The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan

Plan Information

Summary Plan Description and Prospectus

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933 and should be retained for future reference. The Profit Sharing Trust and Employee Stock Ownership Plan is governed by official Plan documents, which are always the final authority on the Plan.
Introduction

P&G originated on the banks of the Ohio River in Cincinnati, Ohio, when two brothers-in-law merged their specialties into a partnership. William Procter was a candle maker, and James Gamble was a soap maker.

The idea of sharing the Company’s profits with employees was introduced by a grandson of one of the founders, William Cooper Procter. Cooper, as he was known, had begun his training by working in the factory.

Creating an Incentive for Workers

After listening to the workers, he wanted to find a way to instill in employees the same desire to succeed as a person who owned their own business. “We should let the employees share in the firm’s earnings,” he said. “That will give them an incentive to increase earnings.”

Cooper Procter introduced the idea of profit sharing to the U.S. in 1887. Each employee received a cash payment from the profits of the Company based upon a formula that also considered length of service. The payments were made at a Company picnic on a day known as “Dividend Day” (a day that many locations in the U.S. continue to celebrate).

Making Employees Owners of the Company

The partnership became a public corporation in 1890. That change eventually prompted another idea from Cooper Procter, then General Manager of the Company. Cooper noticed the cash profit sharing dividends were not being saved for retirement as he had hoped. This problem led to Cooper introducing in 1903 another unique idea: actually making employees owners of the Company through the award of shares of Company stock. Cooper Procter reasoned that as employees became stock owners, their economic interests and those of the Company would be bound more closely together. This incentive would act to increase profits, which in turn, would increase the price of P&G stock, as well as the dividends each share paid. Both employees and the Company would benefit from an employee stock ownership plan.

Profit Sharing and Employee Stock Ownership – A Way of Life at P&G

At P&G, profit sharing and employee stock ownership are a way of life. Employee ownership has proven to be a vehicle for expanded business success. An employee summed it up once by saying: “The pride that comes with being part-owner of the Company makes you think more about the quality of your work. It’s like a chain reaction – the better the quality, the greater Procter & Gamble’s profits and your profits – and then you have even more incentive to keep the quality of your work high.”

The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan (PST Plan) is an employee stock ownership plan (ESOP). The Plan is designed to invest primarily in Company Stock and is intended to meet the applicable requirements of Sections 401(a), 409, and 4975(e)(7) of the Internal Revenue Code. The PST Plan has been providing benefits to generations of P&G employees in the US. The Plan has gone through many improvements since introduced 124 years ago. Most changes to the Plan over the years have been about giving participants more flexibility.
Summary Plan Description (SPD)

This Summary Plan Description (SPD) was designed to help you better understand your Plan and the flexibility you have under the Plan. It is intended to provide participants with general information about their rights and obligations under the Plan.

A complete description of The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan (PST Plan) is contained in the legal plan document and the amendments and supplements to it. This booklet attempts to clearly and accurately summarize the provisions in the PST Plan Document. If there is any disagreement between this booklet and the PST Plan Document, however, the Plan Document governs.

Summary of Material Modifications

Any Plan changes affecting current participants are communicated to participants through a "Summary of Material Modifications" document which provides a brief summary of any changes to the Plan. The Procter & Gamble Company, acting through its Board of Directors reserves the right to alter or amend the PST Plan. If the Board of Directors alters or amends the Plan, it is through formal action either at a Board of Directors meeting or by written consent pursuant to state law. The Trustees of the Plan have the right to make changes to the investment offerings, which is done through a formal review, recommendation and approval process.
## Table of Contents

**Introduction**  
Table of Contents

**Plan Features Summarized**

**Prospectus**

**Plan Participation**
- Eligibility
- Enrollment
- Waiver of Participation
- Naming Your Beneficiary

**Your Account**
- How Your Account Is Valued
- How Your Account Can Grow
- Accessing Your Account
- Your Account Statement
- Your Account Administration Fee
- Changing Your Account Address

**Your P&G Service**
- Years of Service
- Plan Credit Years
- Leaves of Absence
  - Maternity Leave
  - Military Leave
- Less Than Fulltime and Reduced Work Schedules
- If You Are an Employee of an Acquired Company
- If You Are Rehired
  - Rehires/Interns/Co-ops
- If You Transfer (Localize) Into the United States
- If You Transfer to a Non-Participating Subsidiary or You Withdraw from the Plan

**Contributions to Your Account**
- Company Contributions
- Government Limits on Contributions
- How Your Credit from the Annual Company Contribution Is Made
- The Two Trusts
- Employee Contributions

**Vesting**

**Investing Your Account**
- Important Details About Making Investment Changes
- Your Investment Choices
- Fund Performance Summary and Benchmarks
- Investment Transfer Restrictions
- Changing Your Investments

**Withdrawals While You Are Employed**
Notice of Privacy Policy and Practices
Financial Education Programs and Tools
Contacts
Glossary

Note to User: Any words that are italicized, such as J.P. Morgan Retirement Plan Services, will be found in the back of this document under "Contacts." Any words that are underlined will be found in the back of this document under "Glossary."
Plan Features Summarized

The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan (Plan or PST Plan) is designed to make you an owner in the Company and to help you accumulate assets for retirement. Here's how the Plan works:

- Each year P&G makes a contribution to the Plan. Your share of that annual Company contribution is determined based on your eligibility, your base pay, and your length of service.
- Currently, the annual Company contribution can be made up from two sources - convertible Preferred shares of P&G stock and cash. The cash part of your share of the Company contribution to your PST account is used to buy P&G Common Stock. The Company then pays dividends on its stock, and each share of P&G stock in your PST account earns dividends.
- The P&G stock dividends are automatically reinvested in more shares of P&G stock within your account. However, because the Plan is an Employee Stock Ownership Plan, you have the ability to choose to have the P&G stock dividends paid out of your account to you as additional cash income each quarter.
- You can receive payment of your vested PST account when you retire, become disabled or stop working for P&G. When you die, your beneficiary will receive payment of the unpaid value of your account. Spousal beneficiaries have the option to leave their benefit in the Plan and participate in the Retirement Plus feature.
- At retirement or separation from employment, you will automatically participate in Retirement Plus if the vested portion of your PST account is at least $1,000. Retirement Plus is a Plan feature that provides expanded investment and distribution options for retirees, former-employees and spousal beneficiaries of participants (who are the sole beneficiary to the account).
Prospectus

This document constitutes part of a prospectus ("Prospectus") covering securities that have been registered under the Securities Act of 1933, as amended (the "Securities Act"). It is intended to furnish eligible employees of the Company with information regarding the PST Plan and may be supplemented or amended from time to time. This document should be retained for future reference.

THE PROCTER & GAMBLE Profit Sharing Trust and Employee Stock Ownership Plan

About This Prospectus

13,076,640 shares of Common Stock of The Procter & Gamble Company (P&G) have been registered under the Securities Act of 1933, as amended, for purchase under The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan (Plan or PST Plan).

In addition, an indeterminate amount of participation interests in the Plan have been registered under the Securities Act to be offered or sold pursuant to the Plan. Individuals who are eligible and elect to participate in the Plan are referred to in this prospectus as "participants".

This document constitutes a prospectus covering securities that have been registered under the Securities Act. The prospectus is intended to furnish eligible employees of the Company with information regarding the Plan and may be supplemented from time to time. The prospectus supersedes any previous Plan prospectus delivered to you.

You should keep the prospectus for future reference. The Plan is qualified under Section 401(a), 409 and 4975(e) (7) of the Internal Revenue Code, as amended.

No person has been authorized to give any information or to make any representation not contained in the prospectus. If given or made, such information or representation must not be relied on as having the authorization of the Company. The delivery of the prospectus at any time does not imply that information in it is correct as of any time after the date on the prospectus. The prospectus does not constitute an offer to sell or a solicitation of any offer to buy any securities offered hereby in any state to any person to whom it is unlawful to make such an offer or solicitation in such state.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of the prospectus. Any representation to the contrary is a criminal offense.

If you have any questions about The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan (PST Plan) after reading this material, please contact J.P. Morgan Retirement Plan Services at 800-345-2345. Representatives are available weekdays, from 8:00 a.m. to 9:00 p.m. Eastern Time.
Plan Participation

Eligibility

You are eligible to participate in the Plan if:
- you are a US employee of P&G or a P&G subsidiary that participates in the Plan;
- you are not covered under any other retirement plan sponsored by P&G; other than the P&G Savings Plan;
- you are a US citizen, permanent resident; or resident on a long-term work visa and
- you have completed one year of service with P&G.

You are not eligible to participate in the Plan if:
- you are a leased employee;
- you are an employee represented by a collective bargaining agent if retirement benefits were the subject of good faith bargaining between the employer and the agent, unless the collective bargaining process has provided for the eligibility in this Plan;
- you perform services as an independent contractor, or pursuant to a supplier agreement;
- you are a participant in any other qualified non-governmental retirement plan (other than the P&G Savings Plan), unless such non-governmental plan has been specifically designed to supplement this Plan and the P&G Savings Plan; or,
- you are not classified as an employee on the regular payroll of P&G, without regard to whether you would be determined by a court or governmental agency to be a common law employee.

If You Are a US Employee and Go On An Expatriate Assignment Outside of the US

If you are a US employee who goes on an expatriate assignment outside of the US, and you are a US citizen, you will continue to be eligible to participate in the PST Plan while on expat assignment. However, if you are a non-US citizen, and become a non-US resident (will not reside in US for a period of 6 months or longer, and your Green Card must be given up), then your participation in the PST Plan will be suspended and you may be eligible to participate in the P&G International Retirement Plan (P&G IRP) program.

Enrollment

After you have completed a Year of Service with the Company and are eligible to join the Plan, an account will be established for you automatically.

J.P. Morgan Retirement Plan Services (our plan administrator / recordkeeper) forwards an enrollment kit to you at your home address. The kit contains information about the PST Plan. The kit also provides information on your own Password which will allow you to access your PST Plan account online via the www.pgretireonline.com website.

New enrollees should contact J.P. Morgan Retirement Plan Services if they don’t receive an enrollment kit shortly after their one Year of Service anniversary, or otherwise becoming eligible to participate in the Plan.
Waiver of Participation

You can choose not to participate in the Plan. If so, you will need to complete a Participation Waiver/Re-Enrollment Form and return it to P&G US Retirement Plans Administration. Your election will take effect as soon as practical after US Retirement Plans Administration has received your request. You may change your mind and decide to enroll/re-enroll in the Plan at any time. Your participation would then be effective as of the first day of the payroll period after the date that P&G US Retirement Plans Administration receives your completed Re-Enrollment Form.

Note: You would not receive any Company contributions for the period in which you were not participating in the Plan.

Some Rules Regarding Participation in the PST Plan:

- the PST Plan does not accept rollovers from a prior employers’ plan or a qualified IRA account. However, the P&G Savings Plan does accept rollovers.
- if you are a participant in the PST Plan at any time during the calendar year, you may not be eligible to make deductible contributions to an IRA account; and
- transferring shares or cash to another account outside of the PST Plan is not allowed unless you receive a distribution from the Plan.
**Naming Your Beneficiary**

Your beneficiary is the person who will receive the value of your PST Plan account if you die. You may change your beneficiary at any time, and you may name more than one beneficiary within the regulations that apply to the PST Plan.

If you are not married, you can name one or more individuals, organization, trust or estate as your beneficiary. If you are married, your spouse is automatically your sole primary beneficiary. This is a federal requirement because the PST Plan is a qualified retirement plan under ERISA (Employee Retirement Security Act of 1974 and its amendments), and must follow certain pension plan rules.

NOTE that the P&G PST Plan applies the federal definition of “spouse.” If you have a Domestic Partner or Same-Sex spouse and want him/her to be your beneficiary, you will need to make a designation naming that person as your beneficiary.

If you are married and age 35 or older during the current Plan year (7/1-6/30), you can choose to name a primary beneficiary other than your spouse, but only if your spouse voluntarily agrees to the designation. Your spouse must complete the Consent of Spouse section on the Beneficiary Designation Form, and sign it in the presence of a Notary Public. Your spouse can withdraw his or her consent at any time prior to your death by notifying the Trustees of the Plan in writing. You do not need your spouse’s consent to name a secondary beneficiary.

If you complete a designation form and name your spouse as the primary beneficiary, note that as the named beneficiary, he or she will remain your primary beneficiary even if you get divorced — unless:

1. you submit a new Beneficiary Designation at that time;
2. you remarry, or
3. you clearly indicate on a designation form that you must be married to the named individual at the time of your death (i.e., Mary Jones Smith, Wife, 100%, if she survives me and is married to me at the time of my death; otherwise, John Jones Smith, son, 100%).

If you designate multiple primary or secondary beneficiaries, you must indicate the percentage each beneficiary should receive or payment will be divided equally among them.

To designate a beneficiary:

You can make simple beneficiary designations for your PST Plan account at www.pgretireonline.com. (Once you’ve logged on, click on the Plan name. Click the “Beneficiaries” link at the left side of your screen and follow the prompts.)

For more complex beneficiary designations (e.g., ones requiring spousal consent or ones in which you apply some limitations or additional wording), you must submit a hard-copy Beneficiary Designation form to P&G US Retirement Plans Administration.

You can obtain a hard-copy Beneficiary Designation form at www.pgretireonline.com in the “Forms and Publications” section. Or you can call J.P. Morgan Retirement Plan Services at 800-345-2345 weekdays between 8 a.m. and 9 p.m. Eastern time.
If your designation is not captured online, and you would like to determine your most recent PST Plan beneficiary designation, you may submit a signed request to P&G US Retirement Plans Administration, TE3, Two P&G Plaza, Cincinnati, OH 45202, (fax 513-983-8735) for a copy to be mailed to you.

If there is no named beneficiary on file and you are married at the time of death, benefits are paid to your spouse. If you are not married, benefits are paid to your Estate.

Your Account

As a Plan participant, you have an account that has been set up just for you. This account is used to maintain the contributions that the Company makes to the Plan for your retirement benefit.

Your PST Plan account can include funds from several different sources:
- the annual Company contribution;
- vested P&G Stock dividends received from Company contributed P&G shares credited to your account since August 1, 2004;
- an Additional Preferred Contribution (if you were eligible for the automatic dividend transaction that took place between July 1, 2000 and June 30, 2004); and
- investment gains and losses.

How Your Account Is Valued

At the end of each day, the value of your account will be determined based upon the closing price of each investment; and earnings, gains, and losses will be allocated to your account.

To help you track the value of your account, a statement of your account is produced and available online at www.pgretireonline.com or by mail. The quarterly statement will show:

- The credit from the annual Company contribution (posted in July/August, appearing on the statement for the quarter ending September 30 each year) each year that you are eligible;
- The investment results for each investment option;
- The current quarterly portion of the annual administration fee;
- The current value of your investments; and
- Any loan or distribution activity.

How Your Account Can Grow

No one can predict exactly how your account will perform. The value of your account will depend on several factors, including:
- How much your share of the annual Company contribution was;
- How long you save;
- The performance of each investment option; and
- Whether or not you made or make any withdrawals or took or take any loans.
Accessing Your Account

You have the ability to access your account by contacting J.P. Morgan Retirement Plan Services:

**Automated telephone system**
800-345-2345
24 hours a day, seven days a week
Need Password
Spanish available
TDD number: 800-345-1833

**J.P. Morgan Retirement Plan Services representatives**
800-345-2345
Weekdays between 8 a.m. and 9 p.m. Eastern time
Don’t need Password
Spanish available
TDD number: 800-345-1833

**www.pgretireonline.com**
24 hours a day, seven days a week
Need Password

In order to access account information by telephone or online, you will need to have your Password available.

If you never established a Password, or you have lost your Password, contact J.P. Morgan Retirement Plan Services for more details on how to get a new Password.

Who is J.P. Morgan Retirement Plan Services?
P&G’s selected service provider for US retirement plans:
- Plan recordkeeping
- Participant services
- Headquarters in Kansas City, MO; with additional telephone representatives in Denver, CO
- Currently serving over 300 plans and nearly 1.8 million participants
- Subsidiary of J.P. Morgan Chase & Co
Your Account Statement

Each calendar quarter while you have assets in the Plan, a statement of your account is produced and available on-line or by mail. The statement will show:

- the total value of your PST Plan account;
- investment gains and losses to your PST Plan account;
- allocation of loan repayments;
- distributions made from your PST Plan account; and
- your share of the previous year’s annual Company contribution (appears only on the statement as of 9/30, online in October).
- Account administration fee charged to your account.

You should keep your PST Plan account statements with your personal records. If you have any questions about your PST Plan account statements you should contact J.P. Morgan Retirement Plan Services for more information.

The default setting for statement delivery is on-line access. However, you can request that paper copies of your statements be mailed to your home address. You can change this election at anytime. You will need your Username and Password to access your account online. If you do not have, or lost, your Password, please contact J.P. Morgan Retirement Plan Services (see Accessing Your Account) to request that a new one be sent to you.

The following will occur in your account with no action required by you:

- you will receive a Company contribution to your account each year you are eligible;
- any investment gains and losses will be posted to your account quarterly;
- dividends received on P&G stock in your account after August 1, 2004 will automatically be vested regardless of your years of service; and
- one-fourth of the annual administration fee will be charged to your account each quarter.

Your Account Administration Fee

The Company shares the cost of administering the PST Plan with participants. This is done through a quarterly fee deducted directly from your account balance and reported on your quarterly statement.

The total administration fee for the PST Plan is a combination of:

- A small service fee, assessed on a very limited number of the investment options offered by the Plan. This “service fee” is a portion of the investment management fee (expense ratio) paid by participants invested in these particular funds. This “service fee” component of some mutual funds covers costs like maintaining your account, delivering prospectuses and providing assistance to participants that the mutual fund company would normally have to do, but doesn’t because the Plan’s recordkeeper does that work;
- A flat fee of $5 per year (taken out of your account as $1.25 per quarter);
A variable percentage fee applied to the total value of your account each quarter. This fee makes up the rest of the total participant administration fee and fluctuates from quarter to quarter based on Plan data, and the results of the other two fees. Most recently, this fee was 0.003174%, or $3.17 on a $100,000 account balance per quarter ($12.68 per year).

Total participant administration fee (set cost agreed upon through contract); minus service fee on certain investments; minus flat fee ($1.25 per quarter); equals variable percentage fee (difference between what is owed and the sum of the other two fees).

This is an innovative way to more equitably spread the total cost of Plan administration. There is a set cost to administering the Plan. Although the total amount that we pay our recordkeeper for the daily administration of the PST Plan is controlled according to the contract P&G has with the recordkeeper, the way that cost is allocated to participants will be spread more evenly among all participants through the fluctuating percentage charge. All participants have the same basic service offerings available to them. Substantially increasing the flat fee does not seem ‘fair’ to participants with small accounts. Eliminating the flat fee and charging strictly on a percentage of account value does not seem ‘fair’ to participants with larger accounts. Therefore, we have developed a hybrid of both systems, with a relatively low flat fee and a relatively low percentage basis. If the Plan fiduciaries make investment selections that affect the service fee, or as the value of the investments changes from quarter to quarter, the variable percentage rate will fluctuate. However, because the percentage rate is spread across all assets, the adjustments are expected to be relatively small. P&G has established this process with our service provider, J.P. Morgan Retirement Plan Services. The amount is monitored continuously by P&G and J.P. Morgan Retirement Plan Services within the constraints of the service contract. The service contract protects both Plan participants and the service provider in regard to the total amount paid.

It is also important to remind all participants that the Plan fiduciaries’ intention is to offer funds that have solid returns, net of all fees. “Net of fees” is how funds generally report their returns after all fees have been taken. Therefore, the Plan fiduciaries are looking at return after the entire investment management fee has been considered.
Changing Your Account Address

Many Plan communications are mailed to you home address. To change your address on Plan records:

**Employees**

To update your home address, access the *Life & Career > Personal Information > Home Address* area of the my.PG.com site; or call the Employee Service Center at 888-627-7472.

**Retirees/Former Employees/Non-employees**

To change your address, contact *J.P. Morgan Retirement Plan Services* at 800-345-2345.
Your P&G Service

Years of Service

Your service with the Company is important when determining your eligibility to participate in the Plan, your share of the annual Company contribution and your right to a benefit from the Plan.

You earn an hour of service for every hour you work. If you are entitled, you also earn hours of service for vacation, holidays, illness, injury, incapacity (including disability), layoff (up to one year), jury duty, military duty and approved leaves of absence from which you return. You also earn hours of service for back pay that is awarded or agreed to by the Company.

Your Years of Service are how long you have worked for P&G based upon your own personal anniversary of employment date. You earn a Year of Service for each 12-month period that begins on your date of employment, or anniversary thereof, in which you work 1,000 hours of service or more.

A 12-month anniversary of employment period in which you work 500 hours or less is considered a break in service year. Only when you are no longer employed by P&G will break in service years accumulate to cause you to have a Break In Service, in which case, if you are rehired, you would start over with a new employment date for anniversary service purposes (see If You Are Rehired).

To be eligible for a credit from the annual Company contribution, you must work at least 1,000 hours of service during the Plan Year (7/1-6/30).

Plan Credit Years

Plan Credit Years are used to determine how much, as a percentage of your base pay, you receive as a credit from the annual Company contribution. Plan Credit Years are full Plan (Fiscal) Years (7/1-6/30) in which you work 1,000 hours or more, which begin accumulating on the first of a Plan Year AFTER you complete a Year of Service. Plan Credit years earned before July 1, 1975 will count only if they were continuous.

The amount of the annual Company contribution credited to your PST Plan account typically increases according to the number of Plan Credit Years you have. You earn one Plan Credit Year for each full Plan Year starting on the first day of a Plan Year (July 1 - June 30) that begins after you have completed one Year of Service. The maximum number of Plan Credit Years is 20. In the Plan Years after you reach 20 Plan Credit Years, you continue to receive the maximum contribution, if eligible.

“Years of Service” are how long you have worked for the Company based upon your personal employment anniversary date.

A “Year of Service” is a 12-month period, beginning on your employment date, or the anniversary thereof, in which you work 1,000 hours or more.

“Plan Credit Years” are used to determine how much, as a percentage of base pay, you receive as a credit from the annual Company contribution.

“Plan Credit Years” are full Plan (Fiscal) Years in which you work 1,000 hours or more and that begin accumulating on the first of a Plan Year after you have completed a Year of Service.

A Plan Credit Year (PCY) example, full-time, monthly-paid, employee:
You continue to earn hours of service for your normal work schedule for time off on an approved leave.

Leaves of Absence

You will be credited with your normally scheduled hours of service for times you are away from work due to an approved leave of absence, as long as you return from that leave. However, if you were credited with hours of service due to an unpaid layoff, the Plan does not count those hours in determining whether you are eligible to join the Plan.

Note that if you are eligible for a credit from the annual Company contribution, the dollar value of your credit may be affected because you were not receiving pay during the leave (your credit from the annual Company contribution is a percentage of base pay actually paid to you during the Plan year). Payments from the Disability Benefit Plan are not considered base pay.

Maternity Leave

As noted above, you will be credited with your normally scheduled hours of service for approved leaves of absence, as long as you return to work from that leave.
There is a special Federal regulation in the case of a maternity leave that would give you hours to stop you from having a break in service year. A "break in service year" occurs when you earn 500 or fewer hours of service during an anniversary year. This special maternity regulation does not apply to most cases at P&G, because if eligible, the Company's maternity leave policy generally awards more hours than federally required.

However, we must provide the following information regarding the Federal regulation. The Federal regulation provides that in order to stop you from having a break in service year, you may receive credit for up to 501 hours of service during any period you are absent from work due to pregnancy, the birth of your child, matters relating to the placement of your adopted child or the care of your child during the period immediately after birth or adoption placement with you. For example, if Susan had worked 400 hours during a Plan Year before a maternity absence, she would be credited with 101 hours of service to prevent a break in service year. You may be required to provide proof to the Plan Trustees before receiving credited hours under this regulation (e.g., a birth or adoption certificate).

Again, this special maternity regulation would provide you with only enough hours to stop you from having a break in service year. It would not give you enough hours to earn a Year of Service. However, it is possible for you to be credited with enough hours of service to earn a Year of Service under the Company's policy of approved leaves of absence.

Military Leave
There are also special Federal regulations that apply if you leave P&G to serve in the military and you have reemployment rights under Federal law. Your PST Plan account will stay as an employee participant in the Plan until you retire, become totally disabled, die or fail to return to work for P&G within the time limits set by law after your military service ends.

Upon return from Military Leave, as an eligible participant, your account will be credited with any year's annual Company contribution for the period you were out on leave. The credit will be based upon Base Wages that would have been paid to you for the time period if you had not been on leave. If the Base Wages for the time period on Military Leave cannot be determined, then the calculation will be made using the Base Wages paid during the 12-month period immediately preceding the military service, or, if shorter, the period of employment immediately preceding the Military Leave.

Any PST Plan loans you may have will not default while on Military Leave. You can suspend PST Plan loan repayments for any part of any period during which you are on Military Leave. Loan repayments must resume upon return from leave. Upon resumption, the frequency and amount of each repayment cannot be less than the original terms. The loan must be repaid in full (including interest that accrued during the period of military service) by the end of the period that includes the original term of the loan plus the period of military leave.

If you don't return to work for the Company within the time limits set by law, only the vested portion of your PST Plan account will be paid to you. Any unvested balance of your PST Plan account will be forfeited.
Less Than Full Time (LTFT) and Reduced Work Schedule (RWS)

If you return from a leave of absence and go on a Less Than Full Time (LTFT) schedule or a Reduced Work Schedule (RWS), you will be credited with the actual hours worked while you are on a LTFT or RW schedule.

While you are working a Less Than Full Time (LTFT) or Reduced Work (RW) schedule, you will be credited with the actual hours you work. Your Company contribution may be affected during this time as you will receive a contribution based on your actual base pay paid to you, which is pro-rated to your Less Than Full Time schedule.

If You Are An Employee of An Acquired Company

If you were an employee of the US subsidiary of an acquired company, the decision on when eligibility begins for PST Plan participation is generally left up to the business unit. Once the business unit makes the decision to become a participating subsidiary in the PST Plan, employees of that acquired company stop participating in the acquired company’s retirement plan(s) and become eligible to participate in the P&G PST Plan.

Your service with the acquired company is recognized by the PST Plan for both the calculation of your Years of Service and your Plan Credit Years. Once you begin participation in the PST Plan, the calculation of any further Years of Service or Plan Credit Years are based upon P&G’s 1,000 hour definitions.

If You Are Rehired

If you were previously employed by P&G and are rehired by the Company as an active employee, any PST Plan distributions you had been receiving will stop immediately.

Your service before leaving the Company may be credited to you after you are rehired:

- if you were previously employed by P&G and separated from P&G after July 1, 1989 with five or more years of service - If you had five or more years of service with the Company when your employment ended, you will immediately be eligible to participate in the Plan as an active employee upon rehire if you meet the eligibility requirements. You will continue to be vested in any future Company contributions made to your PST Plan account. In addition, your past Plan Credit Years will count for determining your share of the Company contribution;

- if you were previously employed by P&G and separated from P&G after July 1, 1989 with less than five years but rehired before five consecutive one-year breaks - If you had less than five Years of Service with the Company when your employment ended, and you were rehired before having five consecutive one-year breaks, your past service will count for determining when your participation will start and for determining when you are vested in the Company contributions, plus earnings/losses on such contributions. Your past service will also count for determining your share of the Company contributions (Plan Credit Years). Amounts in your PST Plan account that were forfeited when you left the Company will be
restored to you upon your rehire; or

- if you were previously employed by P&G and separated from P&G after July 1, 1989 with less than five years and rehired after five consecutive one-year breaks - If you had less than five Years of Service with the Company when your employment ended and are rehired after five consecutive one-year breaks in service years, you will be considered as having a Break In Service and the amounts in your PST Plan account that were forfeited when you left the Company will not be restored to you. Your past service will not count for determining eligibility, your share of the Company contribution or vesting, and you will start over with a new employment date upon rehire.

These rules regarding rehired P&G employees apply if your employment ended on or after July 1, 1989, and you were rehired on or after July 1, 1989. Check with P&G US Retirement Plans Administration if your situation does not fit within this time period. To confirm the Years of Service and Plan Credit Years that the Plan has recorded for you, contact J.P. Morgan Retirement Plan Services.

Rehires/Co-ops/Interns

The same rules that are noted above for rehires, apply to Co-op and Intern situations. Your original employment date with P&G is used to determine whether you have earned Years of Service, or subsequent break in service years.

If you were previously a participant in the Plan and had a vested balance when you separated from P&G, any Plan payments you are receiving will stop if you are rehired by P&G or a P&G subsidiary that participates in this Plan. Your participation in the Plan as an active employee will begin again when you are rehired by P&G or a P&G subsidiary that participates in this Plan. You will continue to be vested in any future annual contributions credited to you because you were vested in the Plan at your original separation of employment. Your prior Plan Credit Years will also count for determining your share of annual contributions.

If You Transfer (Localize) Into the United States

If you were a non-US employee of P&G outside of the US, and you transfer to the US and localize as a US employee (permanent transfer rather than an expat assignment), you may be eligible to participate in the PST Plan upon localization. Your eligibility depends upon whether or not you are a US Citizen; and if not, whether or not you are living in the US.

If you are not a US Citizen, and you localized to the US as a US employee, you must be a US resident and physically residing in the US to participate in the PST Plan. If you are not a US Citizen, and do not physically reside in the US, you cannot participate in the PST Plan even if you are considered a localized US employee.

Your prior service with P&G outside of the US will count toward the calculation of your Years of Service and your Plan Credit Years. If you have any questions regarding your localization and PST Plan eligibility status, please contact P&G US Retirement Plans Administration at 800-348-6048.

If you are a non-US employee, working in the US as a Dual Career Personal Request (DCPR), you are not eligible for participation in the PST Plan. You would continue participation in your home country retirement benefit plan. If it is not possible to continue participation in your home country
retirement plan (due to local law, guidelines, etc.) your home country would then need to enroll you in the International Retirement Plan (IRP).

If You Transfer to a Non-Participating Subsidiary or You Withdraw from the Plan

Transfer

If you are transferred to a P&G subsidiary or to an employment status that is not covered by this Plan, here’s how your Plan participation will be affected:

- you won’t receive a share of the Company contributions for the time you are not covered by the Plan;
- you will continue to earn service for purposes of *vesting*, retirement eligibility and Plan Credit Years;
- your PST Plan account will remain in the Plan and continue to be adjusted by the performance of the investment options held in your account;
- if you are *vested*, you can continue to invest in alternative investments just as any other participant; and
- your PST Plan account will remain in the Plan until:

  o you or your beneficiary receive payment like any other participant or beneficiary;
  o you become disabled and receive a distribution from your PST Plan account; or
  o you terminate employment without being *vested*.

Withdraw from the Plan

If you join another plan: If you are eligible for another P&G retirement plan (other than the P&G Savings Plan), you may be able to withdraw from this Plan and join the other plan instead. You cannot rejoin this Plan as long as you are participating in that other plan. If you withdraw from the Plan and join another P&G retirement plan, your PST Plan account might be transferred to that other plan and be subject to the terms of that plan.

If you don’t join another plan: If you withdraw from this Plan while you’re a P&G employee and you don’t join another P&G retirement plan, your PST Plan account will remain in the Plan until you retire, become disabled, die or leave the Company with a *vested* benefit.

Here are some important details you should know:

- while you are not an active participant, you won’t receive any Company contributions;
- your PST Plan account will remain in the Plan and continue to be adjusted by the performance of the investment options held in your account; and
- for the *vested* portion of your PST Plan account, you’ll have the same investment options as active participants in the Plan.

You will continue to earn vesting service for the time your PST Plan account remains in the Plan and you continue to work as a P&G employee.
Contributions to Your Account

Company Contributions

P&G makes a contribution to the PST Plan each year. You may be eligible for a credit from the annual Company contribution which is based on your base pay and length of service.

All Company contributions into the Plan are made on a pre-tax basis meaning you do not have to pay taxes on those amounts and/or any gains/losses on those contributions until taking a distribution from your PST Plan account.

To be eligible for a credit from the annual Company contribution, you must be an eligible participant in the Plan, be employed on June 30th of the Plan Year, and have worked 1,000 hours of service or more during the Plan Year (July 1 – June 30).

There are exceptions to the 1,000 hour, and being an employee on June 30th, requirements.

Even if you are an inactive participant on June 30, are not an employee on June 30, or don’t have at least 1,000 hours of service during that Plan Year, you will receive a pro-rated share of the Company contribution based on your salary while an active participant in the Plan if one of the following applies:

- you retire and are eligible to receive a retirement distribution from the Plan;
- you start military service for which you have reemployment rights under Federal law;
- you start an approved leave of absence;
- you are a full-time employee who starts a layoff for lack of work;
- you withdraw from the Plan;
- you transfer to a subsidiary or to an employment status that isn’t covered by this Plan;
- you leave the Company with a vested interest in your entire PST Plan account; or
- you die.

If you go on an approved Leave of Absence, including Disability, you will be credited with the hours you would have worked during that time, which will apply toward your eligibility to share in the annual Company contribution. However, the dollar value of your credit may be affected because you were not receiving base pay during the leave and the credit from the Company Contribution is a percentage of pay actually paid to you during the Plan year (payments made to you from the Disability Benefit Plan are not included in Profit Sharing base pay).

If you work a Less Than Full-time (LTFT) or Reduced Work Schedule (RWS), you will be credited with the actual hours you work. The dollar value of your credit may be affected during this time as the credit is based upon your actual base pay paid to you, which is pro-rated to your Less Than Full Time schedule.

Each year that you are eligible, and depending on Company profits, your PST Plan account receives a share of the annual Company contribution using a two-part process:

- an allocation of 5% of your base pay earned while participating in the Plan; and
• an allocation based on your base pay and your Plan Credit Years. The maximum number of Plan Credit Years is 20. In the Plan Years after you reach 20 Plan Credit Years, you continue to receive the maximum contribution, if eligible.

For each year you meet the eligibility requirements, a Company contribution will be made to your PST Plan account automatically. The amount credited to your PST Plan account is a percentage of the base pay that was actually paid to you while a participant in the Plan during that Plan year. The Plan Year begins on July 1 and ends on June 30. If you are paid on an hourly, weekly or biweekly basis, only the pay you receive for payroll periods ending during that Plan year will be included. The contribution is typically made in July or August following the Plan Year ended June 30th of that year with a notification sent to you by mid August.

The formula used to determine the total Company contribution takes into account the total pay of all participants for that year. That total contribution amount is then divided up among all eligible participants, with all eligible participants receiving a credit that equals 5% of the base pay paid to them while a participant in the Plan for the Plan Year. The remainder of the Company Contribution is then divided among all of the Plan Credit Years of all participants. That value of a Plan Credit Year is translated into an additional percentage of base pay you receive for each Plan Credit Year you have acquired.

The amount you receive will vary from year to year because it is determined by the proportion of your salary and Plan Credit Years to all Plan participants’ salaries and Plan Credit Years. (See section on Plan Credit Years for more information.)

The Company Contribution Calculation

As of September 1, 2011, there are three sets of factors for determining the additional percentage of base pay a participant receives for each Plan Credit Year as their portion of the Annual Company contribution; based upon your employment date and your employment status. The factors are determined based upon whether calculated as an average 9% Company contribution to the Plan, 12.5% Company contribution to the Plan or an average 15% Company contribution to the Plan. The chart below summarizes the populations who fall under each of the three average contribution rate programs:

<table>
<thead>
<tr>
<th>9% Average Program</th>
<th>Grandfathered 12.5% Average Program</th>
<th>Grandfathered 15% Average Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>US employees with start date on or after 9/1/2011;</td>
<td>US employees with start date on or after 7/1/05;</td>
<td>US employees with start date prior to 7/1/05;</td>
</tr>
<tr>
<td>Acquired employees of a business that was not participating in the PST Plan prior to 9/1/2011;</td>
<td>Acquired employees of a business that was not participating in the PST Plan prior to 7/1/05 (Wella, Prestige, DDF, Gillette, etc.);</td>
<td>Acquired employees of a business that was participating in the PST Plan prior to 7/1/05;</td>
</tr>
<tr>
<td>Employees localized to the US on or after 5/1/2012;</td>
<td>Employees localized to the US on or after 7/1/09;</td>
<td>Employees localized to US prior to 7/1/09; and P&amp;G start date prior to 7/1/05;</td>
</tr>
<tr>
<td>Employees rehired in US on or after 9/1/2011; except those vested rehired employees who were previously in the 12.5% and 15% average programs; and who are</td>
<td>Employees rehired in US on or after 7/1/09; except those vested rehired employees who were previously in the 15% average program; and who are rehired within 12</td>
<td>Employees rehired in US prior to 7/1/09; with reinstated service and original P&amp;G start date prior to 7/1/05;</td>
</tr>
</tbody>
</table>

Vested employees rehired on or after
rehired within 12 months of the most recent separation date.  

months of the most recent separation date.  

7/1/09; rehired within 12 months of most recent separation date; with recognized service with an original P&G start date prior to 7/1/05.

The move to a 9% average was the result of a benchmarking study made relative to peer companies in the U.S. The 9% contribution amount still keeps the PST Plan in the top tier when compared to peer companies whose average contribution is 9%. Additionally, the average company contribution to retirement plans made by all US corporations is 5% of pay. The 9% rate will allow us to remain competitive both in attracting employees and in reducing costs which are ultimately passed on to our consumers.

Using the demographics and total wages for all participants, the corresponding factor will be calculated in three ways: 1) as if the total Company Contribution was 9%; 2) as if the total Company Contribution was 12.5%; and 3) as if the total Company Contribution was 15%. The different factors will be applied based upon each participant's eligibility based upon their personal employment status.

The following table shows the percentage of base pay that each eligible PST Plan participant would have received as their portion of the Annual Company contribution for the Plan Year ended 6/30/11. The first two columns of the table are based upon the 12.5% contribution rate and the number of Plan Credit Years a participant had. The second two columns of the table are based upon an overall 15% contribution rate and the number of Plan Credit Years a participant had as of 6/30/11:

<table>
<thead>
<tr>
<th>Plan Credit Years</th>
<th>% of Base Pay received as Credit</th>
<th>Plan Credit Years</th>
<th>% of Base Pay received as Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>5.0000000%</td>
<td>0</td>
<td>5.0000000%</td>
</tr>
<tr>
<td>1</td>
<td>5.6098736%</td>
<td>1</td>
<td>5.8060632%</td>
</tr>
<tr>
<td>2</td>
<td>6.2197472%</td>
<td>2</td>
<td>6.6121264%</td>
</tr>
<tr>
<td>3</td>
<td>6.8296208%</td>
<td>3</td>
<td>7.4181896%</td>
</tr>
<tr>
<td>4</td>
<td>7.4394944%</td>
<td>4</td>
<td>8.2242528%</td>
</tr>
<tr>
<td>5</td>
<td>8.0493680%</td>
<td>5</td>
<td>9.0303160%</td>
</tr>
<tr>
<td>6</td>
<td>8.6592416%</td>
<td>6</td>
<td>9.8363792%</td>
</tr>
<tr>
<td>7</td>
<td>9.2691152%</td>
<td>7</td>
<td>10.6424424%</td>
</tr>
<tr>
<td>8</td>
<td>9.8789888%</td>
<td>8</td>
<td>11.4485056%</td>
</tr>
<tr>
<td>9</td>
<td>10.4888624%</td>
<td>9</td>
<td>12.2545688%</td>
</tr>
<tr>
<td>10</td>
<td>11.0987360%</td>
<td>10</td>
<td>13.060320%</td>
</tr>
<tr>
<td>11</td>
<td>11.7086096%</td>
<td>11</td>
<td>13.8666952%</td>
</tr>
<tr>
<td>12</td>
<td>12.3184832%</td>
<td>12</td>
<td>14.6727584%</td>
</tr>
<tr>
<td>13</td>
<td>12.9283568%</td>
<td>13</td>
<td>15.4788216%</td>
</tr>
<tr>
<td>14</td>
<td>13.5382304%</td>
<td>14</td>
<td>16.2848848%</td>
</tr>
</tbody>
</table>

©2012 Procter & Gamble, All Rights Reserved  
Publication Date: 05/31/2012  
Page 25 of 92
<table>
<thead>
<tr>
<th>Year Ended</th>
<th>@ 25% Average Company Contribution</th>
<th>Year Ended</th>
<th>@ 15% Average Company Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/30/2011</td>
<td>0.6098736%</td>
<td>06/30/2011</td>
<td>0.8060632%</td>
</tr>
<tr>
<td>06/30/2010</td>
<td>0.6245114%</td>
<td>06/30/2010</td>
<td>0.8257158%</td>
</tr>
<tr>
<td>6/30/2009</td>
<td>0.6397708%</td>
<td>6/30/2009</td>
<td>0.8445002%</td>
</tr>
<tr>
<td>6/30/2008</td>
<td>0.6361604%</td>
<td>6/30/2008</td>
<td>0.8400395%</td>
</tr>
<tr>
<td>6/30/2007</td>
<td>0.6358318%</td>
<td>6/30/2007</td>
<td>0.8399628%</td>
</tr>
<tr>
<td>6/30/2006</td>
<td>0.6410170%</td>
<td>6/30/2006</td>
<td>0.8473429%</td>
</tr>
<tr>
<td>6/30/2005</td>
<td>n/a</td>
<td>6/30/2005</td>
<td>0.8689261%</td>
</tr>
<tr>
<td>6/30/2004</td>
<td>n/a</td>
<td>6/30/2004</td>
<td>0.8975599%</td>
</tr>
<tr>
<td>6/30/2003</td>
<td>n/a</td>
<td>6/30/2003</td>
<td>0.9294296%</td>
</tr>
<tr>
<td>6/30/2002</td>
<td>n/a</td>
<td>6/30/2002</td>
<td>0.9303168%</td>
</tr>
<tr>
<td>6/30/2001</td>
<td>n/a</td>
<td>6/30/2001</td>
<td>0.9078466%</td>
</tr>
<tr>
<td>6/30/2000</td>
<td>n/a</td>
<td>6/30/2000</td>
<td>0.8883645%</td>
</tr>
<tr>
<td>6/30/1999</td>
<td>n/a</td>
<td>6/30/1999</td>
<td>0.8735900%</td>
</tr>
<tr>
<td>6/30/1998</td>
<td>n/a</td>
<td>6/30/1998</td>
<td>0.8376200%</td>
</tr>
<tr>
<td>6/30/1997</td>
<td>n/a</td>
<td>6/30/1997</td>
<td>0.8282500%</td>
</tr>
<tr>
<td>6/30/1996</td>
<td>n/a</td>
<td>6/30/1996</td>
<td>0.8379700%</td>
</tr>
</tbody>
</table>
Government Limits on Contributions

There are federal limits on total contributions made to a retirement plan account each year. These limitations apply to your PST Plan account and your ability to contribute to the P&G Savings Plan (401k). The contributions to the PST Plan and the Savings Plan must be combined when considering these federal limitations. Company Contributions to your PST Plan account are limited by the following tax laws:

- a plan-year limit on the total of Company and employee contributions to your Plan accounts, which is currently a $49,000 maximum; and
- a plan-year limit on the base salary used to determine the Company Contribution credit, which for 2012 was $245,000.

All participants in the Plan are subject to the federal regulations on contribution limits.

How Your Credit From The Annual Company Contribution Is Made

As the PST Plan is an Employee Stock Ownership Plan (ESOP), the Annual Company contribution to your PST Plan account is generally made up of two pieces:

- shares of convertible P&G Preferred Stock, and
- cash, which is then used to purchase shares of P&G Common Stock.

What is the difference between Preferred Stock and Common Stock?

- Preferred shares are only held by the PST Plan. Common shares are traded on the open market.
- The preferred shares are valued the same as common shares (if you sell preferred shares within the Plan, the price you receive is the market price of common shares); but they also have a current guaranteed floor value of $6.82 per share. Preferred shares are converted on a one-for-one basis to common shares when you request a sale or upon distribution of your account.
- P&G has historically paid a dividend to shareholders each quarter. The quarterly dividend rate and dividend payable date are the same for both common and preferred shares. The preferred dividend and the common dividend are awarded to whomever owns the shares as of record date.
- The allocation price and cost basis of common shares is the market value at the time the shares were purchased; the allocation price of preferred shares is the average P&G stock price for the last five business days of the quarter, but the cost basis is currently $6.82 per share.

The Two Trusts

The assets in your PST Plan account are divided into two Trusts, and your share of the Annual Company contribution is divided between the two Trusts.

There are two Trusts that help to make up the Company’s total annual contribution:

- The Retirement Trust holds the shares of P&G Common Stock and alternative investments that originated with the cash portion of the Annual Company contribution; and,
• The Employee Stock Ownership Trust holds the shares of P&G convertible Preferred Stock that originated from the Annual Company contribution; and any shares of P&G Common Stock that were acquired through P&G Preferred Stock dividends that were in excess of the amounts needed to repay the ESOP loan as described below. (The Employee Stock Ownership Trust also holds any special issue P&G convertible Preferred Stock called Series B ESOP convertible Class A Preferred Stock for the Retiree Health Care Fund.)

To understand how the total Company contribution is determined, it is important to know how the Employee Stock Ownership Trust feature works. The Employee Stock Ownership Trust secured a loan in 1989 to buy a special issue of P&G convertible Preferred Stock. That stock is held by the Employee Stock Ownership Trust in a special account as collateral for the loan. The shares it holds are released only as fast as the loan is repaid.

Each year, while the loan is outstanding, dividends on the unallocated convertible Preferred Stock, along with an additional company contribution, will be used to pay off the loan. As the loan is paid off, a portion of the original amount of stock acquired in 1989 is released annually to individual participant accounts in the Employee Stock Ownership Trust.

Each Plan Year, the Company makes a contribution to the PST Plan based on a percentage of pay formula. The amount that the Plan receives takes into consideration repayment of the original Employee Stock Ownership Trust loan and the released convertible Preferred Stock, as shown below:

• An average of 9% - 15% (based upon Company Contribution formula) of the compensation of all Plan participants, composed of (i) the redemption value of convertible Preferred Stock released each year plus (ii) any additional Company cash contribution needed to reach the 9% - 15% contribution amount.

For the purposes of this formula, the redemption value is equal to the higher of $6.82 or the average price of P&G Common Stock based on the New York Stock Exchange for the five-day period before the allocation date. Also for this formula, compensation refers to base pay and certain additional pay as determined by the Company.
Employee Contributions

From 7/1/2001 through 6/30/2007, the PST Plan contained a separate portion attributable to employee contributions into the plan, most made through pre-tax salary contributions to the plan’s 401(k) feature. This employee contribution portion, called "Employee Accounts," of the PST Plan contained assets that originated from:

- 401(k) Salary Contributions
- Rollover Contributions
- Prior Employer Contributions (prior Noxell plan participants)
- After-tax Contributions (prior Noxell Plan participants)

Effective 6/29/07, the "Employee Accounts" portion of the PST Plan was transferred to the Subsidiaries Savings Plan, which was renamed the P&G Savings Plan. Therefore, as of July 1, 2007, P&G has two active US retirement plans:

- The Profit Sharing Trust and Employee Stock Ownership Plan – Company funded; and,
- The P&G Savings Plan – Employee funded.

The Employee Accounts portion of the PST Plan that moved to the P&G Savings Plan included assets that originated from the following sources:

- 401(k) Salary Contributions
- Rollover
- After-Tax Rollover
- Pre-87 After Tax (prior Noxell Plan participants)
- Post-86 After Tax (prior Noxell Plan participants)
- Prior Employer Contributions (prior Noxell Plan participants)

For more information on the P&G Savings Plan, please refer to the P&G Savings Plan Summary Plan Description and Prospectus.

On 6/29/07, the “Employee Accounts” portion of the PST Plan was merged into the P&G Savings Plan, a 401(k) retirement plan that allows eligible employee participants to take advantage of saving more for their retirement through pre-tax salary contributions.
Vesting

Vesting refers to your level of ownership in your PST Plan account. Once you are vested in the various portions of your account, you are legally entitled to a full distribution of those funds when you leave the Company.

- You are 100% vested in the annual Company contributions in your PST Plan account after you complete four Years of Service plus 1,000 hours of service in your fifth Year of Service; and,
- You are 100% vested in the P&G stock dividends received in your account after August 1, 2004, regardless of your Years of Service.

Note:
Before July 1, 1975, only your uninterrupted service counts in determining whether you are vested.

If you die, become disabled as defined by the Plan or turn age 65, you would be 100% vested in your PST Plan account regardless of your Years of Service.

Generally, if you separate from the Company and return before five consecutive years with a break-in-service, you will have an adjusted service date that reflects your original hire date as well as your most current hire date. These dates will be used to determine your Years of Service towards vesting.

The regulations surrounding Years of Service and vesting are Federally regulated. They are part of your rights under ERISA.

There are certain other situations that allow you to automatically become vested in the Company contributions regardless of your years of service:

- the Plan ends (in the event of a partial termination, only affected participants will become fully vested);
- there is a change of control of the Company that is not approved by P&G's Board of Directors; or
- annual Company contributions are permanently discontinued.

If you would like more help on determining how many years of service you have toward your vesting, you may contact the J.P. Morgan Retirement Plan Services.

If you separate from service before becoming vested in the annual Company contributions of your account, that portion of your account will be forfeited back to the Plan. However, it will not be forfeited automatically upon your separation from the Company. The assets will be forfeited after a break in service of five years (in other words, five years in which you have less than 500 hours of service in each of the five anniversaries of employment years). At that time you will then forfeit the annual Company contributions made to your account.

Once you are vested to your assets held in your PST Plan account, you have other features of the Plan available to you while you are still an employee, such as additional investment choices and the ability to take a loan from your PST Plan account.
Investing Your Account

Credits to your PST Plan account are made in the form of P&G stock. As a participant in the Plan, there are additional investments available to you at different times in your career. You must be vested in that portion of your account before you can make transfers between investments.

As an employee stock ownership plan (ESOP), The Profit Sharing Trust and Employee Stock Ownership Plan offers you an opportunity to invest in P&G stock. By investing in P&G stock, you become a shareholder in the Company. And you are able to reap the benefits of your own hard work by sharing in the future earnings of the Company.

The strategy of investing in P&G stock is to tie together the future success of the Company with that of the employees who work, or have worked, at P&G. P&G stock strives to achieve long-term growth through capital appreciation and dividend income by investing in stock that represents an equity (ownership) interest in P&G.

Investing in the Company’s stock can provide many benefits - including possibly high growth potential. When choosing among investments it’s important to remember that past performance is not a guarantee of future results. Unlike the other investment choices available, P&G stock is an investment in just one security. By investing all of your dollars in one security, you lack the diversification that multiple investment choices may provide.

You are the only one who can decide whether to elect an investment alternative, rather than keeping your PST Plan account assets invested in P&G stock. No one else can make that decision for you.

The core investment alternatives for active employees generally offer more predictable investment returns than stock. Here are some pros and cons to consider about the predictable returns:

Pros:
- you may be able to estimate your future benefit with greater accuracy; and
- you may be able to better protect your PST Plan account against the possibility of significant market fluctuations typically associated with equity securities.

Cons:
- your earnings might be substantially less than they would have been if you had kept your PST Plan account invested in stock.

There are additional non-core investment choices that contain other non-P&G stock equity components that are available for the vested portion of your account once you reach age 50; or if you retire or separate from P&G and continue to use the PST Plan to manage your PST Plan assets.

Need More Information?

Call J.P. Morgan Retirement Plan Services at 800-345-2345. Licensed representatives are available to assist you weekdays between 8 am and 9 pm Eastern time. The TDD number for those with a hearing impairment is 800-345-1833.
Important Details About Making Investment Changes:

Responsibility:

You are the only one who can decide whether to elect an investment alternative, rather than keeping your PST Plan account assets invested in P&G stock. No one else can make that decision for you.

Performance:

The performance of each investment option and the respective value of your investment in each option depends upon several factors, including future interest rates and the strength of the economy. These factors are not predictable. Past performance is not an indication of future performance. The Company, the Plan Trustees and Fiduciaries; and the managers of the investment options cannot and do not guarantee the performance of the investment options, and they will not compensate any Plan participant for any losses that may occur. PST Plan accounts are not insured.

Reinvestment:

Any earnings in alternative investments are automatically reinvested in the same investments to the extent possible. For example, assume that you have invested a portion of your account in the Bond Fund. Earnings on money invested in that fund are reinvested in the Bond Fund rather than in P&G stock or the Money Market Fund.

Gains/losses:

Any gain or loss from an investment will affect the value of your account. Gains and losses on investments held within the PST Plan are not taxable events. Only when you take a distribution, or a P&G stock dividend as cash payment, from your PST Plan account do you incur a taxable situation.

Buying/Selling price of P&G stock; and selling price of Smucker's stock:

When buying and selling P&G stock, the Plan Trustees buy and sell shares of P&G Common Stock on the open market for the benefit of Plan participants. When selling Smucker's stock, the Plan Trustees sell shares of Smucker's stock on the open market for the benefit of Plan participants. For both P&G stock and Smucker's stock, the price received is the actual transaction price less any transaction fee. The current transaction fee includes a stock trade commission charge of $0.02 per share for P&G stock bought, and P&G or Smucker's stock sold.

Executive officers:

Certain executive officers of the Company may be subject to Federal restrictions on transactions of Company securities. Contact the Company's Legal Division for information about these restrictions.

Smucker's Stock

Upon the completion of the Jif/Crisco sale to J.M. Smucker's, shares of Smucker's stock are held within PST Plan accounts. Dividends paid on the Smucker's stock are automatically reinvested in more shares of Smucker's stock. If you are vested to the Smucker's stock, you are able to sell the Smucker's shares and reinvest the proceeds in the other eligible investments. You will not, however, be permitted to sell other investments and purchase additional Smucker's shares.
PST Plan Retirement Plus 40% P&G Stock Rule

If you are a retired or former employee participant in the PST Plan Retirement Plus feature, or if you are an employee participant age 50 or older who chose a non-core investment for some of your PST Plan account, you are subject to the PST Plan Retirement Plus 40% P&G Stock Rule. Under the PST Plan Retirement Plus 40% P&G Stock Rule, at least 40% of your PST Plan assets must be invested in P&G stock (the stock rule). The stock rule applies at any time you request a sale of P&G stock for the purchase of an alternative investment. If you are a retired or former employee participant, the 40% stock rule also applies if you request an ad-hoc distribution in the form of P&G stock.

Investors should carefully read the Fund prospectus where applicable which includes information on the fund’s investment objectives, risk, as well as charges and expenses, along with other information before investing. To receive a fund’s prospectus, please call J.P. Morgan Retirement Plan Services at 800-345-2345.
Your Investment Choices

Different investment options are available to you depending on your age or employment status. Refer to the listing below to determine which investment options are available to you.

Vested employee participant under age 50:

You can choose between P&G Common Stock and five alternative investments for your PST Plan account, including your P&G Preferred Stock. These six investments are known as the "core" investments:

Core Investments:
- P&G Common Stock
- BlackRock Money Market Fund
- SSgA Short-Term Bond Fund
- US Intermediate-Term Bond Index Fund
- SSgA Real Return Fund
- Individual Deferred Annuity Contract

Vested employee participant age 50 and older; and retired and former-employee participant with vested account balance of $1,000 or more, at any age

You have the same core investments noted above for 100% of your PST Plan account, including your P&G Preferred Stock. In addition, you can choose to invest in six additional non-core investments that include non-P&G stock equity investments. However, if you choose to invest in any of the non-core investments, you will be subject to Retirement Plus' 40% P&G stock rule from that point on which requires that 40% of your PST Plan account be invested in P&G stock (Common and/or Preferred).

Non-Core Investments:
- Large Cap Equity Index Fund
- Small Cap Equity Index Fund
- World Equity Index Fund
- PST Pre-Mixed A: Income Portfolio
- PST Pre-Mixed B: Growth & Income Portfolio
- PST Pre-Mixed C: Growth Portfolio

Before you make any investment decisions, think about how much you need to save based on your income level and the lifestyle you plan to maintain in retirement. Please review the fund information carefully.

For additional information and a complete listing of the fund holdings, expense ratios, prices and yields, contact J.P. Morgan Retirement Plan Services or visit their website at www.pgretireonline.com.
Fund Performance Summary and Benchmarks

Investment returns and principal value of an investment will fluctuate so that an investor's shares or units when redeemed may be worth more or less than original cost of the performance quoted. Past performance is not a guarantee of and may not be indicative of future results.

For up-to-date month-end performance information, including benchmark and performance, please contact J.P. Morgan Retirement Plan Services.

You can learn more about the PST Plan's investment lineup performance and benchmarks by logging on to www.pgretireonline.com, or you can call J.P. Morgan Retirement Plan Services and speak to a representative at 800-345-2345. Representatives are available weekdays from 8 a.m. to 9 p.m. Eastern time.
**Investment Transfer Restrictions**

There are a few investment transfer restrictions which are designed to prevent frequent trading within your retirement account and between funds, as frequent trading increases costs for all participants.

**Frequent Trading Restriction**

Beginning in October 2006, Plans that make mutual funds available to plan participants must begin complying with a new rule under the securities laws. This rule, (Rule 22c-2 under the Investment Company Act of 1940) is applicable to mutual funds and is intended to assist fund companies in identifying and controlling abusive short-term trading activity. As noted previously, short-term trading activity can cause price fluctuations which may have a negative impact on the overall performance of a mutual fund. The possible negative performance impact can mean lower returns and result in a lower balance in your retirement plan.

Effective October 1, 2006, PST Plan participants who exchange any amount out of a mutual fund, with the exception of the BlackRock Money Market Fund, will be prohibited from purchasing shares of the same fund through an exchange transaction for 30 calendar days. There is no restriction on the number of transfers in or out of the BlackRock Money Market Fund or P&G Common Stock; and no limit on the number of transfers out of P&G Preferred Stock or Smucker’s stock (P&G preferred and Smucker’s stock are not available for transfers “in”). All transfers into a fund on any single day will count as one transfer toward the limitation.

The 30 calendar day limit will apply to all participant-directed investment transfers, including any reallocation and rebalancing transactions initiated by Plan participants. The following investments are included in the 30 calendar day limit: US Intermediate-Term Bond Index Fund, SSgA US Short Term Government/Credit Bond Index Fund, SSgA Real Return ex Natural Resources Fund, Large Cap Equity Index Fund, Small Cap Equity Index Fund, World Equity Index Fund; and the three Pre-Mixed Portfolios. Transfers into or out of the BlackRock Money Market Fund and P&G stock, or out of Smucker’s stock, will not be limited except by the limits on the funds you are transferring into.

Investment transfers required for normal Plan administration will not count toward the limitation. It is only “investment transfer” requests, where you are selling one investment to purchase another investment within the Plan; and only on the investments previously specified.

If you request an investment transfer that will exceed the limitations, your request will be denied. However, you would always be able to transfer into the BlackRock Money Market Fund or P&G Common Stock.

This restriction does not change the 40% P&G Stock requirement for those participants in the PST Plan’s Retirement Plus feature or those employee PST Plan participants age 50 or older who have made the election to use the additional investments available beginning at age 50 for their PST Plan account.

**PST Plan Retirement Plus 40% P&G Stock Rule**

If you are a retired or former employee participant in the PST Plan Retirement Plus feature, or if you are an employee participant age 50 or older who chose a non-core investment for some of your PST Plan account, you are subject to the PST Plan Retirement Plus 40% P&G Stock Rule. Under the PST Plan Retirement Plus 40% P&G Stock Rule, at least 40% of your PST Plan assets must be invested in P&G stock (the stock rule). The stock rule applies at any time you request a sale of P&G stock for the
purchase of an alternative investment. If you are a retired or former employee participant, the 40% stock rule also applies if you request an ad-hoc distribution in the form of P&G stock.

**Need More Information?**

Call *J.P. Morgan Retirement Plan Services* at 800-345-2345. Licensed representatives are available to assist you weekdays between 8 a.m. and 9 p.m. Eastern time. The TDD number for those with a hearing impairment is 800-345-1833.

Investors should carefully read the Fund prospectus, as applicable, which includes information on the Fund’s investment objectives, risk, as well as charges and expenses along with other information before investing or sending money. To receive a Fund prospectus, please call *J.P. Morgan Retirement Plan Services* at 800-345-2345.
Changing Your Investments

To make an investment transfer, either go online at www.pgretireonline.com to access your PST Plan account, and choose "Manage Investments," or call J.P. Morgan Retirement Plan Services. You will need your Username and your Password to access your account and make investment changes online.

Investment transfers between the 10 alternative investments ("alternatives" to P&G stock, excluding the IDA investment) that are received by close of the market (generally 4:00 p.m. eastern time) are normally sold out of the original fund and bought into the other fund(s) at the closing prices on the date the request was received. Requests received after the close of the market are considered to be received the next business day and normally processed/transacted at the closing prices of the next business day. Please note that if you are making an investment transfer by calling and speaking to a Service Representative, the transaction must be received, input and submitted by the Service Representative to determine timing of receipt for pricing purposes.

Investment transfers out of P&G stock that are received by close of the market (day 1) are normally sold in the open market the following business day (day 2). The subsequent purchase(s) into the 10 alternative investments are generally bought at the closing prices on day 2. Investment transfers out of P&G stock that are received after close of market (day 1) are considered received the next business day (day 2), and are normally sold in the open market the subsequent business day (day 3). Please note that if you are making an investment transfer by calling and speaking to a Service Representative, the transaction must be received, input and submitted by the Service Representative to determine timing of receipt for pricing purposes.

Investment transfers out of the 10 alternative investments into P&G stock that are received by the close of the market (day 1) are normally sold out of the original funds at the closing prices on the date the request was received (day 1). Requests received after the close of the market are considered to be received the next business day (day 2) and are normally sold out of the original fund(s) at the closing prices of the next business day (day 2). The subsequent purchase into P&G stock is normally bought in the open market the business day following the sale of the mutual/pre-mixed fund(s). Please note that if you are making an investment transfer by calling and speaking to a Service Representative, the transaction must be received, input and submitted by the Service Representative to determine timing of receipt for pricing purposes.

You can learn more about the PST Plan's investment lineup and "investment transfer rules" by logging on to www.pgretireonline.com, or you can call J.P. Morgan Retirement Plan Services and speak to a representative at 800-345-2345. Representatives are available weekdays from 8 a.m. to 9 p.m. Eastern time.
Withdrawals While Your Are Employed

P&G Stock Dividend Optional Payment Feature

The credit you receive from the annual Company contribution is made up of P&G Preferred Stock and cash. The cash part of the Company contribution is used to buy P&G Common Stock. P&G Company has historically paid a cash dividend to shareholders each quarter. When the Company declares a dividend on its stock, each share of P&G stock in your PST Plan account earns that dividend. The Company has historically paid dividends on the Company’s stock each quarter on approximately 8/15, 11/15, 2/15 and 5/15.

Quarterly dividend payments received on both Common and Preferred shares of P&G stock in your PST Plan account will automatically be reinvested in additional shares of P&G stock, unless you request that the quarterly dividends be paid to you as cash.

Beginning with the August 2004 dividend, all PST Plan participants will be vested to P&G stock dividends as received into their accounts, regardless of Years of Service. Therefore, all participants are eligible to request that the quarterly dividends received on P&G stock in their PST Plan accounts be paid to them as cash. The dividends will automatically be reinvested in additional shares of P&G stock, unless you request that they be paid to you as cash.

The dividend feature benefits participants and the Company in the following ways:

- Tax Savings for P&G: Because the Plan is an employee stock ownership plan (ESOP), the Company is allowed by law to take a tax deduction on the amount of P&G dividends received by Plan participants—currently a savings of approximately $40 million a year. The tax code allows this to encourage employee stock ownership plans like ours.
- Greater profitability for P&G: Paying fewer taxes allows the Company to improve its profitability, which in turn can increase the value of P&G’s stock and the Company’s ability to pay larger dividends to all P&G shareholders—including you!
- Higher stock prices and increased dividends help your PST Plan account accumulate more rapidly.
- Immediate vesting for you: You are automatically 100% vested in any P&G stock dividends received into your account. Even if you leave P&G before becoming vested to the annual Company contribution portion of your account, you will be able to take with you the portion of your account attributable to P&G stock dividends received after August 1, 2004.
- A choice to receive P&G stock dividends as additional cash income: The dividend feature gives PST Plan participants a choice to receive the quarterly P&G stock dividends as additional cash income, or to allow the dividend to be automatically reinvested in more shares of P&G stock within their Plan account.

You can make a separate election on Common Stock Dividends and Preferred Stock Dividends, electing to choose all of one type of dividend, or all of both types of dividends. Spousal consent is not required for payment of dividends. To make the election, logon to www.pgretireonline.com. Open your PST Plan account, and select “Dividend Election” from the “Account Management” menu on the left-hand side of the screen.

You can also make the election by using the automated telephone system, or by speaking to a J.P. Morgan Retirement Plan Services representative. The automated telephone system and representatives can be reached toll-free at 800-345-2345. Representatives are available weekdays from 8 a.m. to 9 p.m. Eastern time.
You will need to use your Username and your Password to access your account information using the web site and/or automated telephone line. If you do not have your Password, call J.P. Morgan Retirement Plan Services at 800-345-2345 to speak to a representative.

You can change your election on the dividends anytime throughout the year. However, in order for the change to be effective for the next dividend payable date, J.P. Morgan Retirement Plan Services must receive your instructions at least three (3) business days prior to that dividend payable date. P&G stock dividends are generally payable approximately 8/15, 11/15, 2/15 and 5/15.

If you choose to have your P&G stock dividends paid to you as cash, you will receive a separate payment from J.P. Morgan Retirement Plan Services for the dividend amount each quarter shortly after the dividend payable date. You can choose to have these dividends paid as a direct deposit to your bank account; otherwise they will be paid by separate check.

**Taxes on Dividends Received as Cash Payments & 1099 R Form**

Dividends paid to you as cash are taxable income and will be reported on Form 1099-R (with a distribution code of “U” to indicate that the payment was a payment of dividends) each year and will be subject to normal income tax rules. The dividends paid as cash are not subject to the 10% penalty tax on premature distributions from a retirement plan; and they do not qualify for the lower tax rate on qualified dividends. Withholding for tax purposes will not be automatic for dividends paid as cash. You will need to either make an election to have J.P. Morgan Retirement Plan Services withhold from your dividend payment for tax purposes, or increase your W-4 withholding on your normal paycheck income.

To request a copy of a 1099-R form, contact J.P. Morgan Retirement Plan Services.
Loans

The PST Plan is designed to help you accumulate money for retirement. In general, you cannot take money out of your PST Plan account until you retire, become disabled, die or leave the Company. However, if you are fully vested to your account, you can borrow money from your PST Plan account while you are a full-time, part-time or inactive employee participant of the Plan.

Through the loan feature, you can borrow money from your PST Plan account and pay the loan back to your account with interest, and the money is reinvested in shares of P&G stock.

Before you request a loan from your PST Plan account, you should consider the impact the loan could have on your present and future balance. Although your repayments go back into your PST Plan account, you may miss out on potential earnings (such as dividends and stock appreciation) that you could have received if the borrowed funds had been left in your account. This may result in a lower account balance at retirement.

Eligible participants may borrow up to 25% of their PST Plan account balance but no more than the legal maximum of $50,000 (for purposes of applying the $50,000 maximum, amounts are combined over the PST Plan and the Savings Plan). You can borrow money for any reason and can choose a repayment period of 12-54 months. (Longer repayment periods are available for loans to buy your principal residence.)

Maximum/Minimum Amount

Maximum and minimum loan amounts apply to loans under the PST Plan:

- the maximum loan amount available is the lesser of:
  - the greater of $10,000 or 25% of your PST Plan account value minus the balance of all outstanding loans; or
  - $50,000 minus the highest loan balance in the past 12 months (including loans that have been paid off during that time; and loans from the P&G Savings Plan).
- the minimum loan is $2,000.

The amount you can borrow is limited to the value of your account in the PST Plan, including shares of P&G Common and Preferred Stock and any alternative investment. You must have enough shares of P&G Common and/or Preferred Stock in your PST Plan account to fund the loan.

There is an $80 loan application fee to cover processing costs. The $80 is deducted from your PST Plan account balance.

Loan Eligibility

You are eligible to borrow from your vested account balance in the PST Plan if you meet all of the following conditions:

- you are a full-time, part-time, or inactive employee PST Plan participant (retired and former-employee participants are not eligible to take a loan);
- you have no more than 3 outstanding loans; and
- you have not applied for another loan during the same Plan Year (July 1 - June 30).
P&G does not conduct a credit check with outside sources as part of the application process. If your loan application is approved, you will receive a promissory note, a repayment schedule and a truth in lending statement, which will be mailed to your home address within 5-7 days of your application. If your loan is denied, you will receive a notice with an explanation of why your loan application cannot be processed. You will be entitled to reapply when you meet all eligibility criteria. You can request a loan as soon as you meet the vesting requirements and the minimum Plan balance requirements. You are eligible for one loan per Plan year (July 1-June 30).

The loan would end once it is paid in full, or it is distributed as a taxable event to you due to a default or through a distribution of your account.

**Spousal Consent for Taking a PST Plan Loan**

If you are married, you must have your spouse’s voluntary, notarized consent in order to borrow money from your PST Plan account. In order to give informed consent, your spouse must understand information about the Qualified Joint & Survivor Annuity (QJSA) form of distribution.

**Understanding the QJSA Form of Payment**

If you are married, the default form of distribution from the Plan is a Qualified Joint & Survivor Annuity (QJSA) with your spouse as the co-annuitant, if you have not obtained your spouse’s notarized consent to another form of distribution.

A QJSA is a contract with an insurance company that provides for monthly payment for you and your spouse’s lives. The monthly payments normally begin at retirement. The required QJSA is an annuity which provides that if you die, the payments continue to your spouse at 50% of the monthly amount paid while you were living. The Plan also provides that the QJSA have a 10-year guaranteed period. This means that if both you and your spouse were to die before receiving payments for a period of 10 years, the annuity payment would continue to a beneficiary for the remainder of the period.

Under Federal regulations, when you request a loan from the Plan, your spouse must waive his or her right to receive that money as a QJSA.

That’s why you must have your spouse’s notarized, informed consent to take a distribution of your PST Plan account in any form other than a QJSA, even if it is intended that you would pay back the loan in its entirety.

Information about the value of the QJSA benefit will be included with the loan paperwork sent to you from J.P. Morgan Retirement Plan Services after you apply for a loan.

**Filing a Loan Application**

Prior to requesting a loan, you should review all of the information in this document and have your spouse read the Spousal Consent Guidelines. You can apply for a loan by contacting J.P. Morgan Retirement Plan Services, or logging onto the www.pgretireonline.com website.

If you are considering whether to borrow money from your PST Plan account, you can estimate your loan repayment amount by visiting the loan modeling section of the website. If you need more details, you should contact J.P. Morgan Retirement Plan Services at 800-345-2345.
Check Status/Processing Time of Loan

Here is what happens once J.P. Morgan Retirement Plan Services receives your loan request:

- your PST Plan Loan Request is reviewed for accuracy and the following legal documents are prepared:
  - Truth in Lending Statement;
  - Promissory Note with Spousal Consent Guidelines;
  - Explanation of Qualified Joint and Survivor Annuity (QJSA) Benefit and Notice of Relative Values;
  - Payroll deduction Authorization Form; and
  - Amortization Schedule.

- the Trustees will then sell shares of P&G Common and/or Preferred Stock to satisfy the amount of your loan, and the $80 loan application fee. Because of market uncertainties, to make sure that enough cash is available for your loan, the Trustees may sell more shares than necessary. The stock will be sold as soon as practicable after your signed loan promissory note is received by J.P. Morgan Retirement Plan Services;

- you should receive the legal loan documents within 7-10 days after your loan application was made. These documents state specific information about your loan, including:
  - the total amount of your loan;
  - the interest rate in effect for the length of your loan;
  - the amount of your loan repayments; and
  - the date of your first repayment.

**If you do not receive the documents within 10 days or if any of the documents are missing, contact J.P. Morgan Retirement Plan Services promptly.**

- read, sign, date, obtain your spouse’s notarized consent, if married and return the required documents by the “due date” shown on the forms. If you do not return the forms by the due date, you will have to start the loan process over;

- most loan requests that are received in good order are processed within five business days of receipt of the signed Promissory Note/Truth in Lending Disclosure by J.P. Morgan Retirement Plan Services. The loan check will be mailed directly to your home address. If you do not receive your loan check, contact J.P. Morgan Retirement Plan Services;

- payroll deductions for the loan repayments will commence as soon as administratively feasible after your loan is processed. The dates listed on the Amortization schedule are approximates only; and

- you repay your loan, with interest, through payroll deductions. Your payments are credited back into your account and are invested in P&G Common Stock.

Extended Loan Terms

You can choose a repayment period from 12 months up to 54 months when you borrow money from your PST Plan account. If you are borrowing money to purchase a principal residence, you can
elect an extended repayment period to a maximum of 114 months.

If you elect an extended repayment period, you must provide documentation showing that the loan is for the purchase of your principal home (extended term loans are not available for the purchase of land).

You must send a copy of the contract to purchase (the purchase agreement) or the written offer to purchase. The contract or offer must include the following information:

- the address of the property to be purchased;
- the purchase price;
- the closing date; and
- your signature (as the buyer) and the date you signed the contract.

You must submit the loan application before the closing date listed on the contract.

If you are borrowing money in order to build your principal residence, you must send a copy of the contract from the builder. That contract must include the following information:

- the address of the property where the residence is being built;
- the estimated purchase price;
- the construction completion date;
- your signature (as the buyer) and the date you signed the contract; and
- if you are using multiple contractors in the building of your residence, a notarized statement itemizing your costs is required.

These requirements also apply if you are buying a home without using a real estate agent. **It is important to make certain that your loan is qualified for extended terms before you apply for the loan. If the home has already been purchased, you will not qualify for extended repayment periods.**

**Loan Interest Rates and Stock Prices**

The interest rate for Plan loans is based on the Prime Rate plus one percentage point. For example, if the Prime Rate is 6%, the interest rate for Plan loans is 7%. The Plan uses the Prime Rate that is in effect at the beginning of the month and uses that rate for the entire month.

The Prime Rate is a preferred interest rate that large U.S. commercial banks charge their major customers. The Plan currently uses the Prime Rate determined by Morgan Guaranty Trust Company of New York. This rate is quoted each day in the "Money & Investing" section of "The Wall Street Journal," in the Loan modeling section of the www.pgretireonline.com website, or by contacting J.P. Morgan Retirement Plan Services.

The interest rate on your loan is determined on the date your application is made. This rate remains in effect for the term of your loan. If you have more than one outstanding loan, you may have a different rate for each loan.

The Plan Trustees will sell P&G stock on the open market to fund the loan and the loan application fee within 5 days of J.P. Morgan Retirement Plan Services receiving your properly completed Promissory Note. The price received is the market price at the time of the transaction. The sales expense for selling stock on the market will be deducted from your sale proceeds. The sales expense
is currently a $.02 per share commission charged by the broker making the stock trade. Additionally, the $80 loan application fee will be deducted from the proceeds.

**Loan Repayment**

In requesting a PST Plan loan, you authorize P&G to institute continuing payroll deductions in the full amount of each installment of principal and interest payable on the note until the loan is paid in full. If you are a part-time employee or an inactive employee who is not receiving regular paychecks due to layoff, disability, leave of absence or an employee at an international location, you must make regular manual loan repayments to repay your loan. Manual loan repayments may also be made if you are a retired or former-employee participant in the Retirement Plus feature of the Plan. Please read the section about manual payments carefully.

**What about my Loan if I am Leaving the Company?**

If you retire or otherwise separate from employment with P&G and leave all or a portion of your account in the Plan, you can continue paying off the loan through manual payments under the Retirement Plus feature.

If you remove all of your assets from the Plan when you leave or retire from the Company and you have an outstanding loan, your outstanding loan balance will be treated as a distribution and will be subject to taxes (this also applies if you remain in the Plan but fail to make manual payments). In addition to regular income taxes, your defaulted loan may be subject to a 10% tax penalty for premature distribution if you were under age 55 when you separated from service with P&G and the distribution of the loan occurred prior to attaining age 59 1/2.

**Manual Loan Repayments**

You will need to make manual payments on your loan if you are:

- a part-time employee;
- an inactive employee who is not receiving regular paychecks due to lay-off, disability or leave of absence;
- a full-time employee who has been transferred to an international location during the loan repayment period; or
- a former or retired participant.

If you are making manual payments, you must submit your payment by personal check at least monthly. You must write your social security number on your check, and write "loan payment" in the memo section of the check. If you have more than one outstanding loan, you may send one check. Your check should be made payable to the Trustees of the P&G PST Plan, and should be mailed to the following address:

J.P. Morgan Retirement Plan Services  
P.O. Box 419784  
Kansas City, MO 64141-6785.

Retired and former-employee participants, as well as employee participants on an international assignment, may also request to have a monthly loan payment amount automatically deducted from their personal bank account for repayment of their PST Plan loan. For more information, contact J.P. Morgan Retirement Plan Services.
Paying Your Loan Off Early

You can repay your outstanding loan balance in full at any time, without penalty. Simply contact J.P. Morgan Retirement Plan Services for the loan payoff amount. Then, submit a cashier’s check or money order for the loan payoff amount. Your loan deductions will not be stopped through payroll deduction until your loan payoff check has been received by J.P. Morgan Retirement Plan Services. Please note, if you are paying off a loan early in order to take out a new loan, remember that the maximum loan takes into account the highest outstanding loan balance in the 12-month period just before the new loan.

Partial prepayments may be made in an amount that is a multiple of a regular loan payment amount. If a partial prepayment is made that is not a multiple of your regular loan payment amount, the payment will be returned to you as unprocessed.

Transferred Employees and Loans

If you transfer to another position within the Company, whether within the U.S. or not, you are responsible for continuing to make your PST Plan loan repayments. You may need to make manual payments to ensure that you do not default on the loan.

Transfers Outside of the U.S. and your PST Plan Loan:
You are responsible for making loan payments if you transfer to a non-U.S. location. Payroll deductions will not be taken from your pay to cover your loan payment. Loan payments must be made in U.S. dollars. You may want to have a U.S.-based bank make your payment for you each month. Many international-based employees have found this to be a good alternative (it also eliminates problems with international mail). If you are based outside the U.S. and are interested in making payments via bank wires, contact J.P. Morgan Retirement Plan Services.

Taxes and your PST Plan Loan

Because you pay back the amount given to you from a Plan loan, the loan is not taxable, unless you default on the loan or it otherwise becomes a distribution.

If you default on your loan, your outstanding loan balance becomes a distribution under the Plan (this is required under federal regulations). The outstanding loan would then be considered taxable income in the year of distribution. Generally, if you are under age 59 1/2 when you default on the loan, you may also have to pay an additional 10% penalty tax on the loan balance to the IRS.

Default of Loan

If you miss a certain number of loan repayments, you will default on your loan. Interest will continue to accrue on the loan balance until it is repaid or distributed. Your loan will be considered in default if:

- you are paid weekly and you are twelve weekly repayments behind;
- you are paid biweekly and you are six biweekly repayments behind;
- you are paid monthly and you are three monthly repayments behind; or
- your loan is not paid off within three months after the end of the loan term.

If you default on your loan, your outstanding loan balance becomes a distribution under the Plan (this is required under federal regulations). The outstanding loan would then be considered taxable income in the year of distribution. Generally, if you are under age 59 1/2 when you default on the loan, you may also have to pay an additional 10% penalty tax on the loan balance to the IRS.
In-Service Withdrawals

An “In-Service Withdrawal” is a distribution of a portion of your account to you while you are still an employee (in-service). A Hardship Withdrawal is a special type of In-Service Withdrawal.

The PST Plan does not currently have an In-Service Withdrawal provision.
Divorce and other Claims Against Your Account

Domestic Relations Orders

If you become divorced or separated from your spouse, your PST Plan account may be subject to a Qualified Domestic Relations Order (QDRO). The QDRO may give your spouse, child or other dependent the right to all or a portion of your PST Plan account. In that case, the Plan Trustees will open a separate account in the name of that person (called an "alternate payee").

Pursuant to the Retirement Equity Act of 1984, the Trustees must recognize and act upon any QDRO issued by a court pursuant to state law. A statutory exception is thus established for ERISA's non-alienation of benefits provision. In essence, the Act permits a direct distribution to the non-participant spouse or dependent, who would also be responsible for tax implications.

If a QDRO is applied to your account and an account established for an Alternate Payee, the vesting rules that apply to a participant also apply to the Alternate Payee of the QDRO.

If you are 100% vested, the Alternate Payee will receive either:

- a single distribution of the accumulated investments and securities in the alternate payee account; or
- an annuity.

Payment would be made as soon as possible after the alternate payee account has been set up.

If you are not 100% vested, the Plan Trustees will hold the PST Plan account until you:

- become 100% vested;
- receive a disability distribution; or
- die.

At that time, your alternate payee will receive a distribution of the alternate payee account.

If you separate from the Company before becoming 100% vested, the alternate payee account would be subject to the same forfeiture rules as your PST Plan account.

QDRO Provisions

In order for a Domestic Relations Order to be considered qualified by the Plan, it must meet the following requirements:

- create or recognize the existence of an alternate payee's right to, or assign to an alternate payee the right to, receive all or a portion of the benefits payable with respect to the participant under the Plan;

- be a court judgment, decree or order, or a court approved property settlement agreement. A court certified copy of the entered order is required.
• relate to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a participant;

• be made pursuant to state domestic relations laws (including a community property law);

• clearly specify the name, last known mailing address and social security number of the Participant;

• clearly specify the name, last known mailing address and social security number of each Alternate Payee covered by the order;

• clearly specify the percentage or dollar amount of the participant’s benefits to be paid by the Plan to each Alternate Payee as of one specific effective date which cannot be prior to 7/1/2001. The Alternate Payee’s interest shall be satisfied by transferring pro-rata by fund and source such interest to a separate account under the Plan on behalf of the Alternate Payee;

• clearly specify the correct name of the Plan (The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan) to which the order applies;

• does not require the payment of benefits to an Alternate Payee which are required to be paid to another Alternate Payee under another qualified order; and

• does not require the Plan to provide any type or form of benefit, or any option not provided in the Plan, or require any amount to be set aside that does not exist in the Participant’s account. Per the Plan's procedures, the Alternate Payee’s percent or dollar interest shall be satisfied by transferring pro-rata by fund and source such interest to a separate account under the Plan on behalf of the Alternate Payee.

Plan Procedures for Determining and Handling a QDRO

The following procedures are used by the Plan for determining and handling Qualified Domestic Relations Orders (QDROs):

• upon receipt of a Domestic Relations Order, Profit Sharing Administration personnel will promptly acknowledge receipt thereof and provide a copy of these procedures to the participant and the alternate payee (or their attorneys);

• Profit Sharing Administration personnel will then review the provisions of the domestic relations order within a reasonable period of time (normally within 90 days). To qualify, an order must meet all of the elements set forth in the Provisions section of this topic;

• if a domestic relations order does not clearly qualify, the participant and alternate payee, or their respective representative(s) will be informed in writing of the reasons for the non-qualifications determination;

• after the domestic relations order is determined to be qualified and administrable, an acceptance letter will be sent by the Plan Administrator to the alternate payee, the participant and their attorney(s);

• the Plan Administrator will then provide Retirement Plan Services with segregation instructions for the QDRO, assuming that the participant’s account is 100% vested.
• after the account has been segregated, Retirement Plan Services will notify the participant and the alternate payee and/or their attorneys. The alternate payee will also be provided with a Password and 800 telephone number in order to access account information and order distribution paperwork.

• it is the Plan’s procedure to make a single distribution or an annuity payment to alternate payees as soon as practical after the segregated account has been established. Payment to the alternate payee is not contingent upon the participant’s age or eligibility to receive a distribution from the Plan.

• distribution of the segregated account (plus any accretions) to the alternate payee will be made in a single distribution or an annuity within six weeks of Retirement Plan Services’ receipt of the distribution request.

• if a participant has a loan outstanding from their account at the time of the QDRO award effective date, that balance will remain in the participant’s account per the Plan’s procedures. Therefore, if the QDRO award is a percent, the award would need to clarify whether or not such outstanding loan balance will or will not be included in the participant’s total account balance for purposes of determining the alternate payee’s percentage interest.

• If a participant names a spouse as beneficiary on the Plan Beneficiary Designation form and then becomes divorced, the named beneficiary remains valid unless the participant submits a change, remarries or the designation clearly states that the participant must be married to the designated beneficiary at the time of death.

Request a QDRO

Qualified Domestic Relations Orders (QDRO) should be submitted to P&G Profit Sharing Administration. If you need additional information about QDROs, including a sample QDRO, you may contact P&G US Retirement Plans Administration. Requests for specific account information made by you, the participant, or your representative (a signed release by the participant must be presented), or subpoenas for account information can be submitted to: The Trustees of The P&G Profit Sharing Trust and Employee Stock Ownership Plan, Two P&G Plaza, TE-3, Cincinnati, OH 45202.

Note: Until it is determined that a QDRO is in compliance, you may not be permitted to:

• exchange existing balances between funds;
• initiate a loan; or
• make a withdrawal.

The Alternate Payee becomes covered under the provisions of a QDRO retroactively to the effective date once the necessary documentation has been received and reviewed by the Plan Specialists. Once the documentation has met the requirements to make the Domestic Relations Order qualified, the Alternate Payee will be informed in writing of the acceptance and sent an Application for Distribution form. The Participant and authorized representative(s) will also be notified. Coverage would end for the Alternate Payee once the account has been distributed.

Taxes on Distributions to Alternate Payees

When a spousal Alternate Payee receives his/her distribution, that distribution will be considered taxable income to him/her for that calendar year. When a non-spousal Alternate Payee receives his/her distribution, that distribution will be considered taxable income to the Participant. However, in both situations the distribution to the Alternate Payee will not be subject to the 10% early
distribution penalty tax usually applied to distributions prior to age 59 1/2. Federal regulations deem alternate payees under the provisions of a QDRO exempt from this tax.

**Other Claims Against Your Account**

No person shall have any right to or interest in the assets held in your Plan account, except as provided in this Plan, and no benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge or attachment, except to the extent of any [qualified domestic relations order](#), as defined in section 414(p) of the Internal Revenue Code, or to the extent of any judgment, order, decree, or settlement agreement involving the Plan as described in section 401(a)(13)(C) of the Internal Revenue Code.
Retirement Age

For the purposes of the PST Plan, age sixty five is considered normal retirement age. However, any participant may be retired at an earlier date after reaching age fifty five, provided the participant has a vested interest in the participant’s entire account in the Plan. This is the PST Plan’s retirement definition, not the Company’s retirement requirement, which may be different.
Distributions from Your Account

Your PST Plan account was meant for retirement; however, depending on your eligibility, distributions can be made at other times.

The amount available to you from the Plan for distribution will be the value of eligible distributable assets in your account.

Distributions will be paid only on the vested portion of your PST Plan account.

If You Are Disabled

If while an employee you become disabled, you may be eligible for a distribution from the Plan. Under the PST Plan, you are considered disabled if you meet all of the following:

- you can’t do your job because you are totally and permanently disabled due to a physical or mental illness or injury;
- you are absent from work because of that disability for at least one year; and
- you are determined by the Social Security Administration by its definition to be totally and permanently disabled.

If you qualify for a disability distribution, you may request a distribution of all or part of the securities, cash, and annuities in your PST Plan account. You may also request that the securities and any annuities be converted to cash before distribution. Payments can begin immediately after you qualify as disabled.

If you’re married, the default form of distribution is a Qualified Joint & Survivor Annuity (QJSA). Under this form of distribution, the assets in your PST Plan account are used to buy an annuity from an insurance company that provides a monthly benefit to you for your lifetime; at your death, a monthly benefit is payable to your spouse for his or her lifetime. In order to take another form of distribution your spouse has to waive the annuity by giving his or her notarized consent to your distribution request.

The following forms of distribution are available if you qualify for a disability distribution from the Plan:

- an individual annuity;
- a distribution of the total account balance, either paid directly to you or rolled over to an IRA or another qualified plan; or
- a distribution of a partial amount of your account. You can request up to five partial distributions (one distribution per 12-month period), with the fifth partial distribution being the entire remaining account balance.

Before you decide to request a disability distribution while you are still an employee, but cannot work due to disability, you should discuss the tax consequences with your tax advisor. To request a distribution under the PST Plan’s Disability provision, please call J.P. Morgan Retirement Plan Services.

Note: Your period of disability counts as Years of Service and Plan Credit Years under this Plan.
If You Retire or Leave P&G

If you have a vested PST Plan account when you retire or otherwise leave P&G, your vested account is payable to you under the following conditions:

- if the value of the vested portion of your PST Plan account is less than $1,000, your vested PST Plan account will be paid to you as a lump sum distribution that you can have paid directly to you or rolled over to an individual retirement account (IRA) or another qualified plan; or
- if the value of the vested portion of your PST Plan account is $1,000 or more, you are eligible for a wide variety of distribution and investment options offered under the Retirement Plus feature of the Plan.

If you retire or leave P&G and your PST Plan account value is $1,000 or more, there is no specific time period in which you must act to take a distribution, other than the IRS requirement that you start taking at least minimum annual distributions beginning in the calendar year in which you turn age 70 1/2. You will be notified by the Plan if you must meet this age 70 1/2 minimum distribution requirement.

Retirement Plus

Retirement Plus is a feature of the Profit Sharing Trust and Employee Stock Ownership Plan (PST Plan) available to retirees and eligible former employees that provides a variety of distribution and investment options for your PST Plan account.

The Retirement Plus is a feature of PST Plan and is designed to give you various distribution and investment options while still keeping some or all of your assets in the Plan. It also provides you with the ability to have your total account balance paid out to you, your IRA custodian or the trustee of another qualified retirement plan.

Key Advantages of Retirement Plus include:

- offers lower investment management fees than most individual retirement accounts (IRAs);
- lets you invest cost-effectively in P&G stock;
- offers 12 different investment options;
- provides five different distribution options (in addition to taking quarterly P&G stock dividends as cash payments);
- allows you to track investments and distributions via quarterly statements and the www.pgretireonline.com website;
- although you cannot apply for a new PST Plan loan, Retirement Plus does allow you to continue to make regularly scheduled repayments of any outstanding PST Plan loan you had at the time you left P&G.

There are no additional costs to continuing to use the PST Plan, through the Retirement Plus feature, to manage your PST Plan account. The same per-account administration fee applies to retired, separated and spousal beneficiaries who participate in the Retirement Plus Feature of the PST Plan, as
it does to employee participants. In addition, the same low transaction fee applies when you buy or sell P&G stock.

Here is how Retirement Plus works:

- There are no forms to complete!
- When your retire or stop working for the Company, you automatically participate in the Retirement Plus feature of the PST Plan if your vested account balance is $1,000 or more;
- Investment transfers and requests for Ad Hoc distributions become subject to Retirement Plus’ 40% P&G stock requirement;
- you can allocate up to 60% of your PST Plan account among ten different investment options (other than P&G stock);
- your investment fees are lower than fees typically charged for investing outside of the PST Plan;
- quarterly dividends on the P&G Common and Preferred Stock held in your PST Plan account will automatically be reinvested in additional shares of P&G stock; however, you do have the option to receive these quarterly dividends as cash payments. P&G stock dividends paid to you as cash from your PST Plan account are taxable as ordinary income. They are not subject to the premature distribution penalty tax; and they are not eligible for the 15% qualified dividend tax rate. You can change your election regarding the P&G stock dividends in your PST Plan account at any time.

The Retirement Plus feature is now available to spousal beneficiaries if your spouse is the sole primary beneficiary of your PST Plan account. If you have assets remaining in your PST Plan account at your death, those assets are payable to your beneficiary. In the event that your sole primary beneficiary is your spouse, your spouse can keep the benefit in Retirement Plus and utilize the feature in the same manner as retired or former-employee participants.

Retirement Plus Investor Education Sessions

These are free one-on-one sessions with a representative from J.P. Morgan Retirement Plan Services focused on education on the investments offered under the PST Plan and Retirement Plus, as well as long-term retirement financial analysis offered to employees, retirees and former participants who have assets within the Plan. Contact J.P. Morgan Retirement Plan Services at their Kenwood (Cincinnati) office to set an appointment (see Contact List).

Invest Your PST Plan Account under the Retirement Plus Feature

If you choose to take advantage of Retirement Plus, at least 40% of the assets in your account will need to stay in P&G stock, but the rest of your PST Plan money can be invested among the other ten investment options.

How do you build a portfolio that makes you feel comfortable and also provides financial security? Here are three steps that can help:

- Examine your needs

  Figuring out what you’ll need in the years ahead is never easy. Think about the lifestyle you want and your family’s needs as well as your own. Consider the needs of those close to you and in the future -- perhaps, for example, you want to leave some of your PST Plan assets...
for a beneficiary to inherit. Examine your personal situation. What other sources of income beyond your PST Plan assets are you likely to have?

- **Think about return (... and the risk that accompanies it)**

  Once you've looked closely at your needs, you'll want to think about return. How much do your PST Plan dollars need to work for you? Are you more concerned with maintaining the value you've already accumulated or are you interested in trying to ensure that your assets continue to grow to meet your needs over a fairly long time span? By how much do you want to "beat" inflation, if at all?

- **Select specific investment alternatives**

  When you are then ready to select specific investment options, there is certainly a lot to think about -- your individual needs, what those needs mean in terms of investment return, over what time period you want the money to last and what investments you will use to accomplish goals.

See the section on Investing Your Account for additional details regarding the PST Plan's investment options under the Retirement Plus feature.
Distribution Options if you Retire or Leave P&G

Retirement Plus allows you to keep your money in the PST Plan and delay your distribution decisions. But when you’re ready to take a distribution payable to you, or roll it into another retirement savings plans such as an Individual Retirement Account (IRA) or another employer’s plan, you have five different distribution options (in addition to the ability to take quarterly P&G stock dividends as cash payments) under Retirement Plus. These options allow you to choose between leaving all; some; or none of your assets in the PST Plan:

<table>
<thead>
<tr>
<th>Amount in PST Plan</th>
<th>Distribution Option</th>
</tr>
</thead>
</table>
| **Leave All in the Plan** | - Choose to receive quarterly P&G stock dividends as cash; or allow them to be reinvested;  
- Use Retirement Plus feature of the PST Plan for investments  
- Keep 40% of PST Plan balance in P&G stock  
- Take annuity, lump sum or any other available form of distribution later |
| **Leave Some in the Plan** | - Take partial distributions  
- Choose to receive quarterly P&G stock dividends as cash; or allow them to be reinvested;  
- Use Retirement Plus feature of the PST Plan for investments  
- Keep 40% of your remaining PST Plan balance in P&G stock |
| **Leave None in the Plan** | - Individual Annuity (QJSA or other form of annuity)  
- Lump sum distribution - taxed or rolled over |
Leave SOME in the PST Plan

Quarterly P&G dividends paid as cash income

- You can elect to have all P&G Common Stock dividends and/or all P&G Preferred Stock dividends earned on shares in your PST Plan account each quarter paid to you as cash income. Each quarter, the Company pays the dividend to the Plan on the Dividend Payable Date, and then the Plan processes a payment of that dividend to you.
- Dividend payments do not require spousal consent.
- Dividend payments are not eligible for rollover to an IRA.
- You can change your election to receive dividends as cash at any time; dividends not taken as cash are automatically reinvested in P&G stock.

Monthly cash distributions

- You can elect to have your PST account balance paid to you in monthly cash installments.
- Monthly distributions are paid as cash only and you determine the fixed amount you receive each month.
- The monthly cash distributions continue until you either stop them or deplete your account balance.
- Payments are first made from selling any money market fund. After the money market fund is depleted, assets will be sold on a prorated basis across the remaining alternative (non-P&G stock) funds (except Individual Deferred Annuities); finally, the distribution is paid by selling your P&G Common Stock first, then Preferred Stock and then paying the proceeds to you as cash.
- Because of the PST Plan’s Qualified Joint & Survivor Annuity (QJSA) provision, if you are married, you must obtain your spouse’s notarized consent to have monthly cash distributions paid.
- Monthly cash distributions are not eligible for rollover to an IRA.
- You can stop or reduce your monthly cash distributions at any time by contacting J.P. Morgan Retirement Plan Services. You can increase your monthly cash distribution amount by submitting a new Distribution Form with appropriate spousal consent.

Ad Hoc Distributions (or “as needed” distributions)

- You can elect to receive a specific dollar amount or number of P&G shares from your PST Plan when you want it.
- You can request one Ad Hoc Distribution per month, but each must be requested separately.
- You can take your Ad Hoc Distribution in the form of P&G stock or cash.
- Cash Ad Hoc Distributions (requests for a specific dollar amount) are first pulled from any money market fund balance in your PST Plan account. After the money market fund is depleted, assets will be sold on a prorated basis across the remaining alternative (non-P&G stock) funds (except Individual Deferred Annuities); finally, the distribution is paid by selling your P&G Common Stock first, then Preferred Stock and then paying the proceeds to you as cash.
- Stock Ad Hoc Distributions mean the P&G shares are distributed “in kind” (as P&G stock).
- Because of the PST Plan’s Qualified Joint & Survivor Annuity (QJSA) provision, if you are married, you must obtain your spouse’s notarized consent to take an Ad Hoc Distribution.
- Ad Hoc Distributions are eligible for rollover into an IRA. You can split the Ad Hoc Distribution between some being paid to you and some being rolled directly into an IRA.
- You must still have at least 40% of your remaining PST Plan account invested in P&G stock; therefore, Ad Hoc Distributions in the form of P&G stock may be limited if that distribution takes your account below 40% P&G stock (you can still request an Ad Hoc Distribution in the form of cash).
• You can elect to receive an Ad Hoc Distribution even if you are already taking monthly or annual distributions or if you are receiving dividends as cash payments.

Annual Distributions
• You can elect to have your PST account paid out in annual installments.
• To determine the amount paid, your account balance is divided into the number of years you select – from two to 20 years.
• Annual payments are first drawn from any assets held in the money market fund. After the money market fund is depleted, assets will be sold on a prorated basis across the remaining alternative (non-P&G stock) funds (except Individual Deferred Annuities); finally, payments are made from your P&G Common Stock first and then Preferred Stock. If your annual installment is to include a scheduled payment from P&G stock, you can give instructions on whether you want those shares distributed in-kind or sold for their market value and distributed as cash.
• Because of the PST Plan’s Qualified Joint & Survivor Annuity (QJSA) provision, if you are married, you must obtain your spouse’s notarized consent to take Annual Distributions.
• If you elect a payment period of less than 10 years, the distributions are eligible for rollover to an IRA. Distributions payable over a 10-year period or longer are not eligible for rollover.
• You can stop or increase the number of Annual Distributions (which decreases the payment amount each year) at any time by contacting J.P. Morgan Retirement Plan Services. You can reduce the number of Annual Distributions (which increases the payment amount each year) by submitting a new Distribution Form with appropriate spousal consent.

Annuity Distribution of a Portion of Your Account
You can elect to purchase an Individual Annuity with a portion of your account balance. (See Annuity option under “Leave NONE in the Plan,” but you’d use only a portion of your account to purchase the annuity.)

Leave NONE in the PST Plan

Individual Annuity option
• You can elect to purchase an annuity with your total PST account balance (you can also purchase an annuity with just a portion of your account balance).
• The annuity is an insurance contract that pays you a fixed monthly benefit for life.
• Your monthly amount is determined by which product you select and the terms of the insurance contract.
• You may select an Immediate Annuity, which starts providing monthly payments right after purchase. Or, you may select a Deferred Annuity, which begins payments at a selected starting date sometime after purchase.
• Because of the PST Plan’s Qualified Joint & Survivor Annuity (QJSA) provision, if you are married, you must obtain your spouse’s notarized consent to choose an option other than the QJSA annuity (see section on QJSA).
• An annuity form of distribution is not eligible for rollover to an IRA.

Lump Sum Distribution (total distribution of account balance)
• Your entire balance is distributed.
• Your distribution can include cash and shares of P&G Common Stock. (Preferred shares are converted on a one-to-one basis to common shares at distribution.)
• Alternative investment (non-P&G stock) funds are sold for their market value and distributed as cash (except for Individual Deferred Annuities, which will require specific instructions from you).
• For the P&G stock in your account, you must elect whether the shares are: (1) distributed in-kind as shares of P&G stock; or (2) sold, with the proceeds distributed as cash.
• Because of the PST Plan’s Qualified Joint & Survivor Annuity (QJSA) provision, if you are married, you must obtain your spouse’s notarized consent to take a Lump Sum Distribution.
• Lump Sum Distributions are eligible for rollover into an IRA. You can split the Lump Sum Distribution between some being paid to you and some being rolled directly into an IRA.
• Any P&G stock dividends received on your account immediately after taking a Lump Sum Distribution will be paid out as a cash dividend payment, which is not eligible for rollover.
Points to consider before choosing a Distribution option:

$1,000 minimum balance

If you have less than $1,000 in both your PST Plan account and your P&G Savings account (if applicable), your balance will automatically be distributed. Shortly before the automatic distribution, you will be sent a notice that gives you an opportunity to direct the distribution as a rollover to an IRA or to a new employer’s retirement plan.

Qualified Joint and Survivor Annuity (QJSA) provision

The federally required default form of a distribution from the PST Plan is an annuity – Qualified Joint and Survivor Annuity (QJSA) for married participants and a Single Life Annuity for non-married participants (see following section on Qualified Joint and Survivor Annuity for more information). You will receive detailed information about the annuity form of payment with your Distribution Paperwork and are required to wait seven days before making a distribution decision.

Notarized Spousal Consent to Distributions other than QJSA

If you are married at the time you are requesting a distribution, you must have your spouse’s notarized informed consent to take distribution of your account in any form other than the QJSA annuity (see the Qualified Joint & Survivor Annuity (QJSA) provision above). Spousal consent is required even if you are making a direct rollover of your distribution to an IRA or another qualified plan.

P&G stock

Your PST Plan account may hold two types of P&G stock: common and preferred. When you take a distribution that includes shares of P&G stock, any shares of Preferred Stock are converted on a one-for-one basis to Common Stock. Any P&G stock is then distributed to you according to your instructions on the Distribution Form.

On Lump Sum Distributions and Annual Distributions, you can elect to have any or all of the shares of P&G stock scheduled for delivery: (1) sold for the cash value with proceeds distributed as cash; (2) distributed “in-kind” as shares of P&G stock. Sales of stock requested on the Distribution Form normally take place within five to 10 business days of receipt of the form. Another option if you want cash is to sell some shares for the purchase of another investment prior to requesting a distribution. (For example, request an investment transfer from P&G stock to the money market fund, a capital preservation investment.) Investment transfers can be requested via the telephone or Web, using your Password.

On Lump Sum Distributions, where shares of P&G stock are being distributed in-kind directly to you, the shares distributed to you are pulled first from Preferred Stock and then from Common Stock.

On Ad Hoc Distributions that are made in the form of P&G stock in-kind, the shares are pulled first from Common Stock and then Preferred Stock, regardless of the payment method (rolled or not rolled).

For Ad Hoc, Lump Sum and Annual Distributions, if you choose the distribution in the form of P&G stock, and you are rolling the shares into an IRA or other plan, please first verify that the new employer’s plan or IRA will accept the stock. Any shares of P&G stock distributed directly to you will automatically be sent to a Shareholder Investment Program (SIP) account with P&G Shareholder Services for safekeeping. You will be mailed a confirmation statement of your SIP account status.
upon receipt of your shares. Once your shares are deposited into your SIP account, you can sell or transfer them as you want.

The final year’s credit from the annual Company contribution

Vested participants are eligible to receive a credit for the Plan Year in which they retire or separate from service. This credit may be made up of shares of P&G Preferred Stock and cash, which is used to purchase P&G Common Stock. Just like when you were employed, you will be sent a notification of any credit in late July to early August after the end of the Plan Year. The credit will be based upon the PST Base Pay paid to you during the Plan Year.

Outstanding PST Plan loan

If you are requesting a Lump Sum Distribution (total distribution) of your account within two months of your retirement or separation from P&G, it is not necessary for you to pay off your PST Plan loan prior to receiving your distribution, unless you are certain you want to do so. Any outstanding loan balance left in your account at the time of your Lump Sum Distribution is considered a taxable distribution and is subject to federal income tax and the mandatory 20% withholding. You may be able to roll an amount equal to the outstanding loan balance distributed to you into an IRA within 60 days of your receipt of distribution. However, to do so, you must have other personal funds to put into the IRA that equal the amount of the outstanding loan balance, and you must notify the IRA custodian that you are making a rollover contribution.

If you are not taking a total distribution of your account within two months of your retirement or separation from P&G, you may wish to continue to pay on your loan or pay off the outstanding loan balance and avoid defaulting. Defaulting on a loan will cause the loan to become taxable and is considered a distribution. If you default on a loan after your retirement or separation date, you may or may not be able to take advantage of the special lump sum distribution tax rules at a later date.

Contact J.P. Morgan Retirement Plan Services at 800-345-2345 to find out the payoff amount for your loan(s); learn how to continue making regular monthly repayments; or review the potential consequences of defaulting.

Taxes

Before you make any distribution decision, it is important to consider the possible tax implications. Please review the information on distributions and taxes with your own tax advisor. The following publications can be accessed at www.pgretireonline.com:

- Federal Tax Treatment of Distributions – This brochure was developed for P&G by the independent consulting firm Deloitte Tax LLP.
- Special Tax Notice Regarding Plan Payments – This brochure was developed by the Internal Revenue Service and discusses the tax and penalty consequences of taking certain distributions.

To download these publications, click on the Retirement Plus icon and then go to “Forms and Publications.”

Requesting A Distribution

Prior to requesting a distribution from the Plan, you should obtain and read the "Retirement Plus Resource Guide” as it explains all of your distributions choices and some key tax issues which you should be aware of when taking a distribution from your account. You can request the Retirement Plus Resource Guide at anytime by calling J.P. Morgan Retirement Plan Services.
To request a distribution from your account, you must have already reached your retirement or separation date with the Company. You can then call J.P. Morgan Retirement Plan Services and request that they send to you the "Distribution Paperwork" which must be completed and returned to J.P. Morgan Retirement Plan Services.
Qualified Joint & Survivor Annuity (QJSA)
(Form of distribution to you due to retirement or separation.)

If you are married, the default form of distribution from the Plan is a Qualified Joint & Survivor Annuity (QJSA) with your spouse as the co-annuitant; if no other form of distribution is chosen with required spousal consent.

The QJSA is a contract with an insurance company that provides for monthly payments for you and your spouse’s lives. The monthly payments normally begin at retirement, and the monthly check would be payable to both you and your spouse. The required QJSA is an annuity that provides that if you die, the payments continue to your spouse at 50% of the monthly amount paid while you were living. The Plan allows you to choose whether the surviving spouse’s benefit will be 50%, 66 2/3% or 100%. The Plan also provides that the QJSA have a 10-year guaranteed payment period. This means that if both you and your spouse were to die before receiving payments for a period of 10 years, the annuity payments would continue to a beneficiary for the remainder of the 10-year period. The Plan also allows you to choose a longer guarantee of 15 or 20 years.

If you are not married, the default form of distribution is a Single Life Annuity on your life with a 10-year guaranteed payment period. The monthly payments normally begin at retirement. The 10-year guaranteed payment period means that if you were to die before receiving payments for a period of 10 years, the annuity payments would continue to your beneficiary for the remainder of the 10-year period. The Plan also allows you to choose a longer guarantee of 15 or 20 years.

Required Spousal Consent for Distributions other than a QJSA

If you are married, you must have your spouse’s notarized consent to take distribution of your account in any form other than the Qualified Joint & Survivor Annuity (QJSA). (The QJSA form is the default form of payment for a married participant.) Your spouse’s notarized consent must be made within 90 days of J.P. Morgan Retirement Plan Services’ receipt of your completed Distribution Form.
If You Die

Your beneficiary has a choice of payment if you die before receiving full payment of your PST Plan account, and you had not previously pre-selected a distribution form for your beneficiary. The choices are different for spousal beneficiaries and non-spousal beneficiaries, and whether or not you had begun to receive minimum required distributions due to reaching age 70 1/2:

If you had not begun to receive minimum required distributions due to reaching age 70 1/2:

- Spousal Beneficiaries:
  - Qualified Pre-Retirement Survivor Annuity, or
  - Lump Sum distribution made by 12/31 of the year that contains the fifth anniversary of your death; or,
  - If sole beneficiary, can choose to move the required distribution date to what would have been your 70 1/2 birthday and use Retirement Plus with a variety of distribution options. This election needs to be made by 9/30 of the year after your death.
  - Eligible distributions to spousal beneficiaries can be rolled over to an IRA.

- Non-spousal Beneficiaries:
  - Single-Life Annuity; or
  - Lump Sum distribution made by 12/31 of the year that contains the fifth anniversary of your death.
  - All or part of a lump sum distribution is eligible for a direct Trustee to Trustee rollover to an "inherited" IRA, but only if the lump sum is taken within the first four years after your death.

If you had begun to receive minimum required distributions due to reaching age 70 1/2:

- Spousal Beneficiaries:
  - Qualified Pre-Retirement Survivor Annuity, or
  - Lump Sum distribution made by 12/31 of the year after your death.
  - If sole beneficiary, can choose to continue to receive minimum required distributions based upon your age 70 1/2 birthdate, and use the Retirement Plus with a variety of distribution and investment options.
  - Eligible distributions to spousal beneficiaries can be rolled over to an IRA. However, annual minimum required distributions are not eligible for rollover.

- Non-spousal Beneficiaries:
  - Single-Life Annuity; or
  - Lump Sum distribution made by 12/31 of the year after your death.
  - All or part of a lump sum distribution is eligible for a direct Trustee to Trustee rollover to an "inherited" IRA. However, minimum required distributions are not eligible for rollover.
The **Qualified Pre-Retirement Survivor Annuity (QPSA)** if married, and the Single-Life **Annuity**, if not married, each provide a series of monthly payments for the life of your **beneficiary** with a 10 year guaranteed minimum payment period. Once monthly payments begin, if your **beneficiary** dies before receiving 10 years of payments, your **beneficiary's beneficiary** would receive the remainder of the 10 year payments. If your **beneficiary** dies after receiving 10 years of payment or more, payment would end when your **beneficiary** dies.

The **annuity** is the default form of distribution required by federal regulations, if no other form of distribution is chosen by your **beneficiary** within five years following the year of your death. However, if the **beneficiary** is not an individual (i.e., the **beneficiary** is a trust agreement or an **estate**), the default form of payment is a lump sum.

You can also choose to modify the default **annuity** to provide a different guaranteed payment period (5, 10, 15 or 20 years). Although you may choose to modify the **annuity**, your **beneficiary** would still have the option to waive the **annuity** and choose one of the other forms of distributions allowed by the Plan.

If you are not married, or you are married and age 35 or older, you can choose from one of three optional forms of distribution for your **beneficiary**. Upon your death, your **beneficiary** would receive the form of distribution that you had chosen. Your **beneficiary** cannot change that form of payment even if your **beneficiary's** circumstances at the time would justify it. Therefore, we strongly suggest that you consult your own tax or **estate** advisor before making this selection. The optional form of distributions include:

- Lump Sum;
- A series of five annual installment payments; or
- An immediate lifetime **annuity** on the life of your **beneficiary**
Tax Considerations

Contributions to your PST Plan account are made on a before tax basis. This means that you did not pay income tax on the credits, or earnings on those credits, as they were made to your account. The funds remain tax deferred until such time as you take a distribution; have P&G stock dividends paid to you as cash; or you default on an outstanding loan.

When you receive a distribution of your PST Plan account, taxes will apply. An overview of Federal tax rules is provided in the Retirement Plus Resource Guide and a more detailed description can be found in the "Federal Tax Treatment of Distributions" brochure. Please read those materials carefully and discuss your tax situation with a tax advisor or consultant before taking a distribution. Both the Retirement Plus Resource Guide and the Federal Tax Treatment of Distributions brochure can be accessed on the www.pgretireonline.com website, or you can call J.P. Morgan Retirement Plan Services and ask that copies be sent to you.

This tax discussion is a general summary of the Federal tax consequences under current law. It does not address state, local or non-U.S. tax issues and is not a complete or definitive explanation of the tax consequences. You should consult with your own tax advisors with respect to the Federal, state, local and other tax consequences of participation in the Plan and receiving a distribution.

Federal Income Tax

The Plan Trustees are required to report all distributions to the Federal government for the tax year in which the distribution is made. The amount distributed is taxable income to you and is generally subject to Federal income tax in the calendar year distributed.

Federal income tax withholding is mandatory for any distribution - or any part of a distribution - that is eligible for rollover and made payable directly to you.

Direct rollovers are rollovers for which the distribution from the Plan is made payable to the custodian of your IRA or another employer’s qualified plan that accepts rollovers. In other words, none of the distribution that is rolled over is made payable to you, and none of it is subject to the 20% withholding requirement. The money rolled over will be taxable when you take it out of the IRA or another employer’s qualified plan.

If the check (or the check and shares of Common Stock) for a rollover-eligible distribution is made payable to you, the Plan Administrator is required to withhold 20% of the taxable amount and send it to the IRS as Federal income tax withholding. It will be credited against your tax liability for the year of the distribution. This means that only 80% of the taxable amount eligible for rollover will be paid directly to you. And, although the required withholding is 20% it may or may not meet your total tax liability.

Although you are liable for taxes on the total taxable value of your PST Plan account, the 20% withholding is made only from the available cash in the distribution. Therefore, if a large part of your PST Plan account is invested in Common Stock and you request a distribution of stock and cash, the withholding may be less than 20%. If you request shares of Common Stock as part of your distribution, the Plan Administrator must withhold either 20% of the total taxable value of the distribution or the entire cash portion, whichever is less.

Many distributions are eligible for rollover to an IRA or another qualified plan. If you desire to rollover your eligible distribution, it is recommended that you do a direct Trustee to Trustee rollover, in which the PST Plan makes payment directly to your IRA or other plan custodian. Any distribution
made payable to you is taxable in the calendar year it is paid unless you roll it over by paying it to an IRA or another employer’s qualified plan within 60 days of receipt. However, because the distribution is made payable only to you, it does not qualify as a “direct rollover” and 20% is withheld for Federal income tax. If you want to roll over 100% of the distribution after you have received it, you must provide from other sources the money to replace the 20% that was withheld. If you roll over only the 80% that you receive, the 20% not rolled over will be part of your Federal taxable income for the year.

If a distribution is eligible for rollover and you do not roll it over, the distribution will be fully taxable to you in the calendar year it is paid.

Payments spread over a long period are not eligible for rollover and therefore are not subject to the mandatory 20% Federal income tax withholding. You may, however, elect to have a certain percentage withheld from such payments to cover applicable taxes. You cannot roll over a distribution if it is being made as part of a series of equal (or almost equal) payments that are made at least once a year and will last for:

- a period of 10 years or more;
- your lifetime (or your life expectancy); or
- your lifetime and that of your beneficiary (or your life expectancies).

Annuity payments may be taxed as ordinary income, based on your total annual income in any year.

**Early Distribution Penalty Tax**

The general rule for taking distributions from a retirement account, such as the P&G PST Plan, the P&G Savings Plan, or an Individual Retirement Account (IRA), is that if you take a distribution before you reach age 59 1/2 and you do not roll it over, the distribution is taxable to you at your ordinary income rate, plus you may have to pay an additional 10% penalty tax.

The additional 10% tax **does not apply** if (or to the extent) your distribution is:

- paid from the PST Plan to you because you separate from employment during or after the calendar year you reach age 55 (this exception only applies to Company-sponsored plans, not IRAs);
- paid under the disability provision of the Plan;
- paid to your beneficiary or estate on or after your death; or
- paid to you as equal (or almost equal) payments over your life or life expectancy (or you and your beneficiary’s lives or life expectancies).

**Rules For Alternate Payees and Other Beneficiaries**

In general, the rules on distributions to employees also apply to distributions made to surviving spouses or to spouses or former spouses who are alternate payees. (You are an alternate payee if your interest in the Plan results from a Qualified Domestic Relations Order that has been issued by a court, usually in connection with a divorce or a legal separation.) However, the 10% penalty for early distribution will not apply.

If you are a surviving spouse or an alternate payee, you may be able to use the special tax treatment for lump sum distributions and distributions that include Company stock. In addition, if you receive a
distribution because of a participant’s death, you may be able to treat the distribution as a lump sum
distribution even if the participant did not have five years of participation in the Plan.

If you are a surviving spouse or a spouse/ex-spouse alternate payee, you may choose a direct rollover
to an IRA or have the distribution made payable to you. If you choose a distribution made payable to
you, you can keep it or roll it over yourself to an IRA. You cannot roll over the distribution to another
employer’s plan.

If you are an alternate payee who is not a surviving spouse, your distribution is not eligible for
rollover. If you are a beneficiary who is not a surviving spouse, but are the sole beneficiary of the
account, your distribution may be eligible for rollover to an ‘inherited' IRA, but only if you do a direct
Trustee to Trustee transfer.

Special Lump Sum Tax Rules

If you do not roll over a lump sum distribution that is otherwise eligible for rollover, you may qualify
for special lump sum tax treatment.

To qualify for the special lump sum tax treatment, generally, the distribution has to be the first
distribution and be the total account balance paid after one of the following qualifying events:

- Separation from P&G
- Attaining age 59 ½
- Death

This special rule is for a distribution that includes P&G Common Stock. For you to benefit from this
rule, your distribution must qualify as a lump sum distribution. Under the rule, you may elect to defer
paying tax on the "net unrealized appreciation" of the Common Stock until you sell it. Net
unrealized appreciation generally is the increase in the value of the stock while it was held by the
Plan. For example, if the stock was purchased for $1,000, but the stock was worth $1,200 when you
received it, you would not have to pay tax on the $200 increase in value until you later sold the
stock. Upon such sale, the $200 increase will be taxed as long-term capital gain, and any
appreciation after the date of distribution will be taxed as long-term or short-term capital gain
depending on how long you hold the shares after distribution.

If you decide not to use the special rule, your net unrealized appreciation will be taxable in the
calendar year of the distribution, unless you roll it over to an IRA.

Taxes On Loans

You do not pay tax on money you borrow from the PST Plan and pay back as agreed. The loan will
be taxable, however, if you fail to pay it back. The Federal government considers a defaulted loan to
be a distribution and all applicable taxes apply, such as the 10% tax penalty for early distribution and
the 20% mandatory Federal income tax.

Estate Tax

Your gross estate for Federal estate tax purposes generally includes your PST Plan account balance in
the Plan at the time of your death. Federal estate tax law, however, allows for an unlimited marital
deduction if the beneficiary of your PST Plan account is your spouse.
Applying For Benefits

The PST Plan is designed to help you accumulate money for retirement. In general, you cannot take money out of your PST Plan account until you retire, become disabled or leave the Company. Before you decide to request a distribution, you should discuss the tax consequences with your tax advisor.

Filing for Benefits

To receive benefits under the Plan, you, your beneficiary or an Alternate Payee needs to file a claim by submitting Distribution Paperwork. Please fill out the Distribution Paperwork completely. The form asks for information that is required in order to process payment of your benefit correctly. Payment may be delayed until that information is provided.

To obtain the Distribution Paperwork, please contact J.P. Morgan Retirement Plan Services (see Contact list). Please note that if you are taking a distribution due to your retirement or leaving P&G, your retirement or separation date must have been reached before you are eligible to take a distribution and receive the Distribution Paperwork.

Note: The Distribution Paperwork that is sent to you is valid for up to 180 days. If you do not use the form within that time frame, you will need to request new paperwork.

Making a Claim

If you disagree with a determination under the Savings Plan, you can file a claim with the Master Savings Plan Committee. You must file a claim within one year of the event that gave rise to the claim.

When you file a claim for benefits, you or your beneficiary will receive a decision on that claim as soon as possible. Usually that decision will be provided no later than 90 days after the appropriate Distribution Paperwork has been submitted (or 180 days if special circumstances apply).

If a claim is denied, in whole or in part, you or your beneficiary will receive a written notice. That notice will:

- explain clearly why the claim has been denied;
- cite the Plan provisions on which the claim has been denied; and
- explain how you or your beneficiary can file an appeal.

Appealing a Denied Claim

If you or your beneficiary wants to file an appeal, the appeal must be made in writing to the Plan Policy Committee within 60 days after the denial. You or your beneficiary can choose to name a representative to handle the appeal.

You or your beneficiary will be told if any additional information is needed to make the claim acceptable. You or your beneficiary is allowed to examine all material related to the claim, such as the Plan's official Plan documents. When submitting the appeal, you should also submit copies of any materials or records that support the claim should be included.

A decision on an appeal is usually made within 60 days of when it is received (or 120 days in special circumstances). The Plan Policy Committee’s decision on an appeal is final. In exercising its fiduciary responsibilities, the Plan Policy Committee has complete and discretionary authority to determine
whether and to what extent participants and beneficiaries are eligible for benefits and to construe disputed Plan terms.

If you or your beneficiary still believes that a claim for benefits has been improperly denied (whether in whole or in part), you do have certain rights, as described later under “Your Rights Under ERISA.”
Situations Affecting Your Benefits

If the Plan Becomes "Top-Heavy"
The law requires that the Plan be tested periodically to see if certain owners and executives of the Company earn more than 60% of the total benefits provided by the Plan. If so, the Plan would be considered "top-heavy".

The Plan is not top-heavy at this time, and it is very unlikely that it will ever become so. However, if the Plan were to become top-heavy in the future, special benefit and accelerated vesting provisions would apply. You will receive details about those provisions from the Plan administrator if and when the Plan becomes top-heavy.

Corporate Takeover Provisions
Although a corporate takeover attempt of the Company is unlikely, the Plan's provisions provide that in the event of a merger or acquisition not approved by the Board of Directors, all participants would become immediately vested. In addition, in such an event, the successor company cannot significantly alter the Plan design for a period of at least two years.

No Assignment of Benefits
In general, you cannot "assign" your benefits under the Plan. That is, you cannot have the Plan pay benefits to someone else instead of you during your lifetime (payment to a beneficiary after your death is not considered assignment of benefits). No person shall have any right to or interest in the Trust Funds except as provided in this Plan, and no benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge or attachment. However, if you must pay child support, alimony or marital property rights under a Qualified Domestic Relations Order (QDRO), your benefits under the Plan may be assigned as determined by the QDRO.

If You are Unable to Care for Yourself
If the Plan Policy Committee determines that you or your beneficiary is not able to receive payments (for example, if you are physically or mentally disabled), the Plan Policy Committee may have payments made to the person or institution that is responsible for you or your beneficiary.

No Implied Promises
Nothing in the PST Plan says or implies that participation in the PST Plan is a guarantee of continued employment with the Company.

Future of Plans
Although we expect to continue the PST Plan described in this document indefinitely, the Procter & Gamble Company, acting through its Board of Directors, reserves the right to alter, amend or terminate any Plan. If the Board of Directors alters, amends or terminates the Plan, it shall be through formal action either at a Board of Directors meeting or by written consent pursuant to state law. Alternatively, the Board’s delegate or the Chief Executive Officer may modify the Plan by signing a formal written statement of the alteration or amendment.

Pension Benefit Guaranty Corporation (PBGC)
Because the Plan is fully funded at all times through individual participants' PST accounts, benefits under the Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC). The PBGC is a government agency that insures certain retirement benefits provided by other types of plans. PBGC insurance is not applicable to individual account plans of this sort.
Retiree Health Care Fund

The Retiree Health Care Fund (RHCF) was established to provide additional funding to the Retiree Health Care Plan. The RHCF is part of the employee stock ownership portion of the Plan. The RHCF was added to the Plan in 1990 to provide an alternative source of money to pay for expenses covered by P&G’s Retiree Health Care Plan.

The RHCF has no effect on the benefits provided by the Retiree Health Care Plan or on your premium contributions. Future Retiree Health Care Plan benefits and premium contributions continue to depend on medical cost inflation, legislation, and other factors.

You do not contribute to the Retiree Health Care Fund (RHCF). The RHCF is funded through a $1 billion loan guaranteed by the Company. The RHCF can only be used to pay expenses under P&G’s Retiree Health Care Plan.

Eligibility/Participation in the RHCF

As an active employee who is a PST Plan participant, you will become a Retiree Health Care Fund (RHCF) participant once you are eligible to receive:

- a retirement distribution from The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan; and
- benefits from the P&G Retiree Health Care Plan upon retirement.

As a retiree, you are a RHCF participant if:

- you retired under the terms of The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan (including the former Profit Sharing Trust Plan and Profit Sharing Dividend Plan);
- you are eligible to receive benefits under the P&G Retiree Health Care Plan; and
- the Company has all the necessary enrollment information.

If you separate from employment before retirement, you are not eligible to participate in the RHCF.

RHCF Details

As a Retiree Health Care Fund (RHCF) participant, a RHCF account will be established in your name. By law, individual accounts are required under this type of feature. However, your benefits under the Retiree Health Care Plan are not affected by the value of your individual RHCF.

If you have a minimal RHCF account balance, you will receive the same coverage under the Retiree Health Care Plan as a participant who has a more substantial RHCF account balance, as well as the reverse. In fact, if your RHCF balance were to drop to zero, you would still receive the same coverage and benefits as a retiree with a substantially higher RHCF balance. This means that expenses payable through the RHCF would instead be paid by direct Company contributions.

Assets held in participants’ RHCF accounts can only be used to help pay for participants’ medical expenses covered under the Retiree Health Care Plan. The RHCF administrators determine the amounts allocated to and withdrawn from RHCF accounts.

Each year, an allocation of RHCF Preferred Stock will be made to participants’ RHCF accounts. The Preferred Stock is a separate series of P&G convertible Preferred Stock from the Series B stock in the
retirement portion of the Plan. RHCF Preferred Stock is dedicated to paying for benefits under the Retiree Health Care Plan.

In general, all RHCF accounts will be credited with the same amount of stock. The stock is held in your RHCF account until the Company withdraws it to pay for medical expenses covered by the Retiree Health Care Plan.

Here are important points to remember about individual RHCF accounts:

- your coverage and benefits under the Retiree Health Care Plan will not be affected by your RHCF account value;
- RHCF assets can only be used to pay for expenses that are covered under the Retiree Health Care Plan;
- the RHCF administrators determine how much is allocated to and withdrawn from individual RHCF accounts;
- when a participant dies, his or her RHCF assets are reallocated to other RHCF participants; and
- as an RHCF participant, the Trustees of the Plan may pass through to you voting rights on the shares in your RHCF account.

The Retiree Health Care Fund (RHCF) also includes legally required provisions that give participants some flexibility in how individual RHCF account assets are invested and how reimbursements are received:

- diversification of RHCF preferred shares; and
- an option to receive stock or cash.

However, since the value of an individual RHCF account has no impact on your coverage under the Retiree Health Care Plan, exercising your rights under these RHCF provisions will not increase or decrease the benefits payable to you under the health plan.

**RHCF Diversification**

During your first five years as a Retiree Health Care Fund (RHCF) participant, after reaching age 55, you can elect to convert up to 25% of your RHCF account balance in the Employee Stock Ownership Trust to alternative investments. You can convert up to 50% of your RHCF account balance in the Employee Stock Ownership Trust to alternative investments in your sixth year as a participant after reaching age 55. Diversification is permitted only during the first six years as an RHCF participant, after reaching age 55.

Remember: Your RHCF account can only be used to pay for expenses covered by the Retiree Health Care Plan. The value of your account has no impact on the level of Retiree Health Care Plan benefits you receive. In other words, even if you elect alternative investments for your RHCF account, your benefits through the Retiree Health Care Plan will not increase or decrease.

If you would like more information regarding diversifying your RHCF shares, you may contact Profit Sharing Administration.
RHCF Stock or Cash Options

As a Retiree Health Care Fund (RHCF) participant, you can also elect to have amounts withdrawn from your RHCF account paid to you directly in stock or cash. Distributions can still only be made to pay or reimburse for expenses covered by the Retiree Health Care Plan (this is a legal requirement for a plan like the RHCF).

If you do not elect to receive stock or cash from your RHCF account, payments from the Retiree Health Care Plan will not be affected. However, if you do elect to receive stock or cash from your RHCF account, you will become responsible for paying your health care providers for all medical expenses. In this case, reimbursements from the Retiree Health Care Plan will be made to you after the Plan Year has ended. Part of these reimbursements will be made up of amounts withdrawn from your RHCF account. This will likely result in significant disadvantages:

- the total time between incurring expenses and receiving reimbursement could be more than one year, which may cause financial hardship if you incur large medical expenses;
- providers may consider you to be uninsured because you would be responsible for paying your medical expenses. This could mean that you or your dependents will not receive necessary and timely medical treatment; and
- electing to receive stock or cash from the RHCF may also result in you paying additional taxes. Under current tax law, you will not be taxed on withdrawals from your RHCF account if they are used by P&G’s Benefit Plan Trust to directly pay medical providers. However, if withdrawals from your RHCF account are paid to you, they will be considered taxable income to you.

You should carefully consider these possible disadvantages before electing to receive stock or cash from the RHCF.

Note: To exercise your option to receive stock or cash withdrawals from the RHCF, you need to contact the Plan administrator within 90 days after your retirement date.

When RHCF Coverage Begins/Ends

An RHCF account is established in your name once you meet the eligibility requirements. Coverage ends when you are no longer eligible for the Retiree Health Care Plan.
Administrative Information

The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan is an employee stock ownership plan (ESOP). The Plan is designed to invest primarily in Company Stock and meets the applicable requirements of Sections 401(a), 409, and 4975(e)(7) of the Internal Revenue Code.

Plan Identification

Official Plan Name:
The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan

Plan Number:
002

Effective Date:
July 1, 1944

Plan Year:
July 1 thru June 30

Employer/Plan Sponsor:
The Procter & Gamble Company
EIN# 31-0411980
The Procter & Gamble Company
Two Procter & Gamble Plaza
Cincinnati, Ohio 45202

Type of Plan:
The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan is an employee stock ownership plan (ESOP). The Plan is designed to invest primarily in Company Stock and meets the applicable requirements of Sections 401(a), 409, and 4975(e)(7) of the Internal Revenue Code.

Type of Administration:
The PST Policy Committee is the named fiduciary of the Plan and responsible for establishing rules under which the Plan is administered and for the transaction of business. Record keeping and administrative services are contracted to an outside services provider, J.P. Morgan Retirement Plan Services.

Contracting Parties:
The Procter & Gamble Company
Two Procter & Gamble Plaza
Cincinnati, OH 45202

1.800.348.6048

J.P. Morgan Retirement Plan Services
11500 Outlook St.
Overland Park, KS  66211-1804

1.800.345.2345
Plan Trustees and Policy Committee

The PST Plan Trustees are generally responsible for investing and managing Plan assets. The PST Plan Policy Committee develops administrative rules that govern the conduct of the Plan.

BUSINESS ADDRESS OF EACH TRUSTEE and POLICY COMMITTEE MEMBERS
The address of all Trustees and Policy Committee Members is:
Two Procter & Gamble Plaza, Cincinnati, Ohio 45202.

NAME AND TITLE OF EACH TRUSTEE:
Employee Stock Ownership Trust
R.L. Antoine, Retired Global Human Resources Officer
S.P. Donovan, Retired President - Global Beverages & N.A. Food & Beverage
R.C. Stewart, Retired Vice President – Global Treasury

Retirement Trust
R.L. Antoine, Retired Global Human Resources Officer
S.P. Donovan, Retired President - Global Beverages & N.A. Food & Beverage
R.C. Stewart, Retired Vice President – Global Treasury

Policy Committee
Mark F. Biegger, Manager HR Corporate Functions and Global Product Supply
J.G. Hagopian, Director, HR Product Supply
D.A. Tiersch, Director, Global Treasury

Agent For Service of Legal Process

The agent for service of legal processes for benefit Plans is Ms. J.J. Ting, The Procter & Gamble Company, 299 E. Sixth Street, Cincinnati, OH 45202, 513.983.1067. Legal process also may be served on a Plan trustee(s) or Policy Committee member(s) of any Plan (if applicable).

Official Plan Documents

This information describes the Plan as of its most recent amendment. It is written in everyday English and avoids technical terms where possible. The Plan also has official documents, which are used to resolve questions about Plan benefits.

Benefits will be paid in accordance with the provisions of the Official Plan Documents. The Official Plan Documents constitute the only Plan, and this summary is issued merely as a statement of benefits provided under the Official Plan Documents. All rights that may exist arise from and are governed by the Official Plan Documents and this summary does not constitute a waiver of any of the terms. The Official Plan Documents may be inspected at the office of the Plan administrator.

You may review the official documents by calling the Employee Service Center or your local Site Benefits Administrator. Or you can write to the Plan Trustees and request a copy of the Plan documents.
Other Documents

The prospectus and registration statement to which the prospectus relates incorporate by reference certain documents of the Plan and the Company. The SEC allows us to "incorporate by reference" the information in documents that we file with them. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information in documents that we file after the date of this prospectus supplement and before the termination of the offering will automatically update information in this prospectus supplement and the accompanying prospectus.

The following documents filed by the Company with the SEC are incorporated by reference into this prospectus:

- our Annual Report on Form 10-K for the year ended June 30, 2011 (which incorporates by reference portions of our definitive Proxy Statement dated August 26, 2011 for our Annual Meeting of Shareholders held on October 11, 2011 and portions of our Annual Report to Shareholders for the year ended June 30, 2011);
- our Quarterly Reports on Form 10-Q for the periods ended March 31, 2011;
- our Current Reports on Form 8-K dated August 15, 2011 and October 14, 2011; and
- any future filings which we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, until we sell all of the securities offered by this prospectus.

Each participant who has been given a copy of the prospectus will also be given (or has been given) a copy of the annual report. If you have a copy of the prospectus, you may also ask the Company for a copy of the documents incorporated by reference in the prospectus. The Company will provide those copies without charge to you.

Rule 428(b) provides that certain documents must be provided upon request to participants. Copies of those documents will also be provided without charge, upon request. If you would like a copy of these other documents, contact:

Susan Felder
Assistant Secretary
The Procter & Gamble Company
Two Procter & Gamble Plaza
Cincinnati, Ohio 45202

Or, you can call the Assistant Secretary at 513-983-6903 between 8:30 a.m. and 4:30 p.m. (eastern time), Monday through Friday.

You may also get a copy of these reports from our website at http://www.pg.com. Please note, however, that we have not incorporated any other information by reference from our website, other than the documents listed above.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different information. We are not making any offer of these securities in any jurisdiction where the offer is not permitted. You should not assume the information in this prospectus or any supplemental prospectus is accurate as of any other date other than the date on the front of this prospectus.
Plan Funding

The Profit Sharing Trust and Employee Stock Ownership Plan (PST Plan) is funded as follows:

The PST Plan is funded by pre-tax Company contributions, as well as ongoing investment gains/losses. Funds are held in trust accounts managed by the Plan Trustees and fund managers chosen by the Trustees.

Company contributions are deposited in The Employee Stock Ownership Trust and The Retirement Trust fund. All benefits are paid out by the Plan according to the terms of the official Plan documents.

Limitations on Plan Benefits
You should be aware of important limitations on the Plan's benefits:

- if you do not have a vested benefit, neither you nor your beneficiary will receive a distribution from the Plan;
- if Profit Sharing Administration does not have your current address on file and therefore cannot contact you or your beneficiary, you may not receive a benefit from the Plan;
- the Plan is a defined contribution plan. Benefits under this Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC), the Plan Trustees, or the Company. The benefit payable at distribution will depend on several factors, including investment gains and losses over time, the amount of Company contributions, and the value of P&G stock at distribution;
- if you are married, your benefit is payable in the default form of distribution unless your spouse gives voluntary, notarized consent to the election of another form of distribution;
- if the value of your vested benefit is less than $1,000, your benefit will be paid to you as a lump sum distribution; and
- the Company contribution is all in P&G stock. Based on long-term historical growth rates, P&G stock has high return potential with high price fluctuation.

Coverage under the PST Plan begins in the following instances:

- on the payroll following when you first become eligible for participation in the Plan; or
- once you request to be enrolled after you have signed a waiver of participation.

Coverage would end under the PST Plan in the following situations:

- you sign the waiver of participation and send it to Profit Sharing Administration;
- you take distribution of your entire account under the Retirement Plus feature of the Plan; or
- you die and your beneficiary takes distribution of your entire account.

Securities of the Company

The Amended Articles of Incorporation of The Procter & Gamble Company (P&G) authorize the issuance of the following:

- 600 million shares of Class A Preferred Stock;
- 200 million shares of Class B Preferred Stock; and
- 10 billion shares of Common Stock.
The above shares of stock have no par value. The holders of Common Stock and Class A Preferred Stock are entitled to one non-cumulative vote per share on each matter submitted to a vote of shareholders. The holders of Class B Preferred Stock are not entitled to vote other than as provided by law.

The holders of Class A and Class B Preferred Stock have the right to receive dividends before dividends are paid on the Common Stock. The Company's Board of Directors has the power to determine certain terms relative to any Class A and Class B Preferred Stock to be issued. For example, the Board has the power to:

- establish different series;
- set dividend rates;
- set the dates of payment of dividends;
- determine the cumulative dividends rights and dates;
- determine the redemption rights and prices;
- establish the requirements for the sinking fund;
- establish the restrictions on the issuance of such shares or any series; and
- determine the liquidation price and conversion rights.

The Board may also fix other express terms that may be permitted or required by law. In the event of any liquidation, dissolution or winding up, the holders of Common Stock are entitled to receive as a class, pro rata, the residue of the assets after payment of the liquidation price to the holders of Class A and Class B Preferred Stock.

**Class A Preferred Stock**

The following sections describe two series of stock issued by the Company under Class A Preferred Stock. Both series are ESOP Convertible Class A Preferred Stock. One series is known as "Series A"; the other is known as "Series B.

**About Series A**

The Board has determined the terms of shares of Class A Preferred Stock issued as Series A ESOP convertible Class A Preferred Stock. Series A stock can only be held by an employee stock ownership plan or other benefit plan of the Company. Upon transfer of Series A ESOP convertible Class A Preferred Stock to any other person, those transferred shares are converted automatically into shares of Common Stock.

Each share of the Series A Preferred Stock:

- has a minimum cumulative dividend of $0.5036075 per year and a liquidation price of $6.82 per share (as adjusted for the stock splits on October 20, 1989; May 15, 1992; August 22, 1997; May 21, 2004; and the Smucker's stock transaction effective June 1, 2002);
- is redeemable by the Company or the holder;
- is convertible at the option of the holder into one share of Common Stock; and
- has certain anti-dilution protections associated with the conversion rights.

Appropriate adjustments to dividends and liquidation price will be made to give effect to any future stock splits, stock dividends, or similar changes to the Series A ESOP Convertible Class A Preferred Stock.

**About Series B**

The Board has also determined the terms of the shares of Class A Preferred Stock issued as Series B ESOP convertible Class A Preferred Stock. Each share of the Series B Preferred Stock:
• has a cumulative dividend of $1.022 per year and a liquidation price of $12.96 per share (as adjusted for the stock split on August 22, 1997; May 21, 2004; and the Smucker's stock transaction effective June 1, 2002);
• is redeemable by the Company or the holder under certain circumstances;
• is convertible at the option of the holder into one share of Common Stock; and
• has certain anti-dilution protections associated with the conversion rights.

Appropriate adjustments to dividends and liquidation price will be made to give effect to any future stock splits, stock dividends, or similar changes to the Series B ESOP convertible Class A Preferred Stock.

Class B Preferred Stock
No shares of Class B Preferred Stock are currently issued.

Common Stock
All of the issued shares of Common Stock of the Company are fully paid and non-assessable. The Common Stock does not have any conversion rights and is not subject to any redemption provisions. No holder of shares of any class of the Company's capital stock has or shall have any right, preemptive or other, to subscribe for or to buy from the Company any of the shares of any class of the Company issued or sold later. No shares of any class of the Company's capital stock are subject to any sinking fund provisions or to calls, assessments by, or liabilities of the Company.

Your Voting Rights
The Amended Articles of Incorporation provide that shareholders may act if the majority of shares entitled to vote approve the action. However, certain transactions require the affirmative vote of holders of at least 80% of the outstanding shares of stock entitled to vote on the matter, considered for this purpose to be voting as one class. These transactions include the following transactions with, from or on behalf of a person who owns more than 5% of the Company's outstanding shares of capital stock entitled to vote generally in the action of directors:

• certain repurchases of the Company's shares, mergers or consolidations, sales, leases, exchanges with or on behalf of that owner;
• transfers or other dispositions by the Company of substantial assets to or from that owner;
• the purchase by the Company of assets or securities having an aggregate fair market value of more than $50,000,000 from that owner;
• the issuance or transfer of any of the Company's securities to that owner;
• the adoption of any plan for dissolution, liquidation, spin-off/split-up of the Company proposed by or on behalf of that owner;
• recapitalization or reclassification of any securities of the Company, proposed by or on behalf of that owner; and
• any other material transactions with that owner.

The above restrictions do not apply to the Company's employee benefit plans.
Your Rights Under ERISA

As a participant in the Profit Sharing Trust and Employee Stock Ownership Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Examine, without charge, at the plan administrator’s office and at other specified locations, such as work sites, all Plan documents, including copies of all documents filed by the PST Plan with the US Department of Labor, such as detailed annual reports that are available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the plan administrator’s office and at other specified locations, such as work sites, all Plan documents and other Plan information. The plan administrator may make a reasonable charge for the copies; and

Receive a summary of the Plan’s annual financial report. The plan administrator is required by law to furnish each participant with a copy of this Summary Annual Report (SAR).

Prudent Actions by Plan Fiduciaries
In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the benefit plan. The people who operate your plan, called “Fiduciaries” of the plan, have a duty to do so prudently and in the interest of you and the other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a (pension, welfare) benefit or exercising your rights under ERISA.

Enforce Your Rights
If your claim for a PST Plan benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file a suit in a state or Federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions
If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, 200 Constitution Avenue N.W.,
Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**NOTE:**
If applicable, this plan is maintained pursuant to (one or more) collective bargaining agreement(s). A copy of this agreement may be obtained by participants and beneficiaries upon written request to the plan administrator, and is available for examination by participants and beneficiaries.

These conditions are regulated by the Federal Government and are part of your rights under ERISA.
Notice of Privacy Policy and Practices

The Procter & Gamble Company and The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan recognize and respect the importance of protecting the privacy of Procter & Gamble shareholders. We have developed our privacy policies from industry guidelines and standards as well as local, national and international laws. This Privacy Statement outlines our strong commitment to protect your privacy.

Types of Personal Information We Collect And How We Use It

We collect personal information about you in order to enable our processing of your Plan requests and financial transactions, to provide a personalized investment experience for you and to contact you from time to time regarding Plan products and/or services that may be of interest to you. We may also use your personal information to provide information about Procter & Gamble to you, including the delivery of documents necessary for Procter & Gamble's compliance with securities laws, ERISA (Employee Retirement Income Security Act) and other applicable laws and/or regulations. Finally, we may use your personal information to send you updates about Procter & Gamble products and potential new products or to obtain your feedback about Procter & Gamble products or this stock plan.

The type of personal data we collect about you includes your name, address, telephone number, e-mail address, social security number, employee ID, Beneficiary Designation and any financial or transactional information you submit or maintain as part of your participation in the Plan.

We collect or may have previously collected personal information about you from the following sources:

- information we receive directly from you;
- information regarding the services we have provided to you in the past;
- information we receive from P&G Payroll Systems; and/or
- information that we receive from third parties, including our services contractors, in connection with our provision of Plan services to you.

This personal information can be received in any manner or form, including oral or written communications, online submissions, telephone conversations and/or in-person meetings.

How We Protect Personal Information

Data Sharing

Procter & Gamble will not trade, sell or share your personal information for use by any third party without your consent, except for disclosures to our contractors and partners that provide services on behalf of your Procter & Gamble Plan account. These contractors and partners are restricted from using your personal data in any way other than to provide services for Procter & Gamble’s shareholder plans, and they may not share or sell this data.

Aggregated and statistical data (which does not include any personally identifiable information) from our stock plan participants may be shared with our contracts and business partners. For example, we may let a business partner know that a certain number of persons participate online and/or offline in the Plan.

Finally, Procter & Gamble reserves the right to share and disclose your personal information to respond to duly authorized information requests of government authorities or where required by law.
Data Transfer
Your personal information may be held in local databases or it may be transferred to another country, which does or does not provide "adequate protection" pursuant to the European Union Data Protection Directive. Nonetheless, your personal information collected by Procter & Gamble and by this stock plan will, at all times, be handled under the same privacy practices and be accorded the same privacy protections regardless of where your personal information is stored and/or processed.

Data Security and Responsibility
Procter & Gamble and the Plan are committed to keeping the data you provide us secure and will take all reasonable precautions to protect your personal information from loss, misuse or alteration. We maintain physical, electronic and procedural safeguards to guard your personal information. We also restrict access to personal information about you solely to those Procter & Gamble employees who use the information to provide Plan services to you. Contractors or business partners of Procter & Gamble who have access to your personal information in connection with providing services for Procter & Gamble are also required to keep this information confidential and are not permitted to use this information for any other purpose than to carry out services they are providing on behalf of the Procter & Gamble Plan.

Individual Rights to Access and Correct Personal Information
If you have submitted personal information to the Plan, you can access, correct and/or update your personal information by contacting us via telephone or by letter to Profit Sharing Administration. Procter & Gamble and this stock plan will use reasonable efforts to supply you the personal information you’ve requested access to and the opportunity to correct any factual inaccuracies, as applicable.

You may delete any personal information previously submitted to the Plan, which is not required by the Plan to manage your Plan participation or to be maintained by Procter & Gamble pursuant to securities or other laws.

Procter & Gamble is committed to working with our consumers and shareholders to obtain fast and rapid resolution to any complaints about privacy. Please send us your questions or comments regarding our privacy practices to Profit Sharing Administration.

If you do not receive a response to your inquiry for access and/or deletion of personal information (as allowed under law) -- or if you feel your inquiry has not been satisfactorily addressed - you may contact BBBOnLine.

Your Acceptance of Our Privacy Practices
By participating in this Plan you signify your acceptance of this Privacy Statement. Procter & Gamble and the Plan reserve the right to change these policies and practices at any time. Upon such changes, a revised privacy statement will be provided to you and/or posted online, as applicable. You can be assured that we will continue to adhere to the privacy practices described in any privacy statement we have provided with respect to the information we have acquired about you while such privacy statement was in effect, even if we no longer provide Plan services to you.
Financial Education Programs and Tools

There are a variety of tools available to you for future financial planning:

- free PST Plan Retirement Plus Education session(s) is available to you. Contact J.P. Morgan Retirement Plan Services for more information;

- a 2-hour Retirement Readiness Financial Planning with Deloitte Tax, LLP. Company paid (one session only) for eligible participants;

- a 2-day pre-retirement planning seminar, Recess, available through the Flexible Benefit program;

- the www.pgretireonline.com website has many additional financial education news, articles and modeling tools.
Contacts

**Employee Service Center (ESC)**
Use the Employee Service Center for questions on other P&G benefits, or to change your home address.

**Phone:**
1.888.627.7472

**Fax:**
1.513.983.1050

**Hours:**
8:00 A.M. to 6:00 P.M. Eastern time, Monday - Friday

**External Address:**
Procter & Gamble
Employee Service Center
P.O. Box 5511
Cincinnati, OH 45201-5511

**Internal Address:**
Costa Rica GBS
ESC - Bldg. A - 4th Floor
**J.P. Morgan Retirement Plan Services**

Use this contact for your personal account information and balance; to make investment transfers; to make investment choices; to model or apply for a participant loan; to request distribution paperwork; and to get answers to your questions about the Plan. Otherwise, please contact Profit Sharing Administration.

**Website:**

www.pgretireonline.com

(Note: You will need your Password to access your account online or through the automated phone system.)

Automated Infoline
800.345.2345

Participant Services Representatives:
800.345.2345

For participants with a hearing impairment, TTD number
800.345.1833

International direct-dial number
847-857-3000

**Participant Services Representatives Hours:**
8:00 A.M. to 9:00 P.M. Eastern time, Monday - Friday
Website and Infoline available 24 hours a day

**Address:**
J.P. Morgan Retirement Plan Services
11500 Outlook St.
Overland Park, KS 66211-1804
**P&G Profit Sharing Administration and**
**P&G US Retirement Plans Administration/Management**
Use this contact for the following: Participation Waivers; Beneficiary Designation Forms; Divorce and Qualified Domestic Relation Orders; Annuity Information; and Disability Distribution Approvals. Otherwise, please contact J.P. Morgan Retirement Plan Services.

**Phone:**
1.800.348.6048
983.7466 (local for Cincinnati)

**E-mail:**
Profitsharing.im@pg.com

**Fax**
1.513.945.2110

**Address:**
Profit Sharing Administration/US Retirement Plans
The Procter & Gamble Company
Two P&G Plaza, TE-3
Cincinnati, OH 45202-3315

**P&G Pension Services**
Use this contact if you are an employee, retiree, or former-employee of an acquired US subsidiary and you have a frozen pension benefit from that subsidiary.

**Phone:**
866-333-7318

**Email:**
Retirementplans.im@pg.com

**Address:**
P&G Pension Services
The Procter & Gamble Company
Two P&G Plaza, TE-3
Cincinnati, OH 45202-3315
Glossary

**Annuity**
An annuity is a series of monthly pension payments made over a specified period of time. For example, ten years, or the lifetime(s) of one or more individuals.

**Base Pay**
Base pay is your (the employee’s) basic rate of pay for your normal work week, before any shift differential, overtime, bonus, expenses, commissions, or other special reimbursements are added. For those employees eligible for overtime, the straight-time portion of overtime is included in the PST Plan’s definition of Base Pay. Please note that payments from the Disability Benefit Plan are not included in the definition of Base Pay.

**Beneficiary**
**Primary Beneficiary**
The primary beneficiary is the person(s), trust or estate designated in writing to receive life insurance benefits in the event of the death of a covered person.

**Secondary or Contingent Beneficiary**
A secondary, or contingent, beneficiary may be named to receive benefits in the event the primary beneficiary is no longer living when benefits become payable.

**Bond Fund**
A fund that invests its portfolio in corporate, municipal or federal bonds. Bond funds tend to emphasize income instead of growth.

**Break In Service**
A break in service year is a Year of Service in which you work 500 or fewer hours. A Break In Service is a period of five consecutive break in service years.

**Dividend**
A share in the pro rata distribution of profits to stockholders.

**Estate**
All of one’s possessions, especially all the property and debts left by one at death.

**Full-Time**
Regular employees are those persons employed by the Company on a full-time basis in continuing positions authorized by the appropriate Vice President. Full-time means the standard workweek (generally 40 hours) as established at each location. Employees do not include any persons whose services are provided under an agreement between the Company and a temporary employment agency or similar person or organization. The Company will determine if a person is a full-time employee.

**IRS (Internal Revenue Service)**
The Federal government agency that collects income tax.

**Individual Retirement Account (IRA)**
A personal, tax-deferred retirement account. IRA contributions are limited and may or may not be deductible depending on your personal situation.
Less Than Full Time (LTFT)
The Company has a policy that allows full time employees to work a reduced schedule to address compelling personal care needs. These Less Than Full Time (LTFT) work schedules can only be established when they meet both the employee’s personal needs and the organization’s needs.

Money Market Fund
A fund that invests in securities such as government securities or commercial paper. Money markets pay regular income while attempting to maintain a stable value. Money markets are not guaranteed by the U.S. government, and there is no assurance that they will maintain a stable net asset value.

P&G Common Stock
The Common Stock of The Procter & Gamble Company. It is traded on the New York Stock Exchange (NYSE) with the symbol PG.

P&G Preferred Stock
Preferred Stock issued by The Procter & Gamble Company, which is valued at the same price as P&G Common Stock. However, the Preferred Stock is only held within the PST Plan, and at the time of distribution any Preferred shares held in your PST account are converted to P&G Common Stock on a one-for-one basis and distributed per your instructions.

Part-Time
Part-time employees are those persons employed by the Company specifically in a part-time position who are not intended to work a standard workweek. Part-time employees are normally planned for work schedules of 2 - 3 days per week (800 - 1,200 hours per year), and no more than 1,500 hours per year. A work schedule of 1,500 hours or more begins to approach a full-time employment arrangement. Schedules approaching 1,500 hours require special handling, in advance, and require approval from your local HR representative in addition to the US Employee Relations Center of Excellence.

Part-time employees do not include any person whose services are provided under an agreement between the Company and a temporary employment agency or similar person or organization.

Plan Credit Years
Plan credit years are full Plan years that begin to accumulate on the first day of a Plan Year after you have completed one Year of Service. Plan Credit years are used to determine how much annual Company contribution you receive as a credit to your account, if eligible. The maximum number of Plan Credit Years is 20.

Note: Plan Credit years earned before July 1, 1975 will count only if they were continuous.

Pre-Tax
Contributions which are pre-tax are made before Federal, state and local taxes are deducted.

Prorate
Prorate means to divide, distribute or assess proportionately.

Qualified Domestic Relations Order (QDRO)
A Qualified Domestic Relations Order (QDRO) is an order or judgment from a state court directing the Plan Administrator to pay all or a portion of a participant’s Plan benefits to a former spouse or dependent.
A QDRO may, for example, direct that all or part of your benefits under the PST Plan be applied to:

- child support;
- alimony payments; or
- a marital property settlement agreement.

**Qualified Plan**
A plan complying with the specific requirements set by the IRS and Department of Labor for retirement plans.

**Return**
A gain or loss on any investment, usually expressed as an annual percentage rate.

**Spousal Consent**
Compliance or approval given in a voluntary, informed manner, allowing a distribution of retirement funds (of which spouse is beneficiary); thereby possibly resulting in a lower retirement benefit.

**Tax-Deferred**
Postponed until a later date when taxes would apply based on distribution rules.

**Vested**
Vested means you are entitled to receive a benefit from the Plan that cannot legally be taken away from you, after you have worked for Procter & Gamble for a certain number of years. If you terminate employment before becoming vested, you are not entitled to a benefit from the Plan.

**Year of Service**
A Year of Service is a twelve-month period beginning on your employment date, or anniversary of employment date, in which you work 1,000 hours or more.