PROCTER & GAMBLE CO
Form 11-K
December 19, 2003

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, 2003, 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: The Profit Sharing Retirement Plan of The Procter & Gamble Commercial Company, 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

THE PROFIT SHARING RETIREMENT PLAN
OF THE PROCTER & GAMBLE
COMMERCIAL COMPANY

FINANCIAL STATEMENTS FOR THE
YEARS ENDED JUNE 30, 2003 AND 2002 AND
SUPPLEMENTAL SCHEDULE AS OF
JUNE 30, 2003 AND

INDEPENDENT AUDITORS' REPORT

THE PROFIT SHARING RETIREMENT PLAN OF
THE PROCTER & GAMBLE COMMERCIAL COMPANY

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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 Profit Sharing Retirement Plan of The Procter & Gamble Commercial Company (the "Plan") as of June 30, 2003 and 2002, 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 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 June 30, 2003 and 2002 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 2003 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

Cincinnati, Ohio
November 15, 2003

THE PROFIT SHARING RETIREMENT PLAN OF
THE PROCTER & GAMBLE COMMERCIAL COMPANY

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2003 AND 2002

	2003	2002
ASSETS:		
Cash equivalent	$ 2,637,247	$ 2,330,192
Investments, at fair value:		
The Procter & Gamble Company common stock	20,460,506	21,848,413
The J.M. Smucker Company common stock	159,878	165,110
Mutual funds	11,232,505	12,321,722
Total Cash Equivalents and Investments	34,490,136	36,665,437
Company contributions receivable	2,668,767	2,577,657
NET ASSETS AVAILABLE FOR BENEFITS	$ 37,158,903	$39,243,094

See notes to financial statements.

THE PROFIT SHARING RETIREMENT PLAN OF
THE PROCTER & GAMBLE COMMERCIAL COMPANY

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
ADDITIONS:		
Investment income:		
Net appreciation in fair value of investments	$ 72,393	$ 4,974,809
Interest and dividend income	417,794	210,347
Equity in net losses of the Procter & Gamble Master Savings Trust		(119,394)
Total investment income	490,187	5,065,762
Company contributions (net of forfeitures)	3,009,848	2,581,505
Total changes	3,500,035	7,647,267
DEDUCTIONS:		
Distributions to participants	5,584,226	1,805,986
Administrative expenses		14,993
Total deductions	5,584,226	1,820,979
NET INCREASE (DECREASE)	(2,084,191)	5,826,288
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	39,243,094	33,416,806
End of year	$37,158,903	$39,243,094

See notes to financial statements.

THE PROFIT SHARING RETIREMENT PLAN OF
THE PROCTER & GAMBLE COMMERCIAL COMPANY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

1. PLAN DESCRIPTION

The following brief description of The Profit Sharing Retirement Plan of The Procter & Gamble Commercial Company (Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

GENERAL--The Plan is funded through contributions by The Procter & Gamble Commercial Company, Procter & Gamble Pharmaceuticals Puerto Rico, Inc. and Olay Company, Inc. (hereinafter collectively referred to as the "Plan Sponsors"). The Plan Sponsors are wholly-owned subsidiaries of The Procter & Gamble Company ("Company" or "P&G"). Substantially all employees of the Plan Sponsors are eligible to participate in the Plan upon completion of one year of service. The Plan is subject to the provisions of the Employee

Retirement Income Security Act of 1974 ("ERISA").

CONTRIBUTIONS AND VESTING--The Plan Sponsors make contributions to the Plan each year based upon the amount of compensation and number of credit service years of each Plan participant, as defined by the Plan agreement, up to specified limitations. The Plan Sponsors' contributions are calculated by applying the relevant participation percentage to the total compensation, both as defined by the Plan. Participants are not permitted to make contributions to the Plan. The following schedule details the participation percentages by years of service.

Years of Service	Participation Percentage
1-3	8%
4-6	9%
7-8	10%
9-10	11%
11-12	12%
13-14	13%
15 or more	14%

Participants are vested 100% upon completion of five years of service. Participants are also 100% vested in their accounts upon termination for disability, early or normal retirement, death, and also upon attainment of 65 years of age, regardless of years of service.

DISTRIBUTIONS--Distributions of Plan benefits may be made in a lump sum or in installment payments over a period not to exceed ten years after the date of death, termination, retirement, or disability. Distributions are processed on a daily basis; therefore, there were no distributions payable at June 30, 2003 and 2002.

FORFEITURES--Participants who terminate service prior to vesting forfeit their account balance. Forfeited amounts are used to reduce the Plan Sponsors' annual contributions.

PARTICIPANT ACCOUNTS--As described in the Plan document, participants may allocate contributions made to their account. As of January 1, 2002, and after conversion to the current trustee from the prior trustee, participants can allocate their account in one or all of the following investment options offered by the plan:

AMERICAN CENTURY HERITAGE FUND--The prospectus states that this fund invests in a portfolio of equity securities issued by small to medium companies.

J.P. MORGAN PRIME MONEY MARKET FUND--The prospectus states that this fund invests in short length maturity, interest-bearing instruments.

J.P. MORGAN BOND FUND--The prospectus states that this fund invests in a diversified portfolio of publicly and privately traded corporate, government, private placement, asset backed, and mortgage backed bonds.

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

J.P. MORGAN DISCIPLINED EQUITY FUND--The prospectus states that this fund invests in equity securities of approximately 300 domestic large company stocks.

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

J.P. MORGAN DIVERSIFIED FUND--The prospectus states that this fund invests in both equity and fixed-income securities.

Prior to January 1, 2002 and until conversion to the current trustee from the prior trustee, participants could allocate their account in one or all of the following investment options offered by the Plan:

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

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

ACTIVE FIXED-INCOME CORE FUND--The prospectus states 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 states that this fund invests in equity securities of approximately 300 domestic, large company stocks.

DIVERSIFIED FUND--The prospectus states that this fund invests in both equity and fixed-income securities.

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

EAFE EQUITY CORE FUND--The prospectus states that this fund invests in a diversified portfolio of equity securities of foreign corporations.

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 P&G common stock received one share of Smucker stock for each fifty shares of P&G common stock. The cost basis of P&G common stock prior to the Smucker spin-off was allocated between P&G common stock held and the Smucker common stock received. Participants are not permitted to purchase additional shares of Smucker.

PLAN TERMINATION--Although it has not expressed any intent to do so, the Plan Sponsors have the right under the Plan to discontinue their contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan is terminated, participants will become fully vested in their accounts and the net assets of the Plan will be distributed in an order of priority determined in accordance with ERISA and its applicable regulations and the Plan document.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING--The accompanying financial statements are 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 the closing price on established security exchanges. The Plan's investment funds (funds) are valued by the fund manager, JP 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 participant's account by the Plan's record

keeper.

EXPENSES OF THE PLAN--Fees charged by the investment manager were paid by the Plan. Effective January 1, 2002, all other administrative expenses are paid by the Company. Prior to 2002, certain administrative expenses were paid by the Plan.

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 various securities including 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 those changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

3. INCOME TAX STATUS

The Plan is exempt from Puerto Rico income taxes under the provisions of Section 165(a) of the Puerto Rico Income Tax Act of 1954, as amended. The Plan is also a qualified employees' trust under Section 401(a) of the Internal Revenue Code (IRC) and, as such, is exempt from federal income taxes under Section 501(a). The Plan has been amended since receiving the latest determination letters. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Puerto Rico Income Tax Act of 1954 and the IRC. Therefore, they believe that the Plan was qualified and tax-exempt as of June 30, 2003 and 2002 and no provision for income taxes has been reflected in the accompanying financial statements.

4. PARTY-IN-INTEREST INVESTMENTS AND TRANSACTIONS

The Company is a party-in-interest, as defined in ERISA. The plan administrator has not identified any prohibited party-in-interest investments or transactions during the years ended June 30, 2003 and 2002.

5. INVESTMENTS

The following is a summary of the Plan's investments as of June 30, 2003 and 2002. Investments that represent five percent or more of the Plan's net assets are separately identified.

Description	2003	2002
Company common stock**	$ 20,460,506	$ 21,848,413
J.P. Morgan Diversified Fund**	7,014,539	8,577,000
J.P. Morgan Disciplined Equity Fund**	2,766,274	2,694,649
J.P. Morgan Money Market Fund**	2,637,247	2,330,192
J.P. Morgan Bond Fund	676,431	452,917
American Century Heritage Fund	529,138	411,158

Putnam International Growth Fund	246,123	185,998
The J.M. Smucker Company common stock	159,878	165,110
Total	$ 34,490,136	$ 36,665,437

**Denotes investments representing five percent or more of the Plan's net assets

Interest and dividend income and changes in the Plan's investments after January 1, 2002, which include investments bought and sold as well as held during the years ended June 30, 2003 and 2002, consist of the following:

	2003	2002
Dividend income	$ 403,400	$ 189,309
Interest income	14,394	21,038
	$ 417,794	$ 210,347
Net appreciation (depreciation) in fair value of:		
Mutual funds	$ 90,071	$ (1,348,603)
Common stock	(17,678)	6,323,412
	$ 72,393	$ 4,974,809

6. INTEREST IN MASTER TRUST

Effective January 1, 1993, the Company formed the Master Trust in accordance with a master trust agreement with PNC Bank. Effective January 1, 2002 and upon conversion to American Century, the Plan no longer participates in the Master Trust.

Use of a master trust permitted the commingling of various Company-sponsored defined contribution plans for investment and administrative purposes. Although assets were commingled in the Master Trust, PNC Bank maintained 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 fiscal year 2002 audited financial information regarding the investment income of the Master Trust:

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

	Company Stock Fund	JP Morgan Funds	
Net appreciation (depreciation) in fair value of investments	$ 10,804,881	$ (5,127,681)	$ 5,67
Dividends	648,023		64
Interest	27,336	52,643	7
Total	$ 11,480,240	$ (5,075,038)	$ 6,40

Plan's equity in net earnings (losses) of

Master Trust	$ 3,834,194	$ (3,953,588)	$ (11

7. 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 action 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 on March 25, 2002. During 2003, the Plan received a substantial portion of their settlement to be allocated to participant accounts and any remaining proceeds are expected to be received during the fiscal year 2004.

* * * * *

THE PROFIT SHARING RETIREMENT PLAN OF THE
THE PROCTER & GAMBLE COMMERCIAL COMPANY

SCHEDULE OF ASSETS (HELD AT END OF YEAR),
SCHEDULE H, LINE 4i OF FORM 5500
JUNE 30, 2003

Investment	Fair Value
Procter & Gamble Company common stock	$ 20,460,506
J.P. Morgan Diversified Fund	7,014,539
J.P. Morgan Disciplined Equity Fund	2,766,274
J.P. Morgan Money Market Fund	2,637,247
J.P. Morgan Bond Fund	676,431
American Century Heritage Fund	529,138
Putnam International Growth Fund	246,123
The J.M. Smucker Company common stock	159,878
	$ 34,490,136

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 Profit Sharing Retirement Plan
of The Procter & Gamble Commercial
Company

Date: December 19, 2003

/S/ THOMAS J. MESS

Thomas J. Mess
Secretary, Trustees of The Profit
Sharing Retirement Plan of The
Procter & Gamble Commercial Company

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