PROCTER & GAMBLE CO
Form 11-K
September 28, 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 [NO FEE REQUIRED] FOR THE FISCAL YEAR ENDED JUNE 30, 2010, OR

\ \ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] 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 International Stock Ownership Plan, The Procter & Gamble Company, 1 Rue du Pre De La Bichette, P.O. Box 2696, 1211 Geneva 2, Switzerland.

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 statements 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).

Item 2. Audited statements 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).

Procter & Gamble
International Stock
Ownership Plan

Financial Statements as of June 30, 2010
and 2009, and for the Years Ended
June 30, 2010, 2009, and 2008, and
Report of Independent Registered
Public Accounting Firm

PROCTER & GAMBLE INTERNATIONAL 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 statements of net assets available for plan benefits of the Procter & Gamble International Stock Ownership Plan (the “Plan”) as of June 30, 2010 and 2009, and the related statements of changes in net assets available for plan benefits for each of the three years in the period ended June 30, 2010. 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 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 purposes 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for plan benefits of the Plan as of June 30, 2010 and 2009, and the changes in net assets available for plan benefits for each of the three years in the period ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
September 28, 2010

PROCTER & GAMBLE INTERNATIONAL STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF JUNE 30, 2010 AND 2009

	2010	2009
ASSETS:		
Cash	$ 524,606	$ 521,642
Investments — at fair value:		
The Procter & Gamble Company common stock — 12,720,416 shares (cost $675,861,173) at June 30, 2010; 11,909,036 shares (cost $606,780,750) at June 30, 2009	762,970,548	608,551,740
The J.M. Smucker Company common stock — 20,234 shares (cost $701,029) at June 30, 2010; 23,083 shares (cost $765,371) at June 30, 2009	1,218,474	1,123,223
Total investments	764,189,022	609,674,963
Receivables:		
Participant contributions	6,500,203	7,098,238
Employer contributions	2,890,633	3,203,618
Total receivables	9,390,836	10,301,856
Total assets	774,104,464	620,498,461
LIABILITY — Benefits payable	600,637	286,582
NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 773,503,827	$ 620,211,879

See notes to financial statements.

PROCTER & GAMBLE INTERNATIONAL STOCK
OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED JUNE 30, 2010, 2009, AND 2008

	2010	2009	2008
ADDITIONS:			
Contributions:			
Participant contributions	$ 82,082,963	$ 79,067,061	$ 79,563,198
Employer contributions	37,418,424	37,448,405	37,171,944
Total contributions	119,501,387	116,515,466	116,735,142
Investment income (loss):			
Increase (decrease) in unrealized appreciation of investments	85,497,978	(111,771,725)	(44,904,283)
Realized gain from The Procter & Gamble Company common stock sold	12,664,450	4,074,593	32,334,250
Realized gain from The J.M. Smucker Company common stock sold	86,149	74,057	141,061
Dividends from The Procter & Gamble Company common stock	18,223,005	14,904,501	11,731,434
Dividends from The J.M. Smucker Company common stock	25,721	127,726	28,059
Net investment income (loss)	116,497,303	(92,590,848)	(669,479)
Net additions	235,998,690	23,924,618	116,065,663
DEDUCTION — Benefits paid to participants	(82,706,742)	(74,885,094)	(87,819,485)
TRANSFER IN FROM GILLETTE COMPANY GLOBAL EMPLOYEE STOCK OWNERSHIP PLAN			43,568,828
NET INCREASE (DECREASE)	153,291,948	(50,960,476)	71,815,006

NET ASSETS AVAILABLE FOR PLAN BENEFITS:			
Beginning of year	620,211,879	671,172,355	599,357,349
End of year	$ 773,503,827	$ 620,211,879	$ 671,172,355

See notes to financial statements.

PROCTER & GAMBLE INTERNATIONAL STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2010 AND 2009, AND FOR THE YEARS ENDED JUNE 30, 2010, 2009, AND 2008

1. DESCRIPTION OF THE PLAN

The following description of the Procter & Gamble International Stock Ownership Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan Document and their country’s Plan Supplement for more complete information.

General — The Plan is a defined contribution plan established in June of 1992 covering substantially all full-time international employees of The Procter & Gamble Company (the “Company”) and certain of its subsidiaries who are not residents of the United States of America. Generally, participation varies by subsidiary or country and eligibility can begin immediately after employment and at various milestones up to one year. The Board of Directors of the Company controls and manages the operation and administration of the Plan. Merrill Lynch serves as a sole trustee of the Plan. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), the rules and regulations of the U.S. Department of Labor, nor is it subject to U.S. income taxation (Note 7). The Plan’s recordkeeper is the Company.

On January 27, 2005, and in connection with the Company’s acquisition of The Gillette Company (“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 Gillette Company Global Employee Stock Ownership Plan (GESOP) would merge with and into the Plan.

GESOP participants began merging into the Plan effective July 1, 2006. The merger was occurring in phases by country and was completed in 2008.

Contributions — Each year, participants may contribute up to 15% of their base compensation, as defined in the Plan. The Company contributes 50% of the first 5% of the base compensation that a participant contributes to the Plan. However, participants in their initial year of eligibility receive a 100% Company contribution on the first 1% of the base compensation that the participant contributes to the Plan. Participants may be permitted to contribute a “Special Additional Deposit” as a lump sum payment.

There were no non cash employer contributions for the years ended June 30, 2010, 2009, and 2008, respectively.

Participant Accounts — Individual accounts are maintained for each Plan participant. Each participant’s account is 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 are 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.

Investments — Participants are only permitted to invest in Company common stock. All employee and Company contributions are converted into U.S. dollars and then invested in shares of Company stock when funds are delivered to the custodian. Sales of Company stock may occur daily. Any dividends on shares of Company common stock are invested in additional shares of 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 Company common stock received one share of Smucker stock for each fifty shares of Company common stock. The cost basis of Company common stock prior to the Smucker spin-off was allocated between Company common stock held and the Smucker common stock received. Participants are not permitted to purchase additional shares of Smucker stock within the Plan.

Vesting — Participants are fully vested in all shares of common stock credited to their accounts under the Plan.

Payment of Benefits — Participants may withdraw any portion of their contributions in excess of 5% of their base compensation, at any time during the year. Contributions made up to 5% of base compensation and Company matches are available to be withdrawn without penalty five years after the year in which the contributions are made. If a participant withdraws these funds prior to the completion of five years, the Company will suspend matching of employee contributions for one year.

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 Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.