

Procter&Gamble

On January 28, 2005, the Company hosted a meeting with investment analysts and the media to report the acquisition of The Gillette Company and results for the October – December quarter. The presentation included some measures that are not defined under accounting principles generally accepted in the United States of America (U.S. GAAP). The following provides definitions of the non-GAAP measures used in the presentation and the reconciliation to the most closely related GAAP measure. **Note:** Sales growth percentages presented are approximations based on quantitative formulas consistently applied.

Organic sales growth is a non-GAAP measure of reported sales growth excluding the estimated impacts of acquisitions and divestitures and foreign exchange from year-over-year comparisons. The Company believes this provides investors with a more complete understanding of underlying results and trends of the base businesses by providing sales on a consistent basis. The presentation included a reference to average organic sales growth over the past three years. The reconciliation of reported sales growth to organic sales growth for Procter & Gamble:

	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>OND04</u>
Reported Sales Growth	3%	8%	19%	9%
Acquisitions & Divestitures Impact	3%	0%	7%	-1%
FX Impact	<u>-1%</u>	<u>2%</u>	<u>4%</u>	<u>3%</u>
Organic Sales (Ex: A&D, FX)	1%	6%	8%	7%

The reconciliation of reported sales growth to organic sales growth for Gillette:

	<u>FY02</u>	<u>FY03</u>	<u>FY04(e)</u>
Reported Sales Growth	5%	9%	10%
Acquisitions & Divestitures Impact	-	-	-
FX Impact	-	<u>5%</u>	<u>5%</u>
Organic Sales (Ex: A&D, FX)	5%	4%	5%

Note: FY04(e) estimated based on consensus estimate and results for the nine months ended Sep. 30.

The presentation also included financial results for The Gillette Company excluding restructuring program charges. The reconciliation to the nearest GAAP measure is provided below. The Company believes this provides investors with a more complete understanding of underlying results and trends of the base businesses by providing sales on a consistent basis.

	<u>CAGR⁽¹⁾</u> <u>1998-2001</u>	<u>2002</u>	<u>2003</u>	<u>Jan-Sep</u> <u>2004</u>
Profit From Operations – GAAP	-9%	21%	11%	25%
Profit From Operations - Presented	<u>-9%</u>	<u>6%</u>	<u>13%</u>	<u>25%</u>
Difference	0%	15%	-2%	0%
Net Income – GAAP	-9%	33%	15%	26%
Net Income – Presented	<u>-8%</u>	<u>13%</u>	<u>16%</u>	<u>26%</u>
Difference	-1%	20%	-1%	0%
Diluted EPS – GAAP	-7%	33%	18%	27%
Diluted EPS – Presented	<u>-6%</u>	<u>13%</u>	<u>20%</u>	<u>27%</u>
Difference	-1%	20%	-2%	0%

⁽¹⁾ CAGR – compound annual growth rate