

OPTIONS ARE THE BETTER CHOICE WHEN:

You want to maximize wealth

- Options are leveraged and have higher growth potential than RSUs

You think P&G stock will appreciate by more than 2.2% annually over the next 10 years

- While past performance is no guarantee, the stock has exceeded this breakeven point in 84% of the 466 historical rolling 10-year monthly periods since 1980

You already have

- Adequate diversification outside of P&G stock
- Sufficient cash or vested option grants to meet any liquidity need

RSUs ARE THE BETTER CHOICE WHEN:

You need to diversify

- Options increase your P&G concentration, while RSUs can be sold after three years for diversification or cash needs

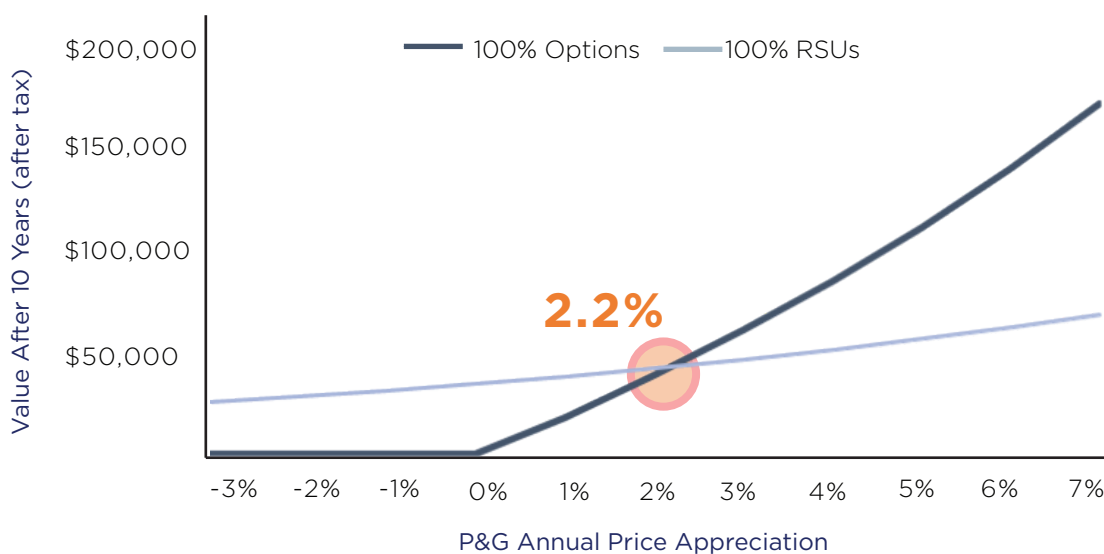
You are risk-averse

- If P&G stock fails to appreciate over the 10-year period, the options will expire worthless

You want to hedge against option risk

- Electing a mix of options and RSUs serves as a hedge — options provide upside potential, while RSUs provide downside protection

THE MAGIC NUMBER: 2.2%



Assumptions

- \$40,000 cash equivalent value
- Cost of stock option = \$13.36
- Grant price = \$92.00
- 3% P&G dividend
- Quarterly dividends are reinvested
- P&G stock held for 10 years (RSUs are not diversified on vest date)
- 40% total tax rate

COST OF STOCK OPTION:

- Valuation can change between now and when grants are received in February as cost of stock option depends on P&G volatility and dividend yield, along with interest rates

The decision that is best for you depends on the considerations noted above and the specifics of your own financial situation including:

- Financial exposure to P&G including both P&G stock and compensation
- Level of financial security
- Outlook for P&G stock
- Cash flow needs

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