

## The Procter & Gamble Company

### Exhibit 1: Non-GAAP Measures

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP measures used in the earnings release and the reconciliation to the most closely related GAAP measure.

Organic Sales Growth: Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions, divestitures and foreign exchange from year-over-year comparisons. We believe this provides investors with a more complete understanding of underlying sales trends by providing sales growth on a consistent basis.

The reconciliation of reported sales growth to organic sales in the October – December quarter is as follows:

	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact	Organic Sales Growth
<b>Oct – Dec</b>				
Beauty	-4%	-4%	0%	0%
Grooming	-7%	-6%	-2%	1%
Health Care	-6%	-5%	-1%	0%
Snacks and Pet Care	-1%	-5%	0%	4%
Fabric Care and Home Care	-4%	-5%	0%	1%
Baby Care and Family Care	3%	-4%	0%	7%
<b>Total P&amp;G</b>	<b>-3%</b>	<b>-5%</b>	<b>0%</b>	<b>2%</b>

Free Cash Flow: Free cash flow is defined as operating cash flow less capital spending. We view free cash flow as an important measure because it is one factor in determining the amount of cash available for dividends and discretionary investment. Free cash flow is also one of the measures used to evaluate senior management and is a factor in determining their at-risk compensation.

	Operating Cash Flow	Capital Spending	Free Cash Flow
Oct – Dec '08	\$2,196	(\$722)	\$1,474
Jul – Dec '08	\$5,640	(\$1,421)	\$4,219