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PROCTER & GAMBLE CO
Form 11-K
June 28, 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 December 31, 2001, or
\ \ 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: Richardson-Vicks Savings Plan, The Procter & Gamble Company, Two Procter & Gamble Plaza, Cincinnati, Ohio 45202.
- 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 4. Plan Financial Statements and Schedules Prepared in Accordance With the Financial Reporting Requirements of ERISA.

RICHARDSON-VICKS
SAVINGS PLAN
FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000 AND
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 2001 AND
INDEPENDENT AUDITORS' REPORT

RICHARDSON-VICKS SAVINGS PLAN

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SUPPLEMENTAL SCHEDULE - Assets Held for Investment (Schedule H, Part IV, Line 4i of Form 5500), December 31, 2001	9
SUPPLEMENTAL SCHEDULES OMITTED - The following schedules were omitted because of the absence of conditions under which they are required or due to their inclusion in information filed by The Procter & Gamble Master Savings Trust:	
Reportable Transactions	
Assets Acquired and Disposed of Within the Plan Year	
Party-in-Interest Transactions	
Obligations in Default	
Leases in Default	

INDEPENDENT AUDITORS' REPORT

To The Procter & Gamble Master Savings Plan Committee:

We have audited the accompanying statements of net assets available for benefits of the Richardson-Vicks Savings Plan ("the Plan") as of December 31, 2001 and 2000, and the related statements of changes in net assets available for benefits for the years 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 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

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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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001 and 2000, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2001 financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/DELOITTE & TOUCHE LLP

 DELOITTE & TOUCHE LLP
 June 10, 2002

RICHARDSON-VICKS SAVINGS PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
 AS OF DECEMBER 31, 2001 AND 2000

	2001 ----	2000 ----
ASSETS:		
Investment in The Procter and Gamble Master Savings Trust, at fair value	\$ 51,598,300	\$ 55,619,086
Loans to participants	144,777	157,474
Investment income receivable	6,124	2,581
	-----	-----
Total assets	51,749,201	55,779,141
LIABILITIES - Accrued administrative expenses	26,140	28,683
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 51,723,061 =====	\$ 55,750,458 =====

See notes to financial statements.

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RICHARDSON-VICKS SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001 -----	2000 -----
ADDITIONS:		
Investment loss:		
Equity in net losses of The Procter and Gamble Master Savings Trust	\$ (1,103,169)	\$ (10,980,469)
Interest income	14,468	16,037
	-----	-----
Total change	(1,088,701)	(10,964,432)
	-----	-----
DEDUCTIONS:		
Distributions and withdrawals to participants	2,843,513	4,567,032
Administrative expenses	95,183	114,995
	-----	-----
Total deductions	2,938,696	4,682,027
	-----	-----
NET DECREASE	(4,027,397)	(15,646,459)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	55,750,458	71,396,917
	-----	-----
End of year	\$ 51,723,061	\$ 55,750,458
	=====	=====

See notes to financial statements.

RICHARDSON-VICKS SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. PLAN DESCRIPTION

The following brief description of the Richardson-Vicks Savings 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 defined contribution plan established by

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Richardson-Vicks Inc. ("Company") to provide a means for eligible employees to supplement their retirement income. The Company is a wholly-owned subsidiary of The Procter & Gamble Company ("Parent"). The Plan assets are held in a combined trust account with the assets of other Parent defined contribution plans (see Note 4). Each of the plans has a proportionate and undivided ownership interest in the trust assets. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS AND VESTING - Effective December 31, 1987, both employee and employer contributions to the Plan were suspended and all participants became fully vested. Plan participants became eligible to participate in The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan effective December 31, 1987.

DISTRIBUTIONS - The Plan provides for benefits to be paid upon retirement, disability, death, or separation other than retirement as defined by the Plan document. Plan benefits may be made in a lump sum of cash or shares of common stock or in installment payments over a period not to exceed 120 months. Retired or terminated employees shall commence benefit payments upon attainment of age 70 1/2.

WITHDRAWALS - A participant may withdraw any portion of after-tax contributions and one-half of Company contributions once in any six-month period. Participants who have attained age 59 1/2 or have demonstrated financial hardship may withdraw all or any portion of their before-tax contributions once in any six-month period.

PLAN TERMINATION - Subsequent to December 31, 2001, the Company terminated the Plan subject to the provisions of ERISA (Note 6).

ADMINISTRATION - The Plan is administered by the Master Savings Plan Committee consisting of four members appointed by the Board of Directors of the Parent, except for duties specifically vested in the trustee, PNC Bank, Ohio, N.A. ("PNC Bank"), who is also appointed by the Board of Directors of the Parent.

LOANS - The Plan has a loan feature under which active participants may borrow up to 50% of the current value of their vested account values exclusive of amounts attributable to Company contributions (up to a maximum of \$50,000). Loans are repaid via payroll deduction over a period of up to five years, except for loans used to purchase a primary residence which are repaid via payroll deduction over a period of up to 10 years. Principal and interest paid is credited to applicable funds in the borrower's account. Former Company employees with deferred balances may not borrow against their accounts. Upon participant termination or retirement, the outstanding loan balance is treated as a distribution to the participant.

PARTICIPANT ACCOUNTS AND INVESTMENT OPTIONS - Each participant's account is credited with an allocation of the Plan's earnings or losses. The benefit to which a participant is entitled is limited to the benefit that can be provided from the participant's account. Participants may allocate their account balances in one or all of the following investment options offered by the Plan:

ENHANCED CASH FUND - The prospectus indicates that this fund invests in short to medium length maturity, interest-bearing instruments.

COMPANY STOCK FUND - A fund that invests in shares of The Procter & Gamble Company common stock.

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ACTIVE FIXED-INCOME CORE FUND - The prospectus indicates that this fund invests in a diversified portfolio of publicly and privately traded corporate, government, international, and mortgage backed bonds.

DISCIPLINED EQUITY FUND - The prospectus indicates that this fund invests in equity securities of approximately 300 domestic, large company stocks.

DIVERSIFIED FUND - The prospectus indicates that this fund invests in a balanced portfolio consisting of both equity and fixed securities.

INTERNATIONAL EQUITY FUND - The prospectus indicates that this fund invests in a diversified portfolio of equity securities of foreign corporations.

SMALL COMPANY EQUITY II FUND - The prospectus indicates that this fund invests in a portfolio of equity securities issued by small companies.

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 Procter & Gamble Company common stock is valued at the closing price on an established security exchange. The Plan's investment funds (funds) are valued by the fund manager, J.P. Morgan Investment Management, Inc., based upon the fair value of the funds' underlying investments. Income from investments is recognized when earned and is allocated to each plan participating in The Procter & Gamble Master Savings Trust (Master Trust) by PNC Bank and to each participant's account by the Plan's recordkeeper.

EXPENSES OF THE PLAN - Investment management expenses were paid by the Plan in 2001 and 2000. All other fees are paid by the Parent.

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 Company common stock and in various mutual funds which include investments in U.S. Government securities, corporate debt instruments, and corporate stocks. 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 the 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.

ACCOUNTING POLICIES - On January 1, 2001, the Plan adopted Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation. The adoption of this standard did not have a material effect on the Plan's financial statements.

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3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by letter dated March 7, 2002, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the latest determination letter. However, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC at December 31, 2001 and 2000. Therefore, they believe that the Plan was qualified and tax-exempt as of December 31, 2001 and 2000 and no provision for income taxes has been reflected in the accompanying financial statements.

4. INTEREST IN MASTER TRUST

Effective January 1, 1993, the Parent formed the Master Trust in accordance with a master trust agreement with PNC Bank.

Use of a master trust permits the commingling of investments that fund various Parent-sponsored defined contribution plans for investment and administrative purposes. Although assets are commingled in the Master Trust, PNC Bank maintains records for the purpose of allocating contributions and changes in net assets of the Master Trust to participating plans based upon each plan's proportionate interest in the Master Trust. The following represents the 2001 and 2000 audited financial information regarding the net assets and investment income of the Master Trust:

Investments, at fair value, held by the Master Trust at December 31, 2001 are summarized as follows:

	COMPANY STOCK FUND -----	JP MORGAN FUNDS -----	
The Procter & Gamble Company common stock	\$ 64,337,834		\$ 64
Mutual funds		\$123,901,015	123
Short-term investments	4,291	8,264	
Accrued interest and dividends		39,992	
	-----	-----	-----
Total investments at fair value	\$ 64,342,125 =====	\$123,949,271 =====	\$188 =====
Plan's investment in Master Trust	\$ 25,176,144 =====	\$ 26,422,156 =====	\$ 51 =====
Plan's percentage ownership interest in Master Trust	39 % =====	21 % =====	=====

Investment income (loss) from the Master Trust for the year ended December 31, 2001 is summarized as follows:

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	COMPANY STOCK FUND -----	JP MORGAN FUNDS -----	
Net appreciation (depreciation) in fair value of investments	\$ 221,329	\$ (9,489,678)	\$ (9,268,349)
Dividends	1,258,927		1,258,927
Interest	2,848	110,122	
	-----	-----	-----
Total	\$ 1,483,104	\$ (9,379,556)	\$ (7,896,452)
	=====	=====	=====
Plan's equity in net earnings (losses) of Master Trust	\$ 377,767	\$ (1,480,936)	\$ (1,103,169)
	=====	=====	=====

Investments, at fair value, held by the Master Trust at December 31,
2000 are summarized as follows:

	COMPANY STOCK FUND -----	JP MORGAN FUNDS -----	
The Procter & Gamble Company common stock	\$ 70,010,072		\$ 70,010,072
Mutual funds		\$147,674,640	147,674,640
Short-term investments	1,799	3,796	
Accrued interest and dividends	139	1,912	
	-----	-----	-----
Total investments at fair value	\$ 70,012,010	\$147,680,348	\$217,692,358
	=====	=====	=====
Plan's investment in Master Trust	\$ 28,188,064	\$ 27,431,022	\$ 55,619,086
	=====	=====	=====
Plan's percentage ownership interest in Master Trust	40 %	19 %	
	=====	=====	=====

Investment loss from the Master Trust for the year ended December 31,
2000 is summarized as follows:

	COMPANY STOCK FUND -----	JP MORGAN FUNDS -----	
Net appreciation (depreciation) in fair value of investments	\$ (25,585,173)	\$ (8,079,528)	\$ (33,664,701)
Dividends	1,183,956		1,183,956
Interest	4,967	10,478	
	-----	-----	-----

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Total	\$ (24,396,250)	\$ (8,069,050)	\$ (32,465,300)
	=====	=====	=====
Plan's equity in net earnings (losses) of Master Trust	\$ (9,735,591)	\$ (1,244,878)	\$ (10,980,469)
	=====	=====	=====

5. DISTRIBUTIONS PAYABLE

Distributions payable to participants at December 31, 2001 and 2000 are approximately \$611,000 and \$98,000, respectively.

6. SUBSEQUENT EVENT

Effective March 1, 2002, the Plan was converted from the Master Trust at PNC Bank to American Century and merged into The Procter and Gamble Subsidiaries Savings Plan.

RICHARDSON-VICKS SAVINGS PLAN

SCHEDULE OF ASSETS HELD FOR INVESTMENT
(SCHEDULE H, PART IV, LINE 4I OF FORM 5500)
DECEMBER 31, 2001

IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT	FAIR VALUE
Participant Loans	18 loans with maturities ranging from October 2002 to July 2009 and interest rates ranging from 6.5% - 10.5%	\$144,777 =====

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.

Richardson-Vicks Savings Plan

Date: June 28, 2002

/s/THOMAS J. MESS

Thomas J. Mess
Secretary for Trustees

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Consent of Deloitte & Touche