FOR IMMEDIATE RELEASE

P&G EARNINGS GROWTH EXCEEDS EXPECTATIONS

Top Line Growth and Margin Improvement Drive Earnings and Cash Flow Productivity

CINCINNATI, July 31, 2003 – The Procter & Gamble Company (NYSE:PG) announced today strong growth for the April - June quarter and the fiscal year ended June 30, 2003, exceeding expectations. The company delivered excellent top line growth behind strong volume. In addition, the company achieved excellent cash flow productivity for the fiscal year behind higher earnings, lower capital spending and working capital improvements.

“This year’s results demonstrate broad-based business strength,” said Chairman of the Board, President and Chief Executive A. G. Lafley. “Our organic growth is robust. Our share progress is strong. Our disciplined focus on core strategies and leveraging P&G’s organizational strengths in branding, innovation and scale continue to yield benefits. We are confident we have the strategies to sustain P&G’s growth.”

For the quarter ended June 30, 2003, unit volume grew five percent over the prior year behind another quarter of double-digit growth in the health care business and continued strong results in Asia and Central and Eastern Europe. Organic unit volume, which excludes acquisitions and divestitures, increased six percent.

Net sales were $10.92 billion. Excluding restructuring impacts in the prior period, sales were up eight percent versus year-ago. Sales include a positive four percent impact from foreign exchange, partially offset by pricing and promotion investments to stimulate growth and remain competitive in key categories. Organic sales, which exclude foreign exchange and the impact of acquisitions and divestitures, were up five percent.

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Net earnings for the quarter were up five percent versus year-ago to $955 million, or $0.68 per share. Results include $261 million of after tax restructuring program charges related to the company's multi-year initiative to streamline its operations and business portfolio. Net earnings in the year-ago quarter were $910 million, or $0.64 per share, including $175 million after tax restructuring charges. Restructuring program charges include separation-related costs, asset write-downs, accelerated depreciation and other costs directly related to the company's reorganization. Core net earnings, which exclude restructuring charges, grew 12 percent to $1.22 billion for the quarter. On a per share basis, core net earnings grew 13 percent to $0.87.

All references to "core" financial measures contained in this news release exclude restructuring charges. A quantitative reconciliation of each of these measures to the most comparable GAAP measure can be found in the chart attached to this release. The company believes investors gain additional perspective of underlying business trends and results by providing a measure of earnings excluding restructuring charges. The current restructuring program began in 1999 as part of the company's Organization 2005 initiative, and was substantially completed at the end of fiscal year 2003. The company will discontinue reporting core earnings in fiscal year 2004, concurrent with the substantial completion of the program. Going forward, the company will continue to conduct projects consistent with the focus of continued productivity improvement and margin expansion. Charges associated with these future projects will be absorbed in normal operating costs.

For the fiscal year, unit volume grew eight percent behind double-digit volume growth in beauty care and health care. Net sales were $43.38 billion, up eight percent, which includes a positive two percent foreign exchange impact. Sales were impacted by two percent due to pricing actions to improve consumer value, which were primarily funded through lower material costs. Fiscal year reported net earnings were $5.19 billion, an increase of 19 percent versus the prior year, or $3.69 per share. Net earnings include restructuring charges of $538 million. Core net earnings, which exclude restructuring charges, were $5.72 billion, up 13 percent. Core net earnings per share were $4.08, an increase of 14 percent versus the prior year.

Key Financial Highlights for the Quarter and Fiscal Year

- The company's operating cash flow for the fiscal year was $8.70 billion, a 12 percent increase versus year-ago. Operating cash flow less capital spending, or free cash flow, was a record $7.22 billion for the year, a 19 percent increase over the prior year. The majority of the year-over-year improvement is driven by the earnings increase, with lower capital spending also contributing.

- Gross margin for the quarter was 47.2 percent, an improvement of 100 basis points versus year-ago. Gross margin includes $168 million of before tax restructuring charges in the quarter, versus $183 million of before tax charges in the prior year quarter. Lower restructuring charges account for 40 basis points of the gross margin improvement, with the remaining improvement driven by lower product costs, partially offset by pricing to improve the consumer value equation.

  For the fiscal year, gross margin was 49.0 percent, an improvement of 120 basis points. Restructuring charges in gross margin during 2003 were $377 million compared to $439 million in 2002. Lower restructuring charges accounted for 40 basis points of the total gross margin improvement. The remainder was driven by scale efficiencies due to volume growth, base business savings, product mix and lower material costs.

- For the April to June quarter, Marketing, Research, Administration and Other Costs (MRA&O) as a percent of sales increased 120 basis points to 33.7 percent driven by higher restructuring charges and marketing investments. Restructuring charges included in MRA&O were $213 million before tax in the current quarter and $85 million before tax in the same quarter year-ago. Higher restructuring charges account for 110 basis points of the increase in MRA&O as a percent of sales. The increase in restructuring reflects separation charges from the organizational streamlining under the restructuring program. MRA&O increases also reflect marketing investments in support of product launches.

  For the fiscal year, MRA&O was 30.9 percent of sales, an improvement of 30 basis points versus year-ago. This includes restructuring charges of $374 million before tax in fiscal year 2003 and $519 million in fiscal year 2002. The improvement in MRA&O as a percent of sales was driven by lower restructuring charges, as lower overhead was offset by marketing investments behind new product initiatives and base business support.

- In June, the company announced it secured 79.17% of the total registered share capital and 84.9% of the value of outstanding shares of Wella AG. Wella is a leading beauty care company selling products in more than 150 countries. Wella's three divisions include professional hair care, retail hair care, and cosmetics and fragrances. We anticipate closing on the purchase of shares in September 2003.

- The company announced an 11 percent increase to the annual dividend rate of its common stock and Series A ESOP Convertible Preferred Stock, from $1.64 to $1.82, reflecting the 48th consecutive fiscal year increase.

Business Segment Discussion

The following provides additional perspective on the company's quarterly and fiscal year results by business segment.

- For the quarter, fabric and home care delivered strong volume growth, up eight percent, driven by Tide® and new product launches, including Swiffer Duster® in North America and Bold® in Japan. Net sales increased 11 percent to $3.26 billion, including a positive impact of three percent of foreign exchange, primarily from the euro. On the quarter, earnings grew six percent to $499 million and lagged sales growth, as volume and cost savings were reinvested in marketing to support product launches.

  Fabric and home care delivered strong top line and bottom line results for the fiscal year. Volume was up nine percent driven by global strength of Tide. Net sales grew eight percent to $12.56 billion, including a positive foreign exchange impact of one percent, offset by mix impacts from growth in mid-tier brands and developing markets. Pricing actions reduced sales by one percent behind actions to strengthen in-store presence and merchandising activities. Earnings grew 12 percent to $2.06 billion driven by top line growth, as well as lower material costs and manufacturing efficiencies, partially offset by marketing investments behind initiatives, including Tide with Bleach®, Bold in Japan, Mr. Proper®, Gain Fabric Enhancer® and the repositioning of Cheer® in North America.

- During the April – June quarter, beauty care delivered strong results with double-digit sales and earnings progress. Volume was up six percent on strength in feminine care, behind the global Always® business and Naturella® in Mexico; skin care, driven by the Olay Regenerist® launch; and excellent results in hair care led by strength in Asia and global

Head & Shoulders Ultimate Clean®. Pantene®, Pert®, and Herbal Essences® also posted solid volume growth. Sales were $3.07 billion, up 10 percent, including positive foreign exchange impacts of four percent. Beauty care earnings increased 39 percent, to $466 million, behind volume, savings from the restructuring program and Clairol integration, and lower material costs.

Fiscal year 2003 was another strong year for beauty care. Volume was up 15 percent, including seven percent for the impact of acquisitions and divestitures. Growth was broad-based across all key brands and geographies. Sales grew to $12.22 billion, up 14 percent, including a positive three percent impact for foreign exchange partially offset by a two percent impact from pricing, as the company repositioned Pert, Daily Defense®, Renewal 5X® and Clairol Ultress® to mid-tier price points. Mix also negatively impacted sales by two percent. Earnings grew 23 percent to $1.98 billion behind strong volume and significant manufacturing savings and overhead reductions due, in part, to the efficiency improvements behind the Clairol integration.

- Baby and family care delivered solid results this quarter with strong volume and earnings growth. Unit volume increased six percent behind global strength in baby care, driven primarily by double-digit growth in Western Europe and Asia diapers. Family care volume also increased, driven by solid results in North America and Western Europe. Net sales increased nine percent to $2.51 billion, as a positive five percent foreign exchange impact and positive one percent mix from premium tier diapers were partially offset by pricing investments made in response to competitive actions. Earnings increased 15 percent to $165 million, reflecting continued strong volume driven by initiatives and targeted investments in pricing and marketing, funded by operating cost savings.

  For the fiscal year, baby and family care volume increased seven percent with strong growth in Pampers® behind the Baby Stages of Development® initiative and Charmin® in North America and Western Europe. Net sales increased eight percent to $9.93 billion, including a positive three percent impact from foreign exchange and positive one percent impact from mix behind strength in premium tier diapers. Sales were reduced by three percent from pricing investments across the business, including temporary pricing adjustments in North America and Western Europe to match competitive shelf prices and merchandising levels, funded by lower structural costs. Earnings were up 20 percent to $882 million behind volume growth, restructuring cost savings and excellent base business manufacturing cost savings.

- Health care achieved another strong quarter with double-digit volume, sales and earnings growth. Unit volume increased 18 percent driven by increases in oral care, behind Crest Whitestrips® and Crest Night Effect®, pharmaceuticals and personal health care. Sales increased to $1.39 billion, an increase of 12 percent, with positive foreign exchange of three percent offset by pricing investments of three percent, primarily on Crest Whitestrips in response to a competitive entry. Sales for the April to June quarter also reflect a negative mix impact of six percent driven primarily by a higher percentage of Actonel® shipments to support the global Once-a-week dosage launch through our alliance agreement. Negative mix was also driven by the impact of the rapid growth of Crest® toothpaste in developing markets. Earnings for the quarter were up 29 percent to $110 million driven by increased volume and overhead cost efficiencies, partially offset by marketing investments behind new product launches in oral care, personal health care and continued support of Iams Daily Dental Care®.

  On the fiscal year, health care delivered another year of strong top and bottom line growth. Volume was up 18 percent, driven by solid results in pharmaceuticals, behind Actonel, and oral care, behind Crest Whitestrips. Sales were $5.80 billion, up 16 percent, including a positive two percent foreign exchange impact offset by a negative two percent impact from mix and a negative two percent pricing impact behind competitive adjustments to Crest Whitestrips. Earnings were up 35 percent to $706 million behind volume growth in high-margin products, partially offset by increased marketing spending behind product launches.

- Snacks and beverages results for the quarter were negatively affected by the business interruption due to the tornado damage at the Jackson, Tenn. manufacturing facility. Volume for the business unit was down nine percent, with snacks down 15 percent. Volume was also lower in the coffee category due to trade inventory adjustments and in the juice category. Sales were down six percent to $779 million behind lower volume and pricing investments of two percent in response to competitive promotional spending in the coffee category, partially offset by positive foreign exchange of four percent and mix of one percent. Earnings for the quarter were down 20 percent to $55 million, driven by the impact of the business interruption caused by the tornado and by lower volume.

On the fiscal year, snacks and beverages unit volume was down two percent. Volume was down in juice, and snacks was down due to the impact of the tornado. Net sales were flat versus the previous year at $3.24 billion as positive foreign exchange of three percent and product mix of one percent were partially offset by pricing investments in the coffee business. Despite the impact of the tornado, net earnings for the year were up one percent to $306 million, as a combination of restructuring and base business savings offset lower volume.

Quarterly and Fiscal Year Guidance

For fiscal year 2003/2004, volume, excluding the impact of acquisitions and divestitures, is expected to increase five to seven percent. Sales growth, excluding the impacts of foreign exchange, is expected to increase toward the top end of our long-term range of four to six percent. At current rates, foreign exchange is expected to have a positive impact on sales of one to two percent. Earnings per share is expected to grow double-digits, in line with the company's long-term objective and the current consensus estimate.

For the July – September quarter, volume is projected to increase by five to seven percent. Sales are expected to grow in the mid- to high-single digits, with foreign exchange impacting sales by a positive two to three percent. Additionally, the company is comfortable with the current consensus earnings per share estimate.

Forward-Looking Statements

All statements, other than statements of historical fact included in this release, are forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. In addition to the risks and uncertainties noted in this release, there are certain factors that could cause actual results to differ materially from those anticipated by some of the statements made. These include: (1) the achievement of expected cost and tax savings associated with changes in the company's organization structure; (2) the ability to achieve business plans, including growing volume profitably, despite high levels of competitive activity, especially with respect to the product categories and geographical markets in which the company has chosen to focus; (3) the ability to manage and maintain key customer relationships; (4) the achievement of growth in significant developing markets such as China, Turkey, Mexico, the Southern Cone of Latin America, the countries of Central and Eastern Europe and the countries of Southeast Asia; (5) the ability to successfully manage regulatory, tax and legal matters, including resolution of pending matters within current estimates; (6) the ability to successfully implement, achieve and sustain cost improvement plans in manufacturing and overhead areas; (7) the ability to successfully manage currency (including currency issues in Latin America), interest rate and certain commodity cost exposures; (8) the ability to manage the continued political and/or economic uncertainty in Latin America (including Venezuela) and war in the Middle East, as well as any political and/or economic uncertainty due to terrorist activities or war (including Korea); and (9) the successful acquisition, transition, integration, and operation of the Wella business. If the company's assumptions and estimates are incorrect or do not come to fruition, or if the company does not achieve all of these key factors, then the company's actual results might differ materially from the forward-looking statements made herein. For additional information concerning factors that could cause actual results to materially differ from those projected herein, please refer to our most recent 10-K, 10-Q and 8-K reports.

About Procter & Gamble

Two billion times a day, P&G brands touch the lives of people around the world. Some of the nearly 300 P&G brands consumers know and use with confidence in over 160 countries around the world include: Pampers®, Tide®, Ariel®, Always®, Whisper®, Pantene®, Bounty®, Pringles®, Folgers®, Charmin®, Downy®, Lenor®, Iams®, Crest®, Actonel®, Olay® and Clairol Nice 'n Easy®. The P&G community consists of nearly 102,000 employees working in almost 80 countries worldwide. Please visit www.pg.com for the latest news and in-depth information about P&G and its brands.

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P&G will webcast its conference call on Thurs., July 31, 2003, at 8:30 a.m. ET to review its fourth quarter 2002/03 results. The call will last approximately one hour. You may receive the web cast by going to our web site at: http://www.pg.com/investors

We suggest you check in at least ten minutes in advance of the start time to complete the brief registration process and ensure you are set up to receive the webcast.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions Except Per Share Amounts)
Consolidated Earnings Information

	AMJ QUARTER						FYTD					
				W/O Restructuring Chgs						W/O Restructuring Chgs		
	AMJ 03	AMJ 02	% CHG	AMJ 03	AMJ 02	% CHG	6/30/03	6/30/02	% CHG	6/30/03	6/30/02	% CHG
NET SALES	$ 10,920	$ 10,169	7 %	$ 10,920	$ 10,153	8 %	$ 43,377	$ 40,238	8 %	$ 43,373	$ 40,169	8 %
COST OF PRODUCTS SOLD	5,768	5,469	5 %	5,600	5,270	6 %	22,141	20,989	5 %	21,760	20,481	6 %
GROSS MARGIN	5,152	4,700	10 %	5,320	4,883	9 %	21,236	19,249	10 %	21,613	19,688	10 %
MARKETING, RESEARCH, ADMINISTRATIVE & OTHER	3,683	3,302	12 %	3,470	3,217	8 %	13,383	12,571	6 %	13,009	12,052	8 %
OPERATING INCOME	1,469	1,398	5 %	1,850	1,666	11 %	7,853	6,678	18 %	8,604	7,636	13 %
TOTAL INTEREST EXPENSE	136	150		136	150		561	603		561	603	
OTHER NON-OPERATING INCOME, NET	24	46		24	46		238	308		238	308	
EARNINGS BEFORE INCOME TAXES	1,357	1,294	5 %	1,738	1,562	11 %	7,530	6,383	18 %	8,281	7,341	13 %
INCOME TAXES	402	384		522	477		2,344	2,031		2,557	2,283	
NET EARNINGS	955	910	5 %	1,216	1,085	12 %	5,186	4,352	19 %	5,724	5,058	13 %
EFFECTIVE TAX RATE	29.6 %	29.7 %		30.0 %	30.5 %		31.1 %	31.8 %		30.9 %	31.1 %	
PER COMMON SHARE:												
BASIC NET EARNINGS	$ 0.71	$ 0.68	4 %	$ 0.92	$ 0.81	14 %	$ 3.90	$ 3.26	20 %	$ 4.32	$ 3.80	14 %
DILUTED NET EARNINGS	$ 0.68	$ 0.64	6 %	$ 0.87	$ 0.77	13 %	$ 3.69	$ 3.09	19 %	$ 4.08	$ 3.59	14 %
DIVIDENDS	$ 0.41	$ 0.38		$ 0.41	$ 0.38		$ 1.64	$ 1.52		$ 1.64	$ 1.52	
AVERAGE DILUTED SHARES OUTSTANDING	1,399.6	1,412.1		1,399.6	1,412.1		1,401.3	1,404.9		1,401.3	1,404.9	

COMPARISONS AS A % OF NET SALES			**Basis Pt Chg**			**Basis Pt Chg**			**Basis Pt Chg**			**Basis Pt Chg**
COST OF PRODUCTS SOLD	52.8 %	53.8 %		51.3 %	51.9 %		51.0 %	52.2 %		50.2 %	51.0 %	
GROSS MARGIN	47.2 %	46.2 %	100	48.7 %	48.1 %	60	49.0 %	47.8 %	120	49.8 %	49.0 %	80
MARKETING, RESEARCH, ADMINISTRATIVE & OTHER	33.7 %	32.5 %		31.8 %	31.7 %		30.9 %	31.2 %		30.0 %	30.0 %	
OPERATING MARGIN	13.5 %	13.7 %	(20)	16.9 %	16.4 %	50	18.1 %	16.6 %	150	19.8 %	19.0 %	80
EARNINGS BEFORE INCOME TAXES	12.4 %	12.7 %		15.9 %	15.4 %		17.4 %	15.9 %		19.1 %	18.3 %	
NET EARNINGS	8.7 %	8.9 %		11.1 %	10.7 %		12.0 %	10.8 %		13.2 %	12.6 %	

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions Except Per Share Amounts)
Consolidated Earnings Information

	Three Months Ended June 30, 2003					
	Net Sales	% Change Versus Year Ago	Earnings Before Income Taxes	% Change Versus Year Ago	Net Earnings	% Change Versus Year Ago
FABRIC AND HOME CARE	$ 3,265	11%	$ 751	9%	$ 499	6%
BABY AND FAMILY CARE	2,508	9%	271	0%	165	15%
BEAUTY CARE	3,075	10%	679	35%	466	39%
HEALTH CARE	1,391	12%	158	19%	110	29%
SNACKS AND BEVERAGES	779	-6%	83	-25%	55	-20%
TOTAL BUSINESS SEGMENT	11,018	9%	1,942	14%	1,295	17%
CORPORATE (excluding restructuring costs)	(98)	n/a	(204)	n/a	(79)	n/a
TOTAL COMPANY - CORE	10,920	8%	1,738	11%	1,216	12%
RESTRUCTURING COSTS	0	n/a	(381)	n/a	(261)	n/a
TOTAL COMPANY - REPORTED	$ 10,920	7%	$ 1,357	5%	$ 955	5%

	Twelve Months Ended June 30, 2003					
	Net Sales	% Change Versus Year Ago	Earnings Before Income Taxes	% Change Versus Year Ago	Net Earnings	% Change Versus Year Ago
FABRIC AND HOME CARE	$ 12,560	8%	$ 3,080	13%	$ 2,059	12%
BABY AND FAMILY CARE	9,933	8%	1,448	14%	882	20%
BEAUTY CARE	12,221	14%	2,899	23%	1,984	23%
HEALTH CARE	5,796	16%	1,034	30%	706	35%
SNACKS AND BEVERAGES	3,238	0%	460	-3%	306	1%
TOTAL BUSINESS SEGMENT	43,748	10%	8,921	17%	5,937	19%
CORPORATE (excluding restructuring costs)	(375)	n/a	(640)	n/a	(213)	n/a
TOTAL COMPANY - CORE	43,373	8%	8,281	13%	5,724	13%
RESTRUCTURING COSTS	4	n/a	(751)	n/a	(538)	n/a
TOTAL COMPANY - REPORTED	$ 43,377	8%	$ 7,530	18%	$ 5,186	19%

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
APRIL-JUNE NET SALES INFORMATION
(Percent Change vs. Year Ago) **

	Volume						
	With Acquisitions/ Divestitures	Without Acquisitions/ Divestitures	FX	Price	Mix/Other	Total Impact	Total Impact Ex-FX
FABRIC AND HOME CARE	8%	8%	3%	0%	0%	11%	8%
BABY AND FAMILY CARE	6%	6%	5%	-3%	1%	9%	4%
BEAUTY CARE	6%	7%	4%	0%	0%	10%	6%
HEALTH CARE	18%	18%	3%	-3%	-6%	12%	9%
SNACKS AND BEVERAGES	-9%	-9%	4%	-2%	1%	-6%	-10%
TOTAL COMPANY (CORE)	5%	6%	4%	-1%	0%	8%	4%

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
JULY-JUNE NET SALES INFORMATION
(Percent Change vs. Year Ago) **

	Volume						
	With Acquisitions/ Divestitures	Without Acquisitions/ Divestitures	FX	Price	Mix/Other	Total Impact	Total Impact Ex-FX
FABRIC AND HOME CARE	9%	9%	1%	-1%	-1%	8%	7%
BABY AND FAMILY CARE	7%	7%	3%	-3%	1%	8%	5%
BEAUTY CARE	15%	8%	3%	-2%	-2%	14%	11%
HEALTH CARE	18%	18%	2%	-2%	-2%	16%	14%
SNACKS AND BEVERAGES	-2%	-2%	3%	-2%	1%	0%	-3%
TOTAL COMPANY (CORE)	8%	8%	2%	-2%	0%	8%	6%

** These sales percentage changes are approximations based on quantitative formulas that are consistently applied.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions)
Consolidated Cash Flows Information

	Twelve Months Ended June 30	
	2003	2002
OPERATING ACTIVITIES		
NET EARNINGS	$ 5,186	$ 4,352
DEPRECIATION AND AMORTIZATION	1,703	1,693
DEFERRED INCOME TAXES	63	389
CHANGES IN:		
ACCOUNTS RECEIVABLE	163	96
INVENTORIES	(56)	159
ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES	936	684
OTHER OPERATING ASSETS & LIABILITIES	178	(98)
OTHER	527	467
TOTAL OPERATING ACTIVITIES	8,700	7,742
CAPITAL EXPENDITURES	(1,482)	(1,679)
FREE CASH FLOW BEFORE DIVIDENDS	$ 7,218	$ 6,063

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions)
Consolidated Balance Sheet Information

	June 30, 2003	June 30, 2002
CASH AND CASH EQUIVALENTS	$ 5,912	$ 3,427
INVESTMENTS SECURITIES	300	196
ACCOUNTS RECEIVABLE	3,038	3,090
TOTAL INVENTORIES	3,640	3,456
OTHER	2,330	1,997
TOTAL CURRENT ASSETS	15,220	12,166
NET PROPERTY, PLANT AND EQUIPMENT	13,104	13,349
NET GOODWILL AND OTHER INTANGIBLE ASSETS	13,507	13,430
OTHER NON-CURRENT ASSETS	1,875	1,831
TOTAL ASSETS	$ 43,706	$ 40,776
ACCOUNTS PAYABLE	$ 2,795	$ 2,205
ACCRUED AND OTHER LIABILITIES	5,512	5,330
TAXES PAYABLE	1,879	1,438
DEBT DUE WITHIN ONE YEAR	2,172	3,731
TOTAL CURRENT LIABILITIES	12,358	12,704
LONG-TERM DEBT	11,475	11,201
OTHER	3,687	3,165
TOTAL LIABILITIES	27,520	27,070
TOTAL SHAREHOLDERS' EQUITY	16,186	13,706
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$ 43,706	$ 40,776

On July 31st, 2003, the Company announced results for the April – June quarter and fiscal year ending June 30, 2003. The press release and earnings webcast include some non-GAAP financial measures. Below, in accordance with the SEC's recently issued Regulation G, please find explanations for each of these non-GAAP financial measures. Reconciliations between these non-GAAP financial measures and the most directly comparable GAAP measure are provided separately on the website in the Earnings By Segment, Consolidated Statement of Earnings and Consolidated Cash Flow exhibits to the press release.

Organic Unit Volume

Organic Unit Volume excludes the impact of acquisitions and divestitures on volume.

Organic Sales

Organic sales excludes the impact of acquisitions and divestitures and foreign exchange from net sales.

Core Financial Measures

All references to "core" financial measures refer to the adjustment of the comparable GAAP measures to exclude the impact of restructuring charges. For example, core gross margin excludes the impact of restructuring from reported gross margin. In addition to the use of core gross margin, similar references to core financial measures are made in the context of Marketing, Research, Administration and Other (MRA&O) costs, operating income, income taxes, and net earnings.

Core EPS Growth

Consistent with all other references to "core", core earnings per share excludes restructuring charges. Restructuring program charges include separation related costs, asset write-downs, accelerated depreciation and other costs directly related to the Company's reorganization. Depending on the amount of restructuring charges in the base period, reporting earnings per share growth will grow at a rate higher or lower than core earnings per share.

Free Cash Flow

Free cash flow is defined as: Operating cash flow less capital spending.

Free Cash Flow Productivity

Free Cash Flow Productivity is defined as: Free Cash flow divided by Net Earnings

The restructuring program began in 1999 as part of the Company's Organization 2005 initiative, and was substantially completed at the end of fiscal year 2003. The Company will discontinue reporting core earnings in fiscal year 2004, concurrent with the substantial completion of the program. Going forward, the Company will continue to conduct projects consistent with the focus of continued productivity improvement and margin expansion. Charges associated with these future projects will be absorbed in normal operating costs.