

FOR IMMEDIATE RELEASE

P&G DELIVERS EARNINGS GROWTH AT HIGH END OF GUIDANCE

CINCINNATI, April 28, 2003 – The Procter & Gamble Company (NYSE:PG) announced another quarter of strong volume growth driving double-digit earnings progress. This is the fifth consecutive quarter of double-digit core net earnings progress – and attainment of long-term growth objectives.

Unit volume for the quarter grew seven percent over the prior year, behind double-digit growth in the health care business and continued strong results in Asia and Central and Eastern Europe. Excluding acquisitions and divestitures, unit volume increased eight percent. Net sales were \$10.66 billion, up eight percent versus year-ago. Sales include a positive three percent impact from foreign exchange, partially offset by pricing investments to stimulate growth and price changes to remain competitive. In addition, sales growth was reduced two percent by acquisition and divestiture impacts.

"P&G's core businesses and leading brands are strong," said A.G. Lafley, P&G chairman of the board, president and chief executive. "We are broadening product offerings in core categories. We are offering better consumer value and leading innovation in developing and developed markets, and are on track to deliver P&G's fiscal year sales and earnings goals in a very challenging global economic environment."

Net earnings for the quarter were \$1.27 billion, or \$0.91 per share, up 23 percent versus year-ago. Results included a \$66 million after tax (\$0.05 per share) restructuring charge related to the Company's program to streamline its operations and business portfolio. Net earnings in the year-ago quarter were \$1.04 billion, or \$0.74 per share, including a \$147 million after tax (\$0.10 per share) restructuring charge.

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Core net earnings, which excludes restructuring charges, grew 13 percent to \$1.34 billion for the quarter. On a per share basis, core net earnings grew 14 percent to \$0.96. Restructuring program charges include separation related costs, asset write-downs, accelerated depreciation and other costs directly related to the Company's reorganization.

Given the clearly defined scope of this restructuring, beginning in 1999 and ending in 2003, the Company believes excluding these program charges from the Company's results provides investors with additional perspective on the Company's underlying business trends and results. This is consistent with the Company's external segment reporting and internal management goal-setting. As such, restructuring charges are not included in business segment results, but instead are reported in the Corporate segment.

Key Financial Highlights

- This quarter's top line results include pricing investments to continue to offer good consumer value in a difficult economic environment. These investments expanded the Company's mid-tier and developing market businesses and improved in-store presence and merchandising in Western Europe. In addition, competition-driven pricing adjustments were made by Crest Whitestrips® in response to a competitive entry, baby care to maintain shelf price parity versus a key competitor, and coffee and family care to match key competitors' merchandising.
- Gross margin, including restructuring charges in both periods, was 49.4 percent, an increase of 60 basis points versus year-ago, primarily due to lower restructuring charges in the current quarter. Gross margin includes \$46 million before tax of restructuring charges in the current quarter and \$92 million before tax in the prior quarter.
- Core gross margin, which excludes restructuring charges remained even at 49.8 percent, reflecting a very strong base period that delivered a 310 basis point improvement. In the current quarter, a portion of base business and restructuring savings were reinvested in initiative and pricing activities to stimulate future growth.
- MR&A as a percent of sales improved 110 basis points. This includes \$41 million before tax in restructuring charges in the current quarter and \$99 million before tax

in the same quarter, year-ago. Core MR&A, which excludes restructuring, as a percent of sales improved 50 basis points behind lower overhead spending, which more than offset increased marketing investments, particularly in health care and beauty care.

- Operating margin, including restructuring charges in both periods, increased 170 basis points to 18.4 percent for the quarter. Core operating margin, which excludes \$87 million before tax of restructuring charges in the current year and \$191 million in the prior year, expanded 50 basis points to 19.2 percent.
- The Company's operating cash flow for the quarter was \$2.41 billion, a seven percent increase versus year-ago. Operating cash flow less capital spending, (free cash flow) for the third quarter was \$2.06 billion, a 21 percent increase over the same quarter year-ago. For the first three quarters of the year, free cash flow was \$5.77 billion, representing a \$1.57 billion increase over the same period last year. The majority of the year-over-year improvement is driven by earnings increases with lower capital spending also contributing. Fiscal year-to-date operating cash flow generation increased 24 percent to \$6.74 billion.

Business Segment Discussion:

The following provides additional perspective on the Company's January – March results by business segment.

- Baby and family care delivered robust results this quarter with strong volume, sales and earnings growth. Unit volume increased seven percent behind continued growth in baby care, driven primarily by Pampers Baby Stages of Development® and solid results in North America and Western Europe family care. Net sales increased nine percent to \$2.47 billion, including a positive four percent foreign exchange impact. Positive mix behind strength in premium tier diapers was more than offset by temporary pricing adjustments in North America to reach shelf unit price parity with key competition in baby care and retain competitive pricing in family care. Earnings increased 39 percent to \$200 million reflecting volume growth, cost reductions and lower promotional marketing investment versus the base period.

- Health care delivered double-digit unit volume, net sales and net earnings growth this quarter. Unit volume increased 18 percent, driven by strong results in oral care and continued strength in pharmaceuticals. Net sales were \$1.43 billion, up 18 percent including a three percent positive foreign exchange impact that was offset by lower Crest Whitestrips pricing versus year-ago. Crest® and Actonel® both delivered particularly strong volume and sales growth. Health care's net earnings increased 19 percent to \$147 million primarily behind volume. Strong gross margin progress was re-invested in marketing, primarily in oral care.
- Beauty care continued its trend of strong business results. Unit volume was up nine percent driven by hair care, including continued strength behind Pantene® and Head & Shoulders®, and feminine care. Sales grew 10 percent, including a positive four percent foreign exchange impact, reaching \$3.03 billion. Negative pricing and mix impacts were driven by the repositioning of the Company's portfolio of hair care brands such as Pert®, Aussie® and Renewal 5x® into multiple price tiers. Net earnings were \$463 million, up 19 percent, driven by volume and continued cost reductions, despite increased marketing investments.
- Fabric and home care delivered strong topline results this quarter. Unit volume grew nine percent and was broad-based, led by strength in North America home care and developing markets. Net sales were up eight percent to \$3.06 billion. This includes a positive two percent foreign exchange impact partially offset by mix impacts from strong growth in mid-tier brands and developing markets. Additionally, pricing investments behind mid-tier growth in North America and increased spending in support of improved in store presence and merchandising in Western Europe contributed to sales growth lagging volume growth. Net earnings increased six percent to \$499 million, as volume growth was partially offset by the funding of increased initiative spending and in store marketing investments including the launch of Mr. Proper® in Germany and Bold® in Japan.
- Snacks and beverages unit volume was down one percent as improved snacks results in North America and Western Europe were offset by soft results in beverages. Sales grew one percent to \$756 million, including a positive four percent foreign exchange impact. Following several quarters of strong earnings progress, current quarter net earnings declined 22 percent to \$50 million. This partly reflects the response to

competitive promotional spending in the U.S. coffee market, which has escalated at a rate in excess of that justified by commodity price declines, resulting in increased spending to defend Folgers® share, which continued to grow.

Fourth Quarter Estimate

For the June quarter, volume is expected to increase by five to seven percent, despite a high base period versus year-ago. Net sales are expected to grow in the mid to high single-digits versus year-ago; foreign exchange is expected to positively impact the top line by two to three percent. This results in an expected sales growth range, excluding foreign exchange, of four to five percent. This measure is consistent with how management has previously communicated the company's topline growth objectives. As a result of the strong topline growth, core earnings per share, which excludes restructuring charges, is expected to grow ten to twelve percent. Reported earnings per share are expected to grow at a lower rate than core earnings per share, reflecting base business growth and a higher level of restructuring charges versus the base period.

All statements, other than statements of historical fact included in this news 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 news 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.

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 Monday, April 28, 2003, at 8:30 a.m. ET to review its third 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

	JFM QUARTER						FYTD					
				W/O Restructuring Chgs						W/O Restructuring Chgs		
	JFM 03	JFM 02	% CHG	JFM 03	JFM 02	% CHG	3/31/03	3/31/02	% CHG	3/31/03	3/31/02	% CHG
NET SALES	\$ 10,656	\$ 9,900	8 %	\$ 10,656	\$ 9,885	8 %	\$ 32,457	\$ 30,069	8 %	\$ 32,453	\$ 30,016	8 %
COST OF PRODUCTS SOLD	5,394	5,070	6 %	5,348	4,963	8 %	16,373	15,520	5 %	16,160	15,211	6 %
GROSS MARGIN	5,262	4,830	9 %	5,308	4,922	8 %	16,084	14,549	11 %	16,293	14,805	10 %
MARKETING, RESEARCH & ADMINISTRATION	3,305	3,176	4 %	3,264	3,077	6 %	9,700	9,269	5 %	9,539	8,835	8 %
OPERATING INCOME	1,957	1,654	18 %	2,044	1,845	11 %	6,384	5,280	21 %	6,754	5,970	13 %
TOTAL INTEREST EXPENSE	138	146		138	146		425	453		425	453	
OTHER NON-OPERATING INCOME, NET	37	40		37	40		214	262		214	262	
EARNINGS BEFORE INCOME TAXES	1,856	1,548	20 %	1,943	1,739	12 %	6,173	5,089	21 %	6,543	5,779	13 %
INCOME TAXES	583	509		604	553		1,942	1,647		2,035	1,806	
NET EARNINGS	<u>\$ 1,273</u>	<u>\$ 1,039</u>	23 %	<u>\$ 1,339</u>	<u>\$ 1,186</u>	13 %	<u>4,231</u>	<u>\$ 3,442</u>	23 %	<u>\$ 4,508</u>	<u>\$ 3,973</u>	13 %
EFFECTIVE TAX RATE	31.4 %	32.9 %		31.1 %	31.8 %		31.5 %	32.4 %		31.1 %	31.3 %	
PER COMMON SHARE:												
BASIC NET EARNINGS	\$ 0.96	\$ 0.78	23 %	\$ 1.01	\$ 0.89	13 %	\$ 3.19	\$ 2.58	24 %	\$ 3.40	\$ 2.99	14 %
DILUTED NET EARNINGS	\$ 0.91	\$ 0.74	23 %	\$ 0.96	\$ 0.84	14 %	\$ 3.01	\$ 2.45	23 %	\$ 3.21	\$ 2.83	13 %
DIVIDENDS	\$ 0.41	\$ 0.38		\$ 0.41	\$ 0.38		\$ 1.23	\$ 1.14		\$ 1.23	\$ 1.14	
AVERAGE DILUTED SHARES OUTSTANDING	1,395.8	1,405.7		1,395.8	1,405.7		1,401.9	1,402.5		1,401.9	1,402.5	

			Basis Pt			Basis Pt			Basis Pt			Basis Pt
			Chg			Chg			Chg			Chg
<u>COMPARISONS AS A % OF NET SALES</u>												
COST OF PRODUCTS SOLD	50.6 %	51.2 %		50.2 %	50.2 %		50.4 %	51.6 %		49.8 %	50.7 %	
GROSS MARGIN	49.4 %	48.8 %	60	49.8 %	49.8 %	-	49.6 %	48.4 %	120	50.2 %	49.3 %	90
MARKETING, RESEARCH & ADMINISTRATION	31.0 %	32.1 %		30.6 %	31.1 %		29.9 %	30.8 %		29.4 %	29.4 %	
OPERATING MARGIN	18.4 %	16.7 %	170	19.2 %	18.7 %	50	19.7 %	17.6 %	210	20.8 %	19.9 %	90
EARNINGS BEFORE INCOME TAXES	17.4 %	15.6 %		18.2 %	17.6 %		19.0 %	16.9 %		20.2 %	19.3 %	
NET EARNINGS	11.9 %	10.5 %		12.6 %	12.0 %		13.0 %	11.4 %		13.9 %	13.2 %	

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

	Three Months Ended March 31, 2003					
	Net Sales	% Change	Earnings	% Change	Net	% Change
		Versus	Before	Versus	Earnings	Versus
	Year Ago	Income Taxes	Year Ago		Year Ago	
FABRIC AND HOME CARE	\$ 3,061	8%	\$ 752	5%	\$ 499	6%
BABY AND FAMILY CARE	2,473	9%	334	30%	200	39%
BEAUTY CARE	3,026	10%	685	15%	463	19%
HEALTH CARE	1,428	18%	227	21%	147	19%
SNACKS AND BEVERAGES	756	1%	87	-19%	50	-22%
TOTAL BUSINESS SEGMENT	10,744	10%	2,085	12%	1,359	14%
CORPORATE (excluding restructuring costs)	(88)	n/a	(142)	n/a	(20)	n/a
TOTAL COMPANY - CORE	10,656	8%	1,943	12%	1,339	13%
RESTRUCTURING COSTS	0	n/a	(87)	n/a	(66)	n/a
TOTAL COMPANY - REPORTED	\$ 10,656	8%	\$ 1,856	20%	\$ 1,273	23%

	Nine Months Ended March 31, 2003					
	Net Sales	% Change	Earnings	% Change	Net	% Change
		Versus	Before	Versus	Earnings	Versus
	Year Ago	Income Taxes	Year Ago		Year Ago	
FABRIC AND HOME CARE	\$ 9,295	7%	\$ 2,329	14%	\$ 1,560	15%
BABY AND FAMILY CARE	7,425	7%	1,177	18%	717	21%
BEAUTY CARE	9,146	15%	2,220	20%	1,518	19%
HEALTH CARE	4,405	18%	876	32%	596	37%
SNACKS AND BEVERAGES	2,459	2%	377	3%	251	7%
TOTAL BUSINESS SEGMENT	32,730	10%	6,979	18%	4,642	19%
CORPORATE (excluding restructuring costs)	(277)	n/a	(436)	n/a	(134)	n/a
TOTAL COMPANY - CORE	32,453	8%	6,543	13%	4,508	13%
RESTRUCTURING COSTS	4	n/a	(370)	n/a	(277)	n/a
TOTAL COMPANY - REPORTED	\$ 32,457	8%	\$ 6,173	21%	\$ 4,231	23%

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

	Volume			FX	Price	Mix/Other	Total Impact	Total Impact Ex-FX
	With Acquisitions/Divestitures	Without Acquisitions/Divestitures						
FABRIC AND HOME CARE	9%	9%	2%	-1%	-2%	8%	6%	
BABY AND FAMILY CARE	7%	7%	4%	-3%	1%	9%	5%	
BEAUTY CARE	9%	9%	4%	-1%	-2%	10%	6%	
HEALTH CARE	18%	18%	3%	-3%	0%	18%	15%	
SNACKS AND BEVERAGES	-1%	-1%	4%	-1%	-1%	1%	-3%	
TOTAL COMPANY (CORE)	7%	8%	3%	-2%	0%	8%	5%	

** 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

	Nine Months Ended March 31	
	2003	2002
OPERATING ACTIVITIES		
NET EARNINGS	\$ 4,231	\$ 3,442
DEPRECIATION AND AMORTIZATION	1,231	1,188
DEFERRED INCOME TAXES	277	249
CHANGES IN:		
ACCOUNTS RECEIVABLE	183	10
INVENTORIES	(221)	(226)
ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES	423	1,061
OTHER OPERATING ASSETS & LIABILITIES	73	(359)
OTHER	542	66
TOTAL OPERATING ACTIVITIES	6,739	5,431
CAPITAL EXPENDITURES	(967)	(1,224)
FREE CASH FLOW BEFORE DIVIDENDS	\$ 5,772	\$ 4,207

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

(Amounts in Millions)

Consolidated Balance Sheet Information

	March 31, 2003	June 30, 2002
CASH AND CASH EQUIVALENTS	\$ 5,513	\$ 3,427
INVESTMENTS SECURITIES	312	196
ACCOUNTS RECEIVABLE	2,960	3,090
TOTAL INVENTORIES	3,763	3,456
OTHER	1,917	1,997
TOTAL CURRENT ASSETS	14,465	12,166
NET PROPERTY, PLANT AND EQUIPMENT	13,078	13,349
NET GOODWILL AND OTHER INTANGIBLE ASSETS	13,465	13,430
OTHER NON-CURRENT ASSETS	1,675	1,831
TOTAL ASSETS	\$ 42,683	\$ 40,776
ACCOUNTS PAYABLE	\$ 2,064	\$ 2,205
ACCRUED AND OTHER LIABILITIES	5,654	5,330
TAXES PAYABLE	1,818	1,438
DEBT DUE WITHIN ONE YEAR	2,794	3,731
TOTAL CURRENT LIABILITIES	12,330	12,704
LONG-TERM DEBT	11,333	11,201
OTHER	3,495	3,165
TOTAL LIABILITIES	27,158	27,070
TOTAL SHAREHOLDERS' EQUITY	15,525	13,706
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 42,683	\$ 40,776