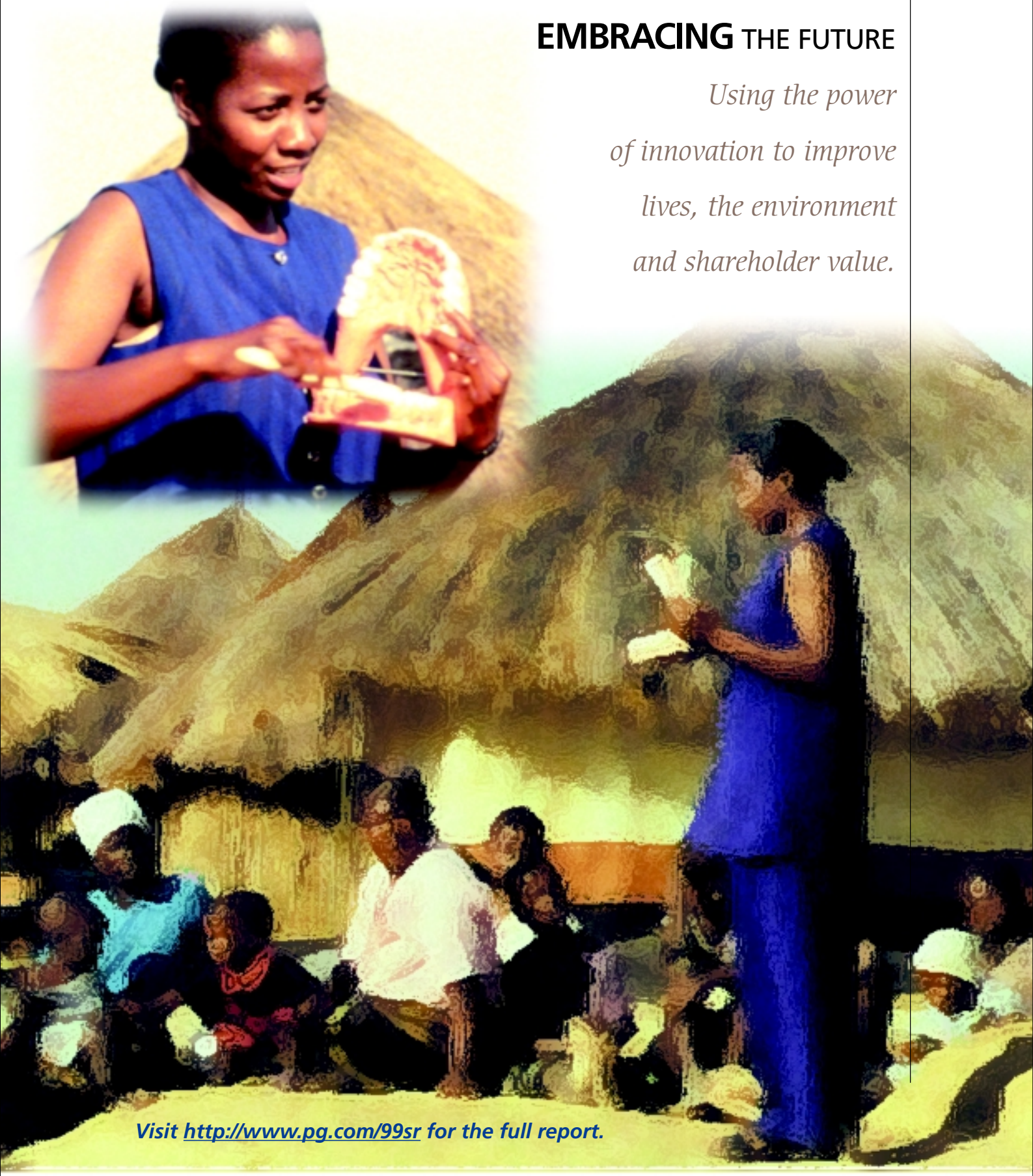
Executive Summary

1999 SUSTAINABILITY REPORT

EMBRACING THE FUTURE

Using the power of innovation to improve lives, the environment and shareholder value.



Visit http://www.pg.com/99sr for the full report.

CEO Statement

This is taken from a letter that Durk I. Jager, P&G President and Chief Executive, sent to the Company's Global Business Leadership Council and to employees on sustainable development on July 1, 1999.

Sustainable development, or sustainability, integrates economic progress, social development and environmental concerns with the objective of ensuring a quality of life for future generations at least as good as today's. It is becoming an increasingly important public policy issue, and also a significant business opportunity.

Consistent with the Company's new business structure, Organization 2005, we are looking to the new Global Business Units (GBUs) for leadership on how sustainability will be reflected in their business plans. Concurrently, we have reorganized the Company's Corporate Environmental Quality group to encompass all aspects of sustainability, and to focus its leadership on activities best done at a corporate level.

Durk I. Jager, President and Chief Executive

George Carpenter has been appointed Director-Corporate Sustainable Development to lead this group. This reorganization is designed to shift accountability for sustainable development to our GBUs, and better align our efforts with the new organization design. These moves will build on, and strengthen, our Company's longstanding commitment to the environment, while taking a more holistic view that also incorporates the social and economic concerns of our consumers, shareholders and communities.

Over the past several years, academics, governments and non-governmental organizations have been evolving their views of environmental quality to the broader, more holistic concept of sustainable development. While some see this as inevitably leading to restraining consumption, I view it as an opportunity and stimulus to innovate, to improve consumers' lives, while also making positive contributions to environmental quality and society, particularly in developing countries.

We already have made progress in this area. For example, the global water supply issue has led Fabric & Home Care to consider new cleaning methods that use less water, cold water, non-potable water and even salt water. These new cleaning methods not only help meet the sustainability needs of developing countries, but also can be leveraged for breakthroughs in developed countries.

In Food & Beverage, the need for better nutrition for the world's growing population, particularly in developing countries, has led to our development of a new nutrient drink that has been clinically proven, in a Tanzanian study, to improve the growth and development of children. These innovations respond to important consumer needs, and bring substantial sustainability benefits.

We need to make further progress. Each GBU must understand how sustainability impacts its business, and identify the implications for innovation and geographic expansion programs. As part of this, I have asked Fabric & Home Care to develop a sustainability plan for its GBU which can also serve as a model for other GBUs. Paul Polman, President-Global Fabric Care, will lead this work and collaborate with George Carpenter to define resources that will be useful to the GBUs as they develop these plans. Sustainability also will be one of the areas we explore in our upcoming strategy reviews.

George Carpenter and the new Corporate Sustainable Development group will focus on defining the Company's overall sustainability policy, identifying emerging sustainability issues, managing corporate reporting and building relations with external stakeholders. George's group also will work closely with other internal resources involved in the sustainability issue.

Durk I. Jager

Visit http://www.pg.com/99sr for the full report.

Sustainability Overview

The year 1999 marks two important sustainability milestones for P&G. The first is the creation of the Corporate Sustainable Development organization that Durk Jager outlined. The second is our move from an annual Environmental Progress Report, to this Sustainability Report, including participation in the Global Reporting Initiative's (GRI's) pilot of a standardized reporting format.

For the past two years, we have had a worldwide team of P&G people analyzing how sustainable development could and should relate to our business. We realized that P&G, to date, could be described as a sustainable corporation. Over the past 162 years, P&G has changed and reinvented itself many times. Today, it is a $38 billion global company with on the ground operations in over 70 countries, products sold in over 140 countries, and over 110,000 employees. But, the challenge for us as a sustainable corporation is how will we change and evolve to improve the lives of the world's consumers, such that we continue to exist and thrive into the future.

George D. Carpenter, Director of Corporate Sustainable Development

The creation of P&G's Corporate Sustainable Development department marks a strategic decision to more closely align our business with the more holistic concept of sustainability, taking advantage of the broader "umbrella" which encompasses economic development, social equity and environmental protection.

Sustainability aligns very well with our Company's Statement of Purpose which describes the synergy among meeting the needs of our consumers, building our sales and profit and contributing to the prosperity of our employees, shareholders and communities. This is not to say that we are defining sustainability as "business as usual." Instead, we see sustainability as an opportunity to address needs that are today unmet. Needs that are driven by the six billion people on this planet, which may grow to eight to ten billion in the next century.

Malnutrition affects 50% of the world's population. Water borne diseases, lack of sanitation, lack of hygiene and health care, and other problems affect populations in areas without adequate infrastructures. For P&G, sustainable development will come to life, and bring value where it intersects with our ability to bring innovation to bear on issues of health, hygiene, environment, nutrition, education and the overall quality of life of both today's and future consumers.

The decision to move from an annual Environmental Progress Report to a Sustainability Report is, of course, closely related to our decision to strategically embrace the concept of sustainability. We have been publishing an Environmental Report since 1993. With each report we used market research tools to understand the information needs of our target audience, and to sharpen the content.

As we again reviewed our target audience for this Sustainability Report, we chose external thought leaders, non-governmental organizations, academics, social investors and governments as our primary focus. This is a smaller audience than we have traditionally tried to satisfy.

Having settled on this audience, it then became important to format our report in a way that best met their needs. This is where participation in the pilot project of the GRI became opportune, since the GRI was made up of a global cross section of our chosen target audience. Furthermore, participation in the GRI pilot provided us both an easy means of obtaining customer feedback on this year's report, and an opportunity to have an impact on the format of the report itself, from a supplier's viewpoint.

This year's report continues our evolution towards paperless reporting. Therefore, this year's report is available in its entirety on our corporate web site, http://www.pg.com/99sr. In addition, for those that do not have Internet access, we have published this abridged Executive Summary which includes key sustainability data and charts. I hope that our attempt to address your needs, as the consumers of this report, meets with your approval. I encourage you to contact us if you have any questions or comments.

George D. Carpenter
Director, Corporate Sustainable Development

Visit http://www.pg.com/99sr for the full report.

Profile of P&G

P&G markets approximately 300 brands of consumer products to nearly 5 billion consumers in over 140 countries. The products include laundry detergents, toothpastes, shampoos, feminine hygiene products, pharmaceuticals, snacks, diapers, cosmetics, and cold remedies. These products are best known by their brand names: Tide, Ariel, Crest, Pantene Pro-V, Always, Whisper, Didronel, Pringles, Pampers, Oil of Olay and Vicks.

P&G's worldwide headquarters is located in Cincinnati, Ohio, USA. The Company has on the ground operations in over 70 countries and employs more than 110,000 people worldwide.

P&G is a publicly owned company. Its stock is listed and is traded on the following exchanges: New York, Cincinnati, Amsterdam, Paris, Basle, Geneva, Lausanne, Zurich, Frankfurt, Brussels and Tokyo.

As of July 23, 1999, there were 278,245 Common Stock shareholders of record, including participants in the Shareholder Investment Program. Five billion shares of Common Stock have been authorized. About 1.32 billion shares were outstanding as of June 30, 1999.

In September, 1998, P&G announced far-reaching changes to its structure, work processes and culture to accelerate growth. In June, 1999, the Company reported on progress toward this initiative called Organization 2005. The new organization structure, including the move from four geographic business units to seven Global Business Units (GBUs) based on product lines, became effective July 1, 1999. The GBUs are responsible for all strategic, manufacturing and sourcing activities. Each of the new GBUs is expected to integrate sustainability in its business plans. Accountability for sustainable development resides with the GBUs.

KEY BRANDS

Fabric & Home Care
- ACE BLEACH
- ARIEL
- BOUNCE
- CASCADE
- CHEER
- DAWN
- DOWNY
- FAIRY
- JOY
- LENOR
- MR. CLEAN
- TIDE

Feminine Protection
- ALWAYS
- ALWAYS ALLDAYS
- LINES FEM PRO
- TAMPAX
- WHISPER

Health Care
- ACTONEL
- ASACOL
- BLEND-A-MED
- CREST
- DIDRONEL
- MACROBID
- METAMUCIL
- NYQUIL/DAYQUIL
- PEPTO-BISMOL
- SCOPE
- VICKS FORMULA 44
- VICKS VAPORUB

Food & Beverage
- CRISCO
- FOLGERS
- JIF
- MILLSTONE
- OLEAN
- PRINGLES
- PUNICA
- SUNNY DELIGHT

Beauty Care
- CLEARASIL
- COVER GIRL
- HEAD & SHOULDERS
- IVORY
- MAX FACTOR
- OIL OF OLAY
- OLD SPICE
- PANTENE PRO-V
- PERT PLUS
- REJOICE
- SAFEGUARD
- SECRET
- SK-II
- VIDAL SASSOON
- ZEST

Tissue/Towel
- BOUNTY
- CHARMIN
- PUFFS
- TEMPO

Baby Care
- BABYSAN
- LUVS
- PAMPERS
- PAMPERS WIPES

Building for the Future

Wm. Procter & James Gamble, Founders, Candle & Soap Business

1837

1850

$1 Million Net Sales 1859

1860

Northern U.S. Markets

1870

Key Indicators

Key Sustainability Focus Areas

P&G intends to focus its sustainability efforts on **Water and Health & Hygiene.** These two areas are applicable across both the Company's global business units and the interlocking drivers of sustainability; economic development, social equity and environmental protection. The Company's approach is to increase shareholder value by contributing solutions to problems, needs and concerns associated with these two areas.

While P&G intends to focus on Water and Health & Hygiene, the Company will continue its long tradition of:

- doing what is right for consumers, employees, shareholders and communities where it operates.
- building sales and profit growth in a socially and environmentally responsible manner.
- increasing diversity within its workforce.
- contributing to a more educated population.
- maintaining high standards of health, safety and environmental protection for its products and operations throughout the world.

Major Stakeholder Groups

- Consumers
- Communities
- Employees
- Shareholders

Major Impacts Associated with Products

Economic
- Shareholder Value
- Employment
- Taxes, Fees and Contributions

Social
- Health
- Hygiene
- Education

Environmental
- Resource Use (Materials and Energy)
- Water
- Waste and Emissions

Production, Waste and Energy Data *(Thousands of Metric Tons)*

	Total			1998/99 By Region			
Production	1998/99	1997/98	1996/97	Asia	Europe, Middle East, Africa	Latin America	North America
Packaged Product Shipped	14,644	14,436	14,019	1038	5,040	1,280	7,286
Raw Materials from Recycled Sources	380	400	n/a	84	n/a	296	n/a
Packaging Used	1,375	1,367	1,330	101	440	105	729
Packaging Material from Recycled Sources	490	455	480	24	171	52	243
Waste							
Generated Waste	864	895	730	67	209	146	443
Recycled/Reused Waste	56%	56%	67%	58%	70%	14%	64%
Disposed Waste							
Solid Waste — Non-Hazardous	271	324	175	18	36	115	102
Solid Waste — Hazardous	27	12	7	5	19	2	2
Effluents (Excluding Water)	31	37	34	1	4	3	23
Air Emissions	20	20	21	1	2	1	16
Other							
Energy Use (10^5 GJ)	967	947	853	58	219	57	633
SARA Releases*	1.6	1.9	1.6	n/a	n/a	n/a	1.6

* Releases defined in the U.S. Superfund Amendments and Reauthorization Act by the U.S. Environmental Protection Agency.

Economic and Social Data

Financial Highlights *(Millions of dollars except per share amounts)*

	1998/99	1997/98	1996/97
Net Sales	$38,125	$37,154	$35,764
Net Earnings	$ 3,763	$ 3,780	$ 3,415
Basic Net Earnings Per Common Share	$2.75	$2.74	$2.43
Total Assets	$32,113	$30,966	$27,544
Long-Term Debt	$6,231	$ 5,765	$ 4,143
Shareholders' Equity	$12,058	$12,236	$12,046
Income Taxes	$2,075	$ 1,928	$ 1,834
Marketing, Research & Administrative Expenses	$10,666	$10,035	$ 9,766

Diversity – U.S. Enrollment

P&G expects its workforce to become even more diverse in the future. This is a global policy and programs are in place for continuous improvement in all regions. The percentages of minority and women employees in the U.S. are shown in the following table:

	% Minorities			% Women		
	1998/99	1997/98	1996/97	1998/99	1997/98	1996/97
Management	15.0	15.6	15.5	38.4	38.0	37.5
Technicians, Laborers, Service Workers	18.1	18.6	18.6	41.7	41.1	40.8
Total	**16.9**	**17.4**	**17.4**	**40.4**	**39.9**	**39.5**

Worldwide P&G Philanthropic Contributions

	1998/99	1997/98	1996/97
Total	**$73,245,604**	**$66,859,204**	**$60,616,378**

Summary of Violations and Interventions

Past three years' data on environmental, transportation, and worker health and safety violations and interventions follow:

	1998/99	1997/98	1996/97
Number	46	54	56
Fines	$33,250	$73,100	$14,900

Occupational Health & Safety Data

Past three years' data on two key metrics for worker health and safety follow:

Total Incident Rate

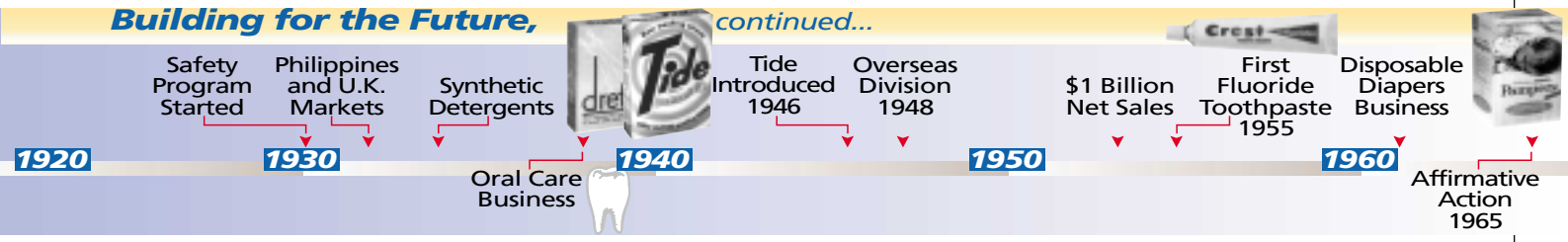
(injury and illness per 100 employees)

1998/99	1997/98	1996/97
0.7	0.8	0.9

Total Lost Workday Case Rate

(lost and restricted workday cases per 100 employees)

1998/99	1997/98	1996/97
0.3	0.4	0.4



Recent Product News

Laundry Sanitizing

In the U.S., **Tide with Bleach** sanitizes laundry, killing at least 99.9% of bacteria, and is registered with the U.S. Environmental Protection Agency.

Preventing Diaper Rash

Pampers Rash Guard is the first diaper specifically designed to protect against diaper rash.

Global Shampoo Packaging

A newly designed bottle is replacing the bottle previously used by many of P&G's leading shampoo brands. Designed to reduce material use and improve handling, the new bottle saves 2,000 metric tons of plastic, enough plastic to fill an Olympic-sized swimming pool, each year.

Dawn Saves the Day – Again!

Greasy messes are no challenge for **Dawn** dishwashing liquid. Not only does Dawn cut grease on dishes, but highway officials credit Dawn for the clean-up of two greasy spills on Cincinnati, Ohio, USA highways last year. From animal fat to biscuit dough, Dawn cut the grease and the highways reopened in record time.

P&G Promotes Self-Esteem for Teenagers in Mexico

In Latin America, studies have shown that many women have low self-esteem. To address this, P&G's **Always** feminine hygiene products introduced a program to improve women's self-esteem by reminding them that they can aspire to live a fulfilling life through increased education, personal hygiene and the reinforcement of their family values. The education program targets teenagers and is based on a series of lectures in school classrooms and a colorful magazine.

Crest Schools Program Improves Dental Hygiene

For thirty years, P&G's Crest Schools Program has provided dental health education to elementary students in the United States. Today, children around the world have the opportunity to learn about good dental hygiene through global school programs sponsored by **Crest** and **Blend-a-Med** toothpastes.

Dental Care Education Brightens Smiles in Zimbabwe

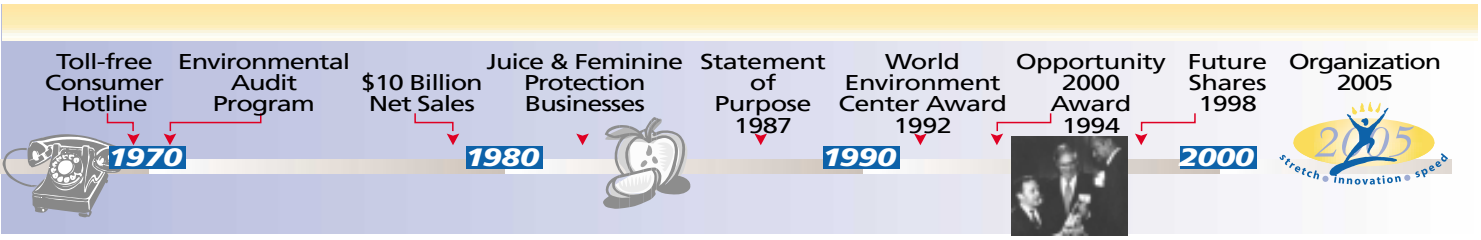
P&G is a sustaining member of Health Volunteers Overseas, a group dedicated to improving the availability of health care in developing countries through training and education. In Zimbabwe, health care workers trained by the program use **Crest** toothpaste educational materials to improve dental hygiene in remote villages.

Improved Dishwashing Detergent Cleans Best in Low Temperatures

New **Fairy Tab-in-Tab** automatic dishwashing detergent provides tough food cleaning in low temperature wash cycles. The innovative use of enzymes delivers two to three times more cleaning while saving consumers water and electricity.

VOCs Reduced in Hairsprays

P&G has taken an innovative approach to reducing VOCs (volatile organic compounds) in hairsprays. A concentrated formula and new package deliver hairspray more efficiently, using 25% less packaging and with lower VOC emissions than conventional hairsprays. Consumers in California, USA are the first to try this new hairspray.



Statement of Purpose

We will provide products of superior quality and value that improve the lives of the world's consumers. As a result, consumers will reward us with leadership sales and profit growth, allowing our people, our shareholders, and the communities in which we live and work to prosper.

Core Values

Principles

We show respect for all individuals

The interests of the Company and the individual are inseparable

We are strategically focused in our work

Innovation is the cornerstone of our success

We are externally focused

We value personal mastery

We seek to be the best

Mutual interdependency is a way of life

FRONT COVER: *In Zimbabwe, health care workers trained by the Health Volunteers Overseas program use Crest toothpaste educational materials to improve dental hygiene in remote villages.*

This is an Executive Summary of a report prepared in accordance with the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines: Exposure Draft for Public Comment and Testing, March 1999. The mission of the GRI is to promote international harmonization in the reporting of relevant and credible corporate environmental, social and economic performance information to enhance responsible decision-making. GRI pursues this mission through a multi-stakeholder process of open dialogue and collaboration in the design and implementation of widely applicable sustainability reporting guidelines. GRI has not verified the contents of this Executive Summary, nor does it take a position on the reliability of information reported herein. For further information about GRI, please visit: *http://www.globalreporting.org*.

This is an Executive Summary of the first Sustainability Report for P&G's worldwide operations. Data in the report cover the period from July 1, 1998 through June 30, 1999.

The full report is available on P&G's World Wide Web site: *http://www.pg.com/99sr*

Please visit P&G's Corporate Web site: *http://www.pg.com* for the latest P&G news, shareholder and career information.

Editor: Keith Zook, P&G, Cincinnati, Ohio, USA.
Core Report Team: Margaret Gerber, P&G, Cincinnati, Ohio, USA; Chris Smith, P&G, Newcastle Upon Tyne, UK; Robin Tollett, P&G, Cincinnati, Ohio, USA.
Writing: John Swartzbaugh, Environmental Technologies and Communications, Inc., Cincinnati, Ohio, USA.
Design: Andy Ruttle, Ruttle Design Group, Inc., Cincinnati, Ohio, USA.

The report team wishes to thank all the individuals throughout the Company who contributed information, stories and data to this report.

P&G
Corporate Sustainable Development
Two P&G Plaza
TN-02 MS-28
Cincinnati, Ohio 45202 USA

Fax: (513) 983-5226 E-mail: sustainrep-im@pg.com

0013-6462