



MEDIA FACT SHEET

P&G Acquisition of Wella

On March 18, 2003, The Procter & Gamble Company (NYSE:PG) announced it signed an agreement to purchase a controlling interest in Wella AG (FSE:WAD), a global beauty company, based in Darmstadt, Germany. The cash purchase of €3.2 billion gives P&G 77.6% of Wella's voting shares.

On April 28, 2003, Procter & Gamble Germany Management GmbH (P&G), a wholly owned subsidiary of The Procter & Gamble Company (Procter & Gamble) announced the launch of its tender offer for the remaining voting and preference shares of Wella. BaFin, the German regulatory authority, has approved the publication of the formal tender offer document.

P&G also said it is increasing its offer for preference shares to €65 per share. Following discussions with the Wella Executive Board (Vorstand), and in anticipation of its support, P&G has increased the offer for the preference shares. This price (€65 per share) represents a 55% premium over the pre-speculation price and a 14% premium over the legal minimum price required under German take over law.

P&G will offer a cash price of €92.25 per share for the voting shares, and €65 per share for the preference shares, valuing the total shares at about €5.5 billion.

The acquisition is subject to normal regulatory review and government approvals in various geographies, including the EU and the US.

A Winning Combination

Both Procter & Gamble and Wella are leaders in the global beauty industry. Procter & Gamble's beauty business markets more than 50 different brands in more than 130 countries worldwide. Wella sells nearly 50 brands in more than 150 countries. The acquisition is expected to contribute about €3.4 billion in sales to Procter & Gamble's overall beauty business.

- The Wella acquisition is on strategy. It builds Procter & Gamble's presence in the global hair care market, one of the company's core focus areas.
- Wella is highly complementary to Procter & Gamble's existing businesses. Wella gives Procter & Gamble a leadership position in the professional hair care business. It also extends the company's existing retail portfolio in hair care and fragrances, with very little category or geographic overlap.
- It provides opportunities for synergies, generating additional value through scale.



Strategic Fit

- Hair Care is one of Procter & Gamble's four core global categories. The others are fabric care, baby care and feminine care.
- Procter & Gamble is the market leader in the retail hair care category.
- Pantene, Head & Shoulders and Herbal Essences are three of the largest retail hair care brands in the world with combined sales of nearly \$3 billion. Pantene is the number one selling shampoo in the world.

Complementary Products and Geographic Reach

Wella is highly complementary with Procter & Gamble's beauty business in both products and geographic reach.

- Wella provides a leadership position in the large and growing professional salon hair care business where Procter & Gamble has only a limited presence.
 - Wella is #2 in the professional hair care market and is particularly strong in Europe.
 - The professional market is estimated at more than \$10 billion to consumers in global sales and is growing about 5% per year, ahead of the global retail market.
 - Wella's share of the professional market has grown in each of the last six years. Their success is built on a combination of full salon servicing, an extensive product range and strong branding and innovation.
- Wella's retail hair care business is complementary to Procter & Gamble's. Wella will strengthen Procter & Gamble's portfolio in styling and retail color and in key geographies including Western and Eastern Europe.
 - Wella's retail color business is comparable in size to Procter & Gamble's, but its sales are in Europe, Latin American and Asia. Procter & Gamble's color business is concentrated in the U.S. and the UK.
 - Wella is the number 2 player in retail styling in Europe. Procter & Gamble's styling business in Europe is less than \$100 Million.
 - Procter & Gamble's largest hair care business – shampoo and conditioning – are the smallest of Wella's categories.
- Wella has a large fragrance business that complements Procter & Gamble's existing portfolio.
 - Wella's fragrance lineup is mostly targeted to women and balances Procter & Gamble's current strength in male fragrances.
 - Wella has several fragrance brands that are – or have the potential to become - classics: Gucci, Rochas, Escada and Montblanc.
 - Together Procter & Gamble's and Wella's fragrance business will have combined sales of over \$1.2 billion.



Synergies Through Scale

Procter & Gamble expects to achieve synergies in both companies as a result of the takeover.

Particularly in:

- Knowledge transfer, purchasing, administration and production.

Subject to a more detailed analysis, for the medium term, the synergy potential is estimated to amount to approximately €300 million per year.

Procter & Gamble Beauty Brands		Wella Beauty Brands	
<u>Leading Hair Care Brands:</u> Pantene Head & Shoulders Herbal Essences Vidal Sassoon Pert Rejoy/Rejoice	<u>Leading Fragrance Brands:</u> Hugo Boss Laura Biagiotti Joy Lacoste Helmut Lang	<u>Leading Professional Hair Care and Color Brands:</u> Wella Koleston Perfect Colortouch Sebastian Graham Webb Kadus Londa	<u>Leading Fragrance Brands:</u> Gucci Rochas Escada Dunhill Montblanc Il Coloniali
<u>Leading Retail Color Brands:</u> Nice 'n Easy Hydrience Natural Instincts Herbal Essences		<u>Leading Retail Hair Care Brands:</u> Wella Londa Kiessling Nicky Clarke Daniel Galvin Ultra Sheen Gentle Treatment	
<u>Leading Cosmetics Brands:</u> Cover Girl Max Factor/Ellen Betrix			
<u>Leading Skin Care and Personal Care Brands:</u> Olay SK-II Secret Old Spice Safeguard Zest			

Manufacturing Sites

<u>Procter & Gamble</u>		<u>Wella</u>	
Americas	9	Americas	4
Europe	1	Europe	13
Asia Pacific	7	Asia Pacific	6
Africa	0	Africa	1



Procter & Gamble Beauty Acquisition History

- 1985: Richardson-Vicks, including Infasil, Pantene, Olay, Vidal Sassoon brands
- 1989: Noxell, including Cover Girl and Noxzema brands
- 1990: Shulton, including the Old Spice brand of men's fragrance and deodorant
- 1991: Max Factor, SK-II, Hugo Boss and Laura Biagiotti (from Revlon)
- 1994: Giorgio, Red and Wings fragrances (from Avon)
- 2001: Clairol, including Herbal Essences, Nice 'n Easy, Hydrience and Natural Instincts (from Bristol Myers-Squibb)
- Jean Patou Parfums, including Joy, Sublime and Lacoste fragrances

Wella Acquisition History

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|--------------------------------|---------------------------------|
| - 1987 Parfums Rochas (France) | - 2001 Nicky Clarke (UK) |
| - 1993 Sebastian (USA) | - 2001 Yardley of London (USA) |
| - 1994 Muelhens (Germany) | - 2002 Daniel Galvin (UK) |
| - 2000 Ultra Sheen (USA) | - 2002 Tony & Tina (USA) |
| - 2000 Gentle Treatment (USA) | - 2002 Atkinsons (Italy) |
| - 2000 Decoré (Australia) | - 2002 Escada Beauté (France) |
| - 2001 Graham Webb (USA) | - 2002 Max Mara (Italy) |
| | - 2003 PPS Hairwear (Australia) |

The largest acquisition was of traditional perfume company, Muelhens (4711), headquartered in Cologne, which is now the center of Wella's fragrance division, Cosmopolitan Cosmetics GmbH.



Additional Data

Number of Employees	Procter & Gamble 102,000	Wella 17,000
Management Team	Alan G. Lafley <i>Chairman, President and Chief Executive</i> Bruce L. Byrnes <i>Vice Chairman of the Board, President-Global Beauty Care and Global Health Care</i> R. Kerry Clark <i>Vice Chairman of the Board, President-Global Market Development and Business Operations</i> Clayton C. Daley, Jr. <i>Chief Financial Officer</i> Martin J. Nuechtern <i>President-Global Hair Care</i>	Dr. Heiner Gürtler <i>CEO, Cosmetics and Fragrances Division</i> Axel Dietz <i>Consumer Division</i> Alfred Krämer <i>Personnel and New Business</i> Fritz Kuhn <i>Professional Division</i> Martin Tresser <i>Chief Financial Officer</i>
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