



May 6, 2010

Robert McDonald
Chief Executive Officer
Procter & Gamble
1 Procter & Gamble Plaza
Cincinnati, OH 45201

Dear Mr. McDonald:

Procter & Gamble was listed as a member of the "Coalition for Derivatives End-Users" in an October 2, 2009 letter from this coalition to the U.S. House of Representatives. Does your company still align itself with this coalition's ideology?

The most recent letter sent by this coalition to the U.S. Senate laid out proposed changes to the Restoring American Financial Stability Act (S.3217), which would result in:

- Reducing proposed capital requirements for swaps dealers
- Creating regulatory exemptions for insurance companies (like AIG), hedge funds (like Long Term Capital) and other financial players
- Exempting up to two-thirds (66%) of all over-the-counter (OTC) derivatives from clearing, trading and margin requirements.
- Stripping the "too big to fail" provisions that ensure that swaps dealers are not bailed out by taxpayers

All of these proposals will benefit swaps dealers and financial players while hurting legitimate derivatives end-users, shareholders and Main Street America.

Experts agree that it was the interlocking web of exposures amongst large financial players that almost toppled the financial system in 2008. If all of these suggestions were adopted, the result would be to destroy the Senate's attempts to effectively regulate the dangerously opaque and unregulated derivatives markets.

The Council of Institutional Investors, which represents \$3 trillion worth of pension fund money, along with the CFA Institute, which offers rigorous accreditation to financial analysts, have formed an Investor's Working Group. This group, chaired by William H. Donaldson and Arthur Levitt, Jr., sent a letter to the Senate on February 12, 2010, calling for mandatory central clearing for all OTC derivatives that can be centrally cleared through an exchange, as well as mandatory exchange trading for all OTC derivatives that can be moved onto an exchange for trading.

Former, current and future shareholders, as well as your customers - the American people - deserve to know where you stand on this critical issue of national significance. Do you stand with the vast majority of your shareholders and customers who want to see mandatory clearing and trading requirements for OTC derivatives, and the economic security that would create? Or do you stand with the Coalition for Derivatives End-Users who want to see giant loopholes exempting financial players from these requirements?

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As a legitimate commercial end-user, it's easy to understand why Procter & Gamble would want an exemption from clearing, trading and margin requirements. In October 2009 when you joined the coalition's letter to the House of Representatives, it was not clear in the proposed House bill whether an end-user exemption would be available to legitimate commercial end-users.

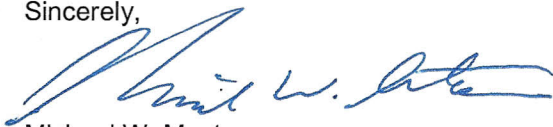
Now the Senate bill on financial regulatory reform includes an explicit 100% exemption for commercial end-users hedging their commercial risk. This guarantees that Procter & Gamble would be completely exempt from exchange clearing and exchange trading requirements, as long as your company is not betting in the financial markets through speculation.

As an equity market investor, former shareholder of Procter & Gamble, and current consumer of many of your products, I believe it is essential for your shareholders and customers to understand your company's position on this critical issue. The recent financial crisis led to the worst economic recession since the Great Depression. Trillions of dollars in investor wealth were destroyed as a result of the reckless behavior of a few large financial players on Wall Street. Sensible reforms, including effective regulation of derivatives, can prevent future financial crises.

If you stand with your shareholders and customers, then I ask you to publicly disassociate Procter & Gamble from the "Coalition for Derivatives End-Users" and express your support for derivatives reform. My intention in this letter is to encourage you to seriously reconsider the need for regulatory reform, and to seek your public commitment to support these measures.

I look forward to continuing this dialogue with you, and if you have any questions regarding these issues I would welcome the opportunity to discuss them.

Sincerely,



Michael W. Masters
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Cc: Jon R. Moeller, Chief Financial Officer, Procter & Gamble (without enclosures)
Teri L. List, S.V.P. & Treasurer, Procter & Gamble (without enclosures)
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Rotha Penn, External Communications, Procter & Gamble (without enclosures)
Honorable George Voinovich, Senator from Ohio (without enclosures)
Honorable Sherrod Brown, Senator from Ohio (without enclosures)

Enclosures: Analysis of Coalition for Derivatives End-Users Proposals
February 12, 2010 letter from Investors Working Group to Senate Banking Committee
October 2, 2009 Coalition for Derivatives End-Users Letter to House of Representatives
April 29, 2010 Coalition for Derivatives End-Users Proposals for Senate Bill 3217