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PROCTER & GAMBLE CO  
Form 11-K  
October 08, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 11-K

\X\ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934 FOR THE FISCAL YEAR ENDED JUNE 30, 2002, OR

\ \ FOR TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO  
\_\_\_\_\_

Commission file number 001-00434

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Procter & Gamble Limited Matched Savings Share Purchase Plan, Cobalt 12, Silver Fox Way, Cobalt Business Park, Newcastle upon Tyne, NE27 0QW, United Kingdom/England.
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202.

REQUIRED INFORMATION

- Item 1. Audited statement of financial condition as of the end of the latest two fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 2)
- Item 2. Audited statement of income and changes in plan equity for each of the latest three fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 3)

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PROCTER & GAMBLE LIMITED

MATCHED SAVINGS SHARE PURCHASE PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF  
JUNE 30, 2002 AND 2001, STATEMENTS OF CHANGES IN NET ASSETS  
AVAILABLE FOR BENEFITS FOR THE YEARS ENDED JUNE 30, 2002,  
2001 AND 2000, AND INDEPENDENT AUDITORS' REPORT  
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PROCTER & GAMBLE LIMITED  
MATCHED SAVINGS SHARE PURCHASE PLAN

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PROCTER & GAMBLE LIMITED  
MATCHED SAVINGS SHARE PURCHASE PLAN

INDEPENDENT AUDITORS' REPORT

To the Trustees of the Procter & Gamble Limited Matched Savings Share Purchase Plan:

We have audited the accompanying statements of net assets available for benefits of the Procter & Gamble Limited Matched Savings Share Purchase Plan ("the Plan") as of June 30, 2002 and 2001, and the related statements of changes in net assets available for benefits for each of the three years in the period ended June 30, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a

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reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2002 and 2001, and the changes in net assets available for benefits for each of the three years in the period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE  
Newcastle upon Tyne, United Kingdom

30 September, 2002

### STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF JUNE 30, 2002 AND 2001

	2002 (pound)	2001 (pound)
<b>ASSETS:</b>		
Investment in the Procter & Gamble Company stock, at fair value	56,209,672	42,358,000
Investment in the J.M. Smucker Company stock, at fair value	430,146	430,146
Cash at bank and in hand	1,427,594	602,000
Investment income receivable	-	21,000
Total assets	58,067,412	42,983,000
<b>LIABILITIES:</b>		
Accrued administrative expenses	(25,229)	(55,000)
Distributions payable	(63,730)	(52,000)
Contributions received in advance	(1,338,635)	(516,000)
Total liabilities	(1,427,594)	(623,000)
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>56,639,818</b>	<b>42,358,000</b>

See notes to financial statements.

### STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED JUNE 30, 2002, 2001 AND 2000

	2002 (pound)	2001 (pound)
<b>ADDITIONS (LOSSES):</b>		
Investment income:		
Net appreciation (depreciation) in fair value of Company Stock	12,598,134	6,407,100

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Interest income	-	10,781
Total investment income (loss)	12,598,134	6,417,881
Contributions from Procter & Gamble companies	3,082,702	3,087,664
Contributions from participants	3,082,702	3,087,664
Total contributions	6,165,404	6,175,328
Other income	-	1,759
Procter & Gamble Company dividends received	850,240	-
The J.M.Smucker Company common stock received	437,419	-
Income from Procter & Gamble Limited	21,583	11,781
Total additions (losses)	20,072,780	12,606,749
DEDUCTIONS:		
Distributions and withdrawals to participants	(5,770,015)	(1,903,720)
Administrative expenses	(21,583)	(22,562)
Total deductions	(5,791,598)	(1,926,282)
NET INCREASE (DECREASE)	14,281,182	10,680,467
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	42,358,636	31,678,169
End of year	56,639,818	42,358,636

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2002, 2001 AND 2000

1. PLAN DESCRIPTION

The following brief description of the Procter & Gamble Limited Matched Savings Share Purchase Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

GENERAL - The Plan is a share purchase plan established by Procter & Gamble Limited ("Company") to provide a means for eligible UK employees to tax efficiently purchase shares in The Procter & Gamble Company ("Parent"). The scheme administrators on behalf of the Trustees of the Plan hold the Plan assets.

CONTRIBUTIONS- Employees can contribute up to 2.5% of the their salary/wage, subject to a minimum monthly contribution of (pound)8.33. The participating Procter & Gamble companies (see note 7) match all contributions by employees in full.

WITHDRAWALS - Participants may withdraw shares from the scheme at any time subject to the following Plan rules. Participants cannot withdraw shares from the Plan within 5 years of purchase. Participants who withdraw shares from the Plan after 5 years can do so without attracting any income tax.

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ADMINISTRATION - The Plan is administered by Capita IRG Trustees Limited who were appointed by the Trustees of the Plan.

PARTICIPANT ACCOUNTS - Each participant's account is credited with an allocation of the Plan's shares. The benefit to which a participant is entitled is limited to the shares that can be provided from the participant's account.

PLAN TERMINATION - The Company is reviewing the future of the Plan in line with recent Inland Revenue legislative changes. The current Approved Profit Sharing Plan (the Procter & Gamble Limited Matched Savings Share Purchase Plan) can no longer be operated subsequent to October 2002. This Plan will be replaced by a more tax efficient plan, which meets the requirements of the rules of the Inland Revenue's All Employee Share Ownership Plans. The Company has the right under the current scheme rules to terminate the Plan.

### 2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared on the accrual basis of accounting and the Plan's net assets and transactions are recorded at fair value. The Plan's investment in the Company common stock is valued at fair value and is translated into Sterling at the rate of exchange at June 30.

EXPENSES OF THE PLAN - Investment management expenses and all other fees and expenses are paid by the participating Procter & Gamble companies (see note 7).

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The plan invests in The Procter & Gamble Company common stock. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

THE J.M. SMUCKER COMPANY COMMON STOCK - In May of 2002, the Jif peanut butter and Crisco shortening brands were spun-off to the Company's shareholders and subsequently merged into The J.M. Smucker Company ("Smucker"). As a result of the spin-off, participants holding common stock received one share of Smucker stock for each fifty shares of Company common stock. The cost basis of the Company common stock prior to the Smuckers spin-off was allocated between the Company common stock held and the Smucker common stock received. Participants have the option of selling the Smucker common stock but are not permitted to purchase additional shares of Smucker common stock.

### 3. TAX STATUS

The Inland Revenue (IR) has determined and informed the Company that it is an approved Employee Share Scheme under UK tax legislation. Therefore, the Plan Administrator believes that the Plan was qualified and tax-exempt as of June 30, 2002 and 2001 and no provision for income taxes has been

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reflected in the accompanying financial statements.

### 4. DISTRIBUTIONS PAYABLE

Distributions payable to participants at June 30, 2002 and 2001, are approximately (pound)63,730 and (pound)47,080, respectively.

### 5. COMPANY STOCK

At June 30, 2002 and 2001, 959,467 and 933,749 shares, respectively, of Procter & Gamble Company stock were held by the Plan. The cost of this stock at June 30, 2002 and 2001, was (pound)29,889,650 and (pound)29,057,426, respectively.

At June 30, 2002 and 2001, 19,211 and nil shares, respectively, of Smucker common stock were held by the Plan. The cost of this stock at June 30, 2002 and 2001, was (pound)413,405 and (pound)nil, respectively.

### 6. ACCRUED ADMINISTRATIVE EXPENSES

Included within accrued administrative expenses are amounts owed to participating Procter & Gamble companies of (pound)10,568 (2001: (pound)30,531), amounts due to members of (pound)nil (2001: (pound)10,223) and amounts due to Procter & Gamble Share Investment Scheme of (pound)14,661 (2001: (pound)14,661).

### 7. PARTICIPATING PROCTER & GAMBLE COMPANIES

The participating Procter & Gamble companies are as follows:

Procter & Gamble UK  
Procter & Gamble Limited  
Procter & Gamble Pharmaceuticals UK Limited  
Procter & Gamble Product Supply (UK) Limited  
Procter & Gamble Technical Centres Limited  
Procter & Gamble (L&CP) Limited  
Procter & Gamble (Health & Beauty Care) Limited

### 8. CLASS ACTION LAWSUIT

During March of 2000, a class action lawsuit was filed against The Procter & Gamble Company by shareholders of common stock. The class was certified on October 29, 2001 by the United States District Court for the Southern District of Ohio, Western Division (the "Court"), and a settlement of \$49,000,000 has been approved. The Plan joined the class of plaintiffs during March of 2002. Once the allocation of the settlement is determined and approved by the Court, the plan will receive its portion of the settlement to allocate to participant accounts.

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newcastle upon Tyne United Kingdom, on October 3, 2002.

PROCTER & GAMBLE LIMITED MATCHED SAVINGS SHARE PURCHASE PLAN

By: /S/MR. D. J. HAMMOND  
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[Mr. D. J. Hammond]  
Trustee/Chairman, Procter & Gamble Limited  
Matched Savings Share Purchase Plan

By: /S/MS. L. ULANOWSKI  
-----

[Ms. L. Ulanowski]  
Trustee, Procter & Gamble Limited  
Matched Savings Share Purchase Plan

By: /S/MR. T. CORPS  
-----

[Mr. T. Corps]  
Trustee, Procter & Gamble Limited  
Matched Savings Share Purchase Plan

By: /S/MS. C. SIMMEN  
-----

[Ms. C. Simmen]  
Trustee, Procter & Gamble Limited  
Matched Savings Share Purchase Plan

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Consent of Deloitte & Touche