

The Procter & Gamble Company Audit Committee Policies

I. Guidelines for Pre-Approval of Independent Auditor Services.

The Audit Committee (the "Committee") has adopted the following guidelines regarding the engagement of the Company's independent auditor to perform services for the Company:

- A. For audit services (including statutory audit engagements as required under local country laws), the independent auditor will provide the Committee with an engagement letter during the fourth quarter of each fiscal year outlining the scope of the audit services proposed to be performed during the coming fiscal year. If agreed to by the Committee, this engagement letter will be formally accepted by Committee.
- B. The independent auditor will submit to the Committee for approval an audit services fee proposal with the engagement letter.
- C. For non-audit services, Company management will submit to the Committee for approval the list of non-audit services that it recommends the Committee engage the independent auditor to provide for the fiscal year. Company management and the independent auditor will each confirm to the Committee that each non-audit service on the list is permissible under all applicable legal requirements. In addition to the list of planned non-audit services, a budget estimating non-audit service spending for the fiscal year will be provided. The Committee will approve both the list of permissible non-audit services and the budget for such services. The Committee will be informed routinely as to the non-audit services actually provided by the independent auditor pursuant to this pre-approval process.
- D. To ensure prompt handling of unexpected matters, the Committee delegates to the Chair the authority to amend or modify the list of approved permissible non-audit services and fees. The Chair will report action taken to the Committee at the next Committee meeting.
- E. The independent auditor must ensure that all audit and non-audit services provided to the Company have been approved by the Committee. The Vice-President of Internal Controls will be responsible for tracking all independent auditor fees against the budget for such services and report at least annually to the Audit Committee.

II. Guidelines for Hiring Former Employees of the Company's Independent Auditing Firm.

The Committee has adopted the following guidelines regarding the hiring by the Company of former employees of the Company's independent auditing firm. For purposes of these guidelines, the "audit team" means any partner, director, manager, staff, advising member of the department of professional practice, reviewing actuary or reviewing tax professional associated with the Company's independent auditing firm who works on any aspect of the annual audit of the Company's consolidated financial statements. For purposes of these guidelines, "employee of the Company's independent auditing firm" will include, without limitation, any person regularly providing professional services on behalf of the independent

auditor, regardless of whether that person is legally an “employee” of the firm (e.g., if the independent auditing firm is a partnership, a partner would be an “employee of the company’s independent auditor” for purposes of these guidelines). For purposes of these guidelines, “company” includes The Procter & Gamble Company and its affiliates.

- A. No member of the audit team can be hired into in a financial reporting oversight role,* for a period of two (2) years following his/her association with the audit.
- B. No former employee of the Company’s independent auditing firm may be named a Company officer for three (3) years after the termination of his/her employment with the Company’s independent auditor.
- C. No former employee of the Company’s independent auditing firm may be hired into a Band IV or higher position in the Company without the approval of the Company’s Chief Financial Officer and the Chair of the Committee.
- D. No former partner, director, member or executive officer of the Company’s independent auditing firm may sign any SEC filing on behalf of the Company for five (5) years after terminating his or her employment with the Company’s independent auditing firm.
- E. The Company’s Chief Financial Officer shall report annually to the Committee the profile of the preceding year’s hires from the independent auditing firm

III. Guidelines for Handling Financial, Accounting and Auditing Complaints.

In order to provide assurances with respect to its oversight of the Company’s financial, accounting and auditing functions, the Committee has adopted the following guidelines regarding the receipt and handling of complaints from employees and third parties concerning the Company’s financial reporting, accounting and/or auditing.

- A. **Confidential Employee Complaint Procedure.**
 - 1. Employees may provide anonymous complaints to the Company through a toll-free telephone service, staffed by a third party contractor. This number is provided to all employees as part of the Company’s Worldwide Business Conduct Manual and on its Business Conduct Manual website. Bilingual operators provide translation services when needed and toll-free access numbers are provided for most countries around the world.
 - 2. Alertline, a Pinkerton subsidiary, has provided this service to the Company since 1996. Upon receipt of an anonymous complaint, Alertline transmits the information to P&G’s Corporate Security Department and the Corporate Secretary in Cincinnati. Corporate Security has the responsibility to see what

* “Financial oversight role” means a position that has direct responsibility for overseeing those who prepare the Company’s financial statements and related information that are included in filings with or submissions to the Securities and Exchange Commission.

complaints are investigated and acted upon in a timely fashion. Complaints involving accounting, internal controls, or accounting controls specifically are managed by the Corporate Secretary's office.

3. Callers to Alertline are given an identification number, which they can use to call back for a response to their complaint. Alertline takes no personal information about the caller.

B. General Public Complaint Procedure.

Complaints from the general public and employees may be sent, via mail, phone, or electronically, to one of three areas at the Company:

1. The toll-free Company line dedicated to receive product and shareholder calls (the "consumer services line");
2. The offices of the CEO, and to a lesser extent to the offices of other senior executives; and
3. The main switchboard of the Company's headquarters in Cincinnati.

Complaints regarding accounting or internal controls received on the toll-free line or at the executive offices are forwarded directly to the Corporate Secretary's office, where they are reviewed as needed, with a report of action taken provided to Vice President – Internal Controls. Complaints received at the main switchboard are directed to the Pinkerton toll-free number, or the Company's toll-free line.

C. Worldwide Business Conduct Manual.

The Company's Worldwide Business Conduct Manual prohibits any employee from retaliating or taking adverse action against anyone for raising or helping to resolve an integrity concern.

D. Report to the Audit Committee.

Quarterly, the Vice President of Internal Controls provides the Committee a report summarizing the complaints received that involved accounting or internal controls, as well as how the Company addressed those complaints. Significant issues/complaints will be reported quickly to the Committee Chair if it appears there may be some foundation for the complaints. Significant issues/complaints would be characterized as any one of the following:

1. Allegations that have the potential to be a material event for the Company – an error that could represent 1% (\$50MM AT) earnings impact.
2. Allegations involving fraud by a member of the Company's Global Business Leadership Council (Vice President level managers).