PROCTER & GAMBLE Co
Form DEF 14A
August 29, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

The Procter & Gamble Company

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(1) Amount Previously Paid:

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THE PROCTER & GAMBLE COMPANY

P.O. Box 599

Cincinnati, Ohio 45201-0599

August 29, 2014

Fellow Procter & Gamble Shareholders:

It is my pleasure to invite you to this year s annual meeting of shareholders, which will be held on Tuesday, October 14, 2014, at 9:00 a.m. Eastern Daylight Time.

At last year s annual meeting, I mentioned that we were investigating alternative venues to host this very important event. I am delighted to inform you of some changes for this year:

The meeting will be held at **The Duke Energy Convention Center,** Grand Ballroom A, 525 Elm Street, Cincinnati, OH 45202. A map and directions are printed on the inside back cover page, including parking options.

We also have new admission procedures. If you would like to attend the meeting in person, you should pre-register. Please carefully review the Notice of Annual Meeting to Shareholders information on the following page for detailed instructions on how to register for admission. Instructions on how to vote your proxy can be found on page 1.

The meeting will begin at 9:00 a.m. For those attending in person, the doors will open at 8:00 a.m.

We appreciate your continued confidence in our Company and look forward to seeing you at the Duke Energy Convention Center on October 14.

Sincerely,
A.G. LAFLEY

CHAIRMAN OF THE BOARD, PRESIDENT

AND CHIEF EXECUTIVE OFFICER

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THE PROCTER & GAMBLE COMPANY

P.O. Box 599

Cincinnati, Ohio 45201-0599

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

August 29, 2014

Date: Tuesday, October 14, 2014
Time: 9:00 a.m. Eastern Daylight Time
Place: Duke Energy Convention Center, Grand Ballroom A
525 Elm Street, Cincinnati, Ohio

Purposes of the Meeting:

- To review the minutes of the 2013 annual meeting of shareholders;
- To receive officer reports;
- To elect as members of the Board of Directors (Board) the 11 persons named in the accompanying proxy statement;
- To vote on a Board proposal to ratify appointment of the independent registered public accounting firm;
- To vote on a Board proposal to approve The Procter & Gamble 2014 Stock and Incentive Compensation Plan;
- To provide an advisory vote on a Board proposal to approve the Company s executive compensation (the Say on Pay vote);
- To vote on two shareholder proposals; and
- To consider any other matters properly brought before the meeting.

New Procedures for Attending the Annual Meeting in Person:

If you plan to attend the meeting, you must be a shareholder of The Procter & Gamble Company as of August 15, 2014, the record date. In order to expedite your admission process, **we encourage you to register for admission** before 11:59 p.m. on Monday, October 13. You may register for admission for yourself and one guest by:

Visiting www.proxyvote.com and following the instructions provided, or calling 1-888-796-3713 . You will need the control number included on your proxy card, voter instruction form, or notice.

At the entrance to the meeting, we will verify your registration and request to see a valid form of photo identification, such as a driver s license or passport.

If you do not register for admission in advance of the meeting, we will request to see your photo identification at the entrance to the meeting. We will then determine if you owned common stock on the record date by:

Verifying your name and stock ownership against our list of registered stockholders; or

Asking to review evidence of your stock ownership as of August 15, 2014, such as your brokerage statement. **You must bring such evidence with you in order to be admitted to the meeting.** If you are acting as a proxy, we will need to review a valid written legal proxy signed by the owner of the common stock granting you the required authority to vote the owner s shares.

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Audiocast of the Annual Meeting:

If you are not able to attend the meeting in person, you may join a live audiocast of the meeting on the Internet by visiting www.pginvestor.com at 9:00 a.m. Eastern Daylight Time on October 14, 2014.

Record Date:

August 15, 2014 is the record date for the meeting. This means that owners of Procter & Gamble stock at the close of business on that date are entitled to:

- receive notice of the meeting; and
- vote at the meeting and any adjournments or postponements of the meeting.

Information About the Notice of Internet Availability of Proxy Materials:

On August 29, 2014, we began mailing a Notice of Internet Availability of Proxy Materials (the Notice) to shareholders of record as of August 15, 2014, and we posted our proxy materials on the website referenced in the Notice (www.proxyvote.com). As more fully described in the Notice, shareholders may choose to access our proxy materials at www.proxyvote.com or may request a printed set of our proxy materials. In addition, the Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. For those who previously requested printed proxy materials or electronic materials on an ongoing basis, you will receive those materials as you requested.

Householding Information:

Shareholders of record who have the same address and last name and have not previously requested electronic delivery of proxy materials will receive a single envelope containing the Notices for all shareholders having that address. The Notice for each shareholder will include that shareholder s unique control number needed to vote his or her shares. This procedure reduces our printing costs and postage fees. If, in the future, you do not wish to participate in householding and prefer to receive your Notice in a separate envelope, please call us toll-free at 1-800-742-6253 in the U.S., or inform us in writing at: The Procter & Gamble Company Shareholder Services, c/o Computershare, Inc., P.O. Box 43078, Providence, RI 02940, or by email at P&G@computershare.com. We will respond promptly to such requests.

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

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

Proxy Voting:

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

Our proxy tabulator, Broadridge Financial Solutions, must receive any proxy that will not be delivered in person to the annual meeting by 11:59 p.m., Eastern Daylight Time on Monday, October 13, 2014.

By order of the Board of Directors,

DEBORAH P. MAJORAS

Chief Legal Officer and Secretary

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2014 Annual Meeting of Shareholders

Date:	Tuesday, October 14, 2014
Time:	9:00 a.m. Eastern Daylight Time
Place:	Duke Energy Convention Center, Grand Ballroom A 525 Elm Street, Cincinnati, Ohio
Meeting Audiocast:	www.pginvestor.com

Voting Matter	Board Vote Recommendation	See Page Number for more information
Item 1 - Election of Directors	FOR each nominee	5
Item 2 - Ratification of Independent Registered Public Accounting Firm	FOR	56
Item 3 - Proposal to Adopt The Procter & Gamble 2014 Stock and Incentive Compensation Plan	FOR	56
Item 4 - Advisory Approval of Executive Compensation	FOR	63
Item 5 - Shareholder Proposal for Report on Unrecyclable Packaging	AGAINST	64
Item 6 - Shareholder Proposal for Report on Alignment Between Corporate Values and Political Contributions	AGAINST	65

This summary contains highlights of certain information in this proxy statement. However, because it is only a summary, it does not contain all the information that you may wish to consider prior to voting. Please review the complete proxy statement and the Company s Annual Report on Form 10-K for more detailed information.

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Our Director Nominees

You are being asked to vote on the election of these 11 Directors. Additional information about each Director s background, skills, and experience can be found on pages 5-9.

Name	Age	Board Tenure	Position	Independent	Committee Memberships*
Angela F. Braly	53	4 years	Former Chair of the Board, President and Chief Executive Officer of Wellpoint, Inc.	Yes	Audit G&PR
Kenneth I. Chenault	63	6 years	Chairman and Chief Executive Officer of the American Express Company	Yes	Audit C&LD
Scott D. Cook	62	13 years	Chairman of the Executive Committee of the Board of Intuit Inc.	Yes	C&LD+ I&T
Susan Desmond-Hellmann	57	3 years	Chief Executive Officer of the Bill & Melinda Gates Foundation	Yes	Audit I&T
A.G. Lafley	67	1 year	Chairman of the Board, President and Chief Executive Officer of the Company	No	
Terry J. Lundgren	62	1 year	Chairman and Chief Executive Officer of Macy s, Inc.	Yes	G&PR I&T
W. James McNerney, Jr. (Presiding Director)	65	11 years	Chairman of the Board and Chief Executive Officer of The Boeing Company	Yes	C&LD+ G&PR
Margaret C. Whitman	58	3 years	President & Chief Executive Officer of Hewlett-Packard	Yes	C&LD I&T
Mary Agnes Wilderotter	59	5 years	Chairman of the Board and Chief Executive Officer of Frontier Communications	Yes	Audit C&LD I&T
Patricia A. Woertz	61	6 years	Chairman and Chief Executive Officer, of Archer Daniels Midland Company	Yes	Audit+ G&PR
Ernesto Zedillo	62	13 years	Director of the Center for the Study of Globalization and Professor in the field of International Economics and Politics at Yale University and former President of Mexico	Yes	G&PR+ I&T

* C&LD = Compensation & Leadership Development

G&PR = Governance & Public Responsibility

I&T = Innovation & Technology

+ Indicates Committee Chair

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Governance Highlights

Board Composition

11 Director nominees; 10 are independent

7 of 11 nominees are women or ethnically diverse

Average age of Director nominees is 61

5 new Directors in the last 5 years

Highly qualified Directors with a diversity of skills and experiences:

Member	Leadership, Strategy & Risk Management	Consumer Industry	International	Marketing	Finance & Financial Reporting	Government	Technology & Innovation
Angela F. Braly	ü	ü		ü	ü	ü	
Kenneth I. Chenault	ü	ü	ü	ü	ü		ü
Scott D. Cook	ü	ü		ü	ü		ü
Susan Desmond-Hellmann	ü				ü		ü
A.G. Lafley	ü	ü	ü	ü	ü	ü	ü
Terry J. Lundgren	ü	ü		ü	ü		ü
W. James McNerney Jr.	ü		ü	ü	ü	ü	ü
Margaret C. Whitman	ü	ü		ü	ü		ü
Mary Agnes Wilderotter	ü	ü		ü	ü		ü
Patricia A. Woertz	ü		ü	ü	ü	ü	ü
Ernesto Zedillo	ü		ü		ü	ü	ü

Corporate Governance

4 fully independent Committees of the Board: Audit, Compensation & Leadership Development, Governance & Public Responsibility, and Innovation & Technology

Specified retirement age and term limits

Independent Directors met in Executive Session 6 times

Directors attended > 96% of Board and committee meetings in FY 2013-14

Annual Board and Committee self-assessments

Annual independent Director evaluation of Chairman and CEO

Annual assessment and determination of Board leadership structure

Annual election of independent Presiding Director (when Chair/CEO roles are combined)

Presiding Director has strong role and significant governance duties

Board policy limits Director membership on other public company boards

Declassified Board annual election of all Directors

Majority voting standard for uncontested Director elections

Shareholder right to call special meeting

Clawback and no-hedging policies

Significant share ownership requirements for senior executives

Annual advisory vote on executive compensation

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Executive Compensation Highlights

We Emphasize Pay for Performance by aligning incentives with business strategies to reward executives who achieve or exceed Company, 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.

Average Mix of Key Components of NEO Compensation by Type, Length, and Form

We Pay Competitively by setting target compensation opportunities to be competitive with other multinational corporations of similar size, value, and complexity.

We Focus on Long-Term Success by including equity as a cornerstone of our executive pay programs and by using a combination of short-term and long-term incentives to ensure a strong connection between Company performance and actual compensation realized.

NEO Compensation for FY 2013-14

Compensation Element	% of Total	Description	Cash	Equity
Salary	12.0	Annual Base Pay	ü	
STAR Bonus[1]	17.7	Annual Performance-Based Bonus Based on 1-year Results	ü	
Performance Stock Program	30.6	Performance-Based Stock Program Based on 3-year Results		ü
Key Manager Stock Grant	27.1	Annual Long-Term Equity Award		ü
Retirement, Expatriate Allowances & Other	12.6	Retirement Plan Value, Expatriate Costs, and Benefits	ü	

[1] The STAR Bonus is considered a cash program. However, participants may elect to receive their bonus in equity instead of cash.

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In connection with The Procter & Gamble Company s (the Company) 2014 annual meeting of shareholders, which will take place on October 14, 2014, the Board of Directors has provided these materials to you, either over the Internet or via mail. The Notice was mailed to Company shareholders beginning August 29, 2014, and our proxy materials were posted on the website referenced in the Notice on that same date. The Company, on behalf of its Board, is soliciting your proxy to vote your shares at the 2014 annual meeting of shareholders. We solicit proxies to give shareholders of record an opportunity to vote on matters that will be presented at the annual meeting. In this proxy statement, you will find information on these matters, which is provided to assist you in voting your shares.

Who can vote?

You can vote if, as of the close of business on Friday, August 15, 2014, you were a shareholder of record of the Company s:

Common Stock (Common Stock);

Series A ESOP Convertible Class A Preferred Stock; or

Series B ESOP Convertible Class A Preferred Stock.

Each share of Company stock gets one vote. On August 15, 2014, there were issued and outstanding:

2,706,984,263 shares of Common Stock;

52,508,017 shares of Series A ESOP Convertible Class A Preferred Stock; and

57,838,477 shares of Series B ESOP Convertible Class A Preferred Stock.

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

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

For participants in The Procter & Gamble Shareholder Investment Program and/or The Procter & Gamble International Stock Ownership Program:

If you are a participant in The Procter & Gamble Shareholder Investment Program and/or The Procter & Gamble International Stock Ownership Program, you can vote the shares of common stock held for your account through one of the proxy voting options set forth under How do I vote by proxy? below.

How do I vote by proxy?

Most shareholders can vote by proxy in three ways:

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

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

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

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

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

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

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

Yes. You can change or revoke your proxy by Internet, telephone, or mail prior to 11:59 p.m. Eastern Daylight Time on Monday, October 13, 2014, or by attending the annual meeting and voting in person.

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

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

Voting Procedures

Election of Directors As provided in the Company sAmended Articles of Incorporation, each of the 11 nominees for Director who receives a majority of votes cast will be elected as a member of the Board. A majority of votes cast means that the number of shares cast for a nominee must exceed the number of votes cast against that nominee. Abstentions and broker non-votes will have no effect. Pursuant to the By Laws of the Board of Directors, if a non-incumbent nominee for Director receives a greater number of votes cast against than votes cast for, such nominee shall not be elected as a member of the Board. Any incumbent nominee for Director who receives a greater number of votes cast against than votes cast for shall continue to serve on the Board pursuant to Ohio law, but shall immediately tender his or her resignation as a Director to the Board. Within 90 days, the Board will decide, after taking into account the recommendation of the Governance & Public Responsibility Committee (in each case excluding the nominee in question), whether to accept the resignation. Absent a compelling reason for the Director to remain on the Board, the Board shall accept the resignation. The Board s explanation of its decision shall be promptly disclosed on a Form 8-K submitted to the Securities and Exchange Commission (SEC).

The proposal to adopt The Procter & Gamble 2014 Stock and Incentive Compensation Plan and all other proposals require the affirmative vote of a majority of shares participating in the voting on each proposal for approval. Abstentions and broker non-votes will not be counted as participating in the voting and will therefore have no effect.

Who pays for this proxy solicitation?

The Company does. We have hired Phoenix Advisory Partners, a proxy solicitation firm, to assist us in soliciting proxies for a fee of $17,500 plus reasonable expenses. In addition, Phoenix Advisory Partners and the Company s Directors, officers, and employees may also solicit proxies by mail, telephone, personal contact, email, or other online methods. We will reimburse their expenses for doing this.

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

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Director Experiences, Skills, and Qualifications

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

Below we identify and describe specific experiences, skills, and qualifications our Directors bring to the Board. Each of our current Directors is a highly qualified, recognized leader in his or her respective industry or field. Each of the Director s specific experiences, skills, and qualifications considered by the Board in their re-nomination are included in their individual biographies and the accompanying table on page 9 of this proxy statement. The fact that we do not list a particular experience, skill, or qualification for a Director does not mean that Director does not possess that particular experience, skill, or qualification.

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

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

International experience. Directors with experience in markets outside of the United States bring valuable knowledge to the Company, including exposure to different cultural perspectives and practices. Because we do business in over 180 countries, and business in international markets accounts for approximately 65% of the Company s revenue, having Directors on our Board with this experience is critical.

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

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

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

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

Director Diversity

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

Although the Board does not establish specific goals with respect to diversity, the Board s overall diversity is a significant consideration in the Director nomination process. For this year s election, the Board has nominated 11 individuals; all are incumbent nominees who currently bring tremendous diversity to the Board. Each nominee is a strategic thinker and has varying, specialized experience in areas that are relevant to the Company and its businesses. Moreover, their collective experience covers a wide range of countries, geographies, and industries, including consumer products, technology, financial services, national retail, agriculture, aerospace, and health care, as well as roles in consulting and government. These 11 Director nominees range in age from 53 to 67, and five of these 11 Directors, or 45% of our current Board, are women; one is African-American; and one is Mexican. The Board views this diversity as a clear strength.

The Board assesses the effectiveness of its diversity policy every year as part of the nomination process for the annual election of Directors by the Company s shareholders. The Board s Governance & Public Responsibility Committee, responsible for making recommendations for Director nominations to the full Board, reviews the Director nominees (including shareholder nominees) and ascertains whether, as a whole, the group meets the Board s policy in this regard. Having reviewed the collective background and experience of the 11 nominees, the Board has concluded that they provide significant diversity and clearly meet the Board s policy.

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All of the Board s nominees for Director are incumbent nominees who will be elected for a one-year term. Angela F. Braly, Kenneth I. Chenault, Scott D. Cook, Susan Desmond-Hellmann, A.G. Lafley, Terry J. Lundgren, W. James McNerney, Jr., Margaret C. Whitman, Mary Agnes Wilderotter, Patricia A. Woertz, and Ernesto Zedillo were elected for one-year terms at the 2013 annual meeting. The current terms of all nominees for Director will expire at the 2014 annual meeting. The Board has nominated each of these individuals for a new term that will expire at the 2015 annual meeting.

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

The Board of Directors recommends a vote FOR Angela F. Braly, Kenneth I. Chenault, Scott D. Cook, Susan Desmond-Hellmann, A.G. Lafley, Terry J. Lundgren, W. James McNerney, Jr., Margaret C. Whitman, Mary Agnes Wilderotter, Patricia A. Woertz, and Ernesto Zedillo as Directors to hold office until the 2015 annual meeting of shareholders and until their successors are elected.

Nominees for Election as Directors with Terms Expiring in 2015

Angela F. Braly Director since 2009, Age 53

Ms. Braly is the former Chair of the Board, President and Chief Executive Officer of WellPoint, Inc. (a healthcare insurance company). She served as Chair of the Board from March 2010 until August 2012 and President and Chief Executive Officer from 2007 through August 2012. She previously served as Executive Vice President, General Counsel, and Chief Public Affairs Officer of WellPoint from 2005 to 2007, and President and Chief Executive Officer of Blue Cross Blue Shield of Missouri from 2003 to 2005. Ms. Braly has been a Director of Lowe s Companies, Inc. since November 2013.

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

Member of the Audit and Governance & Public Responsibility Committees.

Kenneth I. Chenault Director since 2008, Age 63

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

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

Member of the Audit and Compensation & Leadership Development Committees.

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Scott D. Cook Director since 2000, Age 62

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

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

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

Susan Desmond-Hellmann Director since 2010, Age 57

Dr. Desmond-Hellmann is the Chief Executive Officer of the Bill & Melinda Gates Foundation (a private foundation supporting U.S. education, global health and development, and community giving in the Pacific Northwest), a position she has held since May 1, 2014. Prior to this role, she served as Chancellor and Arthur and Toni Rembe Rock Distinguished Professor, University of California, San Francisco (UCSF), from August 2009 to March 2014. From 2004 through 2009, Dr. Desmond-Hellmann served as president of product development at Genentech (a biotechnology company), where she was responsible for pre-clinical and clinical development, business development, and product portfolio management. Prior to joining Genentech in 1995, Dr. Desmond-Hellmann was associate director of clinical cancer research at Bristol-Myers Squibb Pharmaceutical Research Institute. She has been a Director of Facebook Inc. since March 2013.

As Chief Executive Officer of the Bill & Melinda Gates Foundation, Dr. Desmond-Hellmann brings leadership experience and global perspectives on important social responsibility issues. As Facebook Director, prior Chancellor of UCSF, and past president of product development at Genentech, Dr. Desmond-Hellmann has extensive leadership and technology experience. As a former member of the Federal Reserve Bank of San Francisco s Economic Advisory Council, she also brings finance experience to the Board.

Member of the Audit and Innovation & Technology Committees.

A.G. Lafley Director since 2013, Age 67

Mr. Lafley is Chairman of the Board, President and Chief Executive Officer of the Company and was appointed to this position on May 23, 2013. Mr. Lafley originally joined the Company in 1977 and held positions of increasing responsibility, in the U.S. and internationally, until he was elected President and Chief Executive Officer in 2000, a position he held until June 30, 2009. On July 1, 2002, Mr. Lafley was elected Chairman of the Board, a position he held until January 2010. During the past five years, in addition to his roles as a Company employee, Mr. Lafley served as a consultant to the Company and as a member of the boards of directors of public companies Dell, Inc. and General Electric Company. He no longer serves on these boards. Since his retirement from the Company, he served as a Senior Advisor at Clayton, Dubilier & Rice, LLC, a private equity partnership, and was appointed by President Obama to serve on The President s Council on Jobs and Competitiveness. Mr. Lafley consulted with a number of Fortune 50 companies on business and innovation strategy. He also advised on CEO succession and executive leadership development, and coached experienced, new and potential CEOs. He currently serves on the board of directors of Legendary Pictures, LLC (a film production company).

As a long-tenured employee, Director and previous Chairman of the Board, President and Chief Executive Officer, Mr. Lafley brings extensive leadership experience and a vast understanding of the Company to the Board. In addition, Mr. Lafley s experiences outside of the Company provide him with new perspective. Mr. Lafley has significant leadership, strategy, risk management, consumer industry, marketing and international experience.

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Terry J. Lundgren Director since 2013, Age 62

Mr. Lundgren is Chairman and Chief Executive Officer of Macy s, Inc. (a national retailer), where he has served in various roles of increasing responsibility since joining Federated Department Stores in 1975. Mr. Lundgren held the title of President of Macy s until April 2014. Mr. Lundgren assumed his current responsibilities as Chairman in 2004 and Chief Executive Officer in 2003. He has been a Director of Kraft Foods Group since 2012.

As Chairman and Chief Executive Officer of Macy s, Inc. and a director on the board of the Federal Reserve Bank of New York, Mr. Lundgren brings extensive leadership, strategy, and risk management experience to the Board. With over thirty years in the retail industry, Mr. Lundgren contributes his deep knowledge of the consumer industry and dynamic marketing practices, including digital marketing, to the Board.

Member of the Governance & Public Responsibility and Innovation & Technology Committees.

W. James McNerney, Jr. Director since 2003, Age 65

Mr. McNerney is Chairman of the Board and Chief Executive Officer of The Boeing Company (an aerospace, commercial jetliners, and military defense systems company), a position he has held since 2005. Mr. McNerney held the title of President of Boeing from July 2005 until December 2013. From 2001 to 2005, Mr. McNerney was CEO of 3M Company (a global technology company). Prior to his appointment as CEO of 3M Company, Mr. McNerney was employed by General Electric for nearly twenty years, where he held positions of increasing importance. He has been a Director of International Business Machines Corporation since 2009.

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

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

Margaret C. Whitman Director since 2011, Age 58

Ms. Whitman was elected President & Chief Executive Officer of Hewlett-Packard (a computer software, hardware, and IT services company) in September 2011. She served as President and Chief Executive Officer of eBay Inc. from 1998 to March 2008. Prior to joining eBay, Ms. Whitman held executive level positions at Hasbro Inc., FTD, Inc., The Stride Rite Corporation, The Walt Disney Company, and Bain & Company. She also served as a Director of the Company from 2003 to 2008, having resigned in preparation for her 2010 California gubernatorial bid. She served as a Director of Zipcar, Inc. from 2011 to March 2013.

As the President & Chief Executive Officer of Hewlett-Packard, former President and Chief Executive Officer of eBay, and previously as a senior officer of a number of consumer products companies, Ms. Whitman has extensive leadership and consumer industry experience. Her current and prior management roles also provide her with significant marketing and technology experience.

Member of the Compensation & Leadership Development and Innovation & Technology Committees.

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Mary Agnes Wilderotter Director since 2009, Age 59

Mrs. Wilderotter is Chairman of the Board and Chief Executive Officer of Frontier Communications Corporation (a communications company specializing in providing services to rural areas and small and medium-sized towns and cities), which she joined as President and Chief Executive Officer in 2004. Mrs. Wilderotter held the title of President of Frontier until April 2012. Mrs. Wilderotter previously held positions as Senior Vice President of Worldwide Public Sector at Microsoft, President and Chief Executive Officer of Wink Communications, Inc., and Executive Vice President of National Operations for AT&T s Wireless Service, Inc. She has been a Director of Xerox Corporation since 2006. Mrs. Wilderotter was a Director of The McClatchy Company from 2001 to 2007, and she was a Director of Yahoo! Inc. from 2007 to 2009.

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

Member of the Audit, Compensation & Leadership Development and Innovation & Technology Committees.

Patricia A. Woertz Director since 2008, Age 61

Ms. Woertz is Chairman and Chief Executive Officer of Archer Daniels Midland Company (agricultural processors of oilseeds, corn, wheat, and cocoa, etc.), a company she joined in 2006. Ms. Woertz was named Chief Executive Officer in 2006 and Chairman in 2007. Ms. Woertz held the title of President of Archer Daniels Midland Company from 2006 until February 2014. Prior to joining Archer Daniels Midland, Ms. Woertz held positions of increasing importance at Chevron Corporation and its predecessor companies. She began her career as a certified public accountant with Ernst & Ernst. Ms. Woertz has been a Director of Royal Dutch Shell plc since June 2014.

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

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

Ernesto Zedillo Director since 2001, Age 62

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

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

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

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Director Nominees Experience

As described on pages 5-8 of this proxy statement, our Board is highly qualified and each Director brings a diversity of skills and experiences to the Board. The list below is a summary; it does not include all of the skills, experiences, qualifications, and diversity that each Director nominee offers, and the fact that a particular experience, skill, or qualification is not listed does not mean that a Director does not possess it.

Member	Leadership, Strategy & Risk Management	Consumer Industry	International	Marketing	Finance & Financial Reporting	Government	Technology & Innovation
Angela F. Braly	ü	ü		ü	ü	ü	
Kenneth I. Chenault	ü	ü	ü	ü	ü		ü
Scott D. Cook	ü	ü		ü	ü		ü
Susan Desmond-Hellmann	ü				ü		ü
A.G. Lafley	ü	ü	ü	ü	ü	ü	ü
Terry J. Lundgren	ü	ü		ü	ü		ü
W. James McNerney, Jr.	ü		ü	ü	ü	ü	ü
Margaret C. Whitman	ü	ü		ü	ü		ü
Mary Agnes Wilderotter	ü	ü		ü	ü		ü
Patricia A. Woertz	ü		ü	ü	ü	ü	ü
Ernesto Zedillo	ü		ü		ü	ü	ü

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The Board s Purpose

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

The Board s Leadership Structure

The Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its shareholders are best served by the Board retaining discretion to determine whether the same individual should serve as both Chief Executive Officer (CEO) and Chairman of the Board, or whether the roles should be separated. The Board believes that it is important to retain the flexibility to make this determination at any given point in time based on what it believes will provide the best leadership structure for the Company. This approach allows the Board to utilize its considerable experience and knowledge to elect the most qualified Director as Chairman of the Board, while maintaining the ability to separate the Chairman of the Board and CEO roles when necessary. Accordingly, at some points in the Company s history, the CEO and Chairman of the Board roles were held by the same person. At other times, the roles were held by different individuals. In each instance, the decision on whether to combine or separate the roles was made in the best interests of the Company s shareholders, based on the circumstances at the time.

Further, in the event that the Board determines that the same individual should hold the positions of CEO and Chairman of the Board, the independent Directors of the Board annually elect a Presiding Director from among the independent Directors. The Presiding Director role is a significant one, with responsibilities consistent with accepted best practices, including:

- preside at all meetings of the Board in the absence of, or upon the request of, the Chairman of the Board, including executive sessions of the independent members of the Board;
- approve meeting agendas for the Board and information sent to the Board;
- approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- advise the Chairman of the Board and/or the Secretary regarding the agendas for the Board meetings;
- call meetings of the non-employee and/or independent members of the Board, with appropriate notice;
- advise the Governance & Public Responsibility Committee and the Chairman of the Board on the membership of the various Board committees and the selection of committee chairpersons;
- advise the Chairman of the Board on the retention of advisors and consultants who report directly to the Board;
- advise the Chairman of the Board and Chief Executive Officer, as appropriate, on issues discussed at executive sessions of non-employee and/or independent members;
- with the Chair of the Compensation & Leadership Development Committee, review with the Chief Executive Officer the non-employee members annual evaluation of his performance;
- serve as principal liaison between the non-employee and/or independent members, as a group, and the Chairman of the Board, as necessary;
- serve when necessary and appropriate, after consultation with the Chief Executive Officer, as the liaison between the Board and the Company s shareholders; and
- select an interim Presiding Director to preside over meetings at which he or she cannot be present.

Mr. McNerney serves as the Board s current Presiding Director and has been annually re-elected to that role since August 14, 2007. Mr. McNerney is a strong, independent Presiding Director, who fulfilled each of these duties during the past year. As the current Chairman of the Board and Chief Executive Officer of The Boeing Company, and former CEO of 3M Company, he brings a wealth of diverse experiences and outside perspective to his role as Presiding Director. In FY 2013-14, the independent Directors met 6 times in regularly scheduled executive sessions, without Mr. Lafley present. Mr.

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McNerney led those sessions and following each, he advised Mr. Lafley on the Board s discussions, including performance feedback.

During the Board s annual evaluation of its leadership structure, and upon recommendation of the Governance & Public Responsibility Committee, the non-employee Directors of the Board concluded that the current leadership structure continues to be the right leadership structure for the Company at this time, and it is not in the best interests of the shareholders to separate the role of Chairman of the Board and CEO and require an independent Chairman. The non-employee Directors then reappointed Mr. McNerney to serve as Presiding Director for FY 2014-15.

The Board reached this decision because the current leadership structure, with Mr. Lafley serving as both Chairman of the Board and CEO, provides unified leadership and direction for the Company and gives clear focus for management to execute the Company s strategy, business plans and productivity efforts. Mr. Lafley s proven leadership and extensive knowledge of the Company, its people and its business are key attributes for the Chairman of the Board. Mr. Lafley as Chairman and CEO, and Mr. McNerney work well together, and the Board is confident that the appropriate balance of power will be maintained. The Board will continue to periodically evaluate the Company s leadership structure to ensure that the Board s structure is right and appropriate at all times.

The Board s Oversight of Risk

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

To ensure proper oversight of the Company s management and the potential risks that the Company faces, at any time when the Chairman of the Board and CEO roles are held by the same individual, the non-employee members of the Board annually elect a Presiding Director from the Board s independent Directors. The Presiding Director s duties include helping to ensure that the Board s agenda and executive sessions are appropriately focused on risk. In addition, the Board is comprised of all independent Directors, except for Mr. Lafley, the Chairman and CEO; all members of the key committees of the Board (Audit, Compensation & Leadership Development, and Governance & Public Responsibility) are independent. This system ensures that key decisions made by the Company s most senior management, up to and including the CEO, are reviewed and overseen by the non-employee Directors of the Board, each of whom is independent.

Risk management oversight by the full Board includes a comprehensive annual review of the Company s overall strategic plan, typically conducted in June. The Board also devotes significant time to reviewing the strategic plans for each of the Company s business sectors, including the risks associated with these strategic plans, at Board meetings during the year. The Board also conducts reviews of other strategic focus areas for the Company. The Board annually reviews the conclusions and recommendations generated by management s enterprise risk management process. This process involves a cross-functional group of the Company s senior management which, on a continual basis, identifies current and future potential risks facing the Company and ensures that actions are taken to manage and mitigate those potential risks. The Board also has overall responsibility for leadership succession for the Company s most senior officers, including the CEO, and reviews succession plans on an ongoing basis.

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

independent auditor individually meet in private session with the Audit Committee to raise any concerns they might have with the Company s risk management practices.

The Board s C&LD Committee employs an independent compensation consultant, Frederic W. Cook & Co., Inc., who does not work for management and, among other tasks, reviews, and reports on all of the Company s executive compensation programs, including the potential risks and other impacts of incentives created by the programs. For more details on the arrangement with Frederic W. Cook & Co., Inc., please see the section entitled Engagement of Independent Adviser found on page 33 of this proxy statement.

The independent compensation consultant s review included an analysis of the Company s short-, medium-, and long-term compensation programs covering key program details, performance factors for each program, target award ranges, maximum funding levels, and plan administrative oversight and control requirements. Key program elements assessed relating to potential compensation risks were pay mix, performance metrics, performance goals and payout curves, payment timing and adjustments, severance packages, equity incentives, stock ownership requirements, and trading policies. Simultaneously, members of management performed a similar review of the Company s other compensation programs. The results of the consultant s analysis of the Company s executive compensation programs, as well as management s review of the Company s other compensation programs, were shared with the C&LD Committee, which concluded that the Company s compensation policies and practices are not reasonably likely to have a material adverse effect on the Company as a whole.

In reaching its conclusion, the C&LD Committee noted that the Company s compensation programs include a mix of cash and equity, as well as annual, medium-term, and long-term incentives. This mix of compensation, the design features of these programs, and the Company s respective oversight and control requirements mitigate the potential of any individual inclination toward taking unnecessary risks. The C&LD Committee also acknowledged various other features of the Company s compensation programs, policies, and practices designed to mitigate unwarranted risk. For example, the Company s annual cash bonus program, the Short-Term Achievement Reward (STAR), provides the C&LD Committee with discretion to reduce or eliminate any award that would otherwise be payable. In addition, the performance metrics under STAR include both quantitative measures (e.g., top-line growth, bottom-line profits, free cash flow, etc.) and qualitative measures (e.g., relative performance, internal collaboration, strategic strength, innovation, etc.). These non-metric features mitigate the risk of an executive focusing too much on the specific financial metrics under STAR. Moreover, the performance metrics associated with the STAR Company Factor (core earnings per share growth and organic sales growth) are aligned with the Company s business plans and strategic objectives.

Further, the C&LD Committee recognized that the Company s longer-term incentives include a balanced portfolio of options, restricted stock units, and performance-vested stock (under the Performance Stock Plan). These longer-term incentives incorporate a variety of payout horizons that focus executives on long-term performance: 10-year terms with three-year cliff vesting for stock options, restricted stock units with five-year cliff vesting, and a three-year performance period for performance-vested stock. The C&LD Committee also noted that the design of the Performance Stock Plan reduces the likelihood that an executive will focus too much on a single performance measure by including four different performance categories, each of which is equally weighted: organic sales growth, before-tax operating profit growth, core earnings per share growth, and free cash flow productivity. In addition, each of these factors range from a minimum of 0% to a maximum of 200%. Using this sliding scale approach, versus an all-or-nothing approach, discourages participants from taking unnecessary risks. Each of the financial measures are defined and further explained on page 31 of this proxy statement.

Finally, the C&LD Committee acknowledged that the Company has adopted several policies intended to mitigate inappropriate risk taking, including stock ownership guidelines for senior executives, a recoupment policy that can be applied in the event of any significant financial restatement, and an insider trading policy that prohibits margin and hedging transactions by senior executives.

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Committees of the Board

To facilitate deeper penetration into certain key areas of oversight, the Board has established four committees. Membership on these Committees, as of August 15, 2014, is shown in the following chart:

Audit	Compensation & Leadership Development	Governance & Public Responsibility	Innovation & Technology
Ms. Woertz+	Mr. McNerney+	Dr. Zedillo+	Mr. Cook+
Ms. Braly	Mr. Chenault	Ms. Braly	Dr. Desmond-Hellmann
Mr. Chenault	Mr. Cook	Mr. Lundgren	Mr. Lundgren
Dr. Desmond-Hellmann	Ms. Whitman	Mr. McNerney	Ms. Whitman
Mrs. Wilderotter	Mrs. Wilderotter	Ms. Woertz	Mrs. Wilderotter
			Dr. Zedillo

+ Committee Chair

All Directors served on the respective committees listed above, including committee chairs for the Company s entire fiscal year.

The **Audit Committee** met 8 times during the fiscal year ended June 30, 2014, to carry out its responsibilities under its charter. At each meeting, representatives of Deloitte & Touche LLP, the Company s independent registered public accounting firm, and financial management were present to review accounting, control, auditing, and financial reporting matters. During certain of these meetings, the Audit Committee also held private sessions with the Company s CFO, Chief Legal Officer, chief audit executive, and representatives of Deloitte & Touche LLP. All members of this Committee are independent under the New York Stock Exchange (NYSE) listing standards and the Board of Directors Guidelines for Determining the Independence of its Members (the Independence Guidelines), which can be found in the corporate governance section of the Company s website at www.pginvestor.com. The Audit Committee has the responsibilities set forth in its charter with respect to accounting, financial reporting and disclosure processes, and adequacy of systems of disclosure and internal control established by management; the quality and integrity of the Company s financial statements; the Company s compliance with legal and regulatory requirements; the Company s overall risk management profile; the independent registered public accounting firm s qualifications and independence; the performance of the Company s internal audit function and the independent registered public accounting firm; the performance of the Company s ethics and compliance function; and preparing the annual Report of the Audit Committee to be included in the Company s proxy statement. The Audit Committee s charter can be found in the corporate governance section of the Company s website at www.pginvestor.com.

The **Compensation & Leadership Development Committee** met 5 times during the fiscal year ended June 30, 2014, during which it held 5 executive sessions with no member of management present. All members of this Committee are independent under the NYSE listing standards and the Independence Guidelines. The C&LD Committee has a charter, under which it has full authority and responsibility for the Company soverall compensation policies, including base pay, short- and long-term pay, retirement benefits, perquisites, severance arrangements, recoupment, stock ownership requirements, and stock option holding requirements, if any, and their specific application to principal officers elected by the Board and to members of the Board. This Committee assists the Board in the leadership development and evaluation of principal officers and also has the responsibility to periodically review organizational diversity. As a practical matter, the CEO makes recommendations to the C&LD Committee regarding the compensation elements of the principal officers (other than his own compensation) based on Company performance, individual performance, and input from Company management and the C&LD Committee s independent compensation consultant. All final decisions regarding compensation for principal officers are made by this Committee, and this Committee makes a recommendation to the Board regarding the shareholder votes related to executive compensation. For more details regarding principal officer compensation or this Committee s process for making decisions regarding the compensation of principal officers, please see the Compensation Discussion & Analysis section found on pages 21-35 of this proxy statement. This Committee also approves all stock-based equity grants made under The Procter & Gamble 2009 Stock and Incentive Compensation Plan, but the Committee has delegated to the CEO the authority to make certain equity grants to non-principal officers, subject to the specific terms and conditions determined by the C&LD Committee. This Committee retains an independent compensation consultant, hired directly by

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the C&LD Committee, to advise it regarding executive compensation matters. The C&LD Committee s charter can be found in the corporate governance section of the Company s website at www.pginvestor.com.

The **Governance & Public Responsibility Committee** met 5 times during the fiscal year ended June 30, 2014. All members of the Governance & Public Responsibility Committee are independent under the NYSE listing standards and the Independence Guidelines. The Governance & Public Responsibility Committee has governance responsibilities set forth in its charter with respect to identifying individuals qualified to become members of the Board; recommending when new members should be added to the Board and individuals to fill vacant Board positions; recommending to the Board the Director nominees for the next annual meeting of shareholders and whether to accept the resignation of any incumbent Director nominee who received a greater number of against votes than for votes in a non-contested election; recommending Board committees and committee assignments; periodically reviewing and recommending updates to the Corporate Governance Guidelines; educating the Board and the Company in applicable governance laws and regulations; assisting the Board and the Company in interpreting and applying the Corporate Governance Guidelines and other issues related to Board governance; and evaluating the Board and its members. The Committee also covers public responsibility topics, such as overseeing the Company s social investments and commitment to making a meaningful impact around the world, by reviewing strategies and plans for improving lives in ways that enable people to thrive and that increase their quality of living; overseeing the Company s commitment to, and efforts regarding, environmental sustainability; overseeing the Company s community and government relations; overseeing the Company s product quality and quality assurance systems; overseeing protection of the Company s corporate reputation; and other matters of importance to the Company and its stakeholders (including employees, consumers, customers, suppliers, shareholders, governments, local communities, and the general public). The Governance & Public Responsibility Committee s charter can be found in the corporate governance section of the Company s website at www.pginvestor.com.

The **Innovation & Technology Committee** met 2 times during the fiscal year ended June 30, 2014. All members of the Innovation & Technology Committee are independent under the NYSE listing standards and the Independence Guidelines. The Innovation & Technology Committee has the responsibilities set forth in its charter with respect to overseeing and providing counsel on matters of innovation and technology. Topics considered by this Committee include the Company s approach to technical and commercial innovation; the innovation and technology acquisition process; and tracking systems important to successful innovation. The Innovation & Technology Committee s charter can be found in the corporate governance section of the Company s website at www.pginvestor.com.

Board Engagement and Attendance

Our Directors are active and engaged. Board agendas are set in advance by the Chairman of the Board and Presiding Director, to ensure that appropriate subjects are covered and that there is sufficient time for discussion. Directors are provided with comprehensive materials in advance of Board and Committee meetings and are expected to review and reflect on these materials before each meeting, to ensure that time in Board and Committee meetings is focused on robust and active discussions versus lengthy presentations. During the fiscal year ended June 30, 2014, the Board held 10 meetings, and the Committees of the Board held 20 meetings, for a total of 30 meetings. Average attendance at these meetings by members of the Board during the past year exceeded 96%, and all Directors attended greater than 76% of the meetings of the Board and the Committees on which they serve. The Board expects all of its members to attend the annual meeting of shareholders; all Directors attended the October 8, 2013 annual meeting.

The non-employee members of the Board met 6 times during FY 2013-14 in executive session (without the presence of Mr. Lafley or other employees of the Company) to discuss various matters related to the oversight of the Company, the management of Board affairs, succession planning for the Company s top management (including the CEO position), and the CEO s performance.

The Board believes that service on the boards of other public companies provides valuable governance and leadership experience that ultimately benefits the Company. The Board also recognizes that outside public board service requires a significant commitment of time and attention, and therefore, in accordance with best governance practices, limits Director participation on other public boards. Under the Corporate Governance Guidelines, Directors who are active CEOs of other public companies may sit on no more than two additional outside public boards, and other non-employee Directors may sit on no more than three additional outside public boards. All Directors are in compliance with this policy. This practice helps ensure that our Directors can give appropriate levels of time and attention to the affairs of the Company. In addition, when nominating a Director for service on the Board, the Governance & Public Responsibility Committee considers whether the

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nominee will have adequate time to serve as a Director of the Company. Each Director demonstrates their strong engagement and high attendance, and has adequate time to devote to the affairs of the Company.

Director Independence

The Board has determined that the following Directors are independent under the NYSE listing standards and the Independence Guidelines because they have only immaterial relationships with the Company: Angela F. Braly, Kenneth I. Chenault, Scott D. Cook, Susan Desmond-Hellmann, Terry J. Lundgren, W. James McNerney, Jr., Margaret C. Whitman, Mary Agnes Wilderotter, Patricia A. Woertz, and Ernesto Zedillo. All members of the Board s Audit, Compensation & Leadership Development, Governance & Public Responsibility, and Innovation & Technology Committees are independent.

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

Mr. Lafley is Chairman of the Board, President and CEO of the Company. As such, he cannot be deemed independent under the NYSE listing standards or the Independence Guidelines.

Code of Ethics

The Company has a code of ethics for its Directors, officers, and employees. The most recent version of this code of ethics, which is consistent with Securities & Exchange Commission (SEC) regulations and NYSE listing standards, is contained in the *Worldwide Business Conduct Manual.* The *Worldwide Business Conduct Manual* is reviewed each year for appropriate updates, and employees are asked to annually certify their understanding of, and compliance with, its requirements. The *Worldwide Business Conduct Manual* is firmly rooted in the Company s long-standing Purpose, Values and Principles, which is made available to employees in 28 different languages and can be found on the Company s website at www.pg.com.

Review and Approval of Transactions with Related Persons

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

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

- whether the transaction was undertaken in the ordinary course of business of the Company;
- whether the transaction was initiated by the Company or the related person;

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

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

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

the related person s interest in the transaction; and any other information regarding the related person s interest in the transaction that would be material to investors under the circumstances.

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

Jon R. Moeller, the Company s CFO, is married to Lisa Sauer, a long-tenured employee of the Company who currently holds the position of Vice President Product Supply, Global Home Care. Her total compensation in the last year was approximately $855,000, consisting of salary, bonus, equity grants, and retirement benefits. Her compensation is consistent with the Company s overall compensation principles based on her years of experience, performance, and position within the Company. Prior to Mr. Moeller becoming CFO, the Audit Committee approved the continued employment of Ms. Sauer with the Company under the Company s Related Person Transaction Policy, concluding that her continued employment was not inconsistent with the best interests of the Company as a whole.

Deborah P. Majoras, the Company s Chief Legal Officer and Secretary, is married to John M. Majoras, one of over 800 partners in the law firm of Jones Day. The Company has hired Jones Day, in the ordinary course of business, to perform legal services. The Company s relationship with Jones Day dates back more than 25 years and significantly precedes Ms. Majoras joining the Company as Vice President and General Counsel in 2008 from the Federal Trade Commission, where she served as Chairman. Mr. Majoras does not receive any direct compensation from the fees paid to Jones Day by the Company, his ownership in the Jones Day law firm is significantly less than 1%, and the fees paid by the Company to Jones Day in the last fiscal year were significantly less than 1% of their annual revenues. Under the Company s Related Person Transaction Policy, the Audit Committee reviewed and approved the continued use of Jones Day as a provider of legal services to the Company, but required the Company s CEO to approve any recommendations by Ms. Majoras to hire Jones Day for a specific legal matter. In doing so, the Committee concluded that the Majorases did not have a direct or indirect material interest in the Company s hiring of Jones Day and that the relationship is not inconsistent with the best interests of the Company as a whole.

Mark Biegger, the Company s Chief Human Resources Officer (CHRO), has a brother, Brian Biegger, who is employed by the Company. Brian Biegger has been employed by the Company since 1983, well before Mark Biegger s appointment as CHRO in 2012, and is currently an Associate Director Global eBusiness in the SMO organization. Brian Biegger s total annual compensation in the last year, consisting of salary, bonus, equity grants, and retirement benefits was approximately $365,000. His compensation is consistent with the Company s overall compensation principles based on his years of experience, performance, and positions within the Company. The Committee determined that Brian has a direct material interest in his annual compensation but approved this transaction because it is not inconsistent with the best interests of the Company as a whole, and appropriate controls are in place to avoid any potential conflicts of interest.

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

Communication with Directors and Executive Officers

Shareholders and others who wish to communicate with the Board or any particular Director, including the Presiding Director, or with any executive officer of the Company, may do so by email at boardofdirectors.im@pg.com or by writing to the following address:

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

The Procter & Gamble Company

c/o The Corporate Secretary s Office

One Procter & Gamble Plaza

Cincinnati, OH 45202-3315

All such correspondence is reviewed by the Corporate Secretary s office, which logs the material for tracking purposes. The Board has asked the Corporate Secretary s office to forward to the appropriate Director(s) all correspondence, except

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for personal grievances, items unrelated to the functions of the Board, business solicitations, advertisements, and materials that are profane.

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

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

Chair of the Governance & Public Responsibility Committee

The Procter & Gamble Company

c/o The Corporate Secretary s Office

One Procter & Gamble Plaza

Cincinnati, OH 45202-3315

The minimum qualifications and preferred specific qualities and skills required for Directors are set forth in Article II, Sections B through E of the Corporate Governance Guidelines. The Committee considers all candidates using these criteria, regardless of the source of the recommendation. The Committee s process for evaluating candidates also includes the considerations set forth in Article II, Section B of the Committee s Charter. After initial screening for minimum qualifications, the Committee determines appropriate next steps, including requests for additional information, reference checks, and interviews with potential candidates. In addition to shareholder recommendations, the Committee also relies on recommendations from current Directors, Company personnel, and others. From time to time, the Committee may engage the services of outside search firms to help identify candidates. During the fiscal year ended June 30, 2014, no such engagement existed (and none currently exists), and no funds were paid to outside parties in connection with the identification of nominees. All nominees for election as Directors who currently serve on the Board are known to the Committee and were recommended by the Committee to the Board as Director nominees.

Pursuant to the Company s Code of Regulations, a shareholder wishing to nominate a candidate for election to the Board at an annual meeting of shareholders is required to give written notice to the Secretary of the Company of his or her intention to make such nomination. The notice of nomination must be received at the Company s principal executive offices not less than 140 days nor more than 240 days prior to the one-year anniversary of the preceding year s annual shareholder meeting. Certain other notice periods apply if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date. Based on the one-year anniversary of the 2014 annual meeting, a shareholder wishing to nominate a candidate for election to the Board at the 2015 annual meeting must provide such notice no earlier than February 16, 2015, and no later than May 27, 2015.

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

Availability of Corporate Governance Documents

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

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The objective of the C&LD Committee is to provide non-employee members of the Board a compensation package consistent with the size-adjusted median of the Peer Group. Directors can elect to receive any part of their fees or retainer (other than the grant of Restricted Stock Units (RSUs)) as cash, retirement restricted stock or unrestricted stock. Consistent with the practice of the past several years, the Company did not grant any stock options to Directors in FY 2013-14. Effective October 8, 2013, non-employee members of the Board receive the following compensation:

- a grant of RSUs following election to the Board at the Company s October 8, 2013 annual meeting of shareholders, with a grant date fair value of $175,000. These units are forfeited if the Director resigns during the year, do not deliver in shares until at least one year after the Director leaves the Board, and cannot be sold or traded until delivered in shares, thus encouraging alignment with the Company s long-term interests and the interests of shareholders. These RSUs will earn dividend equivalents at the same rate as dividends paid to shareholders;

- an annual retainer fee of $110,000 paid in quarterly increments; and

- an additional annual retainer paid to the Presiding Director and Chair of each committee as follows: Presiding Director, $30,000; Chair of the Audit Committee, $25,000; Chair of the C&LD Committee, $20,000; Chairs of the Governance & Public Responsibility and Innovation & Technology Committees, $15,000.

At its June 10, 2014 meeting, the Board of Directors, upon the recommendation of the C&LD Committee, agreed to maintain the current Director compensation package.

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

The following table and footnotes provide information regarding the compensation paid to the Company s non-employee Directors in FY 2013-14. Directors who are employees of the Company receive no compensation for their service as Directors.

Director Compensation Table

Name	Fees Annual Retainer ($)	Committee Chair & Presiding Director Fees ($)	Total Fees Earned or Paid in Cash[1] ($)	Stock Awards[2] ($)	All Other Compensation[3] ($)	Total ($)
Angela F. Braly	110,000	0	110,000	175,000	222	285,222
Kenneth I. Chenault	110,000	0	110,000	175,000	222	285,222
Scott D. Cook	110,000	15,000	125,000	175,000	222	300,222
Susan Desmond-Hellmann	110,000	0	110,000	175,000	222	285,222
Terry J. Lundgren	110,000	0	110,000	175,000	222	285,222
W. James McNerney, Jr.	110,000	50,000	160,000	175,000	222	335,222
Johnathan A. Rodgers	27,500	0	27,500	0	0	27,500
Margaret C. Whitman	110,000	0	110,000	175,000	222	285,222

Mary Agnes Wilderotter	110,000	0	110,000	175,000	222	285,222
Patricia A. Woertz	110,000	25,000	135,000	175,000	222	310,222
Ernesto Zedillo	110,000	15,000	125,000	175,000	222	300,222

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[1] Director fees are paid quarterly. Each director may elect to take these fees in cash, unrestricted stock, retirement restricted stock or a combination of the three. Restricted stock earns cash dividends that are paid quarterly with the option of reinvesting in Company stock. Ms. Braly elected to take $5,000 in cash, and the remaining $105,000 in unrestricted stock, which had a grant date fair value of $105,110. Mr. Chenault took $57,500 of his fees in cash, and the remainder in retirement restricted stock, which had a grant date fair value of $52,531. Mr. Cook took $5,000 of his fees in cash. He took $62,500 of his fees in retirement restricted stock, which had a grant date fair value of $62,543, and he took the remainder of his fees in unrestricted stock, which had a grant date fair value of $57,549. Mr. Lundgren took $5,000 of his fees in cash. He also elected to take $55,000 of his fees in unrestricted stock, which had a grant date fair value of $55,037, and he took the remainder of his fees in retirement restricted stock, which had a grant date fair value of $50,072. Mr. McNerney took his fees in unrestricted stock, which had a grant date fair value of $160,237. The remaining Directors took their fees in cash. Mr. Rodgers retired from the Board on October 8, 2013, and his retainer was prorated accordingly.

[2] Each year, upon election at the Company s annual meeting of shareholders, every Director is awarded a grant of RSUs with a grant date fair value of $175,000. These RSUs vest after one year as long as the Director remains on the Board, and earn dividend equivalents that are subject to the same vesting provision as the underlying RSUs and are accrued in the form of additional RSUs each quarter and credited to each Director s holdings. The RSUs are ultimately deliverable in shares. Due to Mr. Rodgers impending retirement, he did not stand for election at the 2013 meeting, and was therefore not entitled to the 2013-14 award. In addition to 2,346 RSUs (representing the grant on October 8, 2013 and subsequent dividend equivalents), the following Directors have shares of retirement restricted stock outstanding as of June 30, 2014: Ms. Braly (4,992 shares); Mr. Chenault (5,093 shares); Mr. Cook (9,948 shares); Mr. Lundgren (629 shares); Mr. McNerney (3,972 shares); and Mr. Zedillo (3,883 shares). Also, Messrs. Cook, Rodgers and Zedillo have 7,790, 3,760, and 3,760 option awards outstanding, respectively.

[3] For one of the Board meetings during the year, the Company incurred cost associated with providing a minor commemorative item valued at $222. For all Board meetings throughout the fiscal year, Directors were entitled to bring a guest so long as the Director used the Company aircraft to attend the meeting and the guest s attendance did not result in any incremental aircraft costs. Directors and their guests are also covered under the same insurance policy as all Company employees for accidental death while traveling on Company business (coverage is $750,000 for each Director and $300,000 for a guest). The incremental cost to the Company for this benefit is $2,469. In addition, the Company maintains a Charitable Awards Program for current and retired Directors who were participants prior to July 1, 2003. Under this program, at their death, the Company donates $1,000,000 per Director to up to five qualifying charitable organizations selected by each Director. Directors derive no financial benefit from the program because the charitable deductions accrue solely to the Company. The Company funds this contribution from general corporate assets and made no payments during FY 2013-14. This program was discontinued for any new Director effective July 1, 2003. In FY 2013-14, the Company made a $500 donation on behalf of each Director to the Children s Safe Drinking Water Program or to a different charity of their choice. These donations were also funded from general corporate assets, and the Directors derive no financial benefit from these donations because the charitable deductions accrue solely to the Company. As an employee Director, Mr. Lafley did not receive a retainer, fees, or a stock award. Mr. Lafley attended Board meetings and activities as described above, and, in conjunction with those meetings, received the minor commemorative item.

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Report of the Compensation & Leadership Development Committee

The Compensation & Leadership Development Committee of the Board of Directors has reviewed and discussed the following section of this proxy statement entitled Compensation Discussion & Analysis with management. Based on this review and discussion, the Committee has recommended to the Board that the section entitled Compensation Discussion & Analysis, as it appears on the following pages, be included in this proxy statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

W. James McNerney, Jr., Chair
Kenneth I. Chenault
Scott D. Cook
Margaret C. Whitman
Mary Agnes Wilderotter

August 12, 2014

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Introduction

This compensation discussion and analysis explains the Company s compensation philosophies and programs. The focus of the analysis is on the Company s named executive officers (NEOs) for FY 2013-14: A.G. Lafley, Chairman of the Board, President and Chief Executive Officer; Jon R. Moeller, Chief Financial Officer; Werner Geissler, Vice Chairman Global Operations; Martin Riant, Group President Global Baby, Feminine and Family Care; and Giovanni Ciserani, Group President Global Fabric and Home Care.

Effective July 1, 2014, Mr. Geissler, formerly Vice Chairman Global Operations, was named Vice Chairman Advisor to the Chairman of the Board, President and Chief Executive Officer. In this capacity, he will continue to report to Mr. Lafley until his future retirement date, which is expected to occur no later than June 30, 2015 and will be based on business need and mutual agreement.

Executive Summary

Our fundamental business objective is to create value for shareholders at leadership levels, on a consistent long-term basis. Our primary compensation principle, Pay for Performance, supports this objective. We align the compensation for our senior executives with the delivery of balanced, consistent, and sustainable growth and value creation.

We use a combination of three programs that incent executives to achieve results in a balanced way over the short-, medium-, and long-term.

First, we use an annual bonus program, the Short Term Achievement Award (STAR), which rewards executives for the achievement of one-year business goals.

Second, we have a three-year Performance Stock Plan (PSP), which is tied to the achievement of four specific business metrics that are the drivers of Total Shareholder Return.

Finally, our Key Manager Program incents leaders to perform over an even longer period by tying their compensation to the Company s long-term value. This program uses Restricted Stock Units (RSUs) that vest in five years and stock options with ten-year terms.

The portion of compensation tied to each of these programs is balanced proportionately with the business goals we are trying to achieve, so that our executives remain focused on the right priorities. In total, about 75% of NEO compensation is tied to Company performance via these programs. The remainder, about 25%, is in base salary, retirement, expatriate allowances, and other benefits. This allocation ensures that executives make decisions that are appropriately focused on the long-term health and success of the Company.

NEO Compensation for FY 2013-14

Compensation Element	% of Total	Description	Cash	Equity
Salary	12.0	Annual Base Pay	ü	
STAR Bonus[1]	17.7	Annual Performance-Based Bonus Based on 1-year Results	ü	
Performance Stock Program	30.6	Performance-Based Stock Program Based on 3-year Results		ü

Key Manager Stock Grant	27.1	Annual Long-Term Equity Award	ü
Retirement, Expatriate Allowances & Other	12.6	Retirement Plan Value, Expatriate Costs, and Benefits	ü

1 The STAR Bonus is considered a cash program. However, participants may elect to receive their bonus in equity instead of cash.

We are disciplined in implementing this compensation strategy as evidenced by our track record over many years. While we strive to deliver or over-deliver our targets each year, if results fall short of our goals, this is reflected in the compensation paid. For example, in the last 15 years, the average STAR payout has been below target 40% of the time, which reflected the business results versus our goals in those years. The strength of our pay-for-performance alignment is also evidenced by the payouts under our PSP program. In FY 2012-13, PSP delivered shares at only 20% of target. This year, PSP paid out at 26% of target. This is consistent with our three-year results, which are below target.

In addition to the discipline we exercise in the design and execution of compensation programs that are tightly aligned to business results, our executives exhibit strong ownership behavior, which is indicative of the culture of ownership at Procter & Gamble. Our executives are required to own shares valued at a minimum of four to eight times their salary. Each of our NEOs exceeds these requirements. We are proud of this ownership behavior and believe it further aligns the interest of our executives with the long-term interests of our shareholders. These investors typically do not invest in our stock looking for only a short-term gain, but are looking for longer-term returns. The majority of our investors hold our stock for longer periods versus our peer group, and investors in consumer goods have a tendency to hold longer than in other industries. Again, our fundamental business objective is to create value for shareholders, at leadership levels, on a consistent long-term basis.

Company Results

The Company s focus for FY 2013-14 was on the execution of four key strategic priorities to drive value creation: strengthen core developed market business, maintain developing-market momentum, build a strong innovation program, and drive cost savings and productivity improvements. We delivered at target on all key financial metrics.

	FY 2013-14 Targets	FY 2013-14 Actual
Core EPS Growth[1]	5% to 7%	5%
Organic Sales Growth	3% to 4%	3%
Adjusted Free Cash Flow Productivity	About 90%	86%

1 Please see Exhibit A for a reconciliation of non-GAAP measures, including Core EPS Growth, Organic Sales Growth, and Adjusted Free Cash Flow Productivity.

Organic Sales Growth was 3%. This was at the low end of the target range, as market growth softened. Market share was about flat versus prior year. Core EPS Growth was 5%. This was at the lo