Designed to Innovate … Sustainably

2008 Sustainability Overview

Contents

CEO Statement	2
Leadership Statement	3
Sustainability Strategies and Goals for 2012	4
Over 50 Years of Sustainability Progress	4
Defining Innovation	6
Investing in Innovation	8
Managing Innovation	10
Delivering Innovation	12
Leading Innovation	14
Resource & Waste Summary	16
Sustainable Innovation Products	16

About this publication

At P&G, we view sustainability as a significant responsibility—and a continual source of opportunity. So from our products to our operations, we embed sustainability into everything we do.

Now in its tenth year, this publication describes how P&G innovates with a sustainability mindset, outlining the systems and processes we employ to help deliver sustainable outcomes. We provide an overview of our results from last year, along with progress against our 2012 strategies and goals.

Our online report, prepared using the Global Reporting Initiative's (GRI) G3 Guidelines, is available at **www.pg.com/sustainability**.

P&G has been a member of the FTSE4Good and Dow Jones Sustainability Index (DJSI) since their inception, having led our market sector in the DJSI for seven of the ten years it has been in existence. In 2008, we were recipients of the European Business Award for Corporate Sustainability, which honors organizations that demonstrate a company-wide commitment to corporate sustainability. For our efforts in Children's Safe Drinking Water, we received the Ron Brown Award for Corporate Leadership, the only presidential award to recognize companies for the exemplary quality of their relationships with employees and communities.

WINNER 2008 European Business Awards

FTSE4Good

Dow Jones Sustainability Indexes Member 2008/09

The Ron Brown Award for Corporate Leadership

In order to improve the lives of the world's consumers—now and for generations to come—P&G is designed to innovate sustainably.

We **define** innovation broadly, looking for sustainability opportunities at every touch-point along the path of our products.

We **invest** in innovation to reduce the environmental footprint of our operations, affecting both our facilities and our processes.

We **manage** innovation with discipline, using science-based tools to identify sustainability opportunities for our products, from discovery through disposal to potential reuse.

We **deliver** innovation through a combination of visible product-based improvements and less visible operations-based advancements.

We **lead** innovation by inspiring our employees to take personal responsibility for delivering our sustainability goals and leading positive change, both inside and outside the Company.

CEO Statement

Sustainable development is a very simple idea. It's about ensuring a better quality of life for everyone, now and for generations to come. This idea is at the heart of P&G's Purpose, which—for 171 years—has been focused on improving people's lives with branded products and services they use every day.

We fulfill P&G's Purpose by innovating. Innovation is P&G's lifeblood; we want to be the innovation leader in every business, product category and country where P&G competes. We bring tremendous innovation resources to every part of our business, and sustainability is no exception. Consumers have told us, for example, that they want to make more sustainable choices, but not at the risk of trading performance or value—especially in tough economic times. We see this as an inspiring business challenge and we believe P&G's unique approach to innovation enables us to meet consumer needs and achieve the Company's sustainability goals, year after year and over the long term.

We leverage this integrated approach to innovation by taking advantage of P&G's global scale and scope, which is unrivaled in our industry. The result is a steady stream of product, operational and organizational innovations that enable P&G to win with consumers and retail customers—while improving our sustainability profile at the same time. And, we do so consistently, reliably, successfully, and responsibly.

In the pages that follow, you'll see how P&G is on track to achieve our five-year sustainability goals introduced last year. We're encouraged by this performance, but we know it's the long term that matters most and we will continue to hold ourselves accountable for business and sustainability results over the near, mid and long term. I'm confident we can meet or exceed our goals because P&G is designed to innovate—and to grow—sustainably…now, and for generations to come.

A.G. Lafley
Chairman of the Board
and Chief Executive Officer

P&G REPORT CARD: 2012 SUSTAINABILITY GOALS

This is the first year we have reported results for these goals.

Strategy 1: Products

GOAL Develop and market at least $20 billion in cumulative sales of "sustainable innovation products," which are products with a significantly reduced (>10%) environmental footprint versus previous or alternative products.(1)

PROGRESS (in billions of U.S. dollars)	Cumulative Sales since July 2007
Cumulative sales of sustainable innovation products	**$2.05**

Strategy 2: Operations

GOAL Deliver an additional 10% reduction (per unit production) in CO_2 emissions, energy consumption, water consumption and disposed waste from P&G plants, leading to a total reduction over the decade of at least 40%.

PROGRESS (percent reduction per unit production)	Since July 2007	Since July 2002
Energy Usage	**-6%**	-46%
CO_2 Emissions	**-8%**	-52%
Waste Disposal	**-21%**	-50%
Water Usage	**-7%**	-51%

Strategy 3: Social Responsibility

GOAL Enable 250 million children to Live, Learn and Thrive(2). Prevent 80 million days of disease and save 10,000 lives by delivering 2 billion liters of clean water in our Children's Safe Drinking Water program.(3)

PROGRESS	Since July 2007
LIVE, LEARN AND THRIVE	
Number of Children Reached	**60 million**
CHILDREN'S SAFE DRINKING WATER	
Liters of Clean Water Delivered	**430 million**
Days of Disease Prevented	**18 million**
Lives Saved	**2,442**

(1) Sustainable Innovation Products are included if they have launched in market since July 1, 2007, and have a significant (>10%) reduction in environmental footprint that is achieved through innovation impacting one or more of the following indicators without negatively impacting the overall sustainability profile of the product: A. Energy, B. Water, C. Transportation, D. Amount of material used in packaging or products, E. Substitution of non-renewable energy or materials with renewable sources.

(2) Live, Learn and Thrive (LLT) is P&G's global cause that focuses our social investments on efforts that improve the lives of children in need ages 0–13.

(3) Within Live, Learn and Thrive, our signature program is Children's Safe Drinking Water (CSDW). Methodology for calculating diarrheal days and mortality was developed with Population Services International and Aquaya Institute. Details are provided at www.pg.com/sustainability.

Innovating sustainably: Where responsibility meets opportunity

Leadership Statement

Last year, P&G established five strategies to improve the environmental profile of the Company's products and operations and to expand our Live, Learn and Thrive social responsibility program. A year into this renewed commitment, we're on track to meet or exceed our goals, and to integrate sustainability into P&G's day-to-day business.

1. Products. We want to delight consumers with sustainable innovations that improve the environmental profile of our products. Our goal is $20 billion in cumulative sales of these products over five years. We generated more than $2 billion in sales in our first year by launching seven sustainable innovations in fiscal 2008, including the compaction of liquid laundry detergents—an innovation we rolled out across P&G's line of North America laundry brands. We are confident we can meet this 2012 goal based on our current plans and pipeline.

2. Operations. We want to improve the environmental profile of P&G's operations worldwide. Our goal is to deliver an additional 10% reduction (per unit of production) in energy and water use, CO_2 emissions, and waste disposal by 2012, which will complete a decade-long reduction of at least 40% in these areas. We're making significant progress against this goal. For example, we're building sustainability-inspired manufacturing sites in North America, Europe, and China. We're also improving existing facilities, such as our manufacturing plant in Mehoopany, Pennsylvania, where a heat recovery system is now reclaiming enough energy to power almost 12,000 U.S. households annually. Company-wide, we've reduced energy by 6%, reduced CO_2 emissions by 8%, reduced waste disposal by 21%, and reduced water usage by 7% this past year.

3. Social Responsibility. We want to improve lives through P&G's global social responsibility program, Live, Learn and Thrive. This year we opened our 140th P&G Hope School in China, helping children in poverty-stricken rural areas gain access to elementary education. We also delivered our one-billionth liter of clean drinking water through our Children's Safe Drinking Water program, leveraging PūR sachets. Additionally, Pampers partnered with UNICEF to provide funds for more than 50 million doses of vaccine to help prevent maternal and neonatal tetanus in the developing world. Dozens of Live, Learn and Thrive programs like these enabled P&G to reach more than 60 million children globally this year.

4. Employees. We want to engage and equip every P&G employee to build sustainability thinking and practices into their everyday work. We've challenged one another to "Take the 'R' (Responsibility) for Tomorrow," a unified employee program that is combining and expanding successful pilot projects from around the world. We celebrated Earth Day and World Water Day at dozens of P&G locations globally. We launched a Sustainability Ambassador Network for P&Gers who want to be more active as sustainability leaders. We've helped reduce travel by investing in state-of-the-art video collaboration studios.

5. Stakeholders. We want to help shape the future—now and for generations to come—by collaborating with local, regional, and global stakeholders. For example, we're an active part of the Clinton Global Initiative (CGI) and have stepped up our social responsibility commitments in each of the three years we've partnered with CGI, to help millions of children globally Live, Learn and Thrive. In the UK, we have worked with WRAP (Waste and Resources Action Programme) to deliver innovation that enables packaging reductions without compromising packaging integrity. And we're working with the Energy Saving Trust in Europe to encourage people to wash clothes in colder temperatures. We firmly believe we can make a bigger difference together with partners like these than any of us can make on our own.

Throughout P&G's history, we've focused on doing what's right and our approach to sustainability is fully consistent with this basic Company principle. We are accountable for delivering our goals year to year, and committed to improving P&G's sustainability results consistently and reliably over the long term. To learn more, please see our online report, prepared using the Global Reporting Initiative's (GRI) G3 Guidelines, at **www.pg.com/sustainability**.

Susan Arnold
President,
Global Business Units
Executive Sponsor,
Sustainability

Len Sauers
Vice President,
Global Sustainability

Sustainability Strategies and Goals for 2012:

Strategy 1: Products

Delight the consumer with sustainable innovations that improve the environmental profile of our products.

GOAL: Develop and market at least $20 billion in cumulative sales of "sustainable innovation products," which are products with a significantly reduced (>10%) environmental footprint versus previous or alternative products.

PROGRESS: $2.05 billion

Strategy 2: Operations

Improve the environmental profile of P&G's own operations.

GOAL: Deliver an additional 10% reduction (per unit of production) in CO_2 emissions, energy consumption, water consumption and disposed waste from P&G plants, leading to a total reduction over the decade of at least 40%.

PROGRESS: Reductions since July 2007: Energy Usage -6%, CO_2 Emissions -8%, Waste Disposal -21%, Water Usage -7%.

Reductions since July 2002: Energy Usage -46%, CO_2 Emissions -52%, Waste Disposal -50%, Water Usage -51%.

Strategy 3: Social Responsibility

Improve children's lives through P&G's social responsibility programs.

GOAL: Enable 250 million children to Live, Learn and Thrive. Prevent 80 million days of disease and save 10,000 lives by delivering 2 billion liters of clean water in our Children's Safe Drinking Water program.

PROGRESS: 60 million children reached; 430 million liters of clean water delivered; 18 million days of disease prevented; 2,442 lives saved.

Over 50 Years of Sustainability Progress:

P&G has been values-based since its founding in 1837. The timeline illustrated below highlights sustainability progress over the last six decades.

1950s

1952 P&G establishes the Procter & Gamble Fund for the distribution of money to U.S. charities

1956 The first environmental safety publication is created at P&G measuring surfactants in rivers

1960s

1964 The P&G Environmental Water Quality Laboratory is established

1964 Switch to biodegradable anionic surfactant LAS begins

1965 P&G publishes its tenth environmental safety paper to support new biodegradability test methods

1969 Instream biological monitoring program begins

1970s

1971 P&G Safety and Regulatory is established as a separate entity from product development

1971 The P&G Corporate Environmental Safety Department is formed

1970 P&G implements its first manufacturing plant environmental audit

1973 Publication of the "Sturm Test," the forerunner of the Ready Biodegradability Test

1977 P&G Environmental safety organization formed in Europe (Brussels)

1980s

1981 P&G co-founds the Society of Environmental Toxicology and Chemistry

1983 P&G produces its 100th peer-reviewed environmental publication

1983 Debut of Triple Concentrate Downy, one of P&G's first products to reduce packaging and water use

3x

1987 P&G environmental stream facility begins operation

1989 P&G commits $20 million to assist the development of U.S. compost infrastructure

Strategy 4: Employees

Engage and equip all P&Gers to build sustainability thinking and practices into their everyday work.

Strategy 5: Stakeholders

Shape the future by working transparently with our stakeholders to enable continued freedom to innovate in a responsible way.

1990s

1990
P&G articulates its Company-wide environmental quality policy

1991
P&G helps define new field of Life Cycle Assessment

1992
P&G moves to elemental chlorine-free pulp for all of the Company's paper products

1992
United Nations World Environment Center Gold Medal recipient

1993
P&G commits to sustainable forestry for sourcing pulp

1993
The first P&G Annual Global Environmental Report is produced

1995
P&G pioneers use of Life Cycle Assessment to design Municipal Solid Waste Management

1997
P&G develops Japan's first environmental exposure model for consumer products

1997
Developed the Geo-referenced Regional Exposure Assessment tool for European rivers

1999
P&G's 500th peer-reviewed environmental publication is produced

1999
P&G forms a corporate sustainability department and publishes an annual sustainability report

2000s

2000
P&G ranked as a Sector Leader in Dow Jones Sustainability Indexes (DJSI)

2001
FTSE4Good launched; P&G listed every year since inception

2002
Science-in-the-Box Public Web site launched

2003
Led the development of guidelines for flushable products published by The Water Environment Research Foundation (WERF)

2004
P&G creates the Children's Safe Drinking Water program, using the unique PUR purification sachets

2005
Tide Coldwater and Ariel Cool Clean are introduced, promoting low-temperature washing

2005
Downy Single Rinse introduced, offering water savings in critical regions

2005
P&G awarded Stockholm Industry Water Prize for providing safe drinking water

2005
P&G introduces its global corporate cause—Live, Learn and Thrive

2006
P&G is National Inventor of the Year for the design and development of PUR purification sachets

2007
P&G launches its new Sustainability Strategy and five-year goals

2007
2X compacted liquid detergents debut in the U.S.

2007
P&G recognized by EPA for Children's Safe Drinking Water program

2007
P&G awarded the Ron Brown Award for Corporate Leadership

2008
EPA awards P&G's Cincinnati corporate headquarters with the Energy Star Certification

2008
P&G receives the European Business Award honoring commitment to corporate sustainability

2008
OECD adopts P&G's laboratory biodegradation test series

2008
P&G delivers the billionth liter of clean water in its Children's Safe Drinking Water program

DEFINING
INNOVATION

We define innovation broadly, looking for sustainability opportunities at every touch-point along the path of our products.

Two innovations, multiple benefits
Laundry compaction

P&G seeks opportunities to innovate within every aspect of a product, from raw materials, manufacturing, customization and logistics to customers and consumers. Because of our integration and scale, innovations in one part of the cycle often spark innovations in other areas.

In 2007, we began to convert our North American liquid laundry detergent portfolio to a "2X" concentrated formulation. The following is an example of our multifaceted approach in action.

Product Concentration

Through scientific innovation, we developed a new formula that delivers more active ingredients in every drop, allowing consumers to use less.

One advance sparked many benefits.

The new formulas save more than 500 million liters a year.

The new products reduce CO_2 emissions by more than 100,000 metric tons a year.

These smaller products save more than 15,000 metric tons a year in packaging materials.

The new size results in more than 40,000 fewer truck loads a year.

Inventory Efficiencies

Using new forecasting techniques, we managed the product inventory conversion at retail stores with a new level of precision to reduce waste.

Precise prediction

New modeling tools allowed us to better predict when retail customers would require new stock and manage the supply chain accordingly.

Remnant runout

This left very little old stock to manage through remnant sale and donations; unsalable product was managed down to an unprecedented low level.

Waste reduction

Accurate forecasting meant that virtually all the product we created was sold, resulting in a substantial reduction in unnecessary waste.

Today, we apply these tools and techniques to other significant product conversions.

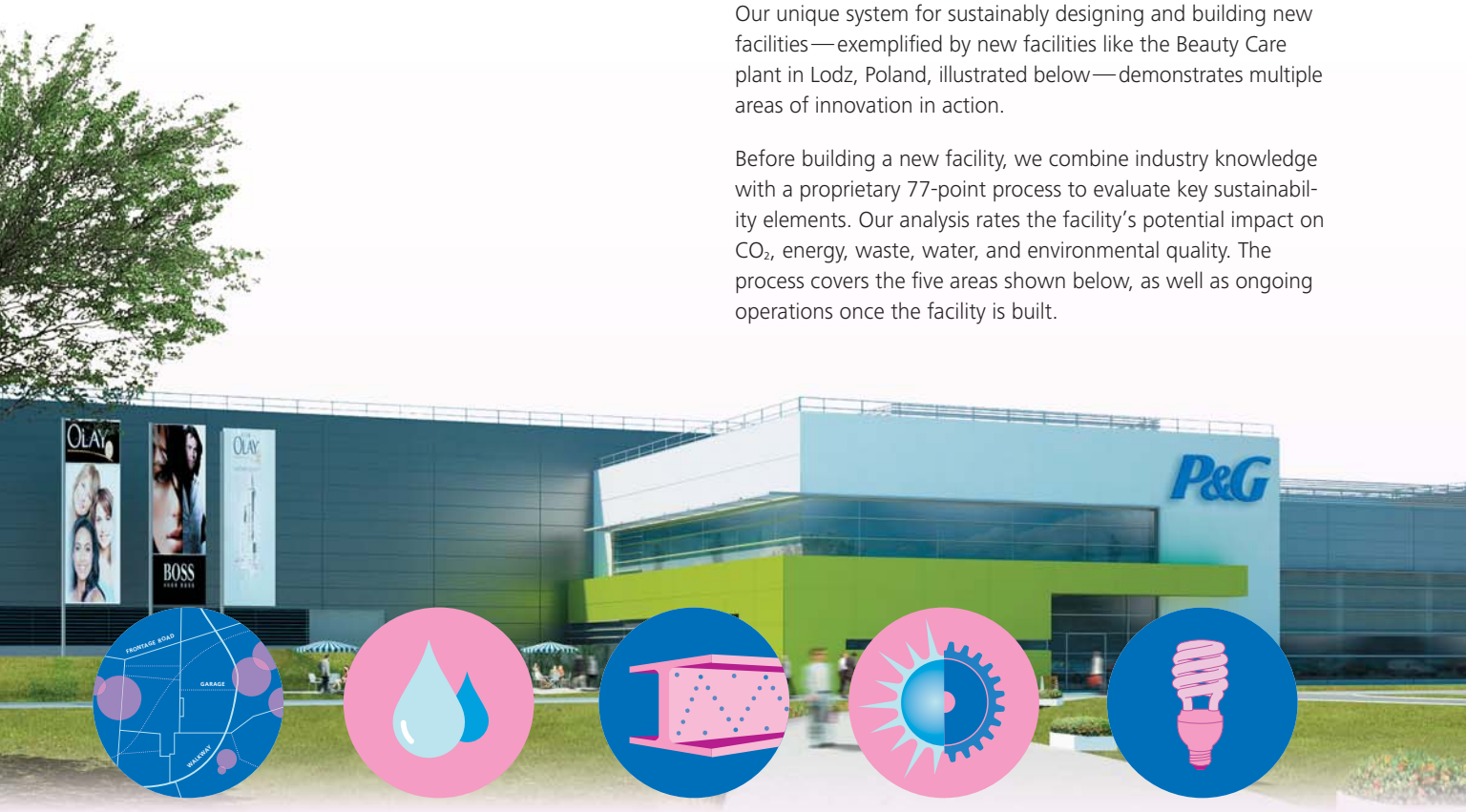
INVESTING
IN INNOVATION

We invest in innovation to reduce the environmental footprint of our operations, affecting both our facilities and our processes.

Innovating from the ground up
Building sustainable facilities

Our unique system for sustainably designing and building new facilities—exemplified by new facilities like the Beauty Care plant in Lodz, Poland, illustrated below—demonstrates multiple areas of innovation in action.

Before building a new facility, we combine industry knowledge with a proprietary 77-point process to evaluate key sustainability elements. Our analysis rates the facility's potential impact on CO_2, energy, waste, water, and environmental quality. The process covers the five areas shown below, as well as ongoing operations once the facility is built.



Site

In choosing a facility's location, we investigate commuting options, local ecosystems, and ways to use energy efficiently.

Water

We make as few man-made changes as possible to a site's hydrological cycle, often building ponds that collect storm water and lessen discharge flow to local streams.

Materials

We select building materials that minimize environmental impact while maximizing workplace comfort and health. Whenever possible, debris from construction is recycled rather than sent to landfill.

Systems

Our facilities incorporate passive systems when feasible, helping maximize natural elements for ventilation and temperature control. When active systems are required, we favor high-efficiency equipment.

Lighting

Along with designing our facilities to make use of natural light, we use low-consumption lighting equipment whenever possible.

Manufacturing efficiently from the top down

Putting resources to good use

P&G's investment in innovation goes far beyond our facilities. It also extends to our highly productive use of material resources.

Upfront, we find ways to minimize our inputs, using less raw material for packaging while consuming energy more efficiently. But our output is dramatic as well, with 96% of all materials being converted into finished product.

The waste that is produced—which is mostly non-hazardous—is low. And much of it can be repurposed in useful ways.

Examples of recycled waste use:

Perfume: the sweet smell of re-use

At our manufacturing site for perfume in Avenel, New Jersey, we developed a new process for blending scrap material for reprocessing as an ingredient for potpourri. As a result, annual generation of scrap waste at the site has dropped from 50,000 kg to zero.

Paper: a by-product raises the roof

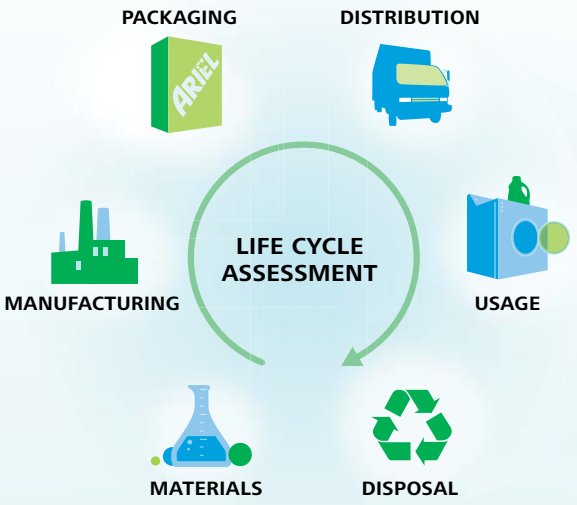
In some P&G tissue and towel plants, the paper "fines"—a wet by-product of the paper making process—are reclaimed for energy to run the plant. The fines are also used to manufacture housing and roofing tiles.

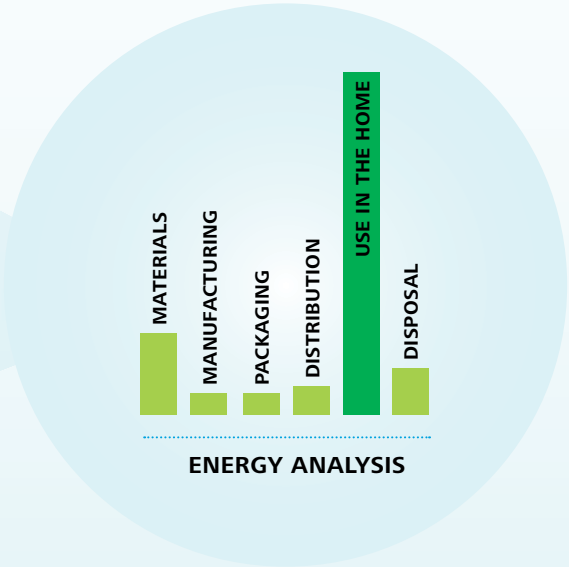
Soap: a second chance for suds

Bubbly wastewater from our shampoo and liquid soap plants has found new life in a secondary market. Today, instead of becoming waste, the mixture is sold and repackaged for use in automatic car washes.

MANAGING
INNOVATION

We manage innovation with discipline, using science-based tools to identify sustainability opportunities for our products, from discovery through disposal to potential reuse.





▶ Assessing impact
Comprehensive tools

Managing innovation sustainably begins with the use of comprehensive analysis tools. One such tool, Life Cycle Assessment (LCA), generates a complete environmental footprint, extending beyond carbon impact to measure total energy and water use and waste production. Also included are the impacts of consumer use of our products, as well as all emissions into the air, water and land. This detailed review lets us pinpoint areas where our innovation efforts can be most effective.

▶ Finding opportunity
Laundry energy usage

Our life cycle assessment of laundry detergent revealed that one step consumed far more energy than any other: the heating of wash water during its use in the home. As such, this step clearly offered the biggest opportunity for energy reduction.

Field tests predicted that a family of four in the UK could reduce its overall household electricity consumption by 3% by reducing its wash temperature from 43.5°C to 30°C. So our Ariel Cool Clean technology—which offers strong cleaning performance at lower temperatures—presented a promising opportunity for energy savings.

AWARENESS

Advertising

Web-based education

energy saving trust®

Third party organizations

▶ Moving the market
Consumer campaign

Our "Turn to 30°" campaign in the UK began spreading the word to consumers. Along with key product benefits, including energy savings and brilliant cleaning, the campaign emphasized another motivation: supporting the environment in a more sustainable way. P&G further managed this innovation through partnerships with celebrities, key NGOs, region-specific climate and energy-focused third parties, and a Web-based consumer education module.

RESULTS

58,000
metric tons CO_2 emissions saved

17%
of households now wash at 30°C

▶ Making a difference
Results and recognition

Managing innovation has resulted in significant behavior change among consumers. In the UK, 17% of households now wash at 30°C, up from 2% in a similar 2002 survey. Further, 27% of all UK Ariel users washed at 30°C in 2007, twice the average of other leading brands.

The shift toward lower washing temperatures has brought substantial benefits to the environment. According to statistics calculated and validated by The Energy Saving Trust, 58,000 metric tons of CO_2 emissions have been prevented, saving 403,200 GJ of energy—enough energy to light 2,500 UK villages.

Results in the Netherlands have been even more impressive. In just over six months since launch—and when leveraged with the Dutch Ariel "Draai Naar 30°" campaign—for the first time, 30°C is the most frequently used washing temperature in the Netherlands…an impressive 52%!

Along with getting results, "Turn to 30°" has also garnered widespread recognition for excellence in responsible marketing and leading-edge thinking. The campaign has been honored by such organizations as the Marketing Society, Business in the Community, the Green Awards, SABRE, and Marketing Communications Consultants Association (MCCA).

Business in the Community AWARDS 2008
Example of Excellence for Responsible Marketing

2007 SABRE AWARDS WINNER

DELIVERING
INNOVATION

We deliver innovation through a combination of visible product-based improvements and less visible operations-based advancements.

We are inspired by consumers to deliver product upgrades that improve their lives, maintain the value they want, and help them to reduce their environmental impact. Charmin MegaRoll and Bounty Select-a-Size are just two examples of many innovations these brands have made that make a difference in these areas. But, other innovations take place beyond a consumer's view, such as improvements in our manufacturing processes, facilities, and logistics.

Visible improvements Sustainable solutions to consumer needs

Many innovations that are visible to consumers are also inspired by them. Bounty consumers sought a paper towel for small tasks that still required superior wet strength. Our solution, Bounty Select-a-Size, features sheets that are 45% smaller than traditional Bounty—but still absorb spills faster and are stronger when wet than other regular-sized two-ply towels on the market. So thanks to Bounty Select-a-Size, consumers have an option for producing less waste.

When Charmin bath tissue consumers expressed a desire to change the roll less often, we created Charmin MegaRoll, which features four times as many sheets per roll than a regular roll of Charmin. Along with meeting consumer needs, the product requires the use and disposal of fewer cardboard cores. In addition, the space-efficient product allows more tissue to fit on a truck, saving on fuel consumption and CO_2 emissions associated with transportation.

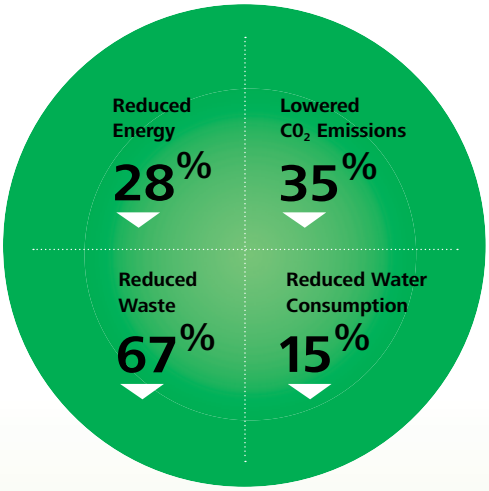
1,000,000
consumers switching from a regular roll to Charmin MegaRoll can save:

140
Million Cores Per Year

226,000
Kg of Plastic Per Year

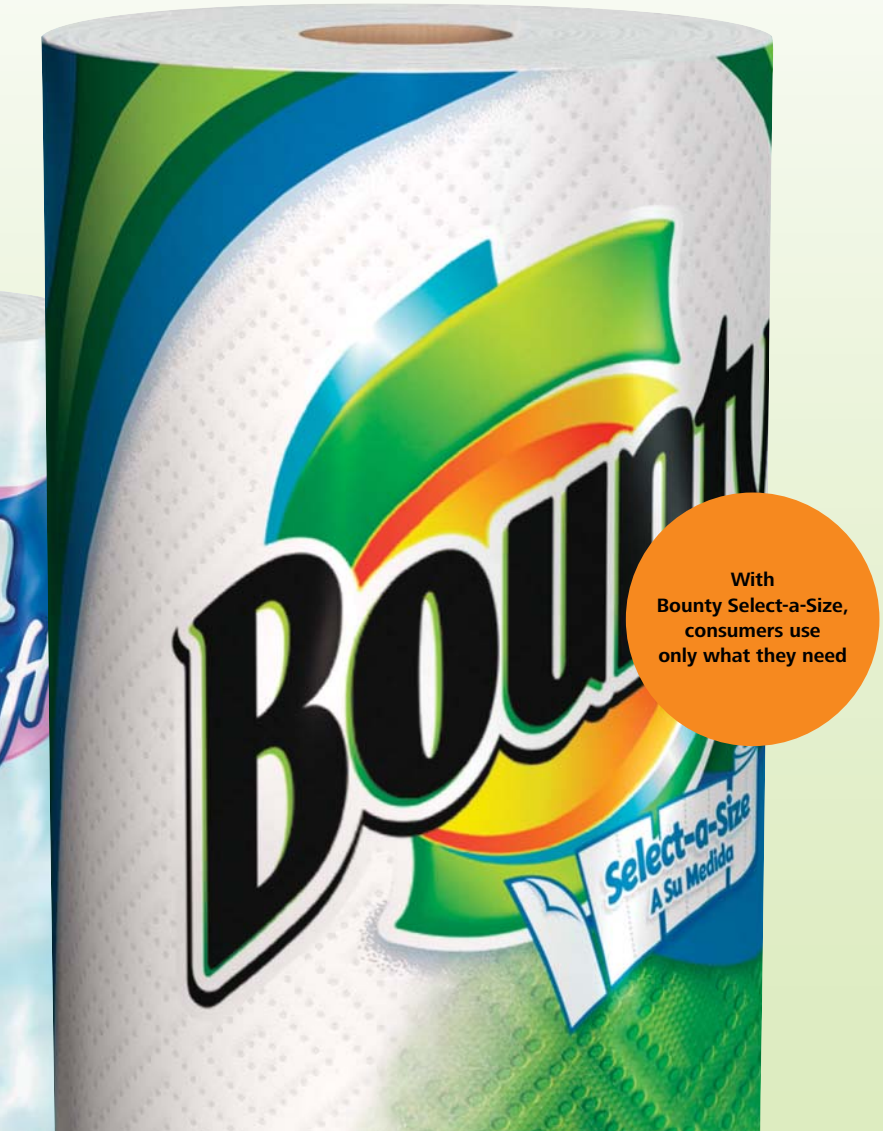
321,000
Liters of Fuel Per Year

In Family Care over the past five years, our North American plants have:



Invisible advances
Energy and water efficiencies for a smaller footprint

Looking forward, we are continuing our conservation efforts within existing facilities. There are thousands of projects under way to identify innovative ways to conserve energy and water, and reduce emissions.



With Bounty Select-a-Size, consumers use only what they need

Much of the energy used in papermaking is needed to dry the paper. Heat in the form of steam and combustion gases can be lost during this drying process. At our Mehoopany, Pennsylvania facility, a proprietary process was developed that enables the plant to recover this heat and save 422,000 GJ of energy and 13,600 metric tons of CO_2 emissions per year. In comparison, the energy that will be saved by this project is greater than the site energy consumption at 80% of our facilities around the world.

LEADING
INNOVATION

We lead innovation by inspiring our employees to take personal responsibility for delivering our sustainability goals and leading positive change, both inside and outside the Company.

Making workplace habits more sustainable P&Gers take the "R" for tomorrow

P&G employees in 26 countries celebrated Earth Day in April, kicking off additional efforts to reduce, reuse and recycle at our offices and technical centers. By building innovative, dramatic displays showing the true amount of paper, cups and water bottles we use each month, employees were motivated to make changes.

In just a few months following these events, P&G employees have begun to "Take the 'R' (Responsibility) for Tomorrow" by adopting smarter workplace habits. Some highlights from the Cincinnati World Headquarters:

Reduce

We have installed new cutting-edge videoconferencing equipment, helping reduce air travel.

Reuse

Employees are encouraged to use personal mugs, and now receive a beverage discount for using them instead of disposable cups.

Recycle

We have significantly increased our recycling of office paper.

Live, Learn and Thrive

Our social investments are focused on improving the lives of children in need through Live, Learn and Thrive, our far-reaching global cause. Leveraging the scale of our Company and the passionate, skilled volunteerism of our employees, we are on track to reach more than 250 million children by 2012.

A long-term commitment to education access P&G Hope Schools

Thanks to P&G Hope Schools, a program in partnership with the China Youth Development Foundation, children now have better access to education in poverty-stricken rural areas of China. P&G China continued its long-term commitment to the program this year, founding its 140th P&G Hope School.

To help drive this Live, Learn and Thrive initiative, P&G created innovative partnerships with retail customers. This has enabled these retailers—along with more than 100 million shoppers annually—to participate in the cause and make significant commitments to build Hope Schools with P&G.

P&G Hope Schools have benefitted over 100,000 children across China in the last 12 years, and over 1,000 P&G China employees are actively enrolled to support program activities.

Teaching healthy habits Safeguard helps make hand washing fun & effective

Studies show that proper hand washing is one of the simplest and most cost-effective ways to help keep children healthy. Safeguard and its health partners in the Philippines set out on a Live, Learn and Thrive effort known as "Mission 5-5-5"—to teach 5 children every hour for the next 5 years about hand washing with soap to protect against 5 common health threats: diarrhea, cough, colds, pneumonia, and skin rashes. Similar programs are also run in China, Pakistan and other developing nations, educating nearly 10 million primary school children each year on the necessity of hand washing and good hygiene practices.

Children's Safe Drinking Water

Answering a pressing need P&G technology and a network of partners

More than one billion people in the developing world do not have access to clean drinking water. As a result, thousands of children die every day.

Children's Safe Drinking Water (CSDW) reaches these people through PūR, a water purifying technology developed by P&G and the U.S. Centers for Disease Control and Prevention (CDC). One small PūR packet quickly turns 10 liters of dirty, potentially deadly water into clean, drinkable water. The packets can be used anywhere in the world, including areas affected by natural disaster.

This Live, Learn and Thrive program provides PūR packets on a not-for-profit basis. This year, with the help of our network of over 70 partners, we delivered our one-billionth liter of clean drinking water.

Protecting vulnerable babies Pampers and UNICEF provide vaccines

Pampers has partnered with UNICEF on a Live, Learn and Thrive effort with a goal to help eliminate maternal and neonatal tetanus, a preventable disease that claims the lives of 140,000 infants and 30,000 mothers in developing countries each year—that's one death every three minutes. This international initiative began two years ago in Latin America and has expanded to Western Europe, Japan and the U.S., providing funds for more than 50 million doses of vaccine.

Consumers are an integral part of the success of this program. For each purchase of specially marked packages of Pampers, P&G donated a vaccine to UNICEF. Recently, Pampers committed to a three-year global partnership between Pampers and UNICEF to help eliminate maternal and neonatal tetanus in 46 remaining countries by 2012.

Resource & Waste Summary

The table below reports environmental statistics for Manufacturing Operations in the Global Business Units and Technical Centers. Included are both Wella and Gillette sites. Table reflects divestiture of Western European Tissue Towel Business.

	Totals (absolute units x 1,000)			2008 Global Business Unit Detail (1) (absolute units x 1,000)			
	2008	2007	2006	**Beauty**	**Health & Well Being**	**Household Care**	**Technical Centers**
PRODUCTION (metric tons)							
Product Shipped	**23,187**	21,742	20,660	**5,239**	**3,404**	**14,544**	**0**
Raw Materials from Recycled Sources	**697**	79	65	**139**	**90**	**468**	**0**
WASTE (metric tons)							
Generated Waste	**935**	983	894	**139**	**175**	**602**	**19**
Percent Recycled / Reused Waste	**59%**	53%	59%	**52%**	**68%**	**63%**	**33%**
DISPOSED WASTE (metric tons)							
Solid Waste — Non-Hazardous	**311**	375	305	**81**	**48**	**171**	**11**
Solid Waste — Hazardous	**30**	48	21	**4**	**1**	**24**	**1**
Effluents (excluding water)	**23**	22	27	**5**	**5**	**12**	**1**
Air Emissions (2)	**16**	17	16	**1**	**2**	**13**	**0**
OTHER							
Energy Consumption (gigajoules)	**75,901**	77,681	78,020	**4,025**	**8,129**	**61,428**	**2,319**
Greenhouse Gas Emissions (metric tons) (3)	**2,782**	2,876	2,935	**125**	**217**	**2,379**	**61**
Water Consumption (cubic meters)	**86,958**	89,688	91,292	**7,422**	**4,734**	**66,725**	**8,077**
SARA Releases (metric tons) (4)	**1.90**	1.73	2.15	**0.04**	**0.28**	**1.58**	**0.00**

1 metric ton = 1,000 kg = 2,205 lbs.

(1) Beauty includes segments Beauty and Grooming. Health and Well-Being includes segments Health Care and Snacks, Coffee and Pet Care. Household Care includes segments Fabric Care and Home Care, Baby Care and Family Care. Technical Centers includes each of the research centers that support the business units. 2008 numbers come from P&G manufacturing sites only, they do not include production from contract manufacturing operations.

(2) Air emissions include particulates, SO_2, NO_x, CO and VOC.

(3) Greenhouse gas emissions include CO_2 from fuel combustion sources.

(4) Releases defined in the U.S. Superfund Amendments and Reauthorization Act (SARA) by the U.S. Environmental Protection Agency.

Sustainable Innovation Products 2007–2008

Products with a significantly reduced (>10%) environmental footprint versus previous or alternative products

PRODUCT	REGION	INNOVATION
Liquid Laundry Compaction (Tide, Gain, Cheer, Era, Dreft)	North America	Formulation concentration delivered savings in water, energy, transportation, packaging
Powder Laundry Compaction (Daz, Mr. Proper, Ace, Ariel, Marseille, Gama)	Western Europe	Formulation concentration delivered savings in energy, transportation, packaging
Ariel Cool Clean	Central & Eastern Europe, Middle East and Africa	Formulation to clean in cooler temperatures, saving energy
Downy Single Rinse	Latin America, ASEAN, Australasia and India, Central & Eastern Europe, Middle East and Africa	Formulation change requires consumers to rinse only once, reducing water usage
Braun Silk-épil Xpressive	Global	Redesigned with more energy efficient "Smart Plug"
Braun Series 7	Western Europe	Packaging redesigned to better fit on shipping pallets, reducing transportation
Crest Whitestrips	North America	Redesigned to reduce material waste

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Design: VSA Partners, Inc.

P&G at a Glance

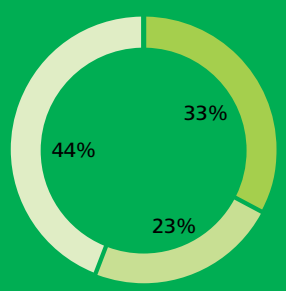
Three billion times a day, P&G brands touch the lives of people around the world. And P&G people work to make sure those brands live up to their promise to make everyday life just a little bit better, now and for generations to come.

P&G is recognized as a leading global company, including a #5 ranking on *Fortune's* "Global Most Admired Companies," a #8 ranking on *Fortune's* "America's Most Admired Companies," the #2 ranking on *Fortune's* "Top Companies for Leaders" survey, the #2 ranking on *Barron's* "World's Most Respected List," a #8 ranking on *Business Week's* list of "World's Most Innovative Companies," listed on the Dow Jones Sustainability Index through 2008, the "Advertiser of the Year" award at the 2008 Cannes International Advertising Festival, and a consistent #1 ranking within our industry on *Fortune's* Most Admired list for 23 of 24 total years and for 11 years in a row.

P&G ranks among the top companies for Executive Women (National Association for Female Executives), African Americans (*Working Mother* and *Black Enterprise* Magazines), and Diversity (*Diversity Inc.* Magazine).

Supplier diversity is a fundamental business strategy at P&G. In 2008, P&G again spent over $1.9 billion with minority- and women-owned businesses. Since 2005, P&G has been a member of the Billion Dollar Roundtable, a forum of 14 corporations that spend more than $1 billion annually with diverse suppliers.

2008 NET SALES
(% of total business segments)



- Beauty
- Health & Well-Being
- Household Care

GBU	Reportable Segment	Key Products	Billion Dollar Brands	Net Sales by GBU[1] (in billions)
BEAUTY	Beauty	Cosmetics, Deodorants, Hair Care, Personal Cleansing, Prestige Fragrances, Skin Care	Head & Shoulders, Olay, Pantene, Wella	**$ 27.8**
	Grooming	Blades and Razors, Electric Hair Removal Devices, Face and Shave Products, Home Appliances	Braun, Fusion, Gillette, Mach3	
HEALTH AND WELL-BEING	Health Care	Feminine Care, Oral Care, Personal Health Care, Pharmaceuticals	Actonel, Always, Crest, Oral-B	**$19.4**
	Snacks, Coffee and Pet Care	Coffee, Pet Food, Snacks	Folgers, Iams, Pringles	
HOUSEHOLD CARE	Fabric Care and Home Care	Air Care, Batteries, Dish Care, Fabric Care, Surface Care	Ariel, Dawn, Downy, Duracell, Gain, Tide	**$37.7**
	Baby Care and Family Care	Baby Wipes, Bath Tissue, Diapers, Facial Tissue, Paper Towels	Bounty, Charmin, Pampers	

(1) Partially offset by net sales in corporate to eliminate the sales of unconsolidated entities included in business unit results.

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