

ADVISORY VOTE ON EXECUTIVE COMPENSATION

RESOLVED, that shareholders of Procter & Gamble request the Board of Directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

SUPPORTING STATEMENT

Investors are increasingly concerned about executive compensation, especially when it is insufficiently linked to performance.

In 2009, shareholders filed close to 100 “Say on Pay” resolutions. Votes on these resolutions averaged more than 46% in favor, and over 25 companies had votes over 50%, demonstrating strong shareholder support for this reform. The vote at Procter & Gamble was 46% in favor. Since then, investor, public and legislative concerns about executive compensation have reached new levels of intensity.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide the board and management useful information from shareholders on the company’s executive compensation plans, especially when tied to an innovative communication program.

In 2008, Aflac submitted an Advisory Vote resulting in a 93% vote in favor, indicating strong investor support for good disclosure and a reasonable compensation package. Chairman and CEO Daniel Amos said, “An advisory vote on our compensation report is a helpful avenue for our shareholders to provide feedback on our pay-for-performance compensation philosophy and pay package.”

Over 65 companies have agreed to an Advisory Vote, including Colgate-Palmolive, Apple, PepsiCo, Goldman Sachs, JPMorgan Chase, ConocoPhillips, Microsoft, Occidental Petroleum, Pfizer, Prudential, Hewlett-Packard, Intel and Verizon. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action.

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is before the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the “director’s remuneration report,” which discloses executive compensation. Such a vote isn’t binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective, nuanced instrument.

Further, we believe companies with clearly explained compensation philosophies and metrics, which reasonably link pay to performance and effectively communicate goals to investors, would find a management-sponsored Advisory Vote a helpful tool.