

Gillette®

MARKET

In 1926, the year of the Company's 25th anniversary, King C. Gillette wrote of the Company's flagship product, the safety razor, "There is no other article for individual use so universally known or widely distributed. In my travels, I have found it in the most northern town in Norway and in the heart of the Sahara Desert."

These words could just as easily be written today — not just about their razors, but about the wide range of top-selling Gillette products.

At the end of 2005 Procter and Gamble and Gillette combined into one company and, as a result, five more Billion Dollar Brands were added to P&G's product portfolio including Gillette and Braun's shaving and grooming products, the Oral-B dental care line and Duracell batteries.

From Boston to Bangkok, Johannesburg to Mexico City to Berlin, the modern traveller encounters a Gillette product portfolio far broader than any envisioned by the Company's founder. Gillette is the global market leader in nearly a dozen major consumer products categories, principally in the grooming, alkaline battery and oral care businesses.

Gillette is a globally focused consumer products marketer that seeks competitive advantage in quality, value-added personal care and personal use products. Gillette are committed to building shareholder value through sustained profitable growth.

ACHIEVEMENTS

In the more than 100 years since the Company was founded Gillette has gained, held and strengthened leadership positions through the Company's strategy of managing its business with a long-term, global perspective.

This demonstrated ability to generate long-term, profitable growth in a changing global marketplace rests on several fundamental strengths. These include a constantly increasing accumulation of scientific knowledge in core businesses, innovative products that embody meaningful technological advances and an immense manufacturing capability that produces billions of flawless products every year - reliably, efficiently and cost-effectively.

HISTORY

100 years ago, US travelling salesman King C. Gillette had the idea of developing a safe and easy to use razor — an idea which was to revolutionise the shaving market. His frustration with the traditional cut-throat shaving led him to start work on a model razor and so the Gillette Company was founded in Boston in 1901. Gillette's early success was built on strong technological foundations. The wafer thin metal needed to make the razor blade was dubbed by Thomas Edison to be a technological impossibility. However, Gillette broke new ground with the development of a new process for tempering and hardening mass-produced steel. In 1903 the Gillette Safety Razor was finally launched.



In spite of a slow start (only 51 razors and 168 blades sold in the first year) more than 90,000 Americans possessed a safety razor by the end of the Gillette second year of trading. The safety razor had already become a hit. It was deemed to have changed the face of a nation. In 1905 the rapidly growing company established a factory in South Boston under the new name of the Gillette Safety Razor Company. Strong domestic growth prompted international expansion. Overseas operations commenced in 1905, with a manufacturing plant just outside Paris and a sales office in London. Annual blade sales had risen to

more than 40 million units before the outbreak of World War I.

The Great War saw Gillette become the first supplier of razors to the US Army when the US Government decided to issue each of its servicemen with their own shaving equipment. 3.5 million Safety Razors and 36 million blades were duly supplied.

The company has come a long way since its first patent in 1904. Techmatic, the first system razor, was introduced in 1967. Its 'continuous band' meant that consumers would no longer have to touch the blade. This was followed in 1971 by the G11, the world's first twin bladed system. The first twin bladed disposable razor followed in 1876 and Contour, the first razor with a pivoting head, arrived in 1977.

While developments in the 1960s and 1970s focused mainly on blades, the 1980s and 1990s saw improved features for a smoother, more comfortable shave. The Contour Plus in 1985 heralded the first lubrastrip and 1990 saw the company's first ever Pan Atlantic launch with introduction of Sensor in sixteen countries. This razor featured the first spring mounted blades and shell-bearing pivot. Then three years later, the SensorExcel was launched with soft flexible microfins. Mach 3 finally arrived in 1998, introducing the revolutionary triple bladed shaving system. Built on the Mach 3 family, M3Power was launched recently (in the Middle East market) early in 2006, the world's first battery powered wet shaver for men, that outperformed all men's shaving systems, including MACH3Turbo — the world's leading razor — in closeness and comfort, by shaving more hair, closer in one easy power stroke.

Gillette produced the first-ever razor for women, called the Milady Decollete in 1915 and the first disposable for women called Gillette Daisy in 1975. The ground-breaking Gillette for Women Sensor arrived in 1992, which was then surpassed by the new and very much improved SensorExcel for women.

PRODUCT

Transforming innovative ideas into useful daily products sold at a fair price engenders another fundamental Gillette strength — strong and enduring consumer brand loyalty around the world.

Skillful marketing of superior technology to achieve worldwide leadership is the goal of The Gillette Company. It is a goal pursued in global businesses that are large and healthy, with tremendous potential derived from normal market development, as well as from growth stimulated by new products. Nowhere are these qualities more evident than in the Company's powerful grooming, battery and oral care franchises.

As its exceptional performance throughout the 20th century has shown, Gillette is without peer in the grooming business. The Company has the scientific knowledge to create, and the technical ability to develop and produce, hair removal products that deliver a superior shave, whether wet or dry, whether for men or women. An array of premium quality shaving preparations and after-shaves complements the shaving process and rounds out the Gillette grooming franchise. Additional market presence and support is provided by the Company's well-established deodorant/antiperspirant brands.

Batteries are another thriving worldwide business in which the Company competes successfully. Duracell, the most popular brand of alkaline batteries in the world, is the clear global leader in the growing alkaline battery market.

Today consumers around the world are embracing a growing number of portable digital electronic devices. Enhancing its growth prospects Duracell offers strategic power-consulting services to leading device manufacturers to further the inclusion of alkaline batteries as a power source in these increasingly popular consumer devices.

Another large global business offering sizable growth opportunities for the Company is oral care. It has been Gillette's fastest-growing business in recent years.

The Company's Oral-B brand holds the global leadership positions in manual and power toothbrushes.

Within its powerhouse businesses of grooming, batteries and oral care the Company has a formidable portfolio of global brands. These seem poised for growth as Gillette products across a spectrum of product performance and price points continuously attract new consumers.

In the grooming business the great majority of male Gillette shavers in developing markets use double-edge blades. The first step up the performance/price ladder for these consumers is to advance to Gillette twin-blade shaving systems or disposable razors. In more developed markets the movement may be entirely within the systems category as consumers trade up from twin-blade to triple-blade shaving.

Similarly, more than 75% of the world's consumers of batteries use less costly zinc carbon batteries rather than better performing alkaline. Once converted to Duracell alkaline batteries these consumers can then trade up to the advanced technologies and top performance of the Duracell brand.

Oral care offers a comparable opportunity as consumers trade up from regular Oral-B manual toothbrushes to the premium-priced CrossAction manual toothbrush and then move on to power-assisted Oral-B toothbrushes - which generate a highly profitable refill brush-head business.

These leading global brands are the strength of The Gillette Company. They demonstrate their global commitment to growth through innovation which will assure the Company's long-term competitive success as a world leader in the consumer products marketplace.



RECENT DEVELOPMENTS

The pioneering launch of Mach3 in 1998 added over \$45 million to the value of the wet shaving market in its first year alone, securing Mach3 a 32% share of male system blade sales.

Gillette Middle East launched its latest innovations in the male grooming sector in January 2006 in the ME market: M3Power and Mach3 Shave Gel. M3Power is the world's first battery powered shaving system for men. It is a wet shaving system that is a MACH3 innovation and combines breakthrough blade and razor technologies with innovative engineering for a totally new shaving experience that delivers the world's best shave. Gillette also launched Mach3 Shave Gel, also a Mach 3 innovation, the next generation gel that offers of the Gillette's best razor glide.

Another success story has been Arctic Ice. The Gillette Series Range was introduced in 1993 as a response to the ever expanding market. Cool Wave was the first fragrance followed by Wild Rain and Pacific Light. Arctic Ice was launched in February 2000, quickly becoming the number one Series fragrance in body sprays, clear gels, splash and shave gel.

Gillette Mach3 Shave Gel is specially formulated to make Gillette's Best Shave even Better! It uses the same advanced Anti-Friction™ technology found in the MACH3 line of products to provide Gillette's best razor glide and continuous protection against nicks and cuts. With Aloe as a main ingredient the new gel serves as a skin softener whereas the Vitamin E moisturises skin and beard for a smoother and less irritable shave. Available in "fragrance free" and "refreshing" variants, Mach3 "fragrance free" Shave Gel gives all men the freedom to apply their favourite after shave or perfume fragrance without risking odor conflict; the choice of "fragrance free" also makes the new gel perfectly suitable for men with sensitive skin.

Gillette for women has introduced a funky new collection of products aimed at appealing to a wider female audience. The range combines fashionable colours and fragrances with Gillette's most advanced shaving technology available for women. The SensorExcel for Women is now available in three new shades — pink, blue and silver. Two new Satin Care Moisture Rich Shave Gels have been developed with light and subtle new fragrances - Wild Berry and Flower Twist and packaged in fashionable techno-silver cans to complement the razors. These new gels, as with all Satin care gels, include moisturisers and skin conditioners, keeping legs feeling smooth and smelling great.

PROMOTION

An international brand leader such as Gillette maintains its superiority by constantly reviewing its approach to the public then tailoring promotions to make as much impact as possible. Gillette are past-masters at this art of ensuring that their products reach the widest possible audience. Recently the UAE has seen Gillette present a massive campaign of advertising and in store promotions to raise public awareness of its new Gillette Mach3Turbo.

Gillette are also firm supporters of many sporting events which they continue to assist with sponsorship packages designed to reaffirm the established relationship between excellence in sporting achievement and the Gillette brand.

BRAND VALUES

The Gillette Company's Vision is to build Total Brand Value by innovating to deliver consumer value and customer leadership faster, better and more completely than their competition. This Vision is supported by two fundamental principles that provide the foundation for all of their activities: Organisational Excellence and Core Values.

Attaining their Vision requires superior and continually improving performance in every area and at every level of the organisation. Their performance will be guided by a clear and concise strategic statement for each business unit and by an ongoing Quest for Excellence within all operational and staff functions. This Quest for Excellence requires hiring, developing and retaining a diverse workforce of the highest calibre. To support this Quest each function employs metrics to define, and implements processes to achieve, world-class status. As the Gillette Company work towards their Vision three core Values define the way they operate:

ACHIEVEMENT

Gillette are dedicated to the highest standards of achievement in all areas of their business. They strive to consistently exceed the expectations of both external and internal customers.

INTEGRITY

Mutual respect and ethical behaviour are the basis for their relationships with colleagues, customers and the community. Fair practice is the hallmark of the Company.

COLLABORATION

Staff members work closely together as one global team to improve the way they do business every day. They communicate openly and establish clear accountability for making decisions, identifying issues and solutions and maximising business opportunities.

www.gillette.com



Things you didn't know about Gillette

In the Stone Age, women used sharpened rocks and shells to scrape off unwanted hair.

On average, men's beards have the same number of hairs as a woman's legs and underarms combined. However, women shave an area that is approximately nine times larger than men's.

Beard hair, when dry, is the same strength as copper wire.

On average, a man's beard grows 15/1,000 of an inch a day and 5.5 inches a year.

During his lifetime a man will spend approximately 3,350 hours removing 27.5 feet of whiskers from his face.

Three billion times a day, P&G brands touch the lives of people around the world. The company has one of the strongest portfolios of trusted, quality, leadership brands, including Pampers®, Tide®, Ariel®, Always®, Whisper®, Pantene®, Mach3®, Bounty®, Dawn®, Pringles®, Folgers®, Charmin®, Downy®, Lenor®, Iams®, Crest®, Oral-B®, Actonel®, Duracell®, Olay®, Head & Shoulders®, Vella®, Gillette® and Braun. The P&G community consists of almost 140,000 employees working in over 80 countries worldwide.

Superbrands