2015 Sustainability Report

Executive Summary

Environmental and social responsibility are part of everyone's job at P&G. They are integrated into our daily work and business operations.

DAVID S. TAYLOR
President and Chief Executive Officer

ABOUT OUR 17TH ANNUAL SUSTAINABILITY REPORT

The following pages highlight our sustainability work for FY 14/15 and the progress we've made toward our 2020 goals. We are sharing just a few examples of work being done across the Company and around the world to make the lives of consumers better, while also making their—and our—environmental footprint smaller. Our full report, with more stories and data, was prepared using the Global Reporting Initiative's (GRI) G3 guidelines and can be found online at: **www.pg.com/sustainability**.

Leadership Statement

At P&G, sustainability is integrated into the way we do business, but we know there is much more we can do.

In this report, we highlight how we are working against our specific near-term goals on our way to our ambitious long-term vision to power all our plants with 100% renewable energy, to use 100% renewable or recycled material for all products and packaging, and to have zero consumer and manufacturing waste go to landfills. Put simply, our objective is to design products that delight consumers while maximizing the preservation of resources. We want our brands to help consumers make more sustainable choices.

We have been dedicated to driving change within our own Company by partnering with others to drive industry standards and practices that make a difference. We have a long track record of doing the right thing, from pioneering industry breakthroughs such as compaction, integrating recycled content into packaging and supply chain innovation.

This report captures our efforts over the past year and highlights some of our biggest achievements. Our focus areas remain the same:

- Preservation of resources — We are focused on our energy usage, including our need to help drive consumer behavior change with initiatives such as our Cold Water washing campaign, reduced packaging, reduced water usage and increased recycled content in our packaging.
- Renewable resources — Our focus is to bring more renewable energy into our plants, to find substitutes for petroleum-derived raw materials, and to ensure responsible and sustainable sourcing for renewable materials, including palm oil (PO), wood pulp and paper packaging.
- Worth from Waste — We continue our efforts toward eliminating manufacturing waste to landfill and exploring partnerships with multiple stakeholders to help us better understand how we can recover greater value from post-consumer waste and ultimately help eliminate solid waste to landfill.
- Social programs — As a good corporate citizen, we have a long history of giving back to those in need. We do this through the P&G Children's Safe Drinking Water (CSDW) Program, our disaster relief efforts and our brand programs such as Pampers' partnership with UNICEF.

We are focused in these areas, and we know that protecting the earth and giving back to those in need is a responsibility and a business opportunity. We plan to accelerate our delivery of these objectives by ensuring the full integration of sustainability initiatives within the strategies and plans of our 10 core businesses. Progress versus our goals is owned by our business leaders. We will also support each of our key brands in making their sustainability vision and actions accessible to consumers and other stakeholders. We look forward to sharing further updates on the positive impact of these important efforts.

I want to thank our employees and external partners who have been involved in this work for making the stories in this report possible. Your efforts represent important progress that inspires us all to do more.

MARTIN RIANT
Group President, Executive Sponsor for Sustainability

Our Goals

We’ve made important progress in our efforts to address climate change.

The environmental focus of this year’s report is on impacting climate change. We’ve made meaningful progress, but there is still much more to do. P&G recognizes the scientific consensus linking greenhouse gas (GHG) emissions and climate change. As a global citizen, we are concerned about the negative consequences of climate change, and we believe prudent and cost-effective action by governments, industry and consumers to reduce emissions to the atmosphere is necessary.

We announced in September that we will reduce the absolute GHG emissions of our operations by 30% by 2020. We plan to achieve this by driving energy efficiencies in our own facilities and moving to renewable fuel sources. In addition, we will help consumers reduce their own GHG emissions when they use our products through product and packaging innovations that enable more efficient product use and energy consumption, as well as continued consumer education.

In order to be successful, we will also need to partner with external stakeholders to reduce GHG emissions in our supply chain by ensuring our sourcing of renewable commodities does not contribute to deforestation and by developing renewable material replacements for petroleum-derived raw materials.

Ensuring that palm is grown and harvested without the further clearing and burning of natural forests, which can impact GHG emissions, climate change and biodiversity, is a priority for the industry. While we are not a big user of PO, we do use ingredients derived from palm kernel oil (PKO) in some of our products, and we are committed to sourcing it sustainably. We have made progress in this area through:

- Traceability — At the end of FY 14/15, 89% of our PO and PKO was tracked to the PO mill and PKO mill level. We are on track to reach our 100% PO and PKO traceability goal by the end of 2015.
- No-deforestation plan — We have reviewed the initial no-deforestation plans from our palm suppliers and are working together to ensure robust, time-bound policies and systems are in place to meet our requirements. We are also partnering with industry experts to develop new approaches to help the many thousands of smallholders in our supply chain comply with our no-deforestation objectives.
- Certification — Currently 100% of our PO and PO derivatives are either Roundtable on Sustainable Palm Oil (RSPO) mass-balance certified or covered by Green Palm certificates. We have reviewed the initial no-deforestation plans from our palm suppliers and are working together to ensure that robust, time-bound policies and systems are in place to meet our requirements.

Furthermore, we achieved our goal of having 100% of the virgin wood fiber used in our tissue/towel and absorbent hygiene products third-party certified. We also maintained our focus on Forest Stewardship Council® (FSC) certification and achieved 51% FSC®-certified material in our tissue/towel products.

I have every confidence we will meet our long- and short-term goals outlined in this report, and as I reminisce on how far we’ve come, I am inspired by the many people who have been part of the program and those continuing the efforts. It has been an unbelievably fulfilling experience.

LEN SAUERS
Vice President, Global Sustainability

We became a member of Climate Savers, a program to help leadership companies accelerate their efforts toward addressing climate change.

We joined RE100 to engage, support and showcase influential companies who've committed to using 100% renewable power.

At P&G, we're committed to reducing greenhouse gas emissions impacting climate change. We've taken several steps to increase our commitment to renewable energy.

We joined the Corporate Renewable Energy Buyers' Principles in collaboration with peers to deliver more affordable, clean energy today and in the future.

We signed the American Business Act on Climate Change to reinforce our commitments and encourage others to take action on climate.

Environmental Sustainability

We want people who choose P&G brands to know that our products are created with a commitment to sustainability. From formulation to manufacturing to package design and shipment, our products are made responsibly and without trade-offs in performance or value.

RENEWABLE ENERGY

Biomass Plant

To advance progress against our 100% renewable energy vision, we announced in February that we are partnering with Constellation to build a 50-megawatt biomass plant at our Albany, Ga., plant, one of P&G's largest U.S. facilities where we make Charmin and Bounty products. This facility will produce 100% of the steam and up to 70% of the total energy for the site from renewable sources and, along with the Tylers Bluff wind farm in Texas (see story below), will nearly double our global use of renewable energy. Constellation will build, own and operate the $200 million cogeneration plant that is expected to begin commercial operations in June 2017. P&G and Constellation also proactively developed fuel-procurement standards to ensure the incoming scrap wood used at the plant is responsibly and sustainably sourced.

The Albany biomass plant and the Tylers Bluff wind farm will nearly double our global use of renewable energy.

RENEWABLE ENERGY

Wind Farm

We announced we are going to partner with EDF RE to build a wind farm that will produce enough wind power electricity to manufacture 100% our Fabric and Home Care products such as Tide, Downy, Febreze and Cascade in the U.S. and Canada by the end of 2016. To accomplish this, the wind farm in Texas will bring 100 megawatts of renewable power online. This is the equivalent of eliminating 200,000 metric tons of GHG emissions per year, demonstrating P&G's commitment to support new sources of renewable energy and reduce GHG emissions.

WASTE

Zero Waste to Landfill

Currently, 68 sites have achieved zero manufacturing waste to landfill (ZMWTL), which is nearly half of our global sites. In addition, we now have four countries where 100% of the manufacturing sites within the country have achieved ZMWTL—Germany, Japan, Poland and Vietnam. As a result of these actions, we have generated more than $1.6 billion in value for the Company through savings and revenue creation.

This important progress is a direct result of the internal and external partnerships being led by our Global Asset Recovery & Purchases (GARP) team, our manufacturing plants, our distribution centers and our recycling vendors.

68 sites

have achieved zero manufacturing waste to landfill

$1.6 billion

generated in value

PACKAGING

Packaging Improvement

In most parts of Western Europe, Pampers eliminated boxes for some of our large packs and started using bags only. This change resulted in more than an 80% reduction in packaging material in weight per diaper. This saved more than 6,000 tons of packaging (the equivalent of 4,000 mid-sized cars). We also used nearly 10% less plastic, which saved 900 tons of plastic. Because of this packaging improvement, we were able to ship more diapers on each pallet using about 14,000 fewer pallets, resulting in more than 400 fewer trucks on the road. This also saved more than 160 tons of CO_2 emissions. Consumers also told us they like the new bags because they are easier to transport and store.

P&G is committed to

ZERO

deforestation in our palm supply chain.

RESPONSIBLE SOURCING

Palm Oil

At P&G, we are unequivocally committed to achieving zero deforestation in our palm supply chain and using our innovation strength to drive positive change in the industry. We have been driving progress via a three-pillar approach. First, we are working with suppliers to ensure they meet our traceability and no-deforestation requirements. Second, our small-farmers program is working to improve practices and livelihoods for smallholders in the PKO supply chain. Finally, we are working with the industry and nongovernmental organizations (NGOs) to set standards and methodologies. We continue to connect and collaborate with multiple stakeholders to drive harmonized industry standards and approaches to advance P&G and industry-wide PO efforts.

PRODUCT FORMULATION

No Prewash Needed

In the U.S., Cascade Platinum Action Pacs clean stuck-on food in just one wash, with no prewash needed. This enables P&G to help consumers reduce their water use with every pot, plate or pan they put in the dishwasher. In fact, for each person who skips the prewash, up to 2,600 gallons of water can be saved in a household per year (based on an average of 12.5 gallons of prewashing water used and an average of four loads per week). This innovative technology is getting us closer to our goal of providing 1 billion people around the world with access to water-efficient products by 2020.

2,600 gallons

of water can be saved when prewash is skipped

TRANSPORTATION

Optimizing Distribution

In 2013, P&G made a stretching commitment to move 20% of our North America truck transportation to cleaner-burning natural gas within two years. The intent was to spur innovation and additional infrastructure that would benefit both P&G and other natural-gas users. We have more than tripled our amount of active compressed natural-gas (CNG) lanes since last year and have realized several million dollars in fuel savings. This year, we have logged more than 14 million miles and have contracts in place that will enable us to move 25% of our North America truck transportation to natural gas by next year.

PACKAGING

Driving Progress on Recycling

Last year, we announced that P&G joined forces with several large, multi-national companies to form the Closed Loop Fund (CLF), a social impact investment fund providing cities with access to the capital required to build comprehensive recycling programs. This year, CLF announced its first three investments totaling $7.8 million in capital, which in turn unlocked an additional $17 million from other public and private co-investors. P&G has also joined The Recycling Partnership (TRP), a national recycling non-profit organization with a focus on supporting public-private partnerships that serve to improve residential recycling in the U.S. Innovative partnerships such as these will play a key part in increasing the availability of recycled materials and ultimately help move us closer to our vision of zero waste to landfill.

Social Sustainability

For more than 175 years, doing the right thing has been at the core of P&G's purpose, values and principles. This includes investing in the communities where we live, work and serve.

P&G Children's Safe Drinking Water

This year, the P&G CSDW Program celebrated its 10th anniversary of sharing the power of clean water with families who need it most. With more than 175 years of experience developing cleaning technologies, P&G scientists invented P&G Purifier of Water, which was based on research behind our laundry detergents. This packet puts the power of clean water into a small sachet the size of a tea bag. Working with more than 150 partners, the CSDW Program has shared 8.9 billion liters of clean water in more than 75 countries, helping to save lives and prevent illness to keep people healthy, enable access to education and create economic opportunities that help families to thrive.

This year P&G distributed more than 130 million P&G packets to emergency relief and development programs around the world, and CSDW expanded operations in 20 countries, including Argentina, Indonesia and Kenya, where the recipient of the 8 billionth liter was Boniface O. and his family, who live near Kisumu in western Kenya. Through a community program with P&G partner CARE International, Boniface learned how to purify water with P&G packets at his school. In the past, he used to get sick and miss school from drinking dirty water, but now he is healthy, strong and able to attend class. He and his classmates share the packets and healthy hygiene habits with their families, which has helped transform the health of the local community.

P&G is committed to playing its part to help end the global water crisis. With the support of our leading brands and our partners, we have committed to delivering 15 billion liters of clean drinking water through the CSDW Program by 2020. We will continue to use our global marketing reach to raise awareness of the global water crisis, engaging consumers to get involved and help save lives through the power of clean water.

Disaster Relief

The P&G Disaster Relief program is committed to helping rebuild lives after widespread disasters by providing the comforts of home that people need. In FY 14/15, P&G responded by providing in-kind product and monetary donations to more than 25 disasters globally. These included support for the Ebola outbreak in West Africa, families displaced by conflict in Ukraine, earthquake relief in China, Panama floods and the tropical cyclone in Vanuatu. The biggest response this year was to help those affected by a devastating 7.8 magnitude earthquake that struck Nepal in April 2015. In the days and weeks that followed, a massive humanitarian aid effort was organized to help respond to the critical need for food, water, shelter and other necessities. In the immediate aftermath, P&G provided product donations from brands such as Whisper and Vicks and monetary donations to some of its long-standing emergency relief partner organizations, including AmeriCares, CARE, International Medical Corps, Save the Children and World Vision. Through the P&G CSDW Program, we helped to distribute enough packets to provide 20 million liters of clean drinking water in collaboration with our partners CARE, DayOne Response, HOPE, IMC, PSI, Thai Red Cross, Vishal Group, World Vision and World Wildlife Fund. Employees also generously donated to a global P&G matching disaster relief fund for Nepal.

20 million

liters of clean drinking water in the aftermath of the Nepal earthquake

Always

For the last 30 years, Always, the leader in global feminine care, has accompanied and empowered young girls through better understanding of their bodies and the complex, transformative time of puberty. Always' puberty education program reaches up to 20 million girls a year in 65 countries. In 2014, new Always research revealed that girls experience a drop in confidence at the start of puberty with their first period. Stopping the drop in confidence became Always' mission. In June 2014, Always launched the #LikeAGirl campaign with a film that shows how harmful words can contribute to lower self-confidence. The film has been viewed more than 90 million times across the globe, demonstrating the profound effect the phrase "like a girl" can have on girls' self-confidence. Millions of girls around the world have rallied to change #LikeAGirl to mean amazing things. This massive engagement has started to change public perception: while only 19% of girls had a positive association with the phrase "like a girl" before the campaign, 76% agree they no longer view the phrase as an insult after watching the Always #LikeAGirl film.*

Safeguard

Safeguard knows that clean hands save lives and make families healthy and happy. It is clinically proven that washing hands with soap and water can prevent almost 4 million children per year from dying before their 5th birthday. In FY 14/15, Safeguard reached over 6.8 million children through school education. Safeguard is committed to teaching school children good hygiene habits that will keep them healthy and free from preventable illnesses such as diarrhea, coughs and colds through school programs and an online hub with resource materials for moms and teachers alike. Safeguard's superhero, Commander Safeguard, teaches healthy hand-washing habits though school visits, videos, animations, story books and games.

Pantene

Pantene Beautiful Lengths provides free, real-hair wigs to women who have lost their hair due to cancer treatments. Since 2006, more than 800,000 ponytails have been donated and 42,000 wigs have been created. The wigs are distributed through American Cancer Society wig banks at no cost to cancer patients. Many of the women helped say that putting on a wig makes them feel like themselves again. In 2014, the Pantene Beautiful Lengths Fund was established in partnership with the Greater Cincinnati Foundation, enabling people who are unable to donate their hair to get involved in the program and to help create more wigs than ever before.

800,000

donated ponytails

42,000

wigs created

Secret

Secret's Mean Stinks program exists to encourage girls to put an end to girl-to-girl bullying. Bullying in social media is increasing, with 55% of teens having witnessed bullying online. Secret's "Gang of Good" has generated over 2 million acts of nice by putting the power directly in girls' hands. Last year, Mean Stinks held the Biggest Assembly Ever, viewed by 2,000 schools across the nation, where the brand discussed the negative effects of bullying and how to end it. Secret also developed an anti-bullying curriculum with Cincinnati Children's Hospital (GirlsGuideToEndBullying.org) that has been proven to decrease the experiences of being bullied through tips, activities and advice that girls can apply to their lives. In the upcoming year, Secret will partner with Teen Vogue to encourage girls to take a pledge and share how they will end bullying on social media.

*Always Puberty & Confidence Wave II Study, 2015

2020 Goals Progress

We are working toward our long-term vision of:

- Powering all our plants with 100% renewable energy
- Using 100% renewable or recycled materials for all products and packaging
- Having zero consumer and manufacturing waste go to landfills
- Designing products that delight consumers while maximizing the conservation of resources

We have established specific goals to demonstrate we are making progress against our long-term vision. The table below updates progress against our goals.

GOAL	RESULT
Conservation of Resources	
• Reduce energy use at P&G facilities by 20% per unit of production by 2020.*	• Since 2010, we have reduced our energy usage by about 15%.
• Reduce absolute GHG emissions by 30% by 2020*.	• Since 2010, we have reduced our absolute GHG emissions by 4%.
• Ensure 70% of all washing machine loads are washed in cold water.	• Our data indicates the percentage of global washing machine loads washed in cold water increased from 38% to 56%.
• Reduce truck transportation kilometers by 20% per unit of production.*	• We reduced our truck transportation by approximately 25% per unit of production, exceeding our goal.
• Reduce water use in manufacturing facilities by 20% per unit of production with conservation focused on water-stressed regions.*	• We have reduced water usage by about 21%, exceeding our goal.
• Provide 1 billion people access to water-efficient products.	• In FY 14/15, we estimate that approximately 140 million consumers had access to water-efficient products.
• Reduce packaging by 20% per consumer use.*	• Since 2010, we have reduced packaging by approximately 10% per consumer use.
• Double use of recycled resin in plastic packaging.*	• This year, we used approximately 29,200 tons of post-consumer resin (PCR) in our plastic packaging, which represents an increase of approximately 12% vs. baseline.
• Ensure 90% of product packaging is either recyclable or programs are in place to create the ability to recycle it.	• In FY 14/15, approximately 85% of our packaging was considered recyclable.
Renewable Resources	
• Ensure plants are powered by 30% renewable energy.	• Our use of renewable energy is approximately 9%. We continue to evaluate and expand our portfolio of energy sources.
• Create technologies by 2020 to substitute top petroleum-derived raw materials with renewable materials, as cost and scale permit.	• The capability to substitute plastic resins has been demonstrated while work on other key material classes continues.
• Ensure traceability of PO and PKO to our supplier mills by December 31, 2015, and to plantations by 2020 to ensure zero deforestation in our PO supply chain, with a commitment to working with small farmers.	• We will achieve our 2015 traceability goal by December 31, 2015, and continue to make progress on our smallholder efforts.
• Have 100% of the virgin wood fiber used in our tissue/towel and absorbent hygiene products be third-party certified by 2015.	• This year we met our goal of having 100% of the virgin wood fiber used in our tissue/towel and absorbent hygiene products be third-party certified.
• Have 100% of our paper packaging contain either recycled or third-party-certified virgin content by 2020.	• Approximately 97% of materials surveyed this year were either recycled or third-party-certified virgin content.
Worth from Waste	
• Conduct pilot studies in both the developed and developing world to understand how to eliminate landfilled/dumped solid waste.	• We are involved in a number of waste-reduction pilot projects in both developed and developing regions including participation in the Closed Loop Fund (CLF), The Recycling Partnership (TRP) and our Waste to Worth program in the Philippines.
• Continued progress on ZMWTL.	• 68 sites, which accounts for nearly 50% of our manufacturing sites, have reached zero manufacturing waste to landfill (ZMWTL).
Social Programs	
• Improve the lives of 50 million people each year through our social sustainability programs.	• This year, we estimate P&G has benefited more than 50 million people through programs like P&G CSDW, Always #LikeAGirl, Pantene Beautiful Lengths, Safeguard Hand Washing and Disaster Relief around the world.**
• Provide 15 billion liters of clean drinking water by 2020.	• The P&G CSDW Program has delivered more than 9 billion liters of clean drinking water and is on track to meeting the 2020 goal.

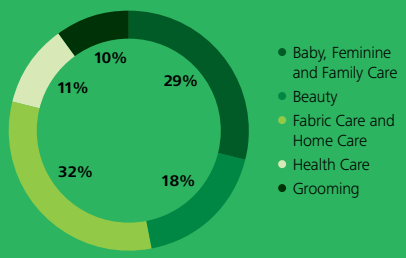
* Using 2010 as a baseline.
** The number of people reached is an estimate based on self-reporting in collaboration with charitable partners.

ABOUT P&G

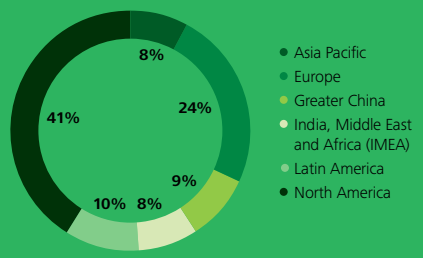
P&G serves nearly 5 billion people around the world with its brands. The Company has one of the strongest portfolios of trusted, quality, leadership brands, including Always®, Ambi Pur®, Ariel®, Bounty®, Charmin®, Crest®, Dawn®, Downy®, Fairy®, Febreze®, Gain®, Gillette®, Head & Shoulders®, Lenor®, Olay®, Oral-B®, Pampers®, Pantene®, SK-II®, Tide®, Vicks® and Whisper®. The P&G community includes operations in approximately 70 countries worldwide. Please visit http://www.pg.com for the latest news and in-depth information about P&G and its brands.

2015 NET SALES: $70.7 BILLION[1][2]

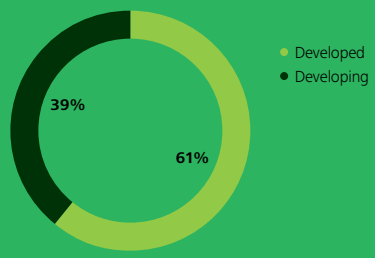
BY BUSINESS SEGMENT



BY GEOGRAPHIC REGION



BY MARKET MATURITY



(1) Results exclude sales for several Beauty categories P&G plans to exit, as the Company announced on July 9, 2015. Please see www.pginvestor.com for the informational 8-K furnished on September 8, 2015, and the revised Form 10-K for FY 14/15 furnished on October 26, 2015, which provide more details of the impacts to the Company's financial results due to this change.
(2) These results exclude net sales in Corporate.

RESOURCE AND WASTE SUMMARY

The table below reports environmental statistics for Manufacturing Operations in the Global Business Units, Technical Centers and Distribution Centers.

	Totals (absolute units x 1,000)			2015 Global Business Unit Detail[1] (absolute units x 1,000)					
	2015	2014	2013	Baby, Feminine and Family Care	Beauty	Fabric and Home Care	Grooming	Health Care	Other
Production (metric tons)									
Product Shipped[2]	**27,997**	28,331	26,570	5,319	1,930	19,572	814	360	N/A
Raw Materials from Recycled Sources[3]	**699**	859	592						
Waste (metric tons)									
Generated Waste	**797**	1,127	856	321	103	280	35	34	24
Percent Recycled/Reused Waste	**89%**	90%	81%	92%	80%	89%	97%	90%	71%
Disposed Waste (metric tons)									
Waste Disposed	**89**	109	163	25.78	9.45	43.21	0.93	3.50	5.66
Solid Waste—Non-Hazardous	**52**	72	123	13.87	5.94	24.38	0.08	3.19	4.23
Solid Waste—Hazardous	**5**	5	11	0.16	0.21	3.33	0.04	0.05	0.88
Effluents (excluding water)[4]	**21**	19	17	4.67	2.91	12.40	0.53	0.14	0.38
Air Emissions[5]	**11**	12	11	7.08	0.39	3.11	0.28	0.12	0.16
Energy and GHG									
Energy Consumption (gigajoules)	**64,849**	69,076	68,349	38,876	3,825	14,700	2,670	1,605	3,173
Total GHG (metric tons)[6]	**5,256**	5,368	5,483	2,956	343	1,296	215	158	287
Scope 1—Direct GHG Emissions (metric tons)	**2,304**	2,385	2,220	1,620	78	420	68	34	83
Scope 2—Indirect GHG Emissions (metric tons)[7]	**2,952**	2,983	3,263	1,336	265	876	147	124	204
Biogenic GHG Emissions (metric tons)	**232**	236	242	232	N/A	N/A	N/A	N/A	N/A
Water (cubic meters)									
Water Consumption	**68,594**	70,085	73,869	43,234	5,475	15,297	1,087	1,340	2,162

1 metric ton = 1,000 kg = 2,205 lbs.
(1) For 2015, Baby, Feminine and Family Care includes Baby Care, Feminine Care and Family Care. Beauty includes Beauty Care, Prestige, Salon Professional and Personal Beauty Care. Fabric and Home Care includes Fabric Care, Home Care, Batteries and Chemicals. Grooming includes Blades and Razors and Devices. Health Care includes Personal Health Care, Oral Care and Pet Care. Technical Centers includes major office buildings as well as technical and research centers that support the business units. Distribution Centers includes facilities that distribute finished product. Numbers do not include production from contract manufacturing operations.
(2) Estimated from shipment figures.
(3) Data is tracked at a corporate level.
(4) Wastewater chemical oxygen demand (COD).
(5) Air emissions include particulates, SO_2, NO_X, CO and VOC.
(6) Total GHG emissions = Scope 1 + Scope 2. Scope 2 emissions calculated using a market-based method.
(7) Market-based Scope 2 GHG emissions. Note: Location-based Scope 2 emissions for 2015 were 3,076,000 metric tons.

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