

THE MARKET

The U.S. dentifrice market is highly competitive, fueled by improved benefits and new product introductions. According to the latest available statistics, the dentifrice market accounts for just over \$2 billion in annual sales and is growing at an annual rate of 2 percent.

The market is segmented into base and premium, with base products offering cavity and tartar protection and premium products offering multiple benefits and whitening. The premium segment is driving category growth as consumers seek new and improved products.

ACHIEVEMENTS

Crest has been a leader in oral care innovations since its introduction in 1955 and has been the leading toothpaste brand in the United States over the past 45 years. In 2005, Crest was thrilled to celebrate its 50th year of providing healthy, beautiful smiles to families across the country.

In 1976, the American Chemical Society recognized Crest with fluoride as one of the 100 greatest discoveries of the previous 100 years. Crest, in 1999, was the first whitening toothpaste to receive the ADA Seal of Acceptance.

In October 2004, Crest Whitestrips Premium won three editorial beauty awards from *Allure* magazine, including Editor's and Reader's choice for Best Teeth Whitener in the Tools category and a Best Beauty Breakthrough award.

HISTORY

The development of a fluoride toothpaste began in the early 1940s when Procter & Gamble started a research program to find ingredients that would reduce tooth decay when added to a dentifrice. At that time, Americans developed an estimated 700 million cavities a year, making dental disease one of the most prevalent U.S. health problems.

In 1950, Procter & Gamble developed a joint research project team headed by Dr. Joseph Muhler at Indiana University to study a new toothpaste with fluoride. The study's startling results indicated that children ages six to 16 showed an average 49 percent reduction in cavities, and adults showed tooth decay reduction to almost the same degree. In 1954, Procter & Gamble submitted the results of its extensive testing to the American Dental Association.

Test marketing of Crest with Fluoristan began in 1955; while initial sales were

disappointing, they moved forward with the national launch in January 1956. With sluggish sales continuing, however, Procter & Gamble was prompted to consider gaining recognition from the ADA to reinforce their decay-preventing benefits to consumers. Beginning in 1954, P&G submitted to the ADA the results of the company's clinical tests. After careful review of the data, the ADA reported on August 1, 1960, that "Crest has been shown to be an effective anticaries (decay preventative) dentifrice that can be of significant value when used in a conscientiously applied program of oral hygiene and regular professional care."

The response was electric. Within a year, Crest's sales nearly doubled. By 1962, they had nearly tripled, pushing Crest well ahead as the best-selling toothpaste in the United States.

THE PRODUCT

Crest's heritage is grounded in the dentifrice market, but the company has expanded into many other oral care product lines. It now offers a broad range of products for dental needs and conducts the nation's best-known activities on behalf of good dental practices among children.

RECENT DEVELOPMENTS

In March 2005, as a result of a strategic alliance between Procter & Gamble and Philips, the IntelliClean system from Sonicare and Crest was launched. This first-of-its-kind integrated power toothbrush and toothpaste dispensing system was designed to clean deep between teeth to bring users one step closer to daily flossing compared to a standard manual brush and paste.

More than 20 million people have tried Crest Whitestrips products. In April 2005, Crest launched its newest product, Crest Whitestrips Premium Plus. In just 10 days, it provides whiter teeth for 18 months — a solution to consumers' need for affordable, long-lasting whitening that's easy to use at home. To celebrate the launch, Crest Whitestrips conducted an online sweepstakes with actress Brittany Murphy, giving one consumer a chance to win 18 luxury handbags —

one for each month of a long-lasting, whiter smile. Crest Whitestrips Premium Plus is a short-term commitment with long-term results that uses active oxygen, the whitening agent in hydrogen peroxide, to whiten teeth.

Expanding the whitening category further, Crest Night Effects category further, Crest Night Effects Premium for Sensitive Teeth also launched in April 2005. A new product for people who want a whiter smile but are concerned about tooth sensitivity when they whiten, it has a gentle, time-release formula that whitens while you sleep.

In September 2004, Crest Whitening Expressions, a line of toothpastes designed to enhance the brushing experience, launched the latest edition to its family of flavors — Refreshing Vanilla Mint. For the first time in Crest's history, the product was launched on the national hit television show *The Apprentice*, generating overwhelming consumer interest. The line of toothpastes, which combine the whitening power of Crest with a choice of four refreshing flavors, Cinnamon Rush, Extreme Herbal Mint, Fresh Citrus Breeze, and now Refreshing Vanilla Mint, allows consumers the freedom to pick a flavor that meets their taste and personality preferences.



On April 6, 1976, the official publication of the American Chemical Society listed the great discoveries of the last 100 years. We're proud to be one of them.

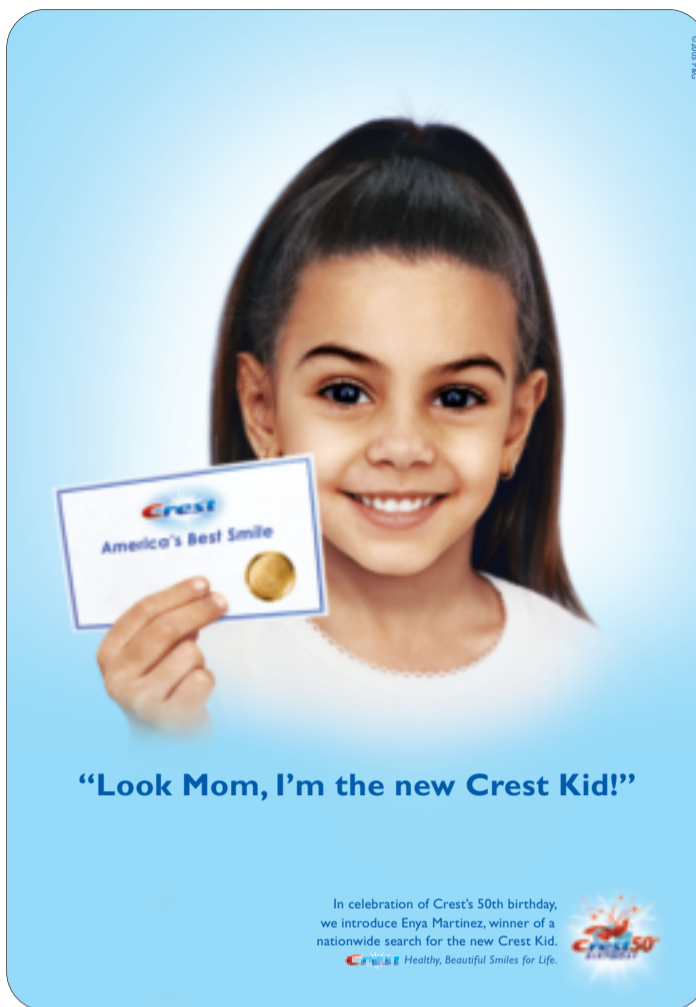
The following is a chronology of the important chemical and related events since 1876 as listed by Chemical & Engineering News.

1876-78 Publication of "On the Equilibrium of Heterogeneous Substances."	1906 Chlorination of water at Jersey City, N.J.
1877 Use of aluminum chloride to produce amine hydrochlorides and other bodies.	1907 Production of all concept.
1879 Journal of the American Chemical Society founded.	1908 Acetylation of cellulose by Hulse process in Leobersdorf, Germany.
1880 Discovery of nucleic acids.	Plant built in U.S. for making rayon, first produced commercially in France in 1885.
1881 Handicrafts published.	Theory of atomic structure proposed.
1884 The Solvay process for making soda ash first used in Belgium in 1863 — it transferred to the U.S.	1912 Work at DuPont Rubber Co. shows that carbon black reinforces rubber.
1886 Aluminum prepared electrolytically.	Suggestion made that crystals can diffuse water.
1887 First synthesis of alkaloid, Dexamine.	1913 Thermal cracking of petroleum initiated.
1887 Ionic dissociation theory proposed.	"Solar system" model of atoms proposed.
1888 Effect of temperature and pressure on equilibrium studied.	Name of "nitrate" given to elements appearing to vary in some place in periodic table.
Influence of temperature on reaction rates investigated.	1914 Thyroids isolated.
1889 Synthesis of carbon tetrachloride.	1915 First glasses made in use during the second world war.
1890 Invention of electric arc furnace.	1916 First glass marketed by Corning Glass Works.
1891 Thomson's cathode ray.	1916 Electrolysis of brines used to produce chlorine.
1891 First penicillinic strain.	1917 First synthetic rubber.
1892 Theory of coordination chemistry advanced.	1918 First synthetic rubber.
1893 Discovery of viruses.	1918 First synthetic rubber.
1893 Catalytic hydrogenation of unsaturated organic compounds to accomplish synthesis of vitamins.	1918 First synthetic rubber.
1893 Discovery of vitamins.	1918 First synthetic rubber.
1894 Double helix model for DNA proposed. The amino acid sequence of insulin determined.	1918 First synthetic rubber.
1954-55 First penicillinic strain.	1918 First synthetic rubber.
1955 A stainless fluoride toothpaste (Crest) developed by Procter & Gamble.	1918 First synthetic rubber.
Synthesis of penicillin.	1918 First synthetic rubber.
Demonstration of antiproton.	1918 First synthetic rubber.
Use of psychochemicals for treating mental illness increases.	1918 First synthetic rubber.
Low pressure, low-temperature Ziegler-Natta catalyst reported.	1918 First synthetic rubber.
1956 First synthetic rubber.	1918 First synthetic rubber.

Crest continued to expand its line of high-performance, battery-powered SpinBrushes in 2004 with the launch of Crest SpinBrush Pro Whitening, featuring design innovations that enable consumers to whiten their teeth while they clean them. The SpinBrush, says Michael Kehoe, P&G's vice president/general manager—Global Oral Care, has “become the most popular power brush in America and is leading the conversion of manual brush users to powered brushes.”

In April 2005, Crest completed its oral care portfolio with the introduction of its first mouthwash, Crest Pro-Health Oral Rinse. The formulation is alcohol-free and has been shown in laboratory tests to kill 99 percent of common germs that can cause plaque, gingivitis and bad breath — all without the burn of alcohol. Crest has successfully formulated Cetylpyridinium Chloride (CPC) — the active ingredient that delivers the product's oral health benefits — in a patent-pending alcohol-free formula.

Another landmark for Crest was the development of Crest Healthy Smiles 2010 (CHS 2010), created in 2000 to improve the state of oral health by providing access, education, and tools to at least 50 million children and their families by 2010. To bring real change to the lives of underserved children, CHS 2010 had forged partnerships with organizations including Boys & Girls Clubs of America, the ADA, and leading members of local dental communities. Throughout the country, CHS 2010 has built ten Crest Smile Shoppes (dental clinics), sponsored



four mobile dental van programs, and organized treatment, screening, and education events year-round. In addition, CHS 2010 also reached 90 percent of all first-grade classes in the county via in-school oral-health education programs.



PROMOTION

The advertising campaign that launched the Crest brand has become one of the most memorable in marketing history. In television commercials, smiling children proudly proclaimed, “Look Mom — no cavities!” Along with the TV campaign, print ads illustrated by Norman Rockwell became classics.

In 2005, Crest celebrated its 50th year of providing healthy, beautiful smiles to families across the country, and to celebrate, the brand held a national search for a child to be featured in an updated version of the iconic Norman Rockwell advertisements. The winning child's ad was to be featured in an issue of *People* magazine.

Enya Martinez, a five-year-old child from Miami, Florida, was chosen as the new face of Crest. Whereas Norman Rockwell's ads represented America in the fifties, Enya reflects the diversity of America's children in 2005.

Norman Rockwell chose his subjects from an elementary school in Stockbridge, Massachusetts, but today's contest entrants represented the diversity of the country, with entries coming in from all ethnic groups and regions of the country.

In recent years, Crest has expanded its advertising efforts beyond the product to highlight the brand's commitment to promoting good oral health worldwide. This breakthrough equity campaign has showcased Crest's support of such key areas as dental education for children, geriatric dentistry, and professional dental education.

Ethnic and interactive marketing have both received increased attention in recent years. Crest has taken its marketing message to the African American and Hispanic communities, developing culturally relevant advertising, including Spanish-language print and TV ads.

In 2003, the launch of Crest Whitening Expressions marked the second time Crest utilized a celebrity spokesperson when it enlisted renowned chef and flavor expert Emeril Lagasse to represent the new toothpaste in an advertising campaign. Singer and actress Vanessa Williams was the first celebrity spokesperson used in October 2000 for the launch of Crest Rejuvenating Effects.

BRAND VALUES

Crest is a brand that has continually pushed to improve oral health. Crest is among the most trusted household brands, a value reinforced by the continued recognition of its products by the American Dental Association.

Crest's dream is to lead the way in the passionate pursuit of perfect oral health so that everyone can have a healthy, beautiful smile for life.

THINGS YOU DIDN'T KNOW ABOUT CREST

- The day after Crest received recognition from the American Dental Association, the volume of buy orders for Procter & Gamble stock was so great that the trading was delayed for an hour and a half.
- As one of the Procter & Gamble global brands, Crest is a part of a global organization that makes and markets health-care products in 140 countries, with roughly \$37 billion in annual worldwide sales.
- Researchers tested more than 500 fluoride compounds before focusing on the two most promising — iridium and stannous fluoride — with the latter ultimately chosen.
- The factors that led P&G to the development of Crest included awareness that children in several towns in the western part of the country were virtually cavity-free because of the natural presence of fluoride in their communities' drinking-water supplies.