

PROCTER & GAMBLE CO
Form 11-K
March 31, 2010

UNITED STATES
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 DECEMBER 31, 2009, OR
"TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ to _____

Registration number: 333-128859

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below: The Gillette Company Global Employee Stock Ownership Plan.
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: c/o The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202.

REQUIRED INFORMATION

The following audited financial statements are enclosed with this report:

1. Statement of Net Assets Available for Plan Benefits as of December 31, 2009 and December 31, 2008.
2. Statement of Changes in Net Assets Available for Plan Benefits for the years ended December 31, 2009, 2008 and 2007.

SIGNATURE

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 hereunto duly authorized.

THE GILLETTE COMPANY GLOBAL
EMPLOYEE STOCK OWNERSHIP PLAN

Date: March 31, 2010

By: /s/ David A. Loucks

David A. Loucks

Vice President - Human Resources

Global Compensation, Benefits & Medical

EXHIBITS:

23.1 Consent of the Deloitte & Touche LLP

23.2 Consent of the Plante & Moran, PLLC

The Gillette Company
Global Employee Stock
Ownership Plan

Financial Statements as of December 31, 2009 and
2008, and for the Years Ended December 31, 2009,
2008 and 2007, and Reports of Independent Registered Public Accounting Firms

THE GILLETTE COMPANY GLOBAL EMPLOYEE STOCK OWNERSHIP PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors of The Procter & Gamble Company
Cincinnati, Ohio:

We have audited the accompanying statement of net assets available for plan benefits of The Gillette Company Global Employee Stock Ownership Plan (the "Plan") as of December 31, 2009 and the related statement of changes in net assets available for plan benefits for the year then ended. 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 audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a 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 December 31, 2009, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche, LLP

March 31, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator
The Gillette Company Global Employee
Stock Ownership Plan

We have audited the statement of net assets available for plan benefits of The Gillette Company Global Employee Stock Ownership Plan (the "Plan") as of December 31, 2008 and the related statement of changes in net assets available for plan benefits for the years ended December 31, 2008 and 2007. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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 reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2008 and the changes in net assets available for plan benefits for the years ended December 31, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

/s/ Plante & Moran, PLLC

Southfield, Michigan
March 19, 2009

THE GILLETTE COMPANY GLOBAL EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF DECEMBER 31, 2009 AND 2008

| | 2009 | | 2008 |
|--|---------------------|-----------|-------------------|
| ASSETS: | | | |
| Investments — at fair value: | | | |
| The Procter & Gamble Company common stock (cost \$10,345,979 and \$18,165,873 in 2009 and 2008 respectively) | \$ 3,299,121 | \$ | 14,479,233 |
| Total investments | 3,299,121 | | 14,479,233 |
| Receivables: | | | |
| Dividends receivable | - | | 122,945 |
| Receivable from The Procter & Gamble Company | - | | 10,083 |
| Total receivables | - | | 133,028 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | \$ 3,299,121 | \$ | 14,612,261 |

See notes to financial statements.

THE GILLETTE COMPANY GLOBAL EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 and 2007

| | 2009 | 2008 | 2007 |
|--|--------------|---------------|---------------|
| Contributions: | | | |
| Employee contributions | \$ - | \$ 21,332 | \$ 5,460,457 |
| Employer contributions | - | 7,438 | 1,870,363 |
| Total contributions | - | 28,770 | 7,330,820 |
| Investment income (loss): | | | |
| Dividends on common stock | 309,380 | 506,583 | 1,225,167 |
| Realized gain on investments sold | 225,031 | 2,325,697 | 6,585,769 |
| (Increase)/decrease in unrealized depreciation | (378,722) | (3,686,640) | - |
| Increase/(decrease) in unrealized appreciation | - | (6,306,811) | 2,383,832 |
| Net investment income (loss) | 155,689 | (7,161,171) | 10,194,768 |
| DEDUCTIONS: | | | |
| Benefits paid to participants | 986,253 | 10,300,067 | 19,732,232 |
| Administrative expenses | 10,083 | 65,280 | - |
| Transfer to other Procter & Gamble Company Plans (Note 1) (including unrealized (depreciation)/ appreciation of \$(2,981,496) in 2009, \$11,354,883 in 2008 and \$2,119,894 in 2007) | 10,472,493 | 37,394,761 | 6,084,347 |
| Total deductions | 11,468,829 | 47,760,108 | 25,816,579 |
| DECREASE IN NET ASSETS | (11,313,140) | (54,892,509) | (8,290,991) |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS: | | | |
| Beginning of year | 14,612,261 | 69,504,770 | 77,795,761 |
| End of year | \$ 3,299,121 | \$ 14,612,261 | \$ 69,504,770 |

See notes to financial statements.

THE GILLETTE COMPANY GLOBAL EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2009 AND 2008, AND FOR THE YEARS ENDED DECEMBER 31, 2009, 2008
AND 2007

1. DESCRIPTION OF THE PLAN

The Gillette Company Global Employee Stock Ownership Plan (the “Plan” or the “GESOP”) is a defined contribution plan sponsored by The Gillette Company (“Gillette”), a subsidiary of The Procter & Gamble Company (“Procter & Gamble”), (collectively, the “Company”). The following provides only general information. Participants should refer to the plan document for a more complete description of the Plan’s provisions.

General — The Plan was adopted by the Board of Directors of Gillette on December 16, 1993 to become effective June 1, 1994 and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. The Plan is not subject to income taxation. The Plan’s goal is to provide eligible Gillette employees the opportunity to purchase common stock of the Company through payroll deductions and contributions from the Company. All Plan assets were held by the Plan fiduciary, RBC Dexia Investor Services Bank S.A. through March 2008. Buck Consultants LLC was the recordkeeper for the Plan through March 2008. For the remainder of 2008 and all of 2009, Mercer (Ireland) Ltd. is the Plan fiduciary and CIBC World Markets is the custodian for the Ireland accounts. Capita Plan Share Services is the Plan fiduciary and BMO Capital Markets is the custodian for the United Kingdom accounts.

On January 27, 2005, and in connection with the Company’s acquisition of Gillette, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Gillette providing that, upon the terms and subject to the conditions set forth in the Merger Agreement, the Plan would merge with and into the Procter & Gamble International Stock Ownership Plan or other Procter & Gamble international plans (collectively “ISOP”).

Since 2006, as Company subsidiaries in countries harmonized business systems with the Procter & Gamble systems, the Plan extended to employees who continued with Procter & Gamble, the choice of transferring their participant accounts to the ISOP or to receive a total distribution in the form of cash or shares. Once the employee's choice was finalized and the transfer or distribution was processed, the employee’s Plan account was closed. As each country adopts the Procter & Gamble benefit plans that include the ISOP, their participation in the Plan is terminated. For Gillette employees who will not continue employment with the Company, the employee must receive a total distribution from the Plan, either in cash or shares. If no election is made, employees will receive cash. The harmonization will continue until all funds have transferred to ISOP or have been distributed to participants.

As of December 31, 2009, Ireland and the United Kingdom are the only remaining countries participating in the Plan. Ireland will complete harmonization into the ISOP in 2010 and the Company is evaluating the options for the United Kingdom.

Effective January 1, 2008, participants of the Plan were eligible to make contributions to ISOP and ceased making contributions to the Plan.

Eligibility — Employees eligible to participate in the Plan included all regular employees of participating subsidiaries of the Company with the exception of employees considered to be an executive, officer, director, or a 10 percent stockholder of the Company and employees eligible for another savings plan sponsored by the Company and maintained in the United States, Canada, or Puerto Rico. Eligible employees could have enrolled in the Plan on the

first day of each month and on the initial participation date for each participating subsidiary.

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Contributions — Eligible employees could have contributed 1 percent to 10 percent of their compensation to the Plan through payroll deductions. A participating employee could have changed the contribution rate effective as of the first day of any month. Employer contributions were made to the accounts of participants who were contributing to the Plan in amounts equal to 50 percent of the participant's contributions, up to 1 percent of each participant's eligible pay.

Participant Accounts — Individual accounts have been maintained for each Plan participant. Each participant's account was credited with the participant's contribution, the Company's matching contribution, allocations of Company discretionary contributions, if any, and Plan earnings, and charged with withdrawals and an allocation of Plan losses. Allocations were based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant accounts remaining in the Plan continue to have individual accounts maintained with Plan earnings or losses allocated based on earnings and account balances as defined.

As of December 31, 2009, the Plan has a total of 283 participants participating in the Plan in Ireland and the United Kingdom.

Investments — All employee and employer contributions were converted into U.S. dollars and then invested in shares of the Company's common stock generally on the 15th day of each month (or if that date is not a business day, the preceding business day). Sales of the Company's common stock for distributions generally are made on two specified dates in each month and subsequently converted into the applicable local currencies for payment to employees. Any dividends on shares of the Company's common stock are invested in additional shares of the Company's common stock.

Vesting — In general, participants were immediately vested in all shares of the Company's common stock credited to their respective Plan accounts.

Payment of Benefits — Prior to the Merger Agreement, distributions of account balances were made when the employment of a participant ceased, unless upon retirement the participant's account was credited with at least 100 shares of the Company's common stock, and the participant elected to defer payment. If an election was made to defer the distribution, retirees could have made up to two requests a year for distributions of all or a portion of their account balance.

For those retirees who do not elected to defer payment and for all other participants who terminate employment for reasons other than retirement, a distribution of the participant's account was made in the form of a lump-sum payment.

All distributions were made in cash, unless the participant (or beneficiary, in the event of a participant's or retiree's death) elected to receive the account balance in the form of shares of the Company's common stock.

While employed, participants could have elected to take up to two in-service withdrawals from their account balances during a calendar year. Effective October 1, 2005, upon a change in control of the Plan sponsor, all shares in the Plan became mature and immediately available for sale. Participants could then have elected cash, share certificate, or electronic transfer of shares to the ISOP for both in-service and termination withdrawals. Only whole shares were processed for in-service withdrawals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

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 reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The Plan invests in common stock of the Company which represents a concentration in investments. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition — The Plan's investments in common stock are stated at fair value. Quoted market prices are used to value these investments.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date, net of any U.S. withholding taxes. Realized gains and losses are based upon the identified cost method.

Administrative Expenses — Brokerage commissions, fees, and other investment transaction costs are paid by participants as part of the purchase and sale of the Company's common stock.

Costs relating to the administration of the Plan are generally paid by the Company.

Payment of Benefits — Benefits are recorded when paid.

Subsequent Events – For the year ended December 31, 2009, the Company has evaluated subsequent events for potential recognition and disclosure through March 31, 2010, the date of the financial statement were available for issuance. No items requiring disclosure were noted.

3. FAIR VALUE MEASUREMENTS

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820-10 (formerly known as FASB Statement 157, Fair Value Measurements), the Plan classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth by level within the fair value hierarchy a summary of the Plan’s investments measured at fair value on a recurring basis at December 31, 2009 and 2008.

Fair Value Measurements
at December 31, 2009, Using

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|-----------------|---|--|---|--------------|
| Common Stock | \$ 3,299,121 | \$ - | \$ - | \$ 3,299,121 |
| Total | \$ 3,299,121 | \$ - | \$ - | \$ 3,299,121 |

Fair Value Measurements
at December 31, 2008, Using

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|-----------------|---|--|---|---------------|
| Common Stock | \$ 14,479,233 | \$ - | \$ - | \$ 14,479,233 |
| Total | \$ 14,479,233 | \$ - | \$ - | \$ 14,479,233 |

4. INVESTMENTS

Investment in Company common stock held by the Plan at December 31, 2009, 2008 and 2007 and the unrealized appreciation (depreciation) and changes therein for the years ended December 31, 2009, 2008 and 2007 were as follows:

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| | | 2009 | | 2008 | | 2007 |
|--|----|-------------|----|--------------|----|------------|
| Number of shares | | 54,414 | | 234,216 | | 917,886 |
| Market value per share | \$ | 60.63 | \$ | 61.82 | \$ | 73.42 |
| Cost | \$ | 10,345,979 | \$ | 18,165,873 | \$ | 49,729,490 |
| Market value | | 3,299,121 | | 14,479,233 | | 67,391,184 |
| Unrealized (depreciation)/appreciation | \$ | (7,046,858) | \$ | (3,686,640) | \$ | 17,661,694 |
| (Decrease)/increase in unrealized appreciation | \$ | - | \$ | (17,661,694) | \$ | 263,938 |
| (Increase)/decrease in unrealized depreciation | \$ | (3,360,218) | \$ | (3,686,640) | \$ | - |

The realized gain on sales of Company common stock for the years ended December 31, 2009, 2008 and 2007, was determined as follows:

| | 2009 | 2008 | 2007 |
|-----------------------------|------------|--------------|---------------|
| Proceeds on sales of shares | \$ 986,253 | \$ 8,789,910 | \$ 19,635,539 |
| Cost | 761,222 | 6,464,213 | 13,049,770 |
| Realized gain on sales | \$ 225,031 | \$ 2,325,697 | \$ 6,585,769 |

5. RELATED PARTY TRANSACTIONS

At December 31, 2009 and 2008, the Plan held 54,414 and 234,216 shares, respectively, of Company common stock with a cost basis of \$10,345,979 and \$18,165,873, respectively. During the year ended December 31, 2007, the Company contributed \$1,870,363 to the Plan on behalf of participating employees. Contributions to the Plan were frozen effective January 1, 2008.

During the years ended December 31, 2009, 2008 and 2007, the Plan recorded dividend income from Company common stock of \$309,380, \$506,583 and \$1,225,167, respectively.

During the years ended December 31, 2009, 2008 and 2007, the Plan's investment in Company common stock, including gains and losses on investments bought and sold as well as held during the year, (depreciated)/appreciated in value by \$(3,135,187), \$(19,022,637) and \$6,849,707, respectively.

6. PLAN TERMINATION

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Plan.

7. FEDERAL INCOME TAX STATUS

The Plan is not qualified under Section 401(a) of the Internal Revenue Code and is exempt from the provisions of Title I of ERISA pursuant to Section 4(b)(4) thereof. The Company believes that the fiduciary should be viewed as a directed custodian and that, for U.S. tax purposes, the participating employees should be treated as the owners of the shares of the Company's common stock held for their account under the Plan.

The Company has received a private letter ruling from the Internal Revenue Service confirming that the participating employees should be treated as the beneficial owners of the shares of the Company's common stock held for their account under the Plan for U.S. tax purposes and that, subject to certain procedural conditions, the information provided by the employees may be relied upon in determining the applicable U.S. tax withholding rate on dividends paid by the Company with respect to these shares.

