



Creating a Global Innovation Network to Better Serve Consumers



 connect + develop

Connecting with the world's most inspired minds. Developing products that improve consumers' lives.

We've collaborated with outside partners for generations – but the importance of these alliances to P&G has never been greater.

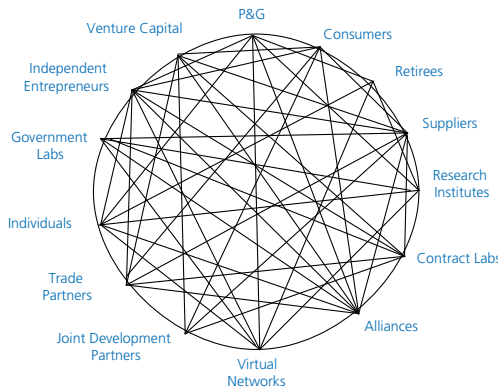
Our vision is simple. We want P&G to be known as the company that collaborates – inside and out – better than any other company in the world.

I want us to be the absolute best at spotting, developing and leveraging relationships with best-in-class partners in every part of our business. In fact, I want P&G to be a magnet for the best-in-class. The company you most want to work with because you know a partnership with P&G will be more rewarding than any other option available to you.



Handwritten signature of A.G. Lafley in black ink.

A.G. Lafley
Chairman of the Board,
President and Chief Executive
The Procter & Gamble Company



P&G has a history of acquiring technologies from outside our Company. What is particularly new in our Connect + Develop approach to external relationships is our strong focus on ready-to-go innovations. We are particularly interested in solutions that have already been reduced to practice in some part of the world, and in disruptive ideas for our business categories. Through our C+D relationships, we continually search for products, packaging, technologies and commercial opportunities that can be reapplied to P&G's brands and rapidly introduced to better serve consumers.



Handwritten signature of Gil Cloyd in black ink.

Gil Cloyd
Chief Technology Officer
The Procter & Gamble Company

Introducing P&G

Procter & Gamble is a global provider of consumer products, touching the lives of people around the world more than two billion times each day.

Success on a Global Scale

- \$43 billion in sales
- #1 or #2 brand in more than 80% of our categories
- 5 billion consumers worldwide

P&G Products in Diverse Categories

With nearly 300 brands in more than 160 countries, P&G strives to provide superior quality and value to improve the lives of the world's consumers. Our diverse product categories include:

- Antiperspirants
- Baby Care
- Colognes
- Commercial Products
- Cosmetics
- Deodorants
- Dish Care
- Feminine Protection
- Hair Color
- Health Care
- Household Cleaners
- Laundry
- Oral Care
- Paper Products
- Personal Cleansing
- Pet Health and Nutrition
- Prescription Drugs
- Prestige Fragrances
- Skin Care
- Snacks and Beverages
- Special Fabric Care

P&G's Billion-Dollar Brands

P&G currently produces 13 brands with global sales in excess of \$1 billion each.

The Innovation Leader in the Consumer Packaged Goods Industry

In the past five years, the annual study published by Information Resources, Inc. has consistently ranked P&G products among the top ten new brands and line extensions in the consumer packaged goods industry.

Here are examples of recent top innovations.

- Folger's Coffee House** – gourmet coffees
- Pampers Baby Fresh** – cleansing wipes
- Febreze** – fabric refresher
- Swiffer** – cleaning system
- Iams** – premium dog and cat foods
- Dryel** – home dry cleaner
- Pampers Rash Guard** – special care diapers
- Crest Whitestrips** – tooth whitener
- Crest SpinBrush** – powered toothbrush
- ThermaCare** – air-activated heat wraps



Our Strong History of Innovation

Research and Development

Inspiring great minds and breakthrough innovation

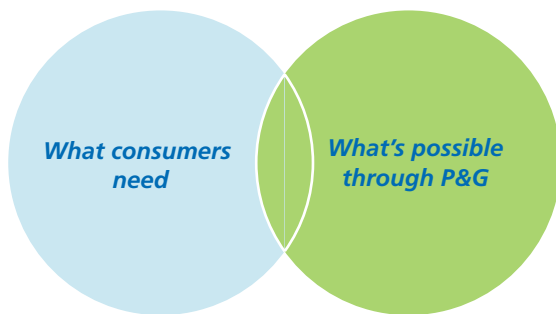
From our beginnings in 1837 as a soap and candle company to our current position as a global consumer products leader, Procter & Gamble has embraced the innovative principles of research and development. P&G brands have been, and continue to be, developed to provide consumer value based on the application of science.

While today's consumer market is global in reach, it remains driven by the cultural preferences and demands of communities from Latin America to Africa to Southeast Asia and beyond.

Five billion consumers drive the innovative nature of P&G's 7,200-strong R&D staff. Exploring new possibilities in more than 150 sciences, P&G researchers continually strive to meet consumers' diverse needs by developing exceptionally high-quality products.



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P&G delivers superior products by clearly understanding consumers' needs and developing solutions with our best-in-class technical capabilities.

R&D's Global Presence

- 4 continents
- 9 countries
- 20 R&D facilities
- More than 7,200 R&D resources
- Nearly 1,000 PhDs

P&G – An Innovation Leader

- R&D expenditures of more than \$1.6 billion in 2003
- More than 28,000 active patents worldwide
- On average, granted one U.S. patent per day
- More than 60,000 trademark registrations and applications worldwide

P&G's History of Innovation



First all-purpose soap combining mildness, excellent cleaning and value



First heavy-duty synthetic laundry detergent



First fluoride toothpaste proven to more effectively prevent cavities



First economically priced, mass-marketed disposable diaper



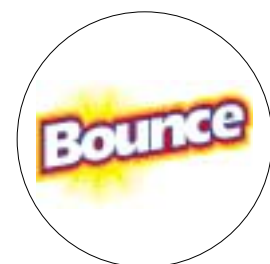
First full-spectrum laundry detergent with enzymes



First formed and stacked potato crisps in an airtight, shelf-stable canister



First dishwashing liquid with grease-cutting superiority



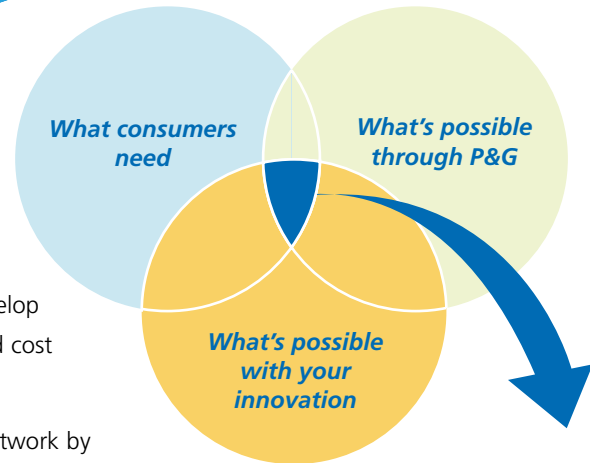
First dryer-added fabric softener

P&G's Connect + Develop Approach

What is Connect + Develop?

Procter & Gamble is accelerating our internal research and development efforts by seeking to leverage the ideas, talents and innovation assets of individuals, institutes and companies around the world. This Connect + Develop approach will allow us to create products to best meet the performance and cost needs of the world's consumers.

Through Connect + Develop, P&G is seeking to build a global innovation network by identifying and connecting with the talents and technologies of today's most prepared minds and capabilities. Within this network, innovative minds like yours may have the solutions that create the next generation of breakthrough products and technologies. By focusing on best-in-class individuals and organizations around the world, mutually beneficial relationships can be forged that will enable us to collaboratively create new products and continuously improve existing brands.



Connect + Develop allows us to quickly create and introduce new innovations by incorporating the capabilities of external resources.

Connect + Develop Successes

Consumers around the world have already realized the benefits of P&G's Connect + Develop strategy. The following products and technologies are examples of the mutually beneficial collaborations we have established through external connections.

Ready-To-Go Technologies

P&G introduced Bounce, the world's first dryer-added softener, after acquiring the product technology from the independent inventor who developed the innovative fabric-care solution.

Ready-To-Go Products

By acquiring the newly introduced SpinBrush, P&G was able to bring a superior oral care brand to market quickly, without undertaking the time and expense of developing an entirely new product.

Ready-To-Go Packaging

Several of our Olay Skin Care products now utilize new consumer-preferred pump dispensers originally developed by a European packaging products company. P&G led a collaborative improvement process to make the original pumps more effective prior to their launch in Olay's North American markets.

Commercial Partnerships

P&G found the perfect complement to the Swiffer brand in a hand-held duster developed by a Japanese competitor. After purchasing the product, P&G leveraged elements of existing manufacturing processes and advertising components to launch Swiffer Duster within 18 months.



Your Next Step: Connect with P&G

Our Needs – Your Opportunity

Procter & Gamble's R&D efforts are focused on 150 areas of science. Because the wealth of knowledge in those areas is not limited to our own R&D resources, Connect + Develop is our initiative to foster an open innovation model – a way of leveraging internally and externally developed innovation assets. By developing mutually beneficial relationships with innovators from other organizations and industries, we can take advantage of cross-boundary innovations and knowledge to create greater opportunities for new and existing P&G brands.

We are currently looking for products, packaging, technologies, processes and commercial connections that will result in game-changing innovation to address unmet consumer needs. Our primary focus is in the following areas of scientific research:

P&G's R&D Strengths

- Enzymes
- Polymers
- Surfactants
- Chelators and builders
- Bleach
- Perfumes and flavors
- Manufacturing and processes
- Product design
- Structural substrate, structured papermaking

Our Innovation Focus

Do you have a game-changing solution in one of P&G's current innovation focus areas? Get connected and make a difference.

- Product formulation/ colloid chemistry
- Specialty polymers
- Bleaching
- Cleaning
- Metal ion control
- Oral care and diseases
- Packaging
- Feminine hygiene and protection
- Absorbent and capillary fiber structures
- Flavors and fragrances
- Fats and oils processing and formulation



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Do you have a new product, technology or process that addresses an unmet consumer need? Can you offer a significant new benefit to one of P&G's existing product categories?

Making the Connection

The next step in the Connect + Develop process is yours.

Procter & Gamble is actively seeking opportunities to connect with innovators from around the world. We want to connect with you if you have the next game-changing products, packaging, technologies, processes and commercial connections to help improve the lives of the world's consumers.

Do you have a cooked solution or innovation capability that would be of interest to P&G?



First...

Determine if your product, packaging, technology, process or commercial connection is in the interest of P&G and our global consumers.

- My innovation addresses a big, unmet consumer need.
- My innovation offers a new benefit to an existing P&G category or brand.
- My packaging solution has been demonstrated.
- My technology is proven and can be quickly applied to a P&G consumer need.
- My product is in use and has evidence of consumer interest.
- I have a game-changing technology or approach.

Next...

- Log on to one of our eR&D network web connections to review existing P&G research opportunities.

www.InnoCentive.com

www.NineSigma.com

www.Yet2.com

- Follow up with your P&G contact.



Do you have the next game-changing product, packaging, technology, process or commercial connection to help improve the lives of the world's consumers?

Will you become a part of P&G's global innovation network?

Visit our Connect + Develop website at www.pgconnectdevelop.com

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