

NightHawk Radiology Holdings Inc
Form 8-K
November 24, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

November 20, 2006

NIGHTHAWK RADIOLOGY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51786
(Commission File Number)

87-0722777
(IRS Employer
Identification No.)

250 Northwest Boulevard, Suite 202

Coeur d Alene, Idaho 83814

(Address of principal executive offices, including zip code)

(208) 676-8321

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 1.01 Entry into a Material Definitive Agreement.

On November 20, 2006, NightHawk Radiology Holdings, Inc., through our wholly-owned subsidiary and operating entity, NightHawk Radiology Services, LLC, entered into an Office Lease (the Lease) with Quatro Investments covering approximately 5,000 square feet of office space in Austin, Texas. The Lease has a term of five years and contains an option to lease additional space on the terms set forth in the Lease. We will be offering our cardiac imaging services from our Austin, Texas facility.

A copy of the Lease is attached to this Current Report as Exhibit 10.27.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.27	Office Lease between NightHawk Radiology Services, LLC and Quatro Investments dated November 20, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 22, 2006

NIGHTHAWK RADIOLOGY HOLDINGS, INC.

By: /s/ Paul E. Cartee
Paul E. Cartee
Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number **Description**
10.27 Office Lease between NightHawk Radiology Services, LLC and Quatro Investments dated November 20, 2006.

ALIGN="right" COLSPAN="1"

VALIGN="bottom">02/29/2008 480,783 66.1800 02/28/2018 02/29/2008 137,367 8,353,287

Clayton C. Daley, Jr.

02/26/1999 23,816 44.2656 02/26/2014 07/01/1999 5,894 43.2423 07/01/2014 07/09/1999 8,358 42.7329 07/09/2014 C

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Name	Grant Date ¹	Option Awards			Stock Awards		
		Number of Securities Underlying Unexercised Options Exercisable ²	Number of Securities Underlying Unexercised Options Unexercisable ²	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ³	Market Value of Shares or Units That Have Not Vested ⁴
Clayton C. Daley, Jr. (Cont.)	09/15/2006					11,775	716,038 (12)
	02/28/2007		163,806	63.4900	02/28/2017		
	08/02/2007					2,363	143,694
	09/14/2007					9,203	559,634 (14)
	02/29/2008		169,991	66.1800	02/28/2018		
	02/29/2008					16,190	984,514
Susan E. Arnold	02/26/1999	13,012		44.2656	02/26/2014		
	09/15/1999	37,062		49.4759	09/15/2014		
	09/15/2000	96,752		31.0118	09/15/2015		
	09/24/2001	130,192 (1)		34.5688	09/24/2016		
	09/13/2002	98,550		45.6625	09/13/2012		
	02/27/2004	136,150		51.4150	02/27/2014		
	09/15/2004					14,024	852,799 (5)
	02/28/2005	135,274		53.5950	02/28/2015		
	08/04/2005					3,159	192,099
	09/15/2005					17,393	1,057,668 (9)
	12/01/2005					11,619	706,551
	02/28/2006		136,364	60.5000	02/28/2016		
	08/03/2006					2,865	174,221
	09/15/2006					13,372	813,151 (11)
	02/28/2007		157,506	63.4900	02/28/2017		
08/02/2007					2,510	152,633	
09/14/2007					10,434	634,492 (13)	
	02/29/2008		226,655	66.1800	02/28/2018		
Robert A. McDonald	02/26/1999	14,886		44.2656	02/26/2014		
	09/15/1999	46,256		49.4759	09/15/2014		
	07/10/2000	20,256		27.4459	07/10/2015		
	09/15/2000	161,204		31.0118	09/15/2015		
	09/24/2001	154,210 (2)		34.5688	09/24/2016		
	09/13/2002	161,034		45.6625	09/13/2012		
	09/15/2003	28,284		45.9700	09/15/2013		
	02/27/2004	223,672		51.4150	02/27/2014		
	09/15/2004					26,542	1,614,019 (6)
	02/28/2005	158,597		53.5950	02/28/2015		
	08/04/2005					3,091	187,964
	09/15/2005					16,978	1,032,432 (7)
	12/01/2005					14,464	879,556
	02/28/2006		140,496	60.5000	02/28/2016		
	08/03/2006					2,803	170,450
	09/15/2006					13,057	793,996 (11)
	02/28/2007		160,656	63.4900	02/28/2017		
08/02/2007					2,456	149,349	
09/14/2007					10,192	619,776 (13)	

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	02/29/2008		264,431	66.1800	02/28/2018		
E. Dimitri							
Panayotopoulos	02/26/1999	26,194		44.2656	02/26/2014		
	07/01/1999	13,860		43.2423	07/01/2014		
	07/09/1999	9,834		42.7329	07/09/2014		
	09/15/1999	64,574		49.4759	09/15/2014		
	07/10/2000	28,516		27.4459	07/10/2015		
	09/15/2000	179,206		31.0118	09/15/2015		
	09/24/2001	202,644 (1)		34.5688	09/24/2016		
	09/13/2002	163,464		45.6625	09/13/2012		
	09/15/2003	55,758		45.9700	09/15/2013		
	02/27/2004	143,442		51.4150	02/27/2014		
	09/15/2004	44,253		56.5150	09/15/2014		
	02/28/2005	111,951		53.5950	02/28/2015		
	08/04/2005					3,276	199,241
	09/15/2005		30,531	55.4050	09/15/2015		
	09/15/2005					13,968	849,394 (7)

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Name	Grant Date ¹	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable ²	Number of Securities Underlying Unexercised Options Unexercisable ²	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ³	Market Value of Shares or Units That Have Not Vested ⁴
		(#)	(#)	(\$)		(#)	(\$)
E. Dimitri Panayotopoulos (Cont.)	12/01/2005					20,720	1,259,983
	02/28/2006		103,306	60.5000	02/28/2016		
	05/01/2006					17,178	1,044,594
	08/03/2006					3,191	194,045
	09/15/2006		46,314	61.3250	09/15/2016		
	09/15/2006					11,452	696,396 (11)
	02/28/2007		118,129	63.4900	02/28/2017		
	08/02/2007					2,896	176,106
	09/14/2007					8,940	543,641 (13)
	09/14/2007		45,198	67.8100	09/14/2017		
	02/29/2008		166,214	66.1800	02/28/2018		
	05/09/2008		30,671	65.2100	05/09/2018		

¹ On December 1, 2005, the Company converted all outstanding retirement restricted stock to RSUs that are deliverable in shares one year following retirement. The numbers contained in this table for December 1, 2005 reflect this conversion. They do not represent an incremental grant of stock awards on that date.

² The following provides details regarding the vesting date for each of the option grants included in the table. The Vest Date indicates the date the options become exercisable.

Grant Date		Vest Date		Option Awards		Grant Date		Vest Date	
	02/26/1999		02/26/2002				02/27/2004		02/27/2007
	07/01/1999		07/01/2002				09/15/2004		09/15/2007
	07/09/1999		07/09/2002				02/28/2005		02/28/2008
	09/15/1999		09/15/2002				09/15/2005		09/15/2008
	07/10/2000		07/10/2003				02/28/2006		02/28/2009
	09/15/2000		09/15/2003				09/15/2006		09/15/2009
(1)	09/24/2001		09/24/2004				02/28/2007		02/28/2010
(2)	09/24/2001		01/01/2005				09/14/2007		09/14/2010
	09/13/2002		09/13/2005				02/29/2008		02/28/2011
	09/15/2003		09/15/2006				05/09/2008		05/09/2011

³ Restricted Stock earns cash dividends that are paid quarterly. RSUs awarded pursuant to BGP, STAR, PST Restoration and IRP earn dividend equivalents which are accrued in the form of additional RSUs each quarter and credited to each Named Executive Officer's holdings. These RSUs have the same vesting restrictions as the underlying RSUs and are ultimately deliverable in shares. The following provides detail regarding the vesting date for Restricted Stock and RSU holdings included in the table. The Vest Date for RSUs indicates the date such units are deliverable in shares. The Vest Date for restricted stock indicates the date that restrictions lapse.

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		Stock Awards			
	Grant Date	Vest Date		Grant Date	Vest Date
(3)	09/15/2004	09/15/2019		02/28/2006	2009 or as soon as practical after retirement; whichever is later
(4)	09/15/2004	One year following retirement		05/01/2006	05/01/2011
(5)	09/15/2004	Termination of employment		08/03/2006	One year following retirement
(6)	09/15/2004	09/15/2009	(11)	09/15/2006	09/15/2009
	08/04/2005	One year following retirement	(12)	09/15/2006	One year following retirement
(7)	09/15/2005	09/15/2008		02/28/2007	One year following retirement; no earlier than 02/28/2010
(8)	09/15/2005	One year following retirement		08/02/2007	One year following retirement
(9)	09/15/2005	Termination of employment	(13)	09/14/2007	09/14/2010
(10)	09/15/2005	09/15/2020	(14)	09/14/2007	One year following retirement
	12/01/2005	One year following retirement		02/29/2008	02/29/2013

⁴ The Market Value of shares or RSUs that have not vested was determined by multiplying the closing market price of Company stock on June 30, 2008 (\$60.81) by the number of shares or RSUs, respectively.

⁵ Totals reflect reduction of option and stock awards that occurred during the fiscal year when beneficial ownership of certain portions of option and stock awards was transferred to former spouse pursuant to an agreed divorce settlement.

Table of Contents**Option Exercises and Stock Vested**

The following table and footnotes provide information regarding stock option exercises and stock vesting during fiscal year 2007-08 for the Named Executive Officers.

Option Exercises and Stock Vested Table

Name	Option Grant Date	Option Awards	Value Realized on Exercise ²	Stock Award Grant Date	Stock Awards	Value Realized on Vesting ⁴
		Number of Shares Acquired on Exercise ¹			Number of Shares Acquired on Vesting ³	
		(#)	(\$)		(#)	(\$)
A. G. Lafley⁵						
Clayton C. Daley, Jr.	02/27/1998	32,588	934,273			
	07/09/1998	6,278	128,838			
Susan E. Arnold	02/27/1998	20,766	509,220	6/10/2003	22,102	1,470,336
	07/09/1998	4,186	78,538			
	07/09/1999	6,144	130,511			
	07/10/2000	21,054	769,084			
Robert A. McDonald	02/27/1998	24,748	612,434	9/15/2004	17,000	1,145,800
	07/09/1998	2,444	49,398			
E. Dimitri Panayotopoulos	02/27/1998	36,568	919,934	9/15/2004	20,134	1,357,032
	07/09/1998	8,134	162,982			

¹ The Number of Shares Acquired on Exercise is the gross number of shares acquired.

² The Value Realized on Exercise was determined by multiplying the number of shares acquired by the difference between the average of the high and low price of the Company's common stock on the date of exercise and the exercise price of the options.

³ Numbers of Shares Acquired on Vesting is the gross number of shares acquired. Please see footnote 3 in the Outstanding Equity at Fiscal Year-End Table for the definition of vesting for Stock Awards.

⁴ Value Realized on Vesting was determined by multiplying the number of shares of stock by the average of the high and low price of the Company's common stock on the vesting date.

⁵ Beneficial ownership of 1,894,308 options and 290,787 RSUs was transferred to Mr. Lafley's former spouse pursuant to an agreed divorce settlement. Mr. Lafley did not realize a specific dollar amount upon this transfer, as the transfer was part of an overall settlement agreement in which he and his former spouse mutually agreed on an allocation of their marital property and released claims with respect to other marital property.

Pension Benefits

The following table and footnotes provide information regarding the Company's pension plans for Mr. Panayotopoulos as of the end of fiscal year 2007-08. None of the other Named Executive Officers had any such arrangements with the Company.

Pension Benefits Table

Name	Plan Name	Number of Years of Credited Service ¹	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
			(\$)	(\$)
E. Dimitri Panayotopoulos	The Procter & Gamble Company Global IRA	20 years, 5 months ²	3,269,000 ³	0
	Procter & Gamble Pension Fund (UK)	17 years, 5 months ⁴	1,590,000 ⁵	0

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¹ Numbers in this column are computed as of the same pension plan measurement date used for financial statement reporting purposes for the Company's audited financial statements as found in Note 9 to the Consolidated Financial Statements contained in the Company's 2008 Annual Report.

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- 2 Years of credited service accrued under this plan represent the number of years worked outside of his home country from the date of hire until July 1997, when he began to be paid on a U.S.-home basis.
- 3 Value calculated utilizing earliest age at which plan participants can retire without a reduction in benefits (60) and assumptions consistent with the assumptions used in preparing the Company's audited financial statements for fiscal year 2007-08, in accordance with SFAS 87, including a 7% discount rate and RP-2000 combined healthy white collar adjustment mortality table.
- 4 Years of credited service accrued under this plan represent the number of years worked from the date that he became eligible to participate in the plan until June 30, 1995, when he was no longer eligible to accrue additional benefits under the plan.
- 5 Value calculated utilizing the plan's defined retirement age (65) and assumptions consistent with the assumptions used in preparing the Company's audited financial statements for fiscal year 2007-08, in accordance with SFAS 87, including a 6.5% discount rate and 105% of PMA92 base mortality table, with short cohort projections to calendar year 2025. This calculation also includes \$179,000 which is the present value of a contingent spouse's pension benefit approximately equal to 50% of the participant's pension payable at the participant's death.

The Procter & Gamble Pension Fund (UK) (UK Pension Plan) is a defined benefit plan for employees whose home country was within the United Kingdom for all or a portion of their career. The UK Pension Plan provides for post-retirement payments based on the employee's salary and years of service at the time of retirement. The benefit paid is calculated using the following formula:

$$.02 \times \text{years of service} \times \text{employee's pensionable base salary}$$

This benefit is paid at retirement and is reduced to account for government-sponsored pension benefits received by the employee. Furthermore, the UK Pension Plan includes a temporary pension benefit that provides temporary pension payments to those employees who retire after age 59 but before they reach their social security retirement age. The amount of these payments is based on the government-sponsored pension benefits that these employees will receive from the UK government when they retire and reach their social security retirement age. Temporary pension benefit payments under this plan cease when government pension payments begin.

The Procter & Gamble Company Global International Retirement Arrangement (Global IRA) is designed to provide retirement benefits to certain employees whose benefits are frozen under their home country pension plan(s) as a result of having been transferred away from their home country on a permanent basis. The Global IRA benefit is calculated in accordance with the following formula:

$$.017 \times \text{average salary for three years preceding retirement} \times \text{years of service outside of home country}$$

(before localization)

The Global IRA accounts for the differences in retirement benefits attributable to a higher salary at the time of retirement than at the time of transfer out of the home country. As such, the Global IRA is reduced on a dollar for dollar basis by any retirement pension benefit paid by either the Company or the government which was earned through the employee's home country.

Table of Contents**Nonqualified Deferred Compensation**

The following table and footnotes provide information regarding the Company's non tax-qualified defined contribution and deferred compensation plans for each of the Named Executive Officers for fiscal year 2007-08. For a complete understanding of the table and the footnotes please read the narrative that follows the table.

Nonqualified Deferred Compensation Table

Name	Plan Name	Executive Contributions	Registrant Contributions	Aggregate Earnings	Aggregate Withdrawals/	Aggregate Balance
		in Last FY	in Last FY ¹	in Last FY ²	Distributions	at Last FYE
		(\$)	(\$)	(\$)	(\$)	(\$)
A.G. Lafley	Executive Deferred Compensation Plan	0	0	(784,937)	0	8,514,956
	PST Restoration Program	0	308,383	46,380	0	2,116,233 ³
Clayton C. Daley, Jr.	Executive Deferred Compensation Plan	824,075 ⁴	0	(103,225)	0	1,754,450 ⁴
	PST Restoration Program	0	142,430	22,873	0	1,575,080 ⁵
Susan E. Arnold	PST Restoration Program	0	151,312	17,717	0	1,225,468 ⁶
Robert A. McDonald	PST Restoration Program	0	148,004	(6,683) ⁷	0	1,387,296 ⁶
E. Dimitri Panayotopoulos	International Retirement Plan	0	174,714	(3,120) ⁸	0	2,092,645

¹ Total reflects registrant contributions in the form of RSUs pursuant to the PST Restoration Program for Ms. Arnold and Messrs. Lafley, Daley and McDonald. For Mr. Panayotopoulos, the total reflects registrant contributions in the form of RSUs under the IRP. The PST Restoration Program and IRP are nonqualified defined contribution plans. The contribution amount is the net number of RSUs awarded after withholding for applicable taxes, multiplied by the grant price.

² Because none of the Aggregate Earnings in Last FY are above-market earnings under SEC reporting rules, they are not reflected in the Summary Compensation Table.

³ Total includes \$324,494 previously reported in the Company's Summary Compensation Table for 2006-07.

⁴ Total reflects Mr. Daley's deferral of 50% of his 2006-07 STAR award in the amount of \$502,775 and 25% of his 2006-07 BGP award in the amount of \$321,300, pursuant to the Company's Executive Deferred Compensation Plan, described in more detail in the narrative section below. Both amounts were previously reported in the Summary Compensation Table for 2006-07.

⁵ Total includes \$148,004 previously reported in the Company's Summary Compensation Table for 2006-07.

⁶ Total includes \$151,312 previously reported in the Company's Summary Compensation Table for 2006-07.

⁷ Total reflects withholding of 450 RSUs to cover certain taxes resulting from Mr. McDonald becoming retirement eligible during the fiscal year.

⁸ Total reflects net earnings on RSUs and losses attributable to other investments held in Mr. Panayotopoulos' IRP account.

All Senior Executives, including the Named Executive Officers, are eligible to participate in The Procter & Gamble Company Executive Deferred Compensation Plan (EDCP). Annually, under EDCP, a participant may defer up to 50% of base salary, up to 100% of the STAR award, and up to 50% of the BGP long-term incentive award. Amounts may be deferred for a minimum of one year or until termination of employment. Payments that commence upon retirement, death or disability may be taken in a lump sum or installments (over a maximum period of ten years). All other payments under the plan are paid as a lump sum.

Amounts deferred under EDCP are credited with market earnings based on the same fund choices available to all employees under the Company's tax-qualified plan. Participants may change fund choices on a daily basis.

As described in the Compensation Discussion and Analysis on page 30 of this proxy statement, federal tax rules limit the size of contributions that can be made to individuals pursuant to tax-qualified

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defined contribution plans like the PST. These limits are based on the annual salary of the plan participant. Because of these limits, certain participants, including the Named Executive Officers (except Mr. Panayotopoulos), are unable to receive their full contributions pursuant to the terms and conditions of the PST.

To account for these limitations, the Company utilizes the PST Restoration Program. This is a nonqualified defined contribution plan under which the Company makes an additional annual contribution in the form of RSUs to those executives whose calculated contribution to their PST accounts was limited by federal tax laws.

These RSUs are forfeitable until the executive becomes eligible for retirement. Executives can elect to receive either a lump sum payment one year post-retirement or ten annual installment payments beginning one year post-retirement, or they can defer receipt of either the lump sum or the ten annual installments to six or eleven years post-retirement. Generally, executives have up until retirement to change a previous deferral election, with any such deferral elections or changes to deferral elections made in compliance with Section 409A of the Internal Revenue Code. These RSUs earn dividend equivalents at the same rate as dividends on Company common stock and are accrued in the form of additional RSUs each quarter and credited to the executive's holdings. The value of each RSU may increase or decrease over time as the value is tied to the price of the Company stock.

The Company's International Retirement Plan (IRP) is designed to provide retirement benefits for employees whose participation in retirement plans in their home countries have been suspended because they are on expatriate assignments outside of that country or have been transferred out of that country on a permanent basis. Under the IRP, the Company makes an annual contribution for each participant equal to the contribution that would have been made under the participant's home country retirement plan had the participant remained in that country and eligible to participate in that plan.

At each participant's election, the Company's IRP contribution is placed into one of several investment vehicles available within the IRP. Participants are also eligible to receive all or a portion of this contribution in RSUs. These contributions vest according to the terms and conditions of the participant's home country retirement plan. Upon retirement from the Company, participants must elect to receive distributions from their IRP accounts in one of four ways: (1) fixed-income annuity, (2) variable annuity, (3) lump sum, or (4) annual installments (over a maximum of 15 years).

Amounts the Named Executive Officers defer under any of the above mentioned plans that are scheduled to be paid after termination of employment must be held by the Company for a minimum of six months in order to comply with Section 409A of the Internal Revenue Code.

Payments upon Termination or Change-in-Control

Because the Company does not have any employment contracts with its Named Executive Officers, there are no severance payments required to be made to any of the Company's Named Executive Officers upon termination of their employment with the Company. Certain elements of compensation are, however, treated differently upon various termination of employment scenarios, as described below. The following describes how certain elements of compensation are generally handled under these scenarios for all Company employees, including the Named Executive Officers.

Base salary Base salary is paid through the last day worked, regardless of reason for termination of employment. In the event that the Company encourages a U.S. employee to terminate employment with the Company (but not for cause), that individual may receive a separation allowance of up to one year's annual base salary, calculated based on years of service.

STAR Individuals who work through the last day of the fiscal year are eligible for the STAR award payable for that year, regardless of the reason for termination of employment. Past short-term bonus awards where the employee voluntarily elected stock or options in lieu of cash are either retained or paid out in a lump sum, regardless of the reason for termination.

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Equity Awards under the Company's Key Manager Annual Stock Grant program, BGP, PST Restoration Program and IRP Treatment is governed by the Company's equity compensation plans and depends on the reason for termination of employment, as follows. Past equity awards where the employee voluntarily elected stock or options in lieu of cash or unrestricted stock are either retained or paid out in a lump sum, regardless of the reason for termination. Further, in certain situations, employees are entitled to keep all equity awards according to their original terms. Each of the following assumes that the individual fully complies with certain provisions of the Company's equity compensation plans, including compliance with the Company's Purpose, Values and Principles and the provision that prohibits individuals from competing with the Company following termination of employment, each of which can result in forfeiture and/or cancellation of outstanding equity awards.

- n Voluntary Termination by the Employee All stock options that were not vested and all RSUs for which the forfeiture date has not yet occurred are forfeited effective upon the date of termination. All vested stock options that were not exercised prior to termination are forfeited.
- n Retirement or Permanent Disability Stock Options and Key Manager RSUs received at least six months prior to retirement or permanent disability are retained, with stock options held until expiration and Key Manager RSUs delivering in shares, each according to their original terms. All other RSUs are also retained, with delivery of shares according to the original terms.
- n Company Encouraged Termination, Not for Cause Stock Options and Key Manager RSUs received at least six months prior to termination are retained, with stock options held until expiration and Key Manager RSUs delivering in shares, each according to their original terms. All other RSUs for which the forfeiture date has not yet occurred are forfeited, unless agreed otherwise by the Compensation & Leadership Development Committee.
- n Termination for Cause All stock options and RSUs are forfeited effective upon the date of termination.
- n Change-in-Control All stock options vest immediately. All RSUs are deliverable in shares immediately.
- n Death All stock options and RSUs transfer by will or laws of descent and distribution. All stock options vest immediately. All RSUs are deliverable in shares immediately.

Special Equity Awards In special circumstances, the Compensation & Leadership Development Committee may make a special award of restricted stock or RSUs to a Senior Executive. Such awards are forfeitable immediately upon termination of employment from the Company for any reason other than death, unless agreed otherwise by the Compensation & Leadership Development Committee. In the event of a change-in-control, all restrictions lapse immediately and, in a case of hardship, the Committee may accelerate the lapse of restrictions.

BGP Employees who work through the last day of the three-year performance period are eligible for the BGP awards payable for that year, unless otherwise determined by the Compensation & Leadership Development Committee. For employees who leave prior to the end of the performance period, the Committee has discretion to determine the amount of a BGP award, if any.

Retirement Plans The retirement plans in which the Named Executive Officers participate do not discriminate in scope, terms or operation for Named Executive Officers versus all other participants. All Named Executive Officers are fully vested in PST and will retain all shares upon termination of employment regardless of reason. Mr. Panayotopoulos is currently eligible for retirement and so becomes vested in the IRA and entitled to the full benefit value upon separation from the Company. Mr. Panayotopoulos is fully vested in his IRP and UK Pension account balances and therefore would retain those balances upon termination for any reason.

Deferred Compensation Amounts deferred under The Procter & Gamble Company Executive Deferred Compensation Plan have been earned and therefore are retained upon termination for any reason. Any RSUs granted pursuant to the PST Restoration Program or IRP would be treated as described above under Equity Awards, but are not included in the following table because they are reported on the Nonqualified Deferred Compensation Table on page 47 of this proxy statement.

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Perquisites and Other Executive Benefits

- n Executive Group Life Insurance Benefits are retained if employee is eligible for early retirement.
- n Financial Counseling Employee may use the remaining balance until the end of the current calendar year for reimbursable charges under the program.
- n Unused Vacation Employee entitled to lump sum payment equal to value of accrued, but unused, vacation days.
- n Other programs In most cases, participation ends on the last day worked, unless otherwise agreed by the Committee.

Expatriate and Relocation Program If an employee's expatriate assignment terminates for any reason, the Company would pay for relocation to the home country and would cover future taxes due related to the expatriate assignment. The following table and footnotes quantify the payments and benefits that each Named Executive Officer would be required to be paid under the Company's compensation programs upon various scenarios for termination of employment or a change-in-control of the Company.

Payments upon Termination or Change-in-Control Table

Name	Voluntary Termination, Retirement, Permanent Disability or Termination for Cause ¹	Company	Change-in-
		Encouraged Termination, not for Cause ²	Control or Death ³
	(\$)	(\$)	(\$)
A. G. Lafley			
Stock Options	0	0	133,437
Stock Awards	0	0	41,257,264
Salary	0	1,700,000	0
Executive Group Life Insurance	0	0	4,590,000
Clayton C. Daley, Jr.			
Stock Options	0	0	40,992
Stock Awards	0	0	5,463,638
Salary	0	910,000	0
Executive Group Life Insurance	0	0	1,956,500
Susan E. Arnold			
Stock Options	0	0	42,273
Stock Awards	0	0	3,358,111
Salary	0	1,000,000	0
Executive Group Life Insurance	0	0	2,150,000
Robert A. McDonald			
		0	43,554

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Stock Options	0	0	4,060,237
Stock Awards	0	1,000,000	0
Salary	0	0	2,150,000
Executive Group Life Insurance	0		
E. Dimitri Panayotopoulos			
Stock Options	0	0	197,045
Stock Awards	0	0	3,133,995
Salary	0	910,000	0
Executive Group Life Insurance	0	0	1,729,000

¹ As noted above, no severance payments are required to be made to any of the Named Executive Officers under any of these termination of employment scenarios. Retention of certain elements of compensation, such as equity-based compensation, may vary depending on the reason for termination. For a complete understanding of these differences, please see the narrative section above.

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- ² Each of the Named Executive Officers has enough years of service with the Company to receive one year's salary upon a Company encouraged termination of employment (not for cause). As noted above, the Compensation & Leadership Development Committee has discretion to allow a Named Executive Officer to retain certain equity awards that otherwise would be forfeited under the Company's compensation programs in the event of a Company encouraged termination (not for cause).
- ³ The amounts shown for stock options and stock awards represent the in-the-money value of unexercisable stock options and RSUs (excluding PST Restoration RSUs and IRP RSUs which are reported in the Nonqualified Deferred Compensation Table) that would immediately become exercisable and/or deliverable in shares, respectively, upon a change-in-control or death of the Named Executive Officer, based on the Company's closing stock price on June 30, 2008 of \$60.81. The amounts shown for the Executive Group Life Insurance death benefit assumes June 30, 2008 death. A change-in-control does not trigger payment of a death benefit.

Security Ownership of Management and Certain Beneficial Owners

The following tables and footnotes provide information regarding the ownership of the Company's Common and Series A and B ESOP Convertible Class A Preferred Stock by all Directors and nominees, each Named Executive Officer, all Directors and executive officers as a group, and the owners of more than five percent of the outstanding Series A and B ESOP Convertible Class A Preferred Stock, on August 15, 2008:

COMMON STOCK

(Number of shares/options)

Owner	Amount and Nature of Beneficial Ownership				Percent of Class	Restricted Stock Units ⁵
	Direct ¹ and Profit Sharing Plan ²	Right to Acquire ³	Trusteeships and Family Holdings ⁴	Total		
Susan E. Arnold	32,474	646,992	20	679,486	6	78,523
Kenneth I. Chenault	1,000			1,000	6	
Scott D. Cook	7,953	10,674	32,463	51,090	6	10,499
Clayton C. Daley, Jr.	116,987	968,208	60,300	1,145,495	6	139,401
Rajat K. Gupta					6	1,798
A. G. Lafley ⁷	144,823	2,190,371	1,314	2,336,508	6	721,415
Charles R. Lee	60,292	16,712		77,004	6	10,499
Lynn M. Martin	11,451	16,712		28,163	6	10,499
Robert A. McDonald	57,524	968,399	27,822	1,053,745	6	66,015
W. James McNerney, Jr.	9,233			9,233	6	10,499
E. Dimitri Panayotopoulos	189,949	1,074,227		1,264,176	6	67,356
Johnathan A. Rodgers	9,319	6,644		15,963	6	10,499
Ralph Snyderman	30,390	16,712		47,102	6	10,499
Margaret C. Whitman	2,810		8,200	11,010	6	10,499
Patricia A. Woertz					6	
Ernesto Zedillo	3,551	6,644		10,195	6	10,499
28 Directors and executive officers, as a group	1,004,783	9,672,273	138,909	10,815,965	6	1,612,402

- ¹ Includes unrestricted common stock over which each Director or executive officer has sole voting and investment power and restricted common stock over which they have voting power but no investment power (until restrictions lapse).
- ² Common stock allocated to personal accounts of executive officers under the Retirement Trust pursuant to PST. Plan participants have sole discretion as to voting and, within limitations provided by PST, investment of shares. Shares are voted by the Trustees in accordance with instructions from participants. If instructions are not received by the Trustees as to the voting of particular shares, shares are to be voted in proportion to instructions actually received from other participants in the Trust.
- ³ Amounts reflect vested stock options and stock options that will vest within 60 days of the record date (August 15, 2008). If shares are acquired, the Director or executive officer would have sole discretion as to voting and investment.
- ⁴ The individuals involved share voting and/or investment powers with other persons with respect to the shares shown in this column.
- ⁵ RSUs represent the right to receive unrestricted shares of common stock upon the lapse of restrictions, at which point the holders will have sole investment and voting power. RSUs are not considered beneficially owned because holders are not entitled to voting rights or investment control until the restrictions lapse.

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- ⁶ Less than 0.079% for any one Director or Named Executive Officer, and less than 0.361% for the Directors and executive officers, as a group.
⁷ Totals reflect reduction that occurred during the fiscal year when beneficial ownership of certain holdings was transferred to former spouse pursuant to an agreed divorce settlement.

SERIES A ESOP CONVERTIBLE CLASS A PREFERRED STOCK

(Number of shares)

Owner	Amount and Nature of Beneficial Ownership		Percent of Series
	Profit Sharing Plan ¹	Trusteeships	
Susan E. Arnold	11,267		²
Kenneth I. Chenault	0		
Scott D. Cook	0		
Clayton C. Daley, Jr.	16,104		²
Rajat K. Gupta	0		
A. G. Lafley ³	393		²
Charles R. Lee	0		
Lynn M. Martin	0		
Robert A. McDonald	12,254		²
W. James Mc Nerney, Jr.	0		
E. Dimitri Panayotopoulos	179		²
Johnathan A. Rodgers	0		
Ralph Snyderman	0		
Margaret C. Whitman	0		
Patricia A. Woertz	0		
Ernesto Zedillo	0		
28 Directors and executive officers, as a group	125,754		²
Employee Stock Ownership Trust of The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan, P.O. Box 599, Cincinnati, Ohio 45201-0599 (S. P. Donovan, Jr., E. H. Eaton, Jr., and R. C. Stewart, Trustees)		18,665,686 ⁴	24.30%

- ¹ Shares allocated to personal accounts of executive officers under the Employee Stock Ownership Trust pursuant to PST. Plan participants have sole discretion as to voting and, within limitations provided by PST, investment of shares. Shares are voted by the Trustees in accordance with instructions from participants. If instructions are not received by the Trustees as to the voting of particular shares, shares are to be voted in proportion to instructions actually received from other participants in the Trust.
- ² Less than 0.022% for any Named Executive Officer; by the terms of the stock, only persons who are or have been employees can have beneficial ownership of these shares. Less than 0.164% for the Directors and executive officers, as a group.
- ³ Total reflects reduction that occurred during the fiscal year when beneficial ownership of certain holdings was transferred to former spouse pursuant to an agreed divorce settlement.
- ⁴ Unallocated shares. The voting of these shares is governed by the terms of PST, which provides that the Trustees shall vote unallocated shares held by them in proportion to instructions received from Trust participants as to voting of allocated shares. The disposition of these shares in connection with a tender offer would be governed by the terms of PST, which provides that the Trustees shall dispose of unallocated shares held by them in proportion to instructions received from Trust participants as to the disposition of allocated shares.

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(Number of shares)

Owner	Amount and Nature of Beneficial Ownership		Percent of Series
	Profit Sharing Plan ¹	Trusteeships	
Susan E. Arnold	0		
Kenneth I. Chenault	0		
Scott D. Cook	0		
Clayton C. Daley, Jr.	136		²
Rajat K. Gupta	0		
A. G. Lafley	683		²
Charles R. Lee	0		
Lynn M. Martin	0		
Robert A. McDonald	86		²
W. James McNerney, Jr.	0		
E. Dimitri Panayotopoulos	86		²
Johnathan A. Rodgers	0		
Ralph Snyderman	0		
Margaret C. Whitman	0		
Patricia A. Woertz	0		
Ernesto Zedillo	0		
28 Directors and executive officers, as a group	1,892		²
Employee Stock Ownership Trust of The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan, P.O. Box 599, Cincinnati, Ohio 45201-0599 (S. P. Donovan, Jr., E. H. Eaton, Jr., and R. C. Stewart, Trustees)		43,669,875 ³	67.44%

¹ Shares allocated to personal accounts of executive officers under the Employee Stock Ownership Trust pursuant to PST. Plan participants have sole discretion as to voting and, within limitations provided by PST, investment of shares. Shares are voted by the Trustees in accordance with instructions from participants. If instructions are not received by the Trustees as to the voting of particular shares, shares are to be voted in proportion to instructions actually received from other participants in the Trust.

² Less than 0.0012% for any Named Executive Officer; by the terms of the stock, only persons who are or have been employees can have beneficial ownership of these shares. Less than 0.0029% for the Directors and executive officers, as a group.

³ Unallocated shares. The voting of these shares is governed by the terms of PST, which provides that the Trustees shall vote unallocated shares held by them in proportion to instructions received from Trust participants as to voting of allocated shares. The disposition of these shares in connection with a tender offer would be governed by the terms of PST, which provides that the Trustees shall dispose of unallocated shares held by them in proportion to instructions received from Trust participants as to the disposition of allocated shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Ownership of and transactions in Company stock by executive officers and Directors of the Company are required to be reported to the SEC pursuant to Section 16 of the Securities Exchange Act of 1934. As a practical matter, the Company assists its Directors and officers by monitoring transactions and completing and filing Section 16 reports on their behalf.

On November 15, 2007, Charlotte R. Otto, an executive officer of the Company, filed a Form 4 to correct an inadvertent failure by the Company to timely file a required report for the sale of 9,543 shares on November 12, 2007. On February 20, 2008, Clayton C. Daley, Jr., an executive officer of the Company, filed a Form 4 to correct an inadvertent failure by the Company to report a charitable donation of 1,200 shares made on November 29, 2006. On February 21, 2008, the following executive officers filed a Form 4 to correct an inadvertent failure by the Company to timely report the automatic conversion of RSUs to withhold for taxes upon dividend equivalents granted in the form of RSUs on February 15, 2008, in the following amounts: Mariano Martin (22); Filippo Passerini (6); and Robert A. Steele (11).

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Report of the Audit Committee

Each member of the Audit Committee is an independent Director as determined by the Board of Directors, based on the New York Stock Exchange listing standards and the Board's own Independence Guidelines. Each member of the Committee also satisfies the SEC's additional independence requirement for members of audit committees. The Board of Directors has determined that Charles R. Lee meets the criteria for Audit Committee Financial Expert as defined by SEC rules. The Board of Directors has also determined that all Audit Committee members are financially literate. As noted previously in the proxy statement, the Committee's work is guided by a Board-approved charter, which can be found in the corporate governance section of the Company's website at www.pg.com/investors.

The Committee reviews and oversees the Company's financial reporting process on behalf of the Board. Management has the Company's primary responsibility for establishing and maintaining adequate internal financial control, for preparing the financial statements and for the public reporting process. Deloitte & Touche LLP, the Audit Committee-appointed independent registered public accounting firm for the fiscal year ended June 30, 2008, is responsible for expressing opinions on the conformity of the Company's audited financial statements with generally accepted accounting principles and on management's assessment of the effectiveness of the Company's internal control over financial reporting.

In this context, the Committee reviewed and discussed with management and Deloitte & Touche LLP the audited financial statements for the year ended June 30, 2008, and management's assessment of the effectiveness of the Company's internal control over financial reporting. The Committee met eight times (including telephone meetings to discuss quarterly results) during the fiscal year ended June 30, 2008. The Committee has discussed with Deloitte & Touche LLP the matters that are required to be discussed by Statement on Auditing Standards No. 61 (Communication With Audit Committees), as modified or supplemented. In addition, the Committee has discussed various matters with Deloitte & Touche LLP related to the Company's consolidated financial statements, including critical accounting policies and practices used, alternative treatments for material items that have been discussed with management, and other material written communications between Deloitte & Touche LLP and management. The Committee has also received written disclosures and the letter from Deloitte & Touche LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees and has discussed with Deloitte & Touche LLP its independence from the Company and its management. In addition, the Committee has received written material addressing Deloitte & Touche LLP's internal quality control procedures and other matters, as required by the New York Stock Exchange listing standards. The Committee understands the need for Deloitte & Touche LLP to maintain objectivity and independence in its audit of the Company's financial statements and internal controls over financial reporting. The Committee has implemented a formal pre-approval process for non-audit fee spending, and it seeks to limit this spending to a level that keeps the core relationship with Deloitte & Touche LLP focused on financial statement review and evaluation. A copy of this pre-approval process is attached to this proxy statement as Exhibit A.

Based on the considerations referred to above, the Committee recommended to our Board of Directors that the audited financial statements for the year ended June 30, 2008 be included in our Annual Report on Form 10-K for 2008 and selected Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the fiscal year ending June 30, 2009. This report is provided by the following independent Directors, who constitute the Committee:

Charles R. Lee (Chair)
Kenneth I. Chenault
Rajat K. Gupta
Ralph Snyderman
Patricia A. Woertz

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The Audit Committee, with the ratification of the shareholders, engaged Deloitte & Touche LLP to perform an annual audit of the Company's financial statements for the fiscal year ended June 30, 2008. Pursuant to rules of the SEC, the fees paid to Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively "Deloitte"), are disclosed in the table below:

Fees Paid to Deloitte

(Dollars in Thousands)

	FY 2006-07¹	FY 2007-08
Audit Fees	\$ 33,063	\$ 31,827
Audit-Related Fees	1,630	3,821
Tax Fees	2,548	1,757
<i>Subtotal</i>	37,241	37,405
All Other Fees	2,299	859
Deloitte Total Fees	\$ 39,540	\$ 38,264

¹ The actual amount paid in fiscal year 2006-07 is different than the amount included in last year's proxy statement due to the impact of foreign exchange at the time the bills were paid and variations in the timing of billing cycles.

Services Provided by Deloitte

All services provided by Deloitte are permissible under applicable laws and regulations. The Company has adopted policies and procedures for pre-approval of services by Deloitte as described in Exhibit A to this proxy statement. The fees paid to Deloitte shown in the table above were all pre-approved in accordance with these procedures and include:

- 1) **Audit Fees** These are fees for professional services performed by Deloitte for the audit of the Company's annual financial statements and review of financial statements included in the Company's 10-Q filings, and services that are normally provided in connection with statutory and regulatory filings or engagements.
- 2) **Audit-Related Fees** These are fees for assurance and related services performed by Deloitte that are reasonably related to the performance of the audit or review of the Company's financial statements. This includes: employee benefit and compensation plan audits; due diligence and audits related to mergers and acquisitions; other attestations by Deloitte, including those that are required by statute, regulation or contract; procedures relating to securities offerings; and consulting on financial accounting/reporting standards and controls.
- 3) **Tax Fees** These are fees for professional services performed by Deloitte with respect to tax compliance and tax returns. This includes review of original and amended tax returns for the Company and its consolidated subsidiaries; refund claims, payment planning/tax audit assistance; and tax work stemming from Audit-Related items.
- 4) **All Other Fees** These are fees for other permissible work performed by Deloitte that does not meet the above category descriptions. The fees cover various local engagements that are permissible under applicable laws and regulations

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including tax filings for individual employees included in the Company expatriate program. These services are actively monitored (both spending level and work content) by the Audit Committee to maintain the appropriate objectivity and independence in Deloitte's core work, which is the audit of the Company's consolidated financial statements. The Committee also concluded that Deloitte's provision of audit and non-audit services to the Company and its affiliates is compatible with Deloitte's independence.

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**PROPOSAL TO RATIFY APPOINTMENT OF THE
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected Deloitte & Touche LLP as the Company's independent registered public accounting firm to perform the audit of our financial statements and our internal controls over financial reporting for the fiscal year ending June 30, 2009. Deloitte & Touche LLP was our independent registered public accounting firm for the fiscal year ended June 30, 2008.

Deloitte & Touche LLP representatives are expected to attend the 2008 annual meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate shareholder questions.

We are asking our shareholders to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm. Although ratification is not required by the Company's Code of Regulations, the Board of Directors By Laws or otherwise, the Board is submitting the selection of Deloitte & Touche LLP to our shareholders for ratification as a matter of good corporate practice. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of the Company and our shareholders.

The Board of Directors recommends a vote FOR the following proposal:

RESOLVED, That action by the Audit Committee appointing Deloitte & Touche LLP as the Company's independent registered public accounting firm to conduct the annual audit of the financial statements of the Company and its subsidiaries for the fiscal year ending June 30, 2009 is hereby ratified, confirmed and approved.

**PROPOSAL TO AMEND THE COMPANY'S AMENDED ARTICLES OF INCORPORATION
TO ADOPT MAJORITY VOTING FOR THE ELECTION OF DIRECTORS
IN NON-CONTESTED ELECTIONS**

The following proposal will be presented for action at the annual meeting by direction of the Board of Directors:

RESOLVED, That the Company's Amended Articles of Incorporation be amended to include a new Article EIGHTH so that directors in non-contested elections must receive a majority of the votes cast to be elected to the Board. The new Article EIGHTH would read as follows:

EIGHTH: *Each nominee for director shall be elected to the Board of Directors by a vote of the majority of the votes cast with respect to such nominee at any meeting of shareholders for the election of directors at which a quorum is present; provided, however, that if the number of nominees for directors exceeds the number of directors to be elected, the nominees receiving the greatest number of votes (up to the number of directors to be elected) shall be elected. For purposes of this provision, a majority of the votes cast means that the number of shares voted for a nominee must exceed the number of votes cast against that nominee.*

The Board of Directors recommends a vote FOR this resolution for the following reasons:

Background

Historically, Ohio law provided that each director nominee who receives the highest number of affirmative votes cast is elected, regardless of whether such votes constitute a majority of all votes cast (including votes withheld). This system, referred to as plurality voting, has always been utilized by the Company for director elections.

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In June 2006, the Board modified its By Laws and Corporate Governance Guidelines such that any director nominee who receives a greater number of withheld votes than for votes was required to immediately tender his or her resignation to the Board. The Board would then decide, through a process managed by the Governance & Public Responsibility Committee (excluding the nominee in question), whether to accept the resignation.

On July 19, 2007, Ohio law was amended. The new law retains plurality voting as the default standard, but now explicitly authorizes companies to adopt a majority voting standard in director elections.

Board Position

For the past few years, the Board has monitored developments in corporate governance as the practices surrounding the majority vote standard have evolved. As the investor community has focused on this issue, the legal and other potential consequences of adopting a majority vote standard have been reviewed more closely. A number of public companies have adopted some form of majority vote standard, and there is now more experience and knowledge as to how it can be implemented. The Board has continued to evaluate the merits, risks and uncertainties relating to a majority vote standard and, after careful consideration, believes it is now in the best interest of the Company and its shareholders to strengthen the approach initially adopted by the Company by amending the Amended Articles of Incorporation to provide for a majority vote standard.

To further strengthen the Company's commitment to sound corporate governance, the Board has authorized and recommends that shareholders approve an amendment to the Company's Amended Articles of Incorporation that would require director nominees in a non-contested election to receive a majority of votes cast to be elected. This would ensure that each vote is specifically counted for or against a director's election, and would further enhance the accountability of each director to the Company's shareholders. No director would be elected unless he or she received more votes cast for than against. Shareholders will also be entitled to abstain with respect to the election of a director. Abstentions will have no effect in determining whether the required affirmative majority vote has been obtained.

Under Ohio law, shareholders must approve any amendments to the Company's Articles of Incorporation. If approved, this amendment will become effective upon the filing with the Ohio Secretary of State of a certificate of amendment of the Company's Amended Articles of Incorporation. The Company would make such a filing promptly after the annual meeting.

Upon approval of this proposal and the filing of the certificate of amendment, the Board will also amend its By Laws and Corporate Governance Guidelines to conform its director resignation policy to the majority vote standard, so that an incumbent director who did not receive the requisite affirmative majority of the votes cast for his or her re-election must tender his or her resignation to the Board. Under Ohio law, an incumbent director who is not re-elected may remain in office until his or her successor is elected and qualified, continuing as a holdover director until his or her position is filled by a subsequent shareholder vote or his or her earlier resignation or removal by a shareholder vote. The Board will adopt the holdover director resignation policy to address the continuation in office of a director that would result from application of the holdover director provision. Under the holdover director resignation policy, the Board will decide whether to accept the resignation in a process similar to the one the Board currently uses pursuant to the existing policy.

For all of these reasons, the Board of Directors recommends a vote FOR this resolution.

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Shareholder Proposals

Shareholder Proposal #1

Mrs. Evelyn Y. Davis, Watergate Office Building, 2600 Virginia Avenue N.W., Suite 215, Washington, D.C. 20037, owner of 800 shares of common stock of the Company, has given notice that she intends to present for action at the annual meeting the following resolution:

RESOLVED: That the stockholders of P&G recommend that the Board take the necessary steps to rotate the annual meeting between Cincinnati, New York, Chicago, L.A. Dallas, Miami and other major cities where there is a large concentration of holders.

REASONS: Many corporations such as Verizon, IBM, Pfizer, J.P. Morgan Chase, Lockheed Martin, United Technologies, Aetna, Disney, US Airways, GE and many many others rotate their annual meetings.

Shareholders in other parts of the country should also have the opportunity to meet management and directors.

The Cincinnati meeting is mostly attended by P&G employees and retirees.

If you AGREE, please mark your proxy FOR this proposal.

The Board of Directors recommends a vote AGAINST this proposal for the following reasons:

The Regulations of the Company adopted by the shareholders provide that the annual meeting of shareholders shall be held in Cincinnati, Hamilton County, Ohio. Under Ohio law, these Regulations are binding on the Board of Directors and the management of the Company unless revised or amended by majority vote of the outstanding shares of the Company at a meeting called for this purpose.

The Board of Directors believes that having the annual meeting in Cincinnati continues to serve the Company and its shareholders very well. The Cincinnati area remains the locale of the largest single concentration of Company shareholders. Accordingly, holding the meeting in Cincinnati offers the opportunity of attendance on a local basis to the largest possible number of individuals.

Furthermore, less than one quarter of *Fortune*'s Top 25 companies and only two of the U.S. companies included on *Fortune*'s Top 20 Most Admired Companies list, rotate the location of their annual meeting. The overwhelming majority of these companies hold their annual meeting in the same location each year, generally in or adjacent to the city where they are headquartered.

We are also cognizant of the expense that will be incurred by rotating the meeting location. Travel and fuel costs are at an all time high and may discourage attendance regardless of the location. The process of staging a meeting in a city other than Cincinnati would involve substantially more expense and diversion of effort for the many Company personnel involved. For the reasons set forth herein, the Board recommends a vote against this proposal.

The Board recommends a vote AGAINST this proposal.

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Shareholder Proposal #2

Mr. Peter Flaherty of the National Legal and Policy Center, 107 Park Washington Court, Falls Church, VA 22046, owner of 60 shares of common stock of the Company, has given notice that he intends to present for action at the annual meeting the following resolution:

RESOLVED, shareholders request that our board of directors adopt a policy that allows shareholders to vote on an advisory management resolution at each annual meeting to approve or disapprove the Compensation Discussion and Analysis report in the proxy statement.

The policy should provide that appropriate disclosures will be made to ensure that shareholders fully understand that the vote is advisory, will not affect any person's pay, and will not affect the approval of any compensation-related proposal submitted for a vote of stockholders at the same or any other meeting of stockholders.

Supporting Statement:

Current rules governing senior executive compensation do not give shareholders enough influence over pay practices. In the United Kingdom, public companies allow stockholders to cast an advisory vote on the directors remuneration report. Although the vote isn't binding, it allows shareholders a voice.

Excessive executive compensation creates two problems. First, public outrage undermines support for the free market, the system that makes possible corporate profits. Second, overcompensated executives are more likely to acquiesce to demands from anti-business activists, in order to insulate themselves from criticism for their high pay.

Unless P&G voluntarily gives shareholders such a voice, Congress may pass legislation forcing the Company to do so, such as the Shareholder Vote on Executive Compensation Act (H.R. 1257).

The Board of Directors recommends a vote AGAINST this proposal for the following reasons:

The Board's Compensation & Leadership Development Committee takes seriously its responsibility for establishing the Company's policies and practices for setting the compensation of the Company's executive officers. As discussed in the Compensation Discussion and Analysis section of this proxy statement, the Committee has established clear principles and objectives for executive compensation and designed executive compensation programs that meet those principles and objectives. These programs pay strictly for performance over the short and long-term and pay competitively with industries and companies comparable to the Company and with whom we compete for talent.

Given the broad range of issues and commentary surrounding executive compensation, the Board believes that this Committee, comprised solely of independent Directors with experience in a wide range of industries and geographies and significant executive management and board governance experience, is in the best position to make judgments about the amount and form of executive compensation.

The addition of an advisory vote at each annual meeting to approve or disapprove the Compensation Discussion and Analysis report in the proxy statement, will not assist the Committee in carrying out its duties because it would not provide specific, actionable input regarding executive compensation decisions. The results of any such overall vote, without analysis of the component parts of executive compensation, would not give the Committee useful information into what particular aspects of the Company's executive compensation programs should be addressed or how to address them. For example, it would be impossible to determine if a significant vote against the Compensation Discussion and Analysis report meant that shareholders were concerned with overall compensation or with the mix of compensation (i.e., salary versus bonus versus equity) or with one or more specific compensation elements within the overall mix. Further, such a vote is a relatively ineffective method of communicating with the Board regarding executive compensation.

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A more meaningful method of communication would be to write directly to the Board, the Compensation & Leadership Development Committee or the Presiding Director, who chairs the Compensation & Leadership Development Committee, with specific concerns. This process is described under the section entitled "Communication with Directors and Executive Officers" found on page 12 of this proxy statement.

Nevertheless, because it takes executive compensation seriously, the Company has engaged in dialogue with several significant shareholders, other leading companies and other stakeholders to address a number of important topics related to executive compensation. This dialogue resulted from Walden Asset Management's submission of its own shareholder proposal last year requesting an advisory vote by shareholders on executive compensation. Walden agreed to withdraw the proposal in light of the company's positive approach and willingness to study the issue in cooperation with concerned investors. The dialogue prompted by Walden's proposal was very meaningful, and the Board will continue to examine executive compensation issues in earnest as shareholders, stakeholders and the federal government consider further action on these matters.

Based on the fact that a broad advisory vote on the Compensation Discussion and Analysis will not assist the Compensation & Leadership Development Committee in carrying out its duties, the Board believes that an advisory vote on executive compensation is unwarranted.

The Board of Directors recommends a vote AGAINST this proposal.

2009 Annual Meeting Date

It is anticipated that the 2009 annual meeting of shareholders will be held on Tuesday, October 13, 2009. Pursuant to regulations issued by the SEC, to be considered for inclusion in the Company's proxy statement for presentation at that meeting, all shareholder proposals must be received by the Company on or before the close of business on Wednesday, May 1, 2009. Any such proposals should be sent to The Procter & Gamble Company, c/o Secretary, One Procter & Gamble Plaza, Cincinnati, OH 45202-3315. If a shareholder notifies the Company after July 15, 2009 of an intent to present a proposal at the 2009 annual meeting of shareholders, the Company will have the right to exercise its discretionary voting authority with respect to such proposal without including information regarding such proposal in its proxy materials.

Other Matters

No action will be taken with regard to the minutes of the annual meeting of shareholders held October 9, 2007, unless they have been incorrectly recorded.

The Board of Directors knows of no other matters which will come before the meeting. However, if any matters other than those set forth in the notice should be properly presented for action, the persons named in the proxy intend to take such action as will be in harmony with the policies of the Company and in that connection will use their discretion.

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Exhibit A

Guidelines of

The Procter & Gamble Company Audit Committee

For Pre-Approval Of Independent Auditor Services

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

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 July-September quarter of each year outlining the scope of the audit services proposed to be performed during the fiscal year. If agreed to by the Committee, this engagement letter will be formally accepted by Committee.

The independent auditor will submit to the Committee for approval an audit services fee proposal after acceptance of the engagement letter.

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.

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.

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.

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THE PROCTER & GAMBLE COMPANY

P.O. BOX 5572

CINCINNATI, OH 45201-5572

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. on October 13, 2008. Have your proxy/voting instruction card and/or your Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by The Procter & Gamble Company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. on October 13, 2008. Have your proxy/voting instruction card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy/voting instruction card and return it in the postage-paid envelope we have provided or return it to The Procter & Gamble Company, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

PGAMB1 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY
THIS PROXY/VOTING INSTRUCTION CARD IS VALID ONLY WHEN SIGNED AND DATED.

**THE PROCTER & GAMBLE
COMPANY**

Edgar Filing: NightHawk Radiology Holdings Inc - Form 8-K

Vote on Directors

The Board of Directors recommends a vote **FOR** the following action:

	For	Withhold	For All Except	
	All	All		To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

1. ELECTION OF DIRECTORS (terms expiring in 2009) Nominees: 01) Kenneth I. Chenault, 02) Scott D. Cook, 03) Rajat K. Gupta, 04) A. G. Lafley, 05) Charles R. Lee, 06) Lynn M. Martin, 07) W. James Mc Nerney, Jr., 08) Johnathan A. Rodgers, 09) Ralph Snyderman, M.D., 10) Margaret C. Whitman, 11) Patricia A. Woertz, and 12) Ernesto Zedillo	
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Vote on Proposals

The Board of Directors recommends a vote **FOR** the following proposals:

	For	Against	Abstain
2. Ratify Appointment of the Independent Registered Public Accounting Firm
3. Amend Company's Amended Articles of Incorporation to Adopt Majority Voting

The Board of Directors recommends a vote **AGAINST** the following proposals:

	For	Against	Abstain
4. Shareholder Proposal #1 - Rotate Site of Annual Meeting
5. Shareholder Proposal #2 - Advisory vote on Executive Compensation

	Yes	No
Please indicate if you would like to keep your vote confidential under the current policy

(NOTE: Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name by authorized person.)

Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint Owners)

Date

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**NOTICE OF ANNUAL MEETING
OF
SHAREHOLDERS
AND
ADMISSION TICKET**

This is notice of your invitation to attend the annual meeting of shareholders of The Procter & Gamble Company to be held on Tuesday, October 14, 2008 at 9:00 a.m. at the Procter & Gamble Hall at The Aronoff Center for the Arts, 650 Walnut Street, Cincinnati, Ohio.

In addition to reviewing the minutes of last year's annual meeting and receiving reports of officers, the purposes of the meeting are listed on the voting portion of the proxy card attached below to this Admission Ticket.

You should present this Admission Ticket in order to gain admittance to the meeting. This ticket admits only the shareholder listed on the reverse side and is not transferable. If the shares are held in the name of a broker, trust, bank or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming the beneficial ownership of the shares.

Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

THE PROCTER & GAMBLE COMPANY

SHAREHOLDER'S PROXY AND CONFIDENTIAL VOTING INSTRUCTION CARD

Annual Meeting of Shareholders-Tuesday, October 14, 2008

The undersigned hereby appoints A. G. Lafley, Charles R. Lee and W. James Mc Nerney, Jr., (the Proxy Committee), and each of them (with respect to any shares of Common Stock held by the undersigned directly or via the Company's Shareholder Investment Program) as proxies to attend the annual meeting of shareholders of the Company to be held on Tuesday, October 14, 2008 at 9:00 a.m. in Cincinnati, Ohio and any adjournment thereof and vote all shares held by

Edgar Filing: NightHawk Radiology Holdings Inc - Form 8-K

or for the benefit of the undersigned as indicated on the reverse side of this card for the election of Directors, and on the proposals listed; and, at their discretion, on such other matters as may properly come before the meeting. **If you sign and return this card without marking, this proxy card will be treated as being FOR the election of Directors, FOR items 2 and 3, and AGAINST the proposals listed as items 4 and 5.**

This proxy also provides voting instructions for shares held by the Trustees of the Retirement Trust, and the Employee Stock Ownership Trust of The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan, and the Procter & Gamble Savings Plan (as applicable, with respect to shares of Common Stock, and Series A and B ESOP Convertible Class A Preferred Stock held for the benefit of the undersigned), and directs such Trustees to vote all shares held for the benefit of the undersigned as indicated on the reverse side of this card for the election of Directors, and on the proposals listed; and with the Proxy Committee on such other matters as may properly come before the meeting. The Trustees will vote shares of the Company's Stock held by them for which instructions are not received in direct proportion to the voting of shares for which instructions have been received, provided that such voting is not contrary to the Employee Retirement Income Security Act of 1974, as amended. The Trustees will vote unallocated shares in direct proportion to voting by allocated shares of the same Class in aggregate, for which instructions have been received.

This proxy/voting instruction card is solicited jointly by the Board of Directors of The Procter & Gamble Company and the Trustees listed above pursuant to a separate Notice of Annual Meeting and Proxy Statement, receipt of which is hereby acknowledged. Votes should be received by the Company's proxy tabulator, Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, NY 11717 by 11:59 p.m. on Monday, October 13, 2008, for Common shares to be voted and 4:00 p.m. on Friday, October 10, 2008 for the Trustees to vote the Plan shares. Broadridge will report separately to the Proxy Committee and to the Trustees as to proxies received and voting instructions provided, respectively. Individual proxy voting and voting instructions will be kept confidential by Broadridge and not provided to the Company.

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THE PROCTER & GAMBLE COMPANY

**** IMPORTANT NOTICE ****

Regarding the Availability of Proxy Materials

You are receiving this communication because you hold shares in the above company, and the materials you should review before you cast your vote is now available.

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.

THE PROCTER & GAMBLE COMPANY

P.O. BOX 5572

CINCINNATI, OH 45201-5572

Shareholder Meeting to be held on October 14, 2008

Proxy Materials Available

Notice and Proxy Statement
Annual Report

PROXY MATERIALS - VIEW OR RECEIVE

You can choose to view the materials Online or receive a paper or e-mail copy. There is NO charge for requesting a copy. Requests, instructions and other inquiries will NOT be forwarded to your investment advisor.

To facilitate timely delivery please make the request as described below on or before September 30, 2008.

HOW TO VIEW MATERIALS VIA THE INTERNET

Have the 12 Digit Control Number(s)* available and visit:
www.proxyvote.com

HOW TO REQUEST A COPY OF MATERIALS

1) BY INTERNET - www.proxyvote.com

2) BY TELEPHONE - 1-800-579-1639

3) BY E-MAIL - sendmaterial@proxyvote.com

If requesting materials by e-mail, please send a blank e-mail with the 12 Digit Control Number(s)* in the subject line.

*Control Number(s) located on the following page.

**** SEE THE REVERSE SIDE FOR MEETING INFORMATION AND INSTRUCTIONS ON HOW TO VOTE ****

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Meeting Information

Meeting Type: Annual
Meeting Date: October 14, 2008

Meeting Time: 9:00 a.m.

For holders as of: August 15, 2008

Meeting Location:

The Procter & Gamble Hall

The Aronoff Center for the Arts

650 Walnut Street

Cincinnati, OH

Directions to Meeting:

For directions to the Aronoff Center for the Arts, please call 1-800-742-6253.

How To Vote

Vote By Internet

To vote **now** by Internet, go to

WWW.PROXYVOTE.COM

You can vote by accessing the Internet at www.proxvote.com up until 11:59 p.m. on October 13, 2008. Have your Notice in hand when you access the web site and follow the instructions.

Vote In Person

You can gain entrance to the shareholder meeting by producing the attached Admission Ticket or a proxy or letter from the broker, trust, bank or other nominee confirming beneficial ownership of your shares. During the Meeting you will need to request a ballot to vote these shares.

ADMISSION TICKET

This is notice of your invitation to attend the annual meeting of shareholders of The Procter & Gamble Company to be held on Tuesday, October 14, 2008 at 9:00 a.m. at the Procter & Gamble Hall at The Aronoff Center for the Arts, 650 Walnut Street, Cincinnati, Ohio.

In addition to reviewing the minutes of last year's annual meeting and receiving reports of officers, the purposes of the meeting are listed on the following page.

You should present this Admission Ticket in order to gain admittance to the meeting. This ticket admits only the shareholder listed on the reverse side and is not transferable. If the shares are held in the name of a broker, trust, bank or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming the beneficial ownership of the shares.

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Voting items

The Board of Directors recommends a vote **FOR** the following action:

1. ELECTION OF DIRECTORS (terms expiring in 2009) **Nominees:** 01) Kenneth I. Chenault, 02) Scott D. Cook, 03) Rajat K. Gupta, 04) A. G. Lafley, 05) Charles R.

Lee, 06) Lynn M. Martin, 07) W. James McNerney, Jr., 08) Johnathan A. Rodgers,

09) Ralph Snyderman, M.D., 10) Margaret C. Whitman, 11) Patricia A. Woertz,

and 12) Ernesto Zedillo

The Board of Directors recommends a vote **FOR** the following proposals:

2. Ratify Appointment of the Independent Registered Public Accounting Firm

3. Amend Company's Amended Articles of Incorporation to Adopt Majority Voting

The Board of Directors recommends a vote **AGAINST** the following proposals:

4. Shareholder Proposal #1 - Rotate Site of Annual Meeting

5. Shareholder Proposal #2 - Advisory Vote on Executive Compensation

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Dear Shareholder:

On August 29, 2008 we sent you a notice indicating that the proxy statement and voting instructions for the annual meeting of shareholders of The Procter & Gamble Company to be held on Tuesday, October 14, 2008 were available on line at www.proxyvote.com.

As of September 30 we have not received your proxy. If you have in fact already voted, we thank you. If not, we hope you will do so now.

In case you have lost the original notice, a proxy card is enclosed together with a return envelope. You can also vote by telephone or via the Internet at www.proxyvote.com. Instructions are included on the proxy card.

Thank you for your attention to this matter.

THE PROCTER & GAMBLE COMPANY