

Shareholder Proposal

People for the Ethical Treatment of Animals, 501 Front Street, Norfolk, VA 23510, owning 40 shares of Common Stock of the Company, have given notice that they intend to present for action at the annual meeting the following resolution:

WHEREAS, the Company acquired Iams in September 1999 and is responsible for ensuring its stewardship of animals used in experiments; and

WHEREAS, evidence reveals that a laboratory conducting studies for Iams kept dogs and cats in cruel and deprived conditions including: i) subjecting dogs to surgical removal of thigh muscles; ii) severing dogs' vocal cords to prevent barking; iii) killing dogs for experimental purposes; iv) failing to provide necessary veterinary care; and v) failing to provide proper housing, exercise, socialization and ventilation; and

WHEREAS, Iams has taken certain steps toward adhering to *The Iams Company Research Policy* (the "Research Policy") and addressing the problems detailed above by establishing an International Animal Care Advisory Board, setting minimum standards for socialization of animals, terminating the contract-laboratory referred to above, and representing that it would inspect other contract facilities; and

WHEREAS, additional measures must be taken by the Company and Iams to reduce the credibility gap that has arisen from tests such as the 1996 study in which 32 Great Dane puppies were killed;

NOW THEREFORE BE IT RESOLVED, that the shareholders request:

1. That the Board implement rules and regulations consistent with in-home food studies, and in harmony with Iams' *Research Policy* including:

- a. Ending contracts with, utilizing, or relying upon, any outside or independent contract laboratories;
- b. Ending all testing on animals in Company laboratories for pet food studies, relying instead on in-home tests and veterinary clinic studies using animals volunteered by their caretakers;
- c. Placement in caring homes of all animals formerly used in Iams food tests; and
- d. Inclusion in the annual report to shareholders of an assessment of the Company's and Iams' success in achieving the foregoing goals and objectives.

People for the Ethical Treatment of Animals have submitted the following statement in support of their resolution:

Each incident described above need never be repeated. Nor do cats, dogs, or other animals have to be caged and subjected to distressful laboratory conditions for Iams to conduct appropriate food trials. Such studies are currently being successfully conducted by Oklahoma State University.

The Company has taken small steps to cure the problems disclosed above but it can do much more. Over forty pet food manufacturers do not cage animals to test their foods. P&G's published integrity declaration is "We always try to do the right thing." This Resolution calls upon P&G and Iams to do the right thing and stop all pet food testing on dogs and cats in laboratories, in favor of in-home studies.