

RECENT PRICE	69.54	P/E RATIO	19.4 (Trailing: 21.1 Median: 22.0)	RELATIVE P/E RATIO	1.21	DIV'D YLD	2.0%	VALUE LINE
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**2011-13 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	115	(+65%)	15%
Low	95	(+35%)	10%

**Insider Decisions**

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	5	0	0	3	0	1	5	0	0
to Sell	3	0	0	5	0	0	4	0	0

**Institutional Decisions**

	2Q2007	3Q2007	4Q2007
to Buy	643	600	645
to Sell	687	709	716
Hld's(000)	1863989	1851946	1853646

Shorts: res  
Shaded area indicates recession

2-for-1

**% TOT. RETURN 2/08**

	THIS STOCK	VL ARITH. INDEX
1 yr.	6.5	-9.3
3 yr.	32.6	17.1
5 yr.	78.6	111.9

<b>CAPITAL STRUCTURE as of 12/31/07</b>	37154	38125	39951	39244	40238	43377	51407	56741	68222	76476	<b>82250</b>	<b>85920</b>	Sales (\$mill) ^	<b>98800</b>
Total Debt \$37097 mill. due in 5 Yrs \$17000 mill.	20.6%	23.2%	22.3%	22.6%	22.5%	23.3%	22.5%	21.7%	23.3%	24.3%	<b>24.1%</b>	<b>24.2%</b>	Operating Margin	<b>24.5%</b>
LT Debt \$23528 mill. LT Interest \$1280 mill. <small>(Lt interest earned: 14.7x; total interest coverage: 12.3x)</small>	1598.0	2148.0	2191.0	2271.0	1693.0	1703.0	1733.0	1884.0	2627.0	3130.0	<b>3150</b>	<b>3200</b>	Depreciation (\$mill)	<b>3500</b>
<small>(26% of Cap'l)</small>	3780.0	4148.0	4230.0	4397.0	5052.0	5731.0	6481.0	6923.0	8684.0	10340	<b>10765</b>	<b>11500</b>	Net Profit (\$mill)	<b>14100</b>
Pension Assets-6/07 \$7.35 bill. Oblig. \$9.82 bill.	33.8%	34.0%	33.1%	32.0%	28.7%	29.0%	30.7%	30.5%	30.0%	29.7%	<b>28.0%</b>	<b>28.0%</b>	Income Tax Rate	<b>28.0%</b>
Pfd Stock \$1406 mill. Pfd Div'd \$148.0 mill. <small>(ESOP owns 84,739,000 Class A shares and 67,327,000 Class B shares; each A and B pfd. share is convertible into one common share.)</small>	10.2%	10.9%	10.6%	11.2%	12.6%	13.2%	12.6%	12.2%	12.7%	13.5%	<b>13.1%</b>	<b>13.4%</b>	Net Profit Margin	<b>14.3%</b>
	1327.0	597.0	4.0	1043.0	d538.0	2682.0	d5032	d4710	4344.0	d6686	<b>d3200</b>	<b>1500</b>	Working Cap'l (\$mill)	<b>47000</b>
	5765.0	6231.0	8916.0	9092.0	11201	11475	12554	12887	35976	23375	<b>37500</b>	<b>35000</b>	Long-Term Debt (\$mill)	<b>30000</b>
	12236	12058	12287	12010	13706	16186	17278	17477	62908	66760	<b>71420</b>	<b>78650</b>	Shr. Equity (\$mill)	<b>95260</b>
Common Stock 3,077,498,216 shs.	22.1%	23.9%	21.4%	21.9%	21.4%	21.5%	22.6%	23.7%	9.3%	12.1%	<b>10.0%</b>	<b>10.0%</b>	Return on Total Cap'l	<b>11.5%</b>
MARKET CAP: \$214 billion (Large Cap)	30.9%	34.4%	34.4%	36.6%	36.9%	35.4%	37.5%	39.6%	13.8%	15.5%	<b>15.0%</b>	<b>14.5%</b>	Return on Shr. Equity	<b>15.0%</b>
CURRENT POSITION	22.3%	24.5%	23.1%	23.8%	24.5%	23.9%	25.0%	26.2%	8.1%	9.4%	<b>8.5%</b>	<b>8.5%</b>	Retained to Com Eq	<b>9.0%</b>
(SMALL )	39%	39%	42%	44%	41%	39%	39%	39%	43%	41%	<b>43%</b>	<b>42%</b>	All Div's to Net Prof	<b>41%</b>

**BUSINESS:** The Procter & Gamble Company makes detergents, soaps, toiletries, foods, paper, & industrial products. Brands include: Always, Head & Shoulders, Olay, Pantene, Wella, Actonel, Dawn, Downy, Tide, Bounty, Charmin, Pampers, Folgers, Iams, Pringles, Gillette, MACH3, Braun and Duracell. Acq. Gillette (10/05). Wal-Mart Stores accounted for 15% of total revenues.

**Procter & Gamble continues to im-**

**press.** The blue chip posted 8% and 15% top- and bottom-line gains, respectively, for the first half of fiscal 2008 (year began July 1st). Despite a more difficult competitive and market environment, P&G's focus on global markets, coupled with its branding- and cost-control initiatives, ought to

ing and cost-control initiatives, ought to enable the household goods conglomerate to post an almost 8% revenue advance this year. Its success in developing markets seems to have set the pace this year, and lower international tax rates ought to help boost profits, as well. Too, Procter approved some aggressive stock-backed

commenced an aggressive stock-buyback program that ought to help the company post double-digit share-net growth in 2008 and 2009.

**Margins should remain relatively stable over the next couple of quarters,** though higher commodity and

energy pricing somewhat pressured the company during the first half of the year. Volume leverage and cost savings projects helped counter the negative impact. And, to further improve profitability, P&G implemented a number of price increases during the March period.

**Some changes are brewing.** During the second quarter, Procter completed the Western European tissue and towel divestiture. P&G plans to separate its coffee business, creating an independent entity, The Folgers Coffee Company. We like this move, as it should help the consumer goods conglomerate focus on its other brands and should augur well for the stand-alone brewer. Management will likely decide the final deal structure during the third quarter, and ought to complete the transaction during the first quarter of 2009. This spin- or split-off may be somewhat dilutive to next year's results.

**Conservative accounts may want to take a closer look here.** PG possesses our Highest Safety and Financial Strength ratings. The blue chip's price performance could steadily improve as the year goes on, should skittish investors flock toward this defensive-behaving equity. But for now, this issue is only ranked to mirror the broader market averages. As a longer-term holding, much of its 3- to 5-year capital gains potential is already reflected in the current quotation.

*Orly Seidman* *April 4, 2008*

<p><b>A)</b> Fiscal year ends June 30th.  <b>B)</b> Based on avg. shares through '96, diluted hereafter. Excl. nonrecurring gains (losses): '93, (98c); '99, (13c); '00, (24c); '01, (53c); '02, (25c); '03, (19c); '08, (02c). Egs. may not sum due to changes in share count. Next egs. rpt due late April. <b>(C)</b> Dividends hist. paid in mid-Feb., May, Aug., and Nov. • Div'd reinvestment plan available. <b>(D)</b> Incl. intang. In '07: \$90.2 bill., \$2.88/sh. <b>(E)</b> In mill., adj. for splits. <b>(F)</b> Restructuring costs are incl. in operating expenses beginning in 2004.</p>	<p>Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.</p>	<p><b>Company's Financial Strength</b> A++  <b>Stock's Price Stability</b> 100  <b>Price Growth Persistence</b> 50  <b>Earnings Predictability</b> 100</p>
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