,646		
	08/07/2008					2,413	147,796		
	09/15/2008					1,388	85,015		
	09/15/2008					1,388	85,015		
	01/13/2009					1,578	96,653		
	02/27/2009	103,800		48.1700	02/27/2019				
	02/27/2009					27,841	1,705,261		
	08/06/2009					2,795	171,194		
	09/15/2009					3,010	184,363		
	02/26/2010		189,634	63.2800	02/26/2020				
	08/05/2010					2,379	145,714		
	09/15/2010		70,145	61.1100	09/15/2020				
	09/15/2010					3,558	217,928		
	02/28/2011		95,163	63.0500	02/28/2021				
	02/28/2011					20,001	1,225,061(3)		
	02/28/2011							26,963	1,651,484(4)
	08/04/2011					2,299	140,814		
	02/29/2012		207,346	67.5200	02/28/2022				
	02/29/2012							38,508	2,358,615(6)
E. Dimitri Panayotopoulos	02/26/1999	26,194		44.2656	02/26/2014				
	07/01/1999	13,860		43.2423	07/01/2014				
	07/09/1999	9,834		42.7329	07/09/2014				
	09/15/1999	64,574		49.4759	09/15/2014				
	07/10/2000	28,516		27.4459	07/10/2015				
	09/15/2000	179,206		31.0118	09/15/2015				
	09/24/2001	202,644(2)		34.5688	09/24/2016				
	09/13/2002	163,464		45.6625	09/13/2012				
	09/15/2003	55,758		45.9700	09/15/2013				
	02/27/2004	143,442		51.4150	02/27/2014				
	09/15/2004	44,253		56.5150	09/15/2014				
	02/28/2005	111,951		53.5950	02/28/2015				
	08/04/2005					3,667	224,604		
	09/15/2005	30,531		55.4050	09/15/2015				
	12/01/2005					23,181	1,419,836		
	02/28/2006	103,306		60.5000	02/28/2016				

Table of Contents

Name	Grant Date[1]	Option Awards: Number of Securities Underlying Unexercised Options Exercisable[2] (#)	Option Awards: Number of Securities Underlying Unexercised Options Unexer-cisable[2] (#)	Option Awards: Option Exercise Price ($)	Option Awards: Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested[3] (#)	Stock Awards: Market Value of Shares or Units That Have Not Vested[4] ($)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have not Vested (#)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have not Vested ($)
	08/03/2006					3,571	218,724		
	09/15/2006	46,314		61.3250	09/15/2016				
	02/28/2007	118,129		63.4900	02/28/2017				
	08/02/2007					3,239	198,389		
	09/14/2007	45,198		67.8100	09/14/2017				
	02/29/2008	166,214		66.1800	02/28/2018				
	05/09/2008	30,671		65.2100	05/09/2018				
	08/07/2008					2,843	174,134		
	02/27/2009	249,118		48.1700	02/27/2019				
	08/06/2009					2,995	183,444		
	02/26/2010		221,239	63.2800	02/26/2020				
	08/05/2010					2,513	153,921		
	02/28/2011		222,046	63.0500	02/28/2021				
	02/28/2011							26,963	1,651,484(4)
	08/04/2011					2,404	147,245		
	02/29/2012		207,346	67.5200	02/28/2022				
	02/29/2012							38,508	2,358,615(6)
Filippo Passerini	02/26/1999	4,536		44.2656	02/26/2014				
	07/09/1999	2,878		42.7329	07/09/2014				
	09/15/1999	12,720		49.8594	09/15/2014				
	07/10/2000	8,718		27.8000	07/10/2015				
	09/15/2000	29,690		31.3750	09/15/2015				
	09/24/2001	31,956(2)		36.9750	09/24/2016				
	02/27/2004	36,468		51.4150	02/27/2014				
	09/15/2004					9,705	594,431		
	02/28/2005	41,982		53.5950	02/28/2015				
	08/04/2005					1,089	66,701		
	09/15/2005					8,607	527,179		
	12/01/2005					1,196	73,255		
	02/28/2006	41,323		60.5000	02/28/2016				
	08/03/2006					1,204	73,745		
	09/15/2006					7,453	456,496		
	02/28/2007	55,127		64.5500	02/28/2017				
	08/02/2007					1,234	75,583		
	02/29/2008	67,997		66.3000	02/28/2018				
	08/07/2008					1,365	83,606		
	09/15/2008					1,162	71,173		
	02/27/2009	83,040		48.1700	02/27/2019				
	08/06/2009					1,876	114,905		
	02/26/2010		79,014	63.2800	02/26/2020				
	08/05/2010					1,672	102,410		
	02/28/2011		49,564	63.0500	02/28/2021				
	02/28/2011					11,015	674,669(3)		
	02/28/2011							19,509	1,194,926(4)
	08/04/2011					1,719	105,289		
	02/29/2012					10,368	635,040(5)		
	02/29/2012		51,837	67.5200	02/28/2022				
	02/29/2012							21,328	1,306,340(6)

1 On December 1, 2005, the Company converted all outstanding retirement restricted stock to RSUs that are deliverable in shares one year following retirement. The numbers contained in this table for December 1, 2005, reflect this conversion. They do not represent an incremental grant of stock awards on that date.

2 The following provides details regarding the vesting date for each of the option grants included in the table. The Vest Date indicates the date the options become exercisable.

	Option Awards			
	Grant Date	Vest Date	Grant Date	Vest Date
	02/26/1999	02/26/2002	09/15/2005	09/15/2008
	07/01/1999	07/01/2002	02/28/2006	02/28/2009
	07/09/1999	07/09/2002	09/15/2006	09/15/2009
	09/15/1999	09/15/2002	02/28/2007	02/28/2010
	07/10/2000	07/10/2003	09/14/2007	09/14/2010
	09/15/2000	09/15/2003	02/29/2008	02/28/2011
(1)	09/24/2001	01/01/2005	05/09/2008	05/09/2011
(2)	09/24/2001	09/24/2004	02/27/2009	02/27/2012
	09/13/2002	09/13/2005	02/26/2010	02/26/2013
	09/15/2003	09/15/2006	09/15/2010	09/15/2013
	02/27/2004	02/27/2007	02/28/2011	02/28/2014
	09/15/2004	09/15/2007	02/29/2012	02/28/2015
	02/28/2005	02/28/2008		

3 Restricted stock earns cash dividends that are paid quarterly. RSUs awarded pursuant to the Business Growth Program (program terminated at end of FY 2009-10), STAR, the PST Restoration Program, IRP, and Special Equity earn dividend equivalents which are accrued in the form of additional RSUs each quarter, credited to each NEO's holdings and subject to the same vesting and other applicable restrictions. These dividend equivalents are included in the amounts shown. The following provides detail regarding the vesting date for Restricted Stock, RSU, and PSU holdings included in the table. The Vest Date for RSUs and PSUs indicates the date such units are deliverable in shares. The Vest Date for restricted stock indicates the date that restrictions lapse.

Stock Awards				
Grant Date	Vest Date		Grant Date	Vest Date
09/15/2004	One year following retirement		02/27/2009	02/27/2014
08/04/2005	One year following retirement		08/06/2009	One year following retirement
09/15/2005	One year following retirement		09/15/2009	One year following retirement
12/01/2005	One year following retirement		02/26/2010	02/26/2015
08/03/2006	One year following retirement		08/05/2010	One year following retirement
09/15/2006	One year following retirement		09/15/2010	One year following retirement
08/02/2007	One year following retirement	(3)	02/28/2011	02/28/2016
09/14/2007	One year following retirement	(4)	02/28/2011	08/20/2013
02/29/2008	02/28/2013		08/04/2011	One year following retirement
08/07/2008	One year following retirement	(5)	02/29/2012	02/28/2017
09/15/2008	One year following retirement	(6)	02/29/2012	08/19/2014
01/13/2009	One year following retirement			

4 The Market Value of shares or RSUs that have not vested was determined by multiplying the closing market price of Common Stock on June 30, 2012 ($61.25), by the number of shares or RSUs, respectively.

Table of Contents

Option Exercises and Stock Vested

The following table and footnotes provide information regarding stock option exercises and stock vesting during FY 2011-12 for the NEOs.

Option Exercises and Stock Vested Table

	Option Awards			Stock Awards		
Name	Option Grant Date	Number of Shares Acquired on Exercise[1] (#)	Value Realized on Exercise[2] ($)	Stock Award Grant Date	Number of Shares Acquired on Vesting[3] (#)	Value Realized on Vesting[4] ($)
Robert A. McDonald	—	—	—	09/15/2008	2,180	136,119
	—	—	—	09/15/2009	3,417	213,357
	—	—	—	09/15/2010	18,710	1,168,252
Jon R. Moeller	—	—	—	10/10/2006	4,007	258,351
	—	—	—	09/15/2009	2,174	135,745
	—	—	—	09/15/2010	5,345	333,742
Werner Geissler	—	—	—	10/10/2006	18,339	1,182,407
	—	—	—	09/15/2010	4,725	295,029
E. Dimitri Panayotopoulos	—	—	—	09/15/2008	1,894	118,261
	—	—	—	09/15/2009	3,076	192,065
	—	—	—	09/15/2010	7,588	473,795
Filippo Passerini	09/13/2002	32,412	513,973	—	—	—
	—	—	—	09/15/2009	2,282	142,488
	—	—	—	09/15/2010	5,613	350,476

1 The Number of Shares Acquired on Exercise is the gross number of shares acquired.
2 The Value Realized on Exercise was determined by multiplying the number of shares acquired by the difference between the average of the high and low price of the Company's common stock on the date of exercise and the exercise price of the options.
3 Numbers of Shares Acquired on Vesting is the gross number of shares acquired. Please see footnote 3 in the Outstanding Equity at Fiscal Year-End Table for the definition of vesting for Stock Awards.
4 Value Realized on Vesting was determined by multiplying the number of shares acquired by the average of the high and low price of the Common Stock on the vesting date.

Pension Benefits

The following table and footnotes provide information regarding the Company's pension plans for Messrs. Geissler, Panayotopoulos, and Passerini as of the end of FY 2011-12. None of the other NEOs had any such arrangements with the Company.

Pension Benefits Table

Name	Plan Name	Number of Years of Credited Service[1]	Present Value of Accumulated Benefit[2] ($)	Payments During Last Fiscal Year ($)
Werner Geissler	The Procter & Gamble Company Global IRA[3]	21 years 9 months	2,454,000	—
	The Procter & Gamble Pension Fund (Germany)	21 years 9 months	3,190,000	—
E. Dimitri Panayotopoulos	The Procter & Gamble Company Global IRA[3]	20 years 5 months	3,903,000	—
	The Procter & Gamble Pension Fund (UK)	17 years 5 months	1,830,000	—
Filippo Passerini	The Procter & Gamble Company Global IRA	21 years 9.5 months	—	—
	Procter & Gamble Italy Executive Pension Plan[4]	20 years 1.5 months	—	589,700

1 Numbers in this column are computed as of the same pension plan measurement date used for financial statement reporting purposes for the Company's audited financial statements as found in Note 8 to the Consolidated Financial Statements contained in the Company's 2012 Annual Report on Form 10-K.

2 The following provides the assumptions used in each plan to calculate present value:

Assumptions	Global IRA	German Plan	UK Plan	Italy Plan
Retirement age	60	65	65	65
Discount rate	4.00%	4.20%	5.00%	5.20%
Salary increase rate	4.75%	N/A	N/A	N/A
Social security increase rate	2.25% (Germany)/ 3.25% (UK)	N/A	3.25%	N/A
Pension increase rate	N/A	1.75%	3.00%	N/A
Pre-Retirement Decrements	None	None	None	None
Post-Retirement Mortality Table	RP 2000 Combined Healthy White Collar table, sex distinct	Richttafeln 2005 G modified	Standard tables PNM/FA00 Medium Cohort table projected forward based on an individual's year of birth	IPS 55 NP males

The following exchange rates as of June 30, 2012, were used to calculate present value:
US $1.25770 : Euro $1.00
US $1.56060 : GBP $1.00

3 Because Messrs. Geissler, Panayotopoulos, and Passerini have reached age 55, they are eligible for early retirement under this plan. However, their benefits would be reduced by 5% for each year retirement precedes age 60. The earliest age at which they may retire with full benefits is age 60.

4 The Procter & Gamble Italy Executive Pension Plan was closed during FY 2011-12. All balances were paid to participants. Mr. Passerini's balance of $589,700 was distributed to him in September 2011.

The Procter & Gamble Global International Retirement Arrangement ("Global IRA")

The Global IRA is designed to provide retirement benefits to certain employees whose benefits are frozen under their home country pension plan(s) as a result of having been transferred away from their home country on a permanent basis. The Global IRA benefit is calculated in accordance with the following formula:

.017 x average (base) salary for three years preceding retirement x years of service outside of home country (before localization)

The Global IRA accounts for the differences in retirement benefits attributable to a higher salary at the time of retirement than at the time of transfer out of the home country. As such, the Global IRA is reduced on a dollar-for-dollar basis by any retirement pension benefit paid by either the Company or the government, and which was earned through the employee's home country.

The Procter & Gamble Pension Fund (Germany) ("German Pension Plan")

The German Pension Plan is a defined benefit plan for Germany-based employees hired before December 31, 1999. The German Pension Plan provides for post-retirement payments based on the employee's pensionable income, which for certain employees, including Mr. Geissler, includes a portion of their STAR award, and years of service at the time of retirement. The German Pension Plan benefit is calculated in accordance with the following formula:

.017 x average (base) salary for three years preceding retirement x years of service

The benefit is paid at retirement and reduced by the German social security benefit based on years of service. The normal retirement age is 65, and there is a surviving spouse benefit equal to 60% of the employee's pension benefit.

The Procter & Gamble Pension Fund (UK) ("UK Pension Plan")

The UK Pension Plan is a defined benefit plan for employees whose home country was within the United Kingdom for all or a portion of their career. The UK Pension Plan provides for post-retirement payments based on the employee's salary and years of service at the time of retirement. The UK Pension Plan benefit is calculated in accordance with the following formula:

.02 x years of service x employee's pensionable base salary

This benefit is paid at retirement and is reduced to account for government-sponsored pension benefits received by the employee. Furthermore, the UK Pension Plan includes a "temporary" pension benefit that provides temporary pension payments to those employees who retire after age 59, but before they reach their social security retirement age. The amount of these payments is based on the government-sponsored pension benefits that these employees will receive from the UK government when they retire and reach their social security retirement age. Temporary pension benefit payments under this plan cease when government pension payments begin.

The Procter & Gamble Italy Executive Pension Plan ("Italian Pension Plan")

The Italian Pension Plan is a closed and settled defined benefit plan available to employees for service performed only in Italy for those employees who obtained the Italian legal classification "executive" between July 1986 and March 1993. The Italian Pension Plan provided a deferred vested benefit for participants whose home country changed from Italy. The benefit was calculated as follows:

0.017 x years of service x average of employee's last 3 years pensionable salaries
less the value of government pension plans

As a result of the plan closure and settlement in FY 2011-12, Mr. Passerini's vested benefit was paid out to him in September 2011.

Nonqualified Deferred Compensation

The following table and footnotes provide information regarding the Company's non tax-qualified defined contribution and deferred compensation plans for each of the NEOs for FY 2011-12. For a complete understanding of the table and the footnotes, please read the narrative that follows the table.

Table of Contents

Nonqualified Deferred Compensation Table

Name	Plan Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY[1] ($)	Aggregate Earnings in Last FY[2] ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Robert A. McDonald	PST Restoration Program	—	275,715	(11,942)	—	2,379,807[3]
Jon R. Moeller	PST Restoration Program	—	107,593	(1,468)	—	460,665[4]
Werner Geissler	Executive Deferred Compensation Plan	—	—	(4,598)	—	456,694
	International Retirement Plan	—	—	(2,815)	—	504,818[5]
	PST Restoration Program	—	141,318	(4,486)	—	969,388[6]
E. Dimitri Panayotopoulos	International Retirement Plan	—	—	(28,174)	—	2,496,635[7]
	PST Restoration Program	—	147,925	(3,037)	—	484,589[8]
Filippo Passerini	International Retirement Plan	—	—	(8,507)	—	197,416
	PST Restoration Program	—	105,454	(2,159)	—	651,335

1 Total reflects registrant contributions in the form of RSUs pursuant to the PST Restoration Program, 100% of which are also reported in the Stock Awards column of the Summary Compensation Table found on page 44 of this proxy statement. The PST Restoration Program is a nonqualified defined contribution plan. The contribution amount is the net number of RSUs awarded after withholding for applicable taxes, multiplied by the grant price.
2 Because none of the amounts included in this column are above-market earnings under SEC reporting rules, they are not reflected in the Summary Compensation Table.
3 Total includes $741,852 previously reported in Summary Compensation Tables for prior years.
4 Total includes $161,219 previously reported in Summary Compensation Tables for prior years.
5 Total includes $98,066 previously reported in Summary Compensation Table for prior years.
6 Total includes $285,003 previously reported in Summary Compensation Tables for prior years.
7 Total includes $166,378 previously reported in Summary Compensation Table for prior years.
8 Total includes $302,529 previously reported in Summary Compensation Tables for prior years.

The NEOs are eligible to participate in The Procter & Gamble Company Executive Deferred Compensation Plan (“EDCP”). Under EDCP, a participant may defer up to 50% of base salary and up to 100% of the STAR award. Amounts may be deferred for a minimum of one year or until termination of employment. Payments that commence upon retirement, death or disability may be taken in a lump sum or installments (over a maximum period of ten years). All other payments under the plan are paid as a lump sum.

Amounts deferred under EDCP are credited with market earnings based on the same fund choices available to all employees under the Company’s tax-qualified plan. Participants may change fund choices on a daily basis.

As described on page 39 of this proxy statement, federal tax rules limit the size of contributions that can be made to individuals pursuant to tax-qualified defined contribution plans like the PST. These limits are based on the annual salary of the plan participant. Because of these limits, certain participants, including the NEOs, are unable to receive their full contributions pursuant to the terms and conditions of the PST.

To account for these limitations, the Company utilizes the PST Restoration Program. This is a nonqualified defined contribution plan under which the Company makes an additional annual contribution in the form of RSUs to those executives whose calculated contribution to their PST accounts was limited by federal tax laws.

These RSUs are forfeitable until the executive becomes eligible for retirement. Executives can elect to receive either a lump sum payment one year post-retirement or ten annual installment payments beginning one year post-retirement, or they can defer receipt of either the lump sum or the ten annual installments to six or eleven years post-retirement. Generally, executives have up until retirement to change a previous deferral election, with any such deferral elections or changes to deferral elections made in compliance with Section 409A of the Internal Revenue Code. These RSUs earn dividend equivalents at the same rate as dividends on Common Stock and are accrued in the form of additional RSUs each quarter and credited to the executive's holdings. The value of each RSU may increase or decrease over time as the value is tied to the price of the Common Stock.

NEOs may convert certain of their PST Restoration Program RSUs into contributions to the EDCP. All such contributions are forfeitable until the executive becomes eligible for retirement and are paid out in the same manner described above.

The Company's IRP is designed to provide retirement benefits for employees whose participation in retirement plans in their home countries has been suspended because they are on assignments outside of that country. Under the IRP, the Company makes an annual contribution for each participant equal to the contribution that would have been made under the participant's home country retirement plan had the participant remained in that country and eligible to participate in that plan.

Historically, Company contributions to IRP were placed into one of several investment vehicles available within the IRP, at each participant's election. Participants in the U.S. receive their contributions in RSUs. These contributions vest according to the terms and conditions of the participant's home country retirement plan. Upon retirement from the Company, participants must elect to receive distributions from their IRP accounts in one of four ways: (1) fixed-income annuity, (2) variable annuity, (3) lump sum, or (4) annual installments (over a maximum of 15 years).

Amounts the NEOs defer under any of the above mentioned plans that are scheduled to be paid after termination of employment must be held by the Company for a minimum of six months in order to comply with Section 409A of the Internal Revenue Code.

Payments upon Termination or Change in Control

The Company does not have any employment contracts with its NEOs that require severance payments upon termination of their employment. Certain elements of compensation are, however, treated differently upon various termination of employment scenarios, as described below. The following describes how certain elements of compensation are generally handled under these scenarios for all Company employees, including the NEOs.

- Base Salary—Base salary is paid through the last day worked, regardless of reason for termination of employment. In the event that the Company encourages a U.S. employee to terminate employment with the Company (but not for cause), that individual may receive a separation allowance of up to one year's annual base salary, calculated based on years of service.
- STAR—Individuals who work through the last day of the fiscal year are eligible for the STAR award payable for that year, regardless of the reason for termination of employment. Individuals who retire or terminate as a result of Company encouragement (not for cause) prior to fiscal year-end receive a pro-rated amount. Past short-term bonus awards where the employee voluntarily elected stock or options in lieu of cash are either retained or paid out in a lump sum, regardless of the reason for termination.
- Equity Awards under the Company's Key Manager Annual Stock Grant program, PSP, the PST Restoration Program, and IRP —Treatment is governed by the Company's equity compensation plans and depends on the reason for termination of employment, as follows. Past equity awards where the employee voluntarily elected stock or stock options in lieu of cash or unrestricted stock are either retained or paid out in a lump sum, regardless of the reason for termination. Further, in certain situations, employees are entitled to keep all equity awards according to their original terms. Each of the following assumes that the individual fully complies with the provisions of the Company's equity compensation plans, including compliance with the Company's Purpose, Values, and Principles and

the provision that prohibits individuals from competing with the Company following termination of employment, each of which can result in forfeiture and/or cancellation of outstanding equity awards.

- Voluntary Termination by the Employee
  - All stock options that were not vested are forfeited effective upon the date of termination.
  - All vested stock options that were not exercised prior to termination are forfeited.
  - All RSUs for which the forfeiture date has not yet occurred are forfeited effective upon the date of termination.
  - All PSUs for which the Performance Period has not yet completed are forfeited effective upon the date of termination.
- Retirement or Permanent Disability
  - Key Manager Annual Stock Grant stock options and RSUs are forfeited unless the individual is employed through June 30th following the grant, with stock options held until expiration and Key Manager RSUs delivering in shares, each according to their original terms.
  - Business Growth Program RSUs are retained according to their original terms.
  - All other RSUs for which the forfeiture date has not yet occurred are forfeited, unless otherwise agreed to by the C&LD Committee.
  - PSUs are retained according to their original terms if individual is employed through June 30th following the grant.
- Company Encouraged Termination, Not for Cause
  - Key Manager Annual Stock Grant stock options and RSUs are forfeited unless the individual is employed through June 30th following the grant, with stock options held until expiration and RSUs delivering in shares, each according to their original terms.
  - All other RSUs for which the forfeiture date has not yet occurred are forfeited, unless otherwise agreed to by the C&LD Committee.
  - PSUs are retained according to their original terms if the individual is employed through June 30th following the grant.
- Termination for Cause
  - All stock options and RSUs are forfeited effective upon the date of termination.
  - All PSUs for which the Performance Period has not yet completed are forfeited effective upon the date of termination.
- Change in Control
  - 2001 Plan: All stock options vest immediately. All RSUs are deliverable in shares immediately. The purpose of this "single trigger" vesting provision was to protect Company employees in the event of a change in control by accelerating the vesting schedule for their outstanding equity awards.
  - 2009 Plan:
    - Stock Options/RSUs: All stock options vest immediately and all RSUs are deliverable in shares immediately upon change in control for any awards not assumed. For awards that are assumed, stock options vest and RSUs are deliverable in shares only if a participant's employment is involuntarily terminated for reasons other than cause or the participant terminates their employment with "good reason."

Table of Contents

- PSUs: All PSUs will vest at 100% of the Initial PSU Grant, or the PSP target if the Initial PSU Grant has not occurred, upon a change in control that meets the requirements of a change in control under Section 409A of the Internal Revenue Code, and shall be paid in shares of Common Stock at the time of such change in control. If there is a change in control event that does not meet the requirements of a change in control event under Section 409A, all outstanding PSP Awards will be settled according to the original terms and conditions.

- Death—All stock options, RSUs, and PSUs transfer by will or laws of descent and distribution. All stock options vest immediately. All RSUs are deliverable in shares immediately. All PSUs vest according to the original terms of the grant.

- Special Equity Awards—In special circumstances, the C&LD Committee may make a special award of restricted stock or RSUs. Terms and conditions of these awards are determined by the C&LD Committee at the time of grant. In the event of a change in control, all restrictions lapse immediately.
- Retirement Plans—The retirement plans in which the NEOs participate do not discriminate in scope, terms, or operation for NEOs versus all other participants. All NEOs are fully vested in PST and will retain all shares upon termination of employment regardless of reason. PST Restoration RSUs vest upon eligibility for retirement. Messrs. Geissler, Panayotopoulos, and Passerini are retirement eligible and therefore entitled to a Global IRA benefit value upon separation from the Company. Messrs. Geissler, Panayotopoulos, and Passerini are each fully vested in their respective IRP and country pension plan account balances and therefore, would retain those balances upon termination for any reason.
- Deferred Compensation—Cash amounts deferred under EDCP have been earned and therefore are retained upon termination for any reason. Any RSUs granted pursuant to the PST Restoration Program or IRP would be treated as described above under Equity Awards. The same is true for any cash contributions to EDCP resulting from the conversion of PST Restoration RSUs. None of these amounts are included in the following table because they are reported in the Nonqualified Deferred Compensation Table on page 55 of this proxy statement.
- Executive Benefits
  - Executive Group Life Insurance—Benefits are retained if employee is eligible for early retirement.
  - Financial Counseling—Employee may use the remaining balance until the end of the current calendar year for reimbursable charges under the program.
  - Unused Vacation—Employee is entitled to lump sum payment equal to value of accrued, but unused, vacation days.
  - Other Programs—In most cases, participation ends on the last day worked, unless otherwise agreed to by the C&LD Committee.
- Expatriate and Relocation Program—If an employee's expatriate assignment terminates for any reason, the Company would pay for relocation to the home country and would cover future taxes due related to the expatriate assignment.

The following table and footnotes quantify the payments and benefits that each NEO would be required to be paid under the Company's compensation programs upon various scenarios for termination of employment or a change in control of the Company.

Table of Contents

Payments upon Termination or Change in Control Table

Name	Voluntary Termination, Retirement, Permanent Disability or Termination for Cause[1] ($)	Company Encouraged Termination, not for Cause[2] ($)	Change in Control or Death[3,4] ($)
Robert A. McDonald			
Stock Options	0	0	0
Stock Awards	0	0	14,494,568
Salary	0	1,600,000	0
Executive Group Life Insurance	0	0	4,640,000
Jon R. Moeller			
Stock Options	0	0	0
Stock Awards	0	0	5,161,294
Salary	0	825,000	0
Executive Group Life Insurance	0	0	1,691,250
Werner Geissler			
Stock Options	0	0	9,820
Stock Awards	0	0	13,901,791
Salary	0	1,045,000	0
Executive Group Life Insurance	0	0	2,246,750
E. Dimitri Panayotopoulos			
Stock Options	0	0	0
Stock Awards	0	0	4,010,099
Salary	0	1,085,000	0
Executive Group Life Insurance	0	0	2,332,750
Filippo Passerini			
Stock Options	0	0	0
Stock Awards	0	0	5,460,254
Salary	0	800,000	0
Executive Group Life Insurance	0	0	1,520,000

1 As noted above, no severance payments are required to be made to any of the NEOs under any of these termination of employment scenarios. Retention of certain elements of compensation, such as equity-based compensation, may vary depending on the reason for termination. For a complete understanding of these differences, please see the narrative section above.

2 Each of the NEOs has enough years of service with the Company to receive one year's salary upon a Company encouraged termination of employment (not for cause). As noted above, the Committee has discretion to allow a NEO to retain certain equity awards that otherwise would be forfeited under the Company's compensation programs in the event of a Company encouraged termination (not for cause). The amounts shown for salary assume a June 30, 2012 termination.

3 The amounts shown for stock options and stock awards represent the in-the-money value of unexercisable stock options and unvested PSUs and RSUs (excluding PST Restoration RSUs and IRP RSUs which are reported in the Nonqualified Deferred Compensation Table) that would immediately become exercisable and/or deliverable in shares, respectively, upon a change in control or death of the NEO, based on the Company's closing stock price on June 30, 2012, of $61.25. The amounts shown for the Executive Group Life Insurance death benefit assumes a June 30, 2012 death. A change in control does not trigger payment of a death benefit.

4 The totals included in this column assume that the option and stock awards granted under the 2009 Plan vest upon change in control. However, except for PSP, awards do not vest unless: (a) the awards are not assumed or (b) the awards are assumed, but the recipient is terminated without cause or resigns with "good reason." PSP awards vest at 100% of the Initial PSU Grant (or 100% of the PSP Target if the change in control occurs prior to the Initial PSU Grant) if there is a change in control that meets the requirements of a change in control under Section 409A of the Internal Revenue Code and shall be paid in shares of Common Stock at the time of the change in control. PSP awards will vest and pay according to the terms and conditions of the Initial PSU Grant in the case of a death of the participant. The table below shows the values of the in-the-money unexercisable stock options and unvested stock awards made pursuant to the 2009 Plan (which are included in this column) that would not vest on a change in control unless one of the second trigger events occurred as well.

Table of Contents

Name	Vesting Value/ Second Trigger ($)
Robert A. McDonald	
Stock Options	0
Stock Awards	2,861,049
Jon R. Moeller	
Stock Options	0
Stock Awards	1,468,715
Werner Geissler	
Stock Options	9,820
Stock Awards	1,442,989
E. Dimitri Panayotopoulos	
Stock Options	0
Stock Awards	0
Filippo Passerini	
Stock Options	0
Stock Awards	1,309,709

Table of Contents

Security Ownership of Management and Certain Beneficial Owners

The following table shows all entities that are the beneficial owners of more than 5% of any class of the Company's voting securities:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature	Percent of Class
Common	BlackRock, Inc. 40 East 52nd Street New York, NY 10022	141,477,482[1]	5.14%

1 Based on information as of December 31, 2011 contained in a Schedule 13G filed with the SEC on February 9, 2012 by BlackRock, Inc. The Schedule 13G indicates that BlackRock, Inc. has sole voting and dispositive power with respect to these shares.

The following tables and footnotes provide information regarding the ownership of the Company's Common Stock and Series A and B ESOP Convertible Class A Preferred Stock by all Directors and nominees, each NEO, all Directors and executive officers as a group on August 10, 2012:

COMMON STOCK

(Number of shares/options)

	Amount and Nature of Beneficial Ownership					
Owner	Direct and Profit Sharing Plan[2]	Right to Acquire[3]	Trusteeships and Family Holdings[4]	Total	Percent of Class	Restricted Stock Units[5]
Angela F. Braly	4,403	2,729	—	7,132	6	5,270
Kenneth I. Chenault	5,430	7,303	—	12,733	6	9,844
Scott D. Cook	15,554	29,780	32,526	77,860	6	21,647
Susan Desmond-Hellmann	—	—	—	—	6	2,541
Werner Geissler	51,494	943,774	1,983	997,251	6	188,205
Robert A. McDonald	51,184	1,866,139	68,633	1,985,956	6	90,071
W. James McNerney, Jr.	20,708	—	—	20,708	6	21,647
Jon R. Moeller[7]	28,734	465,374	2,756	496,864	6	36,275
E. Dimitri Panayotopoulos	214,509	1,840,138	—	2,054,647	6	47,181
Filippo Passerini	31,827	443,362	7,292	482,481	6	60,181
Johnathan A. Rodgers	13,488	25,750	—	39,238	6	21,647
Margaret C. Whitman	—	—	11,075	11,075	6	2,541
Mary Agnes Wilderotter	—	—	—	—	6	7,651
Patricia A. Woertz	1,660	—	—	1,660	6	9,844
Ernesto Zedillo	4,883	25,750	—	30,633	6	21,647
22 Directors and executive officers, as a group	549,289	7,594,814	125,237	8,269,340	6	720,567

1 Includes unrestricted Common Stock over which each Director or executive officer has sole voting and investment power and restricted Common Stock over which they have voting power but no investment power (until restrictions lapse).
2 Common Stock allocated to personal accounts of executive officers under the Retirement Trust pursuant to PST. Plan participants have sole discretion as to voting and, within limitations provided by PST, investment of shares. Shares are voted by the Trustees in accordance with instructions from participants. If instructions are not received by the Trustees as to the voting of particular shares, shares are to be voted in proportion to instructions actually received from other participants in the Retirement Trust.
3 Amounts reflect vested stock options and stock options/RSUs that will vest/deliver within 60 days of the record date (August 10, 2012). If shares are acquired, the Director or executive officer would have sole discretion as to voting and investment.
4 The individuals involved share voting and/or investment powers with other persons with respect to the shares shown in this column.
5 RSUs represent the right to receive unrestricted shares of Common Stock upon the lapse of restrictions, at which point the holders will have sole investment and voting power or cash settlement. RSUs that will not deliver within 60 days of the record date are not considered "beneficially owned" because holders are not entitled to voting rights or investment control until the restrictions lapse.
6 Less than .08% for any one Director or NEO, and less than .3% for the Directors and executive officers, as a group.
7 Totals include shares, stock options, and RSUs indirectly held by Mr. Moeller through his spouse who is also employed by the Company.