

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 1-644

COLGATE-PALMOLIVE COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

300 Park Avenue, New York, New York
(Address of principal executive offices)

13-1815595
(I.R.S. Employer
Identification No.)

10022
(Zip Code)

(212) 310-2000

(Registrant's telephone number, including area code)

NO CHANGES

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

<u>Class</u>	<u>Shares Outstanding</u>	<u>Date</u>
Common, \$1.00 par value	531,057,876	July 31, 2004

PART I. FINANCIAL INFORMATION

COLGATE-PALMOLIVE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net sales	\$ 2,571.7	\$ 2,458.6	\$ 5,085.2	\$ 4,807.0
Cost of sales	1,148.1	1,105.8	2,262.0	2,156.0
Gross profit	1,423.6	1,352.8	2,823.2	2,651.0
Selling, general and administrative expenses	838.8	795.3	1,707.1	1,583.0
Operating profit	584.8	557.5	1,116.1	1,068.0
Interest expense, net	29.3	31.3	57.6	65.3
Income before income taxes	555.5	526.2	1,058.5	1,002.7
Provision for income taxes	181.6	166.4	346.1	318.9
Net income	\$ 373.9	\$ 359.8	\$ 712.4	\$ 683.8
Earnings per common share, basic	\$.69	\$.66	\$ 1.31	\$ 1.25
Earnings per common share, diluted	\$.66	\$.62	\$ 1.25	\$ 1.18
Dividends declared per common share*	\$ —	\$ —	\$.48	\$.42

* Two dividends were declared in each of the first quarter periods.

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	June 30, 2004	December 31, 2003
Assets		
Current assets		
Cash and cash equivalents	\$ 417.3	\$ 265.3
Receivables (net of allowances of \$45.4 and \$43.6, respectively)	1,277.2	1,222.4
Inventories	843.4	718.3
Other current assets	297.0	290.5
	<u>2,834.9</u>	<u>2,496.5</u>
Property, plant and equipment:		
Cost	5,109.0	5,069.2
Less: Accumulated depreciation	(2,606.3)	(2,527.0)
	<u>2,502.7</u>	<u>2,542.2</u>
Goodwill, net	1,730.0	1,299.4
Other intangible assets, net	803.9	597.6
Other assets	558.9	543.1
	<u>5,593.5</u>	<u>5,982.3</u>
Total assets	\$ 8,430.4	\$ 7,478.8
Liabilities and Shareholders' Equity		
Current liabilities		
Notes and loans payable	\$ 66.7	\$ 103.6
Current portion of long-term debt	633.3	314.4
Accounts payable	758.4	753.6
Accrued income taxes	160.8	183.8
Other accruals	1,021.8	1,090.0
	<u>2,641.0</u>	<u>2,445.4</u>
Long-term debt	3,262.4	2,684.9
Deferred income taxes	470.5	456.0
Other liabilities	1,025.1	1,005.4
Shareholders' Equity		
Preferred stock	281.2	292.9
Common stock	732.9	732.9
Additional paid-in capital	1,093.7	1,126.2
Retained earnings	7,876.8	7,433.0
Accumulated other comprehensive income	(1,915.8)	(1,866.8)
	<u>8,068.8</u>	<u>7,718.2</u>
Unearned compensation	(319.1)	(331.2)
Treasury stock, at cost	(6,718.3)	(6,499.9)
	<u>1,031.4</u>	<u>887.1</u>
Total liabilities and shareholders' equity	\$ 8,430.4	\$ 7,478.8

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	Six Months Ended June 30,	
	2004	2003
Operating Activities:		
Net income	\$ 712.4	\$ 683.8
Adjustments to reconcile net income to net cash provided by operations:		
Restructuring	(4.8)	—
Depreciation and amortization	159.7	153.6
Deferred income taxes	22.6	(1.0)
Cash effects of changes in:		
Receivables	(32.3)	(9.3)
Inventories	(115.9)	(73.1)
Accounts payable and other accruals	(57.4)	8.2
Other non-current assets and liabilities	(40.3)	(31.9)
Net cash provided by operations	<u>644.0</u>	<u>730.3</u>
Investing Activities:		
Capital expenditures	(117.6)	(121.2)
Payment for acquisition, net of cash acquired	(714.8)	—
Other	52.4	45.4
Net cash used in investing activities	<u>(780.0)</u>	<u>(75.8)</u>
Financing Activities:		
Principal payments on debt	(235.5)	(319.0)
Proceeds from issuance of debt	1,103.7	122.5
Dividends paid	(268.6)	(237.0)
Purchases of treasury shares	(358.2)	(235.8)
Proceeds from exercise of stock options	57.2	63.7
Net cash provided by (used in) financing activities	<u>298.6</u>	<u>(605.6)</u>
Effect of exchange rate changes on cash and cash equivalents	(10.6)	2.4
Net increase in cash and cash equivalents	<u>152.0</u>	<u>51.3</u>
Cash and cash equivalents at beginning of period	<u>265.3</u>	<u>167.9</u>
Cash and cash equivalents at end of period	<u>\$ 417.3</u>	<u>\$ 219.2</u>
Supplemental Cash Flow Information:		
Income taxes paid	\$ 335.4	\$ 231.5

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

1. The Condensed Consolidated Financial Statements reflect all normal recurring adjustments which, in management's opinion, are necessary for a fair presentation of the results for interim periods. Results of operations for the interim periods may not be representative of results to be expected for a full year.

Reference is made to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2003 for a complete set of financial notes including the Company's significant accounting policies.

2. Provision for certain expenses, including income taxes, media advertising and consumer promotion are based on full year assumptions and are included in the accompanying Condensed Consolidated Financial Statements in proportion with estimated annual tax rates, the passage of time or estimated annual sales.

3. Inventories by major classes were as follows:

	June 30, 2004	December 31, 2003
Raw materials and supplies	\$ 198.2	\$ 182.3
Work-in-process	37.1	30.4
Finished goods	608.1	505.6
	<u>\$843.4</u>	<u>\$ 718.3</u>

4. Comprehensive Income

Comprehensive income is comprised of net earnings, currency translation gains and losses, and gains and losses from derivative instruments designated as cash flow hedges. Total comprehensive income for the three months ended June 30, 2004 and 2003 was \$326.3 and \$417.6, respectively. Total comprehensive income for the six months ended June 30, 2004 and 2003 was \$663.4 and \$736.5, respectively. Accumulated other comprehensive income, as reflected in the Condensed Consolidated Balance Sheets, primarily consists of cumulative foreign currency translation adjustments.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

5. Earnings Per Share

	Three Months Ended					
	June 30, 2004			June 30, 2003		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	\$ 373.9			\$ 359.8		
Preferred dividends	(6.4)			(5.3)		
Basic EPS	<u>367.5</u>	<u>531.4</u>	<u>\$.69</u>	<u>354.5</u>	<u>538.0</u>	<u>\$.66</u>
Stock options and restricted stock		4.5			5.7	
Convertible preference stock	6.4	34.7		5.2	36.9	
Diluted EPS	<u>\$ 373.9</u>	<u>570.6</u>	<u>\$.66</u>	<u>\$ 359.7</u>	<u>580.6</u>	<u>\$.62</u>
	Six Months Ended					
	June 30, 2004			June 30, 2003		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	\$ 712.4			\$ 683.8		
Preferred dividends	(13.1)			(12.2)		
Basic EPS	<u>699.3</u>	<u>532.2</u>	<u>\$ 1.31</u>	<u>671.6</u>	<u>537.6</u>	<u>\$ 1.25</u>
Stock options and restricted stock		4.3			5.2	
Convertible preference stock	13.1	35.0		12.0	37.2	
Diluted EPS	<u>\$ 712.4</u>	<u>571.5</u>	<u>\$ 1.25</u>	<u>\$ 683.6</u>	<u>580.0</u>	<u>\$ 1.18</u>

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

6. Stock-Based Compensation

Stock-based compensation plans are accounted for under the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As all grants had an exercise price not less than fair market value on the date of grant, no compensation expense has been recognized for stock option grants. The following illustrates the effect on net income and earnings per share if the Company had applied the fair value method of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation":

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income, as reported	\$ 373.9	\$ 359.8	\$ 712.4	\$ 683.8
Deduct: pro forma stock option compensation expense, net of tax	10.7	10.5	21.5	19.8
Pro forma net income	\$ 363.2	\$ 349.3	\$ 690.9	\$ 664.0
Earnings per share:				
Basic – as reported	\$.69	\$.66	\$ 1.31	\$ 1.25
Basic – pro forma	.67	.64	1.27	1.21
Diluted – as reported	.66	.62	1.25	1.18
Diluted – pro forma	.64	.60	1.21	1.14

Pro forma stock option compensation expense above is the estimated fair value of options granted amortized over the vesting period.

7. Acquisitions and Divestitures

On June 1, 2004, the Company completed the purchase of 100% of the outstanding shares of GABA Holding AG (GABA), a privately owned European oral care company headquartered in Switzerland, for cash of 1,051 million Swiss francs (US \$844) plus a purchase price adjustment currently estimated at 26 million Swiss francs (US \$20), expected to be paid in the second half of 2004 as a result of additional cash held by GABA at the date of acquisition. GABA is expected to help further build the Company's world leadership in toothpaste, strengthening our European consumer and professional Oral Care businesses including increased presence in the important pharmacy channel where GABA has a market leading position.

The cost to acquire GABA has been allocated on a preliminary basis to the assets acquired and the liabilities assumed at the date of acquisition based on estimated fair values, as summarized in the table below.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

Cash	\$137.4
Other current assets	71.7
Property, plant and equipment	51.4
Goodwill	461.7
Intangible assets	217.0
Other assets	6.6
	<hr/>
Total assets acquired	945.8
Current liabilities	(54.7)
Other liabilities	(27.1)
	<hr/>
Total liabilities assumed	(81.8)
	<hr/>
Net assets acquired	\$864.0
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Of the \$217.0 of acquired intangible assets, \$172.0 was allocated to GABA's brands with indefinite lives. The remaining acquired intangible assets of \$45.0 have a weighted average useful life of 15 years. As the Company is in the process of obtaining independent valuations, the allocation of the purchase price as well as the determination of the useful lives of intangible assets are subject to adjustment. The Company is completing its analysis of integration plans that may result in additional purchase price allocation adjustments.

The results of GABA's operations have been included in Colgate's European operating segment in the Condensed Consolidated Financial Statements from the date of acquisition. The inclusion of pro forma financial data for GABA prior to the date of acquisition would have resulted in pro forma sales approximately 2% higher than the Company's reported sales and a slightly dilutive impact on reported earnings for the three and six month periods ended June 30, 2004 and 2003.

In June 2004 the Company sold its detergent businesses in Ecuador and Peru. This sale resulted in a gain of \$26.7 (\$15.0 aftertax). The Company has also agreed to sell its detergent business in Colombia, subject to regulatory approval. These Latin American detergent businesses account for approximately 3% of the Company's Latin America operating segment's annual sales.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

8. Restructuring Activities

In line with the divestment of certain European and Latin American detergent brands and the Company's focus on the regionalization of manufacturing facilities to streamline and strengthen its operations, the Company is in the process of realigning certain manufacturing operations and implementing workforce reduction programs primarily in Europe, Latin America and Asia/Africa. Restructuring activity in the first half of 2004 included charges of \$6.8 and payments of \$11.6 as follows:

	Termination Benefits	Incremental Depreciation	Total
Restructuring accrual at December 31, 2003	\$ 32.7	\$ —	\$32.7
Charges	—	1.5	1.5
Cash payments	(7.7)	—	(7.7)
Charges against assets	—	(1.5)	(1.5)
Restructuring accrual at March 31, 2004	\$ 25.0	\$ —	\$25.0
Charges	3.8	1.5	5.3
Cash payments	(3.9)	—	(3.9)
Charges against assets	—	(1.5)	(1.5)
Restructuring accrual at June 30, 2004	\$ 24.9	\$ —	\$24.9

Substantially all accrued termination benefits shown above are expected to be paid in 2004. The Company expects to incur an estimated additional \$1 in related one-time termination benefits in the remainder of 2004. Incremental depreciation of \$3.0 was recorded in the first half of 2004 to reflect shortened useful lives for long-lived assets that will be taken out of service prior to the end of their normal service period as a result of the regionalization of manufacturing facilities. Additional incremental depreciation of approximately \$4 will be incurred in 2004. These restructuring activities, which included \$59.3 of costs incurred in 2003, are expected to be substantially completed by the end of 2004 for a total cost of approximately \$70.

In addition, during the second quarter and first half of 2004 the Company incurred and paid approximately \$3 and \$6 of expenses, respectively, related to other ongoing cost reduction activities.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

9. Retirement Plans and Other Retiree Benefits

Components of net periodic benefit cost for the three and six months ended June 30 are as follows:

Three Months

	Pension Benefits				Other Retiree Benefits	
	2004	2003	2004	2003	2004	2003
	United States		International			
Components of Net Periodic Benefit Costs						
Service cost	\$ 11.1	\$ 10.4	\$ 5.5	\$ 2.8	\$ 2.0	\$ 1.5
Interest cost	18.9	20.1	9.6	5.0	5.3	4.9
Annual ESOP allocation	—	—	—	—	(2.9)	(2.7)
Expected return on plan assets	(20.9)	(19.7)	(7.1)	(3.0)	—	—
Amortization of transition/prior service costs	0.8	0.9	—	0.1	(0.2)	(0.2)
Amortization of actuarial loss	6.2	7.1	1.8	0.7	0.7	0.3
Net periodic benefit cost	\$ 16.1	\$ 18.8	\$ 9.8	\$ 5.6	\$ 4.9	\$ 3.8

Six Months

	Pension Benefits				Other Retiree Benefits	
	2004	2003	2004	2003	2004	2003
	United States		International			
Components of Net Periodic Benefit Costs						
Service cost	\$ 22.4	\$ 19.4	\$ 9.5	\$ 5.6	\$ 4.0	\$ 3.0
Interest cost	38.1	36.8	15.4	10.0	10.7	9.8
Annual ESOP allocation	—	—	—	—	(5.8)	(5.4)
Expected return on plan assets	(42.1)	(36.1)	(11.1)	(6.0)	—	—
Amortization of transition/prior service costs	1.6	1.6	0.1	0.2	(0.4)	(0.4)
Amortization of actuarial loss	12.4	13.1	2.7	1.4	1.4	0.6
Net periodic benefit cost	\$ 32.4	\$ 34.8	\$ 16.6	\$ 11.2	\$ 9.9	\$ 7.6

For the six months ended June 30, 2004 and 2003 the Company made voluntary contributions of \$38.1 and \$63.1, respectively, to its U.S. postretirement plans.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(Dollars in Millions Except Per Share Amounts)***(Unaudited)**

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) became law. The Act introduces a prescription drug benefit under Medicare Part D starting in 2006 as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. In May 2004, the FASB issued Staff Position (FSP) FAS 106-2, which requires the Company to disclose the effects of the Act and to recognize the impact of the subsidy on the accumulated postretirement benefit obligation (APBO) and net periodic postretirement benefit cost in the first interim or annual period beginning after June 15, 2004. Accordingly, the Company will adopt FSP FAS 106-2 as of its third quarter 2004 reporting period beginning July 1, 2004. Based on current design, management believes that certain health care benefit plans covering a significant portion of the Company's U.S. participants will qualify for the Medicare Part D subsidy, resulting in a reduction in the Company's share of prescription drug benefits available under these plans. The estimated reduction in the APBO attributable to past service cost is approximately \$15 and the estimated reduction in annual benefit cost for 2004 will be approximately \$2.

10. Contingencies

The Company is contingently liable with respect to lawsuits, taxes and other matters arising out of the normal course of business.

As a matter of course, the Company is regularly audited by the Internal Revenue Service (IRS). The IRS has completed its examination of the Company's federal income tax returns for 1996 through 1998 and has proposed an assessment that challenges the Company's tax deductions for compensation in connection with expatriate executives. The Company is pursuing an administrative appeal before the IRS with respect to this issue. The Company believes that its tax position complies with the applicable tax law and intends to defend its position vigorously.

In 1995, the Company acquired the Kolynos oral care business from Wyeth (formerly American Home Products) (the Seller), as described in the Company's Form 8-K dated January 10, 1995. On September 8, 1998, the Company's Brazilian subsidiary received notice of an administrative proceeding from the Central Bank of Brazil primarily taking issue with certain foreign exchange filings made with the Central Bank in connection with the financing of this strategic transaction, but in no way challenging or seeking to unwind the acquisition. The Central Bank of Brazil in January 2001 notified the Company of its decision in this administrative proceeding to impose a fine, which, at the current exchange rate, approximates \$85. The Company has appealed the decision to the Brazilian Monetary System Appeals Council (the Council), thereby suspending the fine pending the decision of the Council. If the fine is affirmed, interest and penalties may also be assessed. Further appeals are available within the Brazilian federal courts. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel and other experts, that the filings challenged by the Central Bank fully complied with Brazilian law and that the Company should either prevail on appeal or succeed in having the fine reduced significantly. The Company intends to challenge this proceeding vigorously.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

In 2002, the Brazilian Federal Public Attorney filed a civil action against the federal government of Brazil, Laboratorios Wyeth-Whitehall Ltda., the Brazilian subsidiary of the Seller, and the Company, as represented by its Brazilian subsidiary, seeking to annul an April 2000 decision by the Brazilian Board of Tax Appeals that found in favor of the Seller's subsidiary on the issue of whether it had incurred taxable capital gains as a result of the divestiture of Kolynos. The action seeks to make the Company's Brazilian subsidiary jointly and severally liable for any tax due from the Seller's subsidiary. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the Company should ultimately prevail in this action. The Company intends to challenge this action vigorously.

In addition, the Brazilian internal revenue authority has disallowed interest deductions and foreign exchange losses taken by the Company's Brazilian subsidiary in connection with the financing of the Kolynos acquisition, imposing a tax assessment that with interest, at the current exchange rate, approximates \$40. The Company and the tax authority have appealed this decision to the First Board of Taxpayers, and further appeals are available within the Brazilian federal courts. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel and other experts, that the disallowance is without merit and that the Company should prevail on appeal. The Company intends to challenge this assessment vigorously.

In addition, Brazilian prosecutors reviewed the foregoing transactions as part of an overall examination of all international transfers of reais through non-resident current accounts during the 1992 to 1998 time frame, a review which the Company understands involved hundreds and possibly thousands of other individuals and companies. At the request of these prosecutors, in February 2004, a federal judge agreed to authorize criminal charges against certain current and former officers of the Company's Brazilian subsidiary based on the same allegations made in the Central Bank and tax proceedings discussed herein. Management believes, based on the opinion of its Brazilian legal counsel, that these officers behaved in all respects properly and in accordance with law in connection with the financing of the Kolynos acquisition. Management intends to support and defend these officers vigorously.

While it is possible that the Company's cash flows and results of operations in a particular quarter or year could be affected by the one-time impacts of the resolution of such contingencies, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material impact on the Company's financial position, results of operations or ongoing cash flows.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)

(Unaudited)

11. Segment Information

The Company evaluates segment performance based on several factors, including operating profit. The Company uses operating profit as a measure of the operating segment performance because it excludes the impact of corporate-driven decisions related to interest expense and income taxes. Net sales and operating profit by segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net Sales				
Oral, Personal and Home Care				
North America	\$ 578.9	\$ 593.6	\$ 1,147.4	\$ 1,182.1
Latin America	552.4	544.3	1,085.9	1,042.8
Europe	618.8	577.7	1,225.8	1,108.6
Asia/Africa	467.0	417.4	935.2	838.5
Total Oral, Personal and Home Care	2,217.1	2,133.0	4,394.3	4,172.0
Total Pet Nutrition	354.6	325.6	690.9	635.0
Total Net Sales	\$ 2,571.7	\$ 2,458.6	\$ 5,085.2	\$ 4,807.0
Operating Profit				
Oral, Personal and Home Care				
North America	\$ 136.4	\$ 154.9	\$ 271.8	\$ 302.7
Latin America	159.8	151.6	318.1	300.3
Europe	131.1	127.7	260.8	241.6
Asia/Africa	79.0	69.7	163.1	135.6
Total Oral, Personal and Home Care	506.3	503.9	1,013.8	980.2
Total Pet Nutrition	99.4	91.2	194.8	179.0
Total Corporate	(20.9)	(37.6)	(92.5)	(91.2)
Total Operating Profit	\$ 584.8	\$ 557.5	\$ 1,116.1	\$ 1,068.0

COLGATE-PALMOLIVE COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Executive Overview

Colgate-Palmolive Company seeks to deliver consistent, superior shareholder returns by providing consumers, on a global basis, with products that make their lives healthier and more enjoyable.

To this end the Company is tightly focused on two product segments: Oral, Personal and Home Care; and Pet Nutrition. Within these segments, the Company follows a closely defined business strategy to develop and increase market leadership positions in key product categories. These core businesses and product categories are selected and prioritized according to their capacity to sustain longer term growth, strong global equities and maximize the use of the organization's core competencies to yield a competitive advantage capable of delivering financial returns above its cost of capital.

Operationally, the Company is organized along geographic lines with specific regional management teams having responsibility for the financial results in each area. As a consequence of this geographic diversity - the Company competes in more than 200 countries and territories worldwide - the organization has a geographic balance which limits exposure to external events in any one country or part of the world.

The Oral, Personal and Home Care segment is operated through four reportable operating segments, North America, Latin America, Europe and Asia/Africa, which sell to a variety of retail and wholesale customers and distributors. In the Pet Nutrition segment, Hill's also competes on a worldwide basis selling its products principally through the veterinary profession and specialty pet retailers.

To achieve its financial objectives, the Company employs a strategy which is used in all businesses worldwide and that focuses the organization on initiatives to both drive growth and simultaneously fund that growth. Growth and therefore revenues are driven by bringing to the marketplace products which offer value to the consumer through new benefits and convenience in the categories where the Company competes. The investments needed to fund this growth are developed through continuous, corporate-wide initiatives to lower costs and increase effective asset utilization. The Company also continues to prioritize its investments toward its higher margin businesses, specifically Oral Care, Personal Care and Pet Nutrition. In June 2004, the Company completed its acquisition of GABA Holding AG (GABA), a privately owned European oral care company headquartered in Switzerland. Also, consistent with the Company's strategy to de-emphasize heavy-duty detergents, the Company completed the sale of certain European and Latin American laundry detergent brands during 2003 and 2004, respectively.

The Company sees material opportunities for growth through its ability to identify and meet new consumer needs within the categories in which it competes. This includes deploying the insights and products developed in one region on a global basis. Growth opportunities are especially evident in those areas where the Company can leverage economic development and where rising consumer disposable incomes expand the markets for its products. The organization is, therefore, actively focused on the development of such products using global and local knowledge and consumer insight and has an organization in place to ensure these learnings and product bundles are introduced expeditiously around the world.

On an ongoing basis, management focuses on a variety of key indicators to monitor business health and performance. These indicators include measurements of market share, sales (including volume, pricing and foreign exchange components), gross profit margins, operating profits and net income; and measures to optimize the management of working capital, capital expenditures, cash flow and return on capital.

COLGATE-PALMOLIVE COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Ultimately, the monitoring of these indicators, as well as the Company's corporate governance practices (including the Company's Code of Conduct), are used to ensure that business health is maintained and effective control exercised. The success of these measures is indicated by the vitality of the business and in its financial strength. The resultant strong and consistent cash flow, evidenced by the Company's credit rating of AA- by Standard & Poor's and Aa3 by Moody's Investors Service, in turn provides flexibility for future investments and growth.

Results of Operations

Worldwide sales were \$2,571.7 in the second quarter of 2004. Sales increased 4.5% driven by unit volume gains of 4.0%, decreases in net selling prices of 1.0% and a positive foreign exchange impact of 1.5% as compared to the second quarter of 2003. The acquisition of GABA contributed 0.5% to worldwide sales and volume growth. Excluding the 2003 divestment of certain European detergent and soap brands, sales increased 5.5% on volume growth of 5.0%.

Second quarter sales in the Oral, Personal and Home Care segment were \$2,217.1, up 4.0% from 2003 as a result of volume growth.

Colgate-North America sales declined 2.5% in the second quarter of 2004 to \$578.9 on relatively flat volume, decreases in net selling prices of 3.0% and a 0.5% positive impact of foreign exchange. These results are measured against the strong sales in the second quarter of 2003 which benefited from Colgate Simply White tooth whitening gel and were also affected by distribution network changes during the quarter. Innovative new products in the region include Colgate Simply White and Colgate Total Advanced Fresh toothpastes, Colgate Whitening, Colgate Wave, Colgate Total Professional and SpongeBob kids manual toothbrushes, Palmolive Oxy Plus and Suavitel fabric conditioner. North American operating profit declined 12% versus the second quarter of 2003 to \$136.4, reflecting lower sales and gross profit margins and a planned increase in the level of commercial investment designed to build market share.

Colgate-Latin America sales increased 1.5 % in the second quarter of 2004 to \$552.4 as a result of 5.0% volume growth, increases in net selling prices of 3.0% and a negative foreign exchange impact of 6.5%. Volume gains were achieved by nearly every country in the region including Mexico, Brazil, Argentina, Chile, Colombia, Ecuador, Peru, Venezuela, Central America, Bolivia, Paraguay and Uruguay. New products contributing to market share gains in Oral Care include Colgate Herbal White, Colgate Sensitive, Colgate Total Plus Whitening, Colgate Triple Action Mild Mint and Sorriso Jua Plus Baking Soda toothpastes and Colgate Navigator Plus and Colgate Massager toothbrushes. Driving growth in other categories are Palmolive Aromatherapy bar soap, Palmolive Naturals Milk & Rose shower gel and liquid hand soap, Caprice Specialties shampoo and conditioners, Mennen Speed Stick 24/7 multiform deodorants, Fabuloso Passion Fruit liquid cleaner, Ajax multipurpose degreaser spray cleaner and Axion Baking Soda and Grapefruit dish paste. Operating profit in Latin America increased 5% compared to the second quarter of 2003 to \$159.8, primarily due to strong volume gains and higher gross profit margins, partially offset by increased advertising.

Colgate-Europe sales as reported increased 7.0% to \$618.8 on volume gains of 3.0%, a 2.5% reduction in net selling prices and a 6.5% impact of the stronger Euro and other European currencies. Sales, excluding the divested detergent and soap businesses, increased 11.5% on volume gains of 7.5%. The GABA acquisition added 2.5% to both sales and volume growth for the region. Healthy volume gains were achieved in the United Kingdom, Germany, Spain, Switzerland, Holland, Belgium, Poland, Czech Republic, Russia, Turkey, Romania and Adria. Successful new products driving growth include Colgate Total Advanced Fresh, Colgate Total Plus Whitening, Colgate Sensitive, Colgate Propolis, Colgate Herbal Propolis and Colgate Oxygen toothpastes.

COLGATE-PALMOLIVE COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Standouts in other categories include Colgate Massager, Colgate Whitening and Colgate Sensitive manual toothbrushes, Palmolive Aroma Creme, Palmolive Thermal and Palmolive Thermal Spa shower gels, Palmolive deodorant, Soupline Hearts fabric conditioner, and Ajax Baking Soda & Citrus all purpose cleaner. Operating profit in Europe grew 3% to \$131.1, primarily driven by volume growth, higher gross profit margins, and the positive impact of foreign currencies, partially offset by increased commercial investment.

Colgate-Asia/Africa second quarter sales as reported increased 12.0% to \$467.0 on volume gains of 10.0%, decreases in net selling prices of 3.5% and positive foreign exchange of 5.5%. Sales excluding divestments increased 13.0% on volume gains of 11.0%. Strong volume gains were achieved by China, India, Australia, Hong Kong, Taiwan, Malaysia, Philippines, Thailand, Vietnam and South Africa. Successful new products driving growth in Oral Care are Colgate Herbal Salt, Colgate Sensitive, Colgate Total Plus Whitening and Darlie Hydro Fresh toothpastes, Colgate Massager and Colgate Designer manual toothbrushes, and Colgate powered toothbrushes for kids featuring LOONEY TUNES characters. New products driving growth in Personal Care include Palmolive Naturals Silky Straight and Palmolive Aromatherapy shampoo, Palmolive Aromatherapy Sensual shower gel and Palmolive Naturals bar soap with papaya extracts. Second quarter 2004 operating profit increased 13% in Asia/Africa to \$79.0 as a result of volume gains, higher gross profit margins, and strengthened local currencies.

Hill's Pet Nutrition sales increased 9.0% to \$354.6 on unit volume gains of 4.0%, net selling price increases of 2.0% and positive foreign exchange of 3.0%. New products driving growth in the U.S. specialty retail channel include Science Diet Advanced Protection and Science Diet Feline Hairball in wet form. Internationally, solid volume growth was achieved by Malaysia, Taiwan, Thailand, Russia, Korea, South Africa, Australia, Spain and Germany. Science Plan Nature's Best, Prescription Diet Feline m/d, increased promotional activity and distribution gains contributed to the strong international results. Operating profit at Hill's increased 9% to \$99.4 on sales growth and cost control initiatives, partially offset by lower gross margins as a result of increased commodity prices.

Sales as reported in the Oral, Personal and Home Care segment for the six months ended June 30, 2004 were \$4,394.3, up 5.5% from the comparable period in 2003 as volume rose 3.5%. Net selling prices declined 1.5% and exchange had a positive impact of 3.5%. Excluding the 2003 divestment of certain European detergent and soap brands, sales increased 6.5% on volume growth of 4.5%. Within this segment, Colgate-North America sales decreased 3.0% on volume declines of 1.5%, Colgate-Latin America sales increased 4.0% on volume growth of 5.0%, Colgate-Europe sales increased 10.5% on volume growth of 3.5% (including 1.5% sales and volume growth contributed by GABA), and Colgate-Asia/Africa sales increased 11.5% on volume growth of 8.0%. Excluding the impact of divestments, Colgate-Europe sales increased 15.0% on 8.0% volume growth and Colgate-Asia/Africa sales increased 12.5% on 9.0% volume growth.

Sales at Hill's Pet Nutrition for the six months ended June 30, 2004 increased 9.0% to \$690.9 on volume growth of 4.0% driven by innovative new products, veterinary endorsements and merchandising activities.

Worldwide gross profit margin for the second quarter of 2004 increased to 55.4% from 55.0% in 2003 as the Company continued to benefit from the shift to higher margin businesses, manufacturing cost-reduction initiatives, global sourcing and other cost reduction programs, partially offset by higher materials costs and declines in net selling prices. Gross profit margin for the first half of 2004 increased to 55.5% from 55.1% in 2003.

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COLGATE-PALMOLIVE COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Selling, general and administrative expenses as a percentage of sales increased to 32.6% in the second quarter of 2004 from 32.3% in 2003 and to 33.6% for the first half of 2004 from 32.9% in 2003. The increase in selling, general and administrative expenses is primarily attributable to increased advertising behind the Company's brands. Restructuring, other cost reduction activities, higher freight costs and the impact of changes in distribution networks offset a pretax gain of \$26.7 (\$15.0 aftertax) on the sale of the Company's detergent business in Ecuador and Peru.

In connection with the European and Latin American brand divestments in 2003 and 2004, respectively, and the Company's ongoing focus on the regionalization of manufacturing facilities to streamline and strengthen its operations, the Company is in the process of realigning certain manufacturing operations and implementing workforce reduction programs primarily in Europe, Latin America and Asia/Africa. For additional information refer to Note 8 to the Condensed Consolidated Financial Statements. The Company continues to evaluate opportunities to further increase operational efficiencies which may result in future restructuring costs.

Operating profit increased 5% to \$584.8 in the second quarter of 2004, maintaining a level of 22.7% of sales compared to the second quarter of 2003. Operating profit increased 5% to \$1,116.1 in the first six months of 2004 as compared to \$1,068.0 in 2003.

Interest expense, net of interest income, decreased to \$29.3 in the 2004 second quarter as compared with \$31.3 in 2003 and to \$57.6 in the first six months of 2004 as compared to \$65.3 in 2003 due to lower average debt levels during the period.

The effective tax rate for the second quarter of 2004 and 2003 was 32.7% and 31.6%, respectively. The effective tax rate for the first half of 2004 was 32.7% compared to 31.8% in 2003. The Company's current estimate of its full year effective income tax rate is 32.7%, an increase over the 2003 annual effective rate of 30.4%.

Net income for the second quarter of 2004 increased 4% to \$373.9, and earnings per common share increased 6% to \$0.66 per share on a diluted basis, compared with \$359.8, or \$0.62 per share, in the prior year. For the first six months of 2004, net income increased 4% to \$712.4, and earnings per common share increased 6% to \$1.25 per share on a diluted basis versus \$683.8 or \$1.18 per share in 2003.

Sales and unit volume growth both worldwide and in relevant geographic divisions are discussed both as reported and excluding divestments. Management believes this provides useful information to investors as it allows comparisons of sales and volume growth from ongoing operations. For a table summarizing segment sales and operating profit please refer to Note 11, "Segment Information," of the Notes to the Condensed Consolidated Financial Statements.

Liquidity and Capital Resources

Net cash provided by operations decreased to \$644.0 in the first half of 2004, compared with \$730.3 in the comparable period of 2003 as the Company's improved profitability was offset by working capital changes. The change in working capital was driven primarily by higher cash tax payments, as well as by certain increases in inventory levels. The increase in inventory versus year end levels is associated with new product activities as well as temporary manufacturing and distribution changes. A portion of the increased tax payments reflected in net cash provided by operations in the first half of 2004 includes tax payments of \$42.1 related to the sale of certain European brands in 2003.

COLGATE-PALMOLIVE COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Investing activities used \$780.0 during the first half of 2004 compared with \$75.8 during the first half of 2003, predominantly due to the acquisition of GABA. The Company's acquisition of GABA is discussed in Note 7 to the Condensed Consolidated Financial Statements. Capital expenditures reflect a level slightly lower than the comparable period of 2003. Investing activities in both periods include the proceeds from various marketable securities and investments including the settlement of certain foreign currency contracts and the 2004 period reflects the proceeds from the sale of certain non-core detergent brands in Latin America.

Financing activities provided \$298.6 of cash during the first half of 2004 compared with a use of \$605.6 of cash during the first half of 2003, predominantly as a result of financing in support of the GABA acquisition. Financing activities reflect increases in the common stock dividend payments to \$0.48 per share during the first half of 2004 from \$0.42 per share in the first half of 2003. While the level of share repurchase activity during the first half of 2004 increased compared with the prior period, the Company anticipates that the amount of its common stock repurchases during the second half of 2004 will decline as compared with year to date levels. As a result of strong cash flow and a reduction in share repurchases, the incremental borrowings related to the GABA acquisition are anticipated to be repaid within 12 months. Stock repurchases during the second half of 2004 are currently projected to approximate the level of stock to be issued in connection with the Company's compensation and benefit plans, resulting in total common shares outstanding at year end approximating the June 30, 2004 balance.

Domestic and foreign commercial paper outstanding was \$973.8 and \$179.5, as of June 30, 2004 and 2003, respectively. The maximum commercial paper outstanding during these periods was \$1,519 and \$920, respectively. At June 30, 2004, \$1,464.8 of commercial paper and certain current maturities of notes payable were classified as long-term debt as the Company has the intent and ability to refinance such obligations on a long-term basis, including, if necessary, by utilizing its lines of credit that expire in 2007.

Certain of the Company's financing arrangements require the maintenance of a minimum ratio of operating cash flow to debt. The ESOP notes guaranteed by the Company and certain amounts payable to banks contain cross-default provisions. Non-compliance with these requirements could ultimately result in the acceleration of amounts owed. The Company is in full compliance with all such requirements and believes the likelihood of non-compliance is remote.

For additional information regarding liquidity and capital resources, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

This quarterly report on Form 10-Q may contain forward-looking statements. Actual events or results may differ materially from those statements. For information about factors that could cause such differences, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2003, including the information set forth under the caption "Cautionary Statement on Forward-Looking Statements."

Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2004 (the "Evaluation"). Based upon the Evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) are

COLGATE-PALMOLIVE COMPANY
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

effective in ensuring that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities as appropriate to allow timely decisions regarding required disclosure, particularly during the period in which this quarterly report was being prepared. There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal matters, please refer to Item 3 in the Company's Annual Report on Form 10-K for the year ended December 31, 2003, Note 13 to the Consolidated Financial Statements included therein and Note 10 to the Condensed Consolidated Financial Statements contained in this quarterly report.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The Company repurchases common shares in the open market and in private transactions to fulfill the requirements of its compensation and benefit plans and to maintain its targeted capital structure. Colgate's share repurchase program was approved by the Board of Directors in March 1993 and publicly announced in May 1993. Under the program, the Board authorized the Company to purchase such number of shares needed, in management's discretion, to fulfill the requirements of the Company's compensation and benefit plans and has also approved several special share repurchase authorizations from time to time that have been fully utilized. The share repurchase program has no expiration date. All purchases of the Company's common stock during the second quarter of 2004 were part of this repurchase program.

The following table shows the stock repurchase activity for each of the three months in the quarter ended June 30, 2004:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
Balance as of March 31, 2004				2,147,535
April 1 through 30, 2004	1,032,888	\$ 55.76	1,032,888	1,611,554
May 1 through 31, 2004	1,060,023	\$ 57.42	1,060,023	1,087,779
June 1 through 30, 2004	243,034	\$ 57.94	243,034	1,257,060
Total	2,335,945		2,335,945	

⁽¹⁾ The maximum number of shares that may yet be purchased under the program as reflected in this column at a period end is reduced by the number of shares purchased under the program during such period (2,335,945 shares in the second quarter 2004) and is increased by the number of shares used to fulfill the requirements of the Company's compensation and benefit plans during such period (1,445,470 shares in second quarter 2004).

COLGATE-PALMOLIVE COMPANY
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

Item 4. Submission of Matters to a Vote of Security Holders

The Company's annual meeting of stockholders was held on May 7, 2004. The matters voted on and the results of the vote were as follows:

- (a) Jill K. Conway, Ronald E. Ferguson, Carlos M. Gutierrez, Ellen M. Hancock, David W. Johnson, Richard J. Kogan, Delano E. Lewis, Reuben Mark and Elizabeth A. Monrad were elected directors of the Company. The results of the vote were as follows:

	<u>Votes Received</u>	<u>Votes Withheld</u>
Jill K. Conway	478,519,027 (97.2%)	13,639,556 (2.8%)
Ronald E. Ferguson	478,879,121 (97.3%)	13,279,462 (2.7%)
Carlos M. Gutierrez	481,082,432 (97.7%)	11,076,151 (2.3%)
Ellen M. Hancock	478,449,495 (97.2%)	13,709,088 (2.8%)
David W. Johnson	479,163,452 (97.4%)	12,995,131 (2.6%)
Richard J. Kogan	484,999,071 (98.5%)	7,159,512 (1.5%)
Delano E. Lewis	486,126,760 (98.8%)	6,031,823 (1.2%)
Reuben Mark	482,643,547 (98.1%)	9,515,036 (1.9%)
Elizabeth A. Monrad	482,643,547 (98.1%)	9,515,036 (1.9%)

- (b) The ratification of the selection of PricewaterhouseCoopers LLP as independent auditors for the year ending December 31, 2004 was approved. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
480,273,894 (97.6%)	8,392,227 (1.7%)	3,492,462 (0.7%)

- (c) The Company's proposal regarding the reapproval of certain portions of the Company's stockholder-approved Executive Incentive Compensation Plan was approved. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
464,829,453 (94.5%)	21,691,725 (4.4%)	5,637,405 (1.1%)

- (d) A stockholder proposal regarding "golden parachute" severance pay was not approved. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
159,016,057 (38.2%)	245,336,435 (59.0%)	11,582,161 (2.8%)	76,223,930

- (e) A stockholder proposal regarding workplace human rights was not approved. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
31,574,370 (7.6%)	347,047,784 (83.4%)	37,312,509 (9.0%)	76,223,920

For information regarding voting procedures, please see the Company's Proxy Statement for the 2004 Annual Meeting.

COLGATE-PALMOLIVE COMPANY
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits:

- | | |
|--------------|--|
| Exhibit 10-A | Colgate-Palmolive Executive Severance Plan, as amended and restated. |
| Exhibit 10-B | Form of Indemnification Agreement between Colgate-Palmolive Company and its directors, executive officers and certain key employees. |
| Exhibit 12 | Ratio of Earnings to Fixed Charges and Preferred Dividends. |
| Exhibit 31-A | Certificate of the Chairman and Chief Executive Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. |
| Exhibit 31-B | Certificate of the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. |
| Exhibit 32 | Certificate of the Chairman and Chief Executive Officer and the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Sec. 1350. |

(b) Reports on Form 8-K:

On June 16, 2004, the Company filed a current report on Form 8-K disclosing the completion of its acquisition of GABA Holdings AG, a European oral care company.

On April 21, 2004, the Company furnished a current report on Form 8-K pursuant to Item 12 (“Results of Operations and Financial Condition”) containing the press release announcing its earnings for the first quarter of 2004.

COLGATE-PALMOLIVE COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLGATE-PALMOLIVE COMPANY

(Registrant)

Principal Executive Officer:

August 6, 2004

/s/ REUBEN MARK

Reuben Mark
Chairman and Chief Executive Officer

Principal Financial Officer:

August 6, 2004

/s/ STEPHEN C. PATRICK

Stephen C. Patrick
Chief Financial Officer

Principal Accounting Officer:

August 6, 2004

/s/ DENNIS J. HICKEY

Dennis J. Hickey
Vice President and
Corporate Controller

September 14, 1989
as amended June 11, 1998;
June 14, 2001;
and June 10, 2004

COLGATE-PALMOLIVE COMPANY
EXECUTIVE SEVERANCE PLAN, AS AMENDED AND RESTATED

1. PURPOSE.

The purpose of the Colgate-Palmolive Company Executive Severance Plan (the "Plan") is to provide executives who are in a position to contribute materially to the success of Colgate-Palmolive Company (the "Parent Company") or any company at least 80% of whose voting shares are owned directly or indirectly by it (collectively, the "Company") with reasonable compensation in the event of their termination of employment with the Company under the circumstances described herein.

2. EFFECTIVE DATE.

The Plan, as amended and restated, is effective as of June 10, 2004.

3. ADMINISTRATION.

The Plan shall be administered by a Committee. Committee shall mean (i) prior to a Change of Control, the Personnel and Organization Committee of the Board of Directors of the Parent Company (the "Board") as then constituted and (ii) following a Change of Control, the Committee described in (i) above, as constituted immediately before the Change of Control, with such changes in the membership thereof as may be approved from time to time following the Change of Control by a majority of the members of such Committee as constituted prior to the Change of Control. Notwithstanding any other provision of this Plan, neither the Board nor the Company shall have any right to appoint members to or to remove members from the Committee following, or otherwise in connection with, a Change of Control. Any interpretation of the Plan or construction of any of its provisions by the Committee shall be final.

4. PARTICIPATION.

The Committee shall from time to time select the employees who are to participate in the Plan (the "Participants") from among those employees who are determined by the Committee to be in a position to contribute materially to the success of the Company. The Company shall advise each Participant of his participation in the Plan by a letter setting forth (i) the benefits to which the Participant would become entitled, (ii) the period, expressed in months, during or for which the Participant would become

entitled to such benefits which period shall not be less than 12 months nor more than 36 months (the "Earned Benefit Period") and (iii) such other terms, provisions and conditions not inconsistent with the Plan as shall be determined by the Committee.

A Participant shall cease to be a Participant in the Plan upon termination of employment with the Company or, if earlier, upon termination of the Plan. Notwithstanding the foregoing, a Participant who terminates employment prior to termination of the Plan shall remain a Participant until receipt of all of the payments, if any, to which he is entitled under the terms hereof.

5. PAYMENTS UPON QUALIFIED TERMINATION OF EMPLOYMENT.

In the event of a Participant's Qualified Termination of Employment, the Participant shall be entitled, as compensation for services rendered (subject to the last paragraph of this Section 5, Section 9 and to withholding of any applicable payroll or other taxes) to:

- (a) receive an undiscounted cash lump sum within 30 days of the Participant's Qualified Termination of Employment in an amount equal to the product of (i) the sum of (A) the Participant's annualized Monthly Base Salary at the rate in effect immediately prior to a Qualified Termination of Employment pursuant to Section 8(a)(i) or immediately prior to an Adverse Change in Conditions of Employment, as the case may be, or, if higher, at the highest rate in effect during the 90-day period preceding the Change of Control plus any salary-related allocations that may be made to the Participant's account under the Company's Savings and Investment Plan for the year in which the Qualified Termination of Employment occurs (for purposes of this Plan, Monthly Base Salary shall mean regular monthly salary as indicated by the Company's payroll records) and (B) the higher of (X) the highest annual aggregate bonus award paid or payable to the Participant (including awards or allocations pursuant to the Company's Executive Incentive Compensation Plan, the Bonus Savings Account ("BSA") program within the Company's Savings and Investment Plan (excluding any applicable gross-up) or other bonus, incentive or compensation plan of the Company or otherwise) for any year during the five-year period ending immediately prior to the year in which the Qualified Termination of Employment occurs (provided, however, that if such five-year period includes the year in which the Change of Control occurs, then the aggregate annual bonus paid or payable for such year shall be deemed to be the higher of the said bonus actually paid or payable and the bonus that would have been paid for such year, determined as if all earnings, profit and other goals (whether established for the Participant or the Company), if any, had been met for such year and as if the Participant's employment had continued through the end of such year on the same basis as immediately prior to the Change of Control) and (Y) the aggregate annual bonus that would have been paid to the Participant (including awards or allocations pursuant to the Company's Executive Incentive Compensation Plan, the BSA program within the Company's Savings and

Investment Plan (excluding any applicable gross-up) or other bonus, incentive or compensation plan of the Company or otherwise) for the year in which the Qualified Termination of Employment occurs, determined as if all earnings, profits or other goals (whether established for the Participant or the Company), if any, had been met for such year and as if the Participant had continued to be employed by the Company through the end of such year on the same basis as immediately prior to a Qualified Termination of Employment pursuant to Section 8(a)(i) or immediately prior to an Adverse Change in Conditions of Employment, as the case may be, and (ii) a fraction, the numerator of which is the number of months in his Earned Benefit Period and the denominator of which is twelve, provided, however, that such resulting amount shall be reduced if and to the extent required by the terms of Section 9 hereof; provided, further, that in determining Monthly Base Salary and aggregate annual bonus hereunder, amounts otherwise payable or awarded with respect to the relevant period that a Participant has elected to defer pursuant to any applicable deferred compensation plan or arrangement shall be taken into account, and amounts paid out during such period pursuant to a prior deferral election shall not be taken into account;

- (b) remain for his Earned Benefit Period an active Participant in all welfare benefit plans, including but not limited to plans providing life insurance, disability, accident, sickness, and/or medical benefits, in which, and on the same basis as, he was participating at the time of the Change of Control (or, if more favorable to the Participant, as in effect at any time thereafter with respect to other key executives), but subject to any coordination of benefits provisions contained in such plans, or alternatively, be provided with substantially similar benefits for such period; provided, in any case, that the Participant shall be required to make contributions to the cost of such plans or benefits and pay co-payments to the same extent and on the same basis as required before the Participant's Qualified Termination of Employment or, if more favorable to the Participant, as active employees who continue to participate in such welfare benefit plans during the Earned Benefit Period; (The extension of medical and/or dental coverage pursuant to the foregoing shall be in compliance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and will be coordinated with the Participant's rights thereunder, with the period of optional COBRA coverage being up to 18 months, offset by the period of extended coverage outlined above.)
- (c) receive a single cash lump sum within 30 days of the Participant's Qualified Termination of Employment equal to the excess of (i) over (ii) as described below:
 - (i) The present value of benefits under the Employees' Retirement Income Plan, the Expatriate Pension Plan, and the Supplemental Salaried Employees' Retirement Plan or any successor plans thereto, or of "benefits from other sources to which the Company contributes," as defined below,

to which the Participant would have been entitled commencing on the earliest date on which such benefits could have commenced if he had remained in the employ of the Company during the Earned Benefit Period or until age 65, whichever occurs first, based on his Recognized Earnings (as defined in the Employees' Retirement Income Plan) as determined most recently prior to the Qualified Termination of Employment and assuming for this purpose that all accrued benefits are fully vested and that benefit accrual formulas are no less advantageous to the Participant than those in effect during the 90-day period preceding the Change of Control;

- (ii) The present value, as of the Qualified Termination of Employment, of benefits to which the Participant would actually be entitled under the Employees' Retirement Income Plan, the Expatriate Pension Plan, the Supplemental Salaried Employees' Retirement Plan, or the benefits from other sources referenced in (i) above, commencing on the earliest date on which such benefits could actually commence.

For purposes of (i) and (ii) above, "benefits from other sources to which the Company contributes" shall include retirement benefits payable under plans maintained directly and indirectly by the Company outside the U.S. and non-U.S. governmental benefits (whether considered retirement benefits, severance benefits, termination allowances or indemnities) to the extent paid by or contributed to by the Company. The present-value amounts in (i) and (ii) above will be calculated based on the same methods and assumptions used when calculating lump sum amounts under the Employees' Retirement Income Plan, the Expatriate Pension Plan and the Supplemental Salaried Employees' Retirement Income Plan and inclusive of all subsidized forms of annuities under both the Employees' Retirement Income Plan and the Supplemental Salaried Employees' Retirement Plan.

Notwithstanding the foregoing, the payments and benefits otherwise required to be provided to the Participant upon a Qualified Termination of Employment pursuant to this Section 5 shall be reduced (but not below zero) as appropriate by all payments and benefits to which the Participant is entitled as a result of the Qualified Termination of Employment in the nature of severance or separation pay or benefits, pay and/or benefits in lieu of notice, pay and/or benefits for service during any notice period, or any similar type of payment or benefit, under any plan, program or policy of the Company (a "Plan"), under any contract or agreement between the Participant or a union, works council or other collective bargaining entity or employee representative and the Company (a "Contract"), or under applicable law or regulation ("Law"), unless such Plan, Contract or Law specifically provides otherwise.

6. PAYMENTS UPON CHANGE OF CONTROL.

In the event of a Change of Control of the Company (and whether or not the Participant's employment terminates), each Participant shall be entitled, as compensation for services rendered before the Change of Control, regardless of

whether the Participant remains employed after the Change of Control (subject to any applicable payroll or other taxes required to be withheld) to:

- (a) receive within 30 days following the Change of Control, a cash lump sum representing an annual bonus for the year in which the Change of Control occurs a bonus, in an amount equal to the product of (i) the aggregate annual bonus determined pursuant to Section 5(a)(i)(B)(Y), provided, however, that if no such goals have been established for such year, the amount determined pursuant to Section 5(a)(i)(B)(X), and (ii) a fraction, the numerator of which is the number of months (or part thereof) in the period beginning January 1 of the year in which the Change of Control occurs and ending on the date of the Change of Control and the denominator of which is twelve; and provided, further, that to the extent the Participant becomes entitled to another annual bonus based upon performance and/or service for the same period (or a longer period including such period), the amount thereof may be offset by the amount paid pursuant to this Section 6(a);
- (b) receive within 30 days following the Change of Control, all compensation amounts that the Participant previously has elected to defer, unless the Committee has established procedures to permit the Participant to elect, and the Participant has timely elected in accordance with those procedures, to have the normal payment schedule under the applicable deferred compensation plan or arrangement continue to apply following a Change of Control.

7. EXERCISABILITY OF STOCK OPTIONS UPON CHANGE OF CONTROL.

In the event of a Change of Control, each stock option then held by a Participant that was granted under any of the Company's stock option plans (whether or not otherwise exercisable as of such Change of Control and whether or not the Participant's employment terminates) that either was not granted in conjunction with a stock appreciation unit or was granted in conjunction with a stock appreciation unit whose value has been limited, shall become exercisable as of such Change of Control.

8. QUALIFIED TERMINATION OF EMPLOYMENT.

- (a) Qualified Termination of Employment with respect to any Participant shall mean termination of employment of the Participant with the Company, other than as a consequence of the death or Disability of the Participant, within two years after a Change of Control of the Company,
 - (i) by the Company for any reason other than for Cause, or
 - (ii) by the Participant by reason of an Adverse Change in Conditions of Employment.

- (b) For the purpose of this Section, Cause shall mean serious, willful misconduct in respect of the Participant's obligations to the Company (including but not limited to final conviction for a felony or perpetration of a common-law fraud) that has resulted, or is likely to result, in material economic damage to the Company.
- (c) An Adverse Change in Conditions of Employment shall mean the occurrence of any of the following events:
 - (i) the assignment to the Participant of any duties inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities from those in effect immediately before the Change of Control, or any other diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly-traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Participant;
 - (ii) a reduction by the Company of the Participant's Monthly Base Salary as in effect immediately preceding the Change of Control or as the same may thereafter be increased from time to time;
 - (iii) failure by the Company to provide the Participant with incentive compensation opportunities that are, in the aggregate, at least as favorable (in terms of the value of the opportunities and the difficulty of achieving any associated goals) as those provided to the Participant immediately before the Change of Control, or to provide the Participant with employee benefits that are, in the aggregate, at least as favorable as those provided to the Participant immediately before the Change of Control;
 - (iv) the Company's requiring the Participant (a) to be based at an office located more than fifty (50) miles and at least twenty (20) additional miles from the place at which the Participant's principal residence was located immediately prior to the Change of Control, (b) to be based at a location other than the principal executive offices of the Company, if the Participant was based at the principal executive offices immediately preceding the Change of Control, or (c) to travel on Company business to a substantially greater extent than required immediately before the Change of Control.

A Participant's failure to object to a change described in (i), (ii), (iii) or (iv) shall not constitute a waiver of such change as an Adverse Change in Conditions of Employment. Any good faith determination by a Participant of an Adverse Change in Conditions of Employment shall be determinative.

- (d) For the purposes of the Plan, a Change of Control of the Company shall mean the happening of any of the following events:
- (i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); excluding, however, the following: (1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted itself was acquired directly from the Company, (2) any repurchase by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (4) any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 8(d); or
 - (ii) A change in the composition of the Board such that the individuals who, as of the Effective Date of the Plan, constitute the Board (such Board shall be hereinafter referred to as the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 8(d) any individual who becomes a member of the Board subsequent to the Effective Date of the Plan, whose election, or nomination for election by the Company’s shareholders, was approved by a vote of a least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Exchange Act of 1934) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or
 - (iii) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (“Corporate Transaction”); excluding, however, such a Corporate Transaction pursuant to which (A) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction will

beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock, and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Corporate Transaction) will beneficially own, directly or indirectly, 20% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership derives from ownership of a 20% or more interest in the Outstanding Company Common Stock and/or Outstanding Company Voting Security that existed prior to the Corporate Transaction, and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

- (iv) the approval by shareholders of a complete liquidation or dissolution of the Company.
- (e) Termination by the Company of a Participant's employment based on Disability shall mean termination because of absence from duties with the Company on a full-time basis for six consecutive months, as a result of the Participant's incapacity due to physical or mental illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Participant or the Participant's legal representative (such agreement as to acceptability not to be withheld unreasonably).

9. EXCISE TAX PROVISION.

- (a) Anything in this Plan to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Participant shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Participant of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Participant retains an amount of the Gross-Up Payment

equal to the Excise Tax imposed upon the Payments (regardless of whether the Participant's employment has terminated). Notwithstanding the foregoing provisions of this Section 9(a), if it shall be determined that the Participant is entitled to a Gross-Up Payment, but that the Parachute Value of Payments does not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Participant and the Plan Payments, in the aggregate, shall be reduced (but not below zero) such that the Parachute Value of all Payments equals the Safe Harbor Amount, determined in such a manner as to maximize the Value of all Payments actually made to the Participant.

- (b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PricewaterhouseCoopers LLP or such other nationally recognized accounting firm as the Committee may select, provided, however if PricewaterhouseCoopers LLP or such other firm is at the time the independent public auditor of the Company, such assignment shall be subject to the pre-approval of the Audit Committee of the Board of Directors of the Parent Company pursuant to applicable law and any Company policy then in effect (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Participant within 15 business days of the receipt of notice from the Participant that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Committee shall appoint another nationally-recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Subject to Section 9(e) below, any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Participant within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code") at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Participant thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant.

- (c) The Participant shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Participant is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Participant shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Participant in writing prior to the expiration of such period that it desires to contest such claim, the Participant shall:
- (i) give the Company any information reasonably requested by the Company relating to such claim,
 - (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
 - (iii) cooperate with the Company in good faith in order effectively to contest such claim, and
 - (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Participant harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Participant to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Participant agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Participant to pay such claim and sue for a refund, subject to Section 9(d) below, the Company shall pay the amount of such claim to the Participant and shall indemnify and hold the Participant harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such payment or with respect to any imputed income with respect to such payment; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Participant

with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Participant shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

- (d) If, after the Company has, pursuant to Section 9(c), paid a claim by the Internal Revenue Service, the Participant becomes entitled to receive any refund with respect to such claim, the Participant shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the Company has, pursuant to Section 9(c), paid a claim by the Internal Revenue Service, a determination is made that the Participant shall not be entitled to any refund with respect to such claim and the Company does not notify the Participant in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.
- (e) Notwithstanding any other provision of this Section 9, the Company may withhold and pay over to the Internal Revenue Service for the benefit of the Participant all or any portion of the Gross-Up Payment that it determines in good faith that it is or may be in the future required to withhold, and the Participant hereby consents to such withholding.
- (f) Definitions. The following terms shall have the following meanings for purposes of this Section 9:
 - (i) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.
 - (ii) The "Net After-Tax Amount" of a Payment shall mean the Value of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and applicable state and local law, determined by applying the highest marginal rates that are expected to apply to the Participant's taxable income for the taxable year in which the Payment is made.
 - (iii) "Parachute Value" of a Payment shall mean the present value as of the date of the Change of Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

- (iv) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise.
- (v) A "Plan Payment" shall mean a Payment paid or payable pursuant to this Plan (disregarding this Section 9).
- (vi) The "Safe Harbor Amount" means the maximum Parachute Value of all Payments that the Participant can receive without any Payments being subject to the Excise Tax.
- (vii) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the Change of Control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

10. CONFIDENTIAL INFORMATION.

The Participant shall hold, in a fiduciary capacity for the benefit of the Company, all secret or confidential information, knowledge or data relating to the Company and its businesses which shall have been obtained by the Participant during his employment by the Company and which shall not be public knowledge (other than by acts of the Participant in violation of this provision). After termination of the Participant's employment with the Company, the Participant shall not, without the prior written consent of the Company, communicate or divulge any such information, knowledge or data to any one other than the Company and those persons designated by it. In no event shall an asserted violation of this Section constitute a basis for deferring or withholding any amounts otherwise payable to the Participant under the Plan. It shall be a condition to a Participant's right to receive payments and benefits under the Plan that the Participant agree to and comply with the foregoing covenant.

11. FINANCING.

Benefit payments under the Plan shall constitute general obligations of the Company in accordance with the terms of the Plan. A Participant shall have only an unsecured right to payment thereof out of the general assets of the Company. Notwithstanding the foregoing, the Company may, by agreement with one or more trustees to be selected by the Company, create a trust on such terms as the Company shall determine to make payments to Participants in accordance with the terms of the Plan.

12. TERMINATION AND PAYMENT OF THE PLAN.

The Plan shall terminate on the later of (i) June 30, 2007, unless extended by the Board or (ii) in the event of a Change of Control of the Company on or before the termination date of the Plan, two years after such Change of Control, provided that the termination of the Plan shall not impair or abridge the obligations of the Company incurred under the Plan to any Participant as a result of a Qualified Termination of Employment that occurs before the date the Plan is terminated.

Except as provided in the next sentence, the Board may from time to time terminate the Plan or amend the Plan in whole or in part. The Plan may not be terminated or amended in any manner which would adversely affect the rights or potential rights of Participants, if the action to effect such termination or amendment occurs (i) after a Change of Control, or (ii) in connection with a Change of Control, unless and to the extent that the Committee determines that such termination or amendment is required by law.

13. BENEFIT OF PLAN.

The Plan shall be binding upon and shall inure to the benefit of the Participants and their respective heirs and legal representatives, and the Company and its successors. The term "successor" shall mean any person, firm, corporation or other business entity that, at any time, whether by merger, acquisition or otherwise, acquires all or substantially all of the stock, assets or business of the Company.

14. NON-ASSIGNABILITY.

Each Participant's rights under this Plan shall be non-transferable except by will or by the laws of descent and distribution and except insofar as applicable law may otherwise require. Subject to the foregoing, no right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall, to the full extent permitted by law, be null, void and of no effect.

15. OTHER BENEFITS.

Except as otherwise specifically provided herein, nothing in the Plan shall affect the level of benefits provided to or received by any Participant (or the Participant's estate or beneficiaries) as part of any employee benefit plan of the Company, and the Plan shall not be construed to affect in any way a Participant's rights and obligations under any other Plan maintained by the Company on behalf of employees.

The Participant shall not be required to mitigate the amount of any payment under the Plan by seeking employment or otherwise, and there shall be no right of set-off or counterclaim, in respect of any claim, debt or obligation, against any payments to the Participant, his dependents, beneficiaries or estate provided for in the Plan.

16. TERMINATION OF EMPLOYMENT.

Nothing in the Plan shall be deemed to entitle a Participant to continued employment with the Company, and the rights of the Company to terminate the employment of a Participant shall continue as fully as though the Plan were not in effect.

17. SEVERABILITY.

In the event that any provision or portion of the Plan shall be determined to be invalid or unenforceable for any reason, the remaining provisions and portions of the Plan shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

18. INDEMNIFICATION.

If the Participant seeks, in any action, suit or arbitration, to enforce, or to recover damages for breach of, his rights under the Plan, the Participant shall be entitled to recover from the Company promptly as incurred, and shall be indemnified by the Company against, any and all expenses and disbursements, including attorneys' fees, actually and reasonably incurred by the Participant. The Company shall also pay to the Participant prejudgment interest on any money judgment obtained by the Participant calculated at the Citibank N.A. base rate of interest in effect from time to time from the date that payment to him should have been made under the Plan.

19. DELAWARE LAW TO GOVERN.

All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Delaware without regard to the conflict of law principles thereof.

FORM OF INDEMNIFICATION AGREEMENT

This Agreement, made and entered into as of this _____ day of _____, 20__ (“Agreement”), by and between Colgate-Palmolive Company, a Delaware corporation (“Company”), and _____ (“Indemnitee”).

WHEREAS, highly competent persons are becoming more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation; and

WHEREAS, the current impracticability of obtaining adequate insurance and the uncertainties relating to indemnification have increased the difficulty of attracting and retaining such persons; and

WHEREAS, the Board of Directors of the Company has determined that the inability to attract and retain such persons is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future; and

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE I - DEFINITIONS

For purposes of this Agreement the following terms shall have the meaning given here:

1.01 “Board” shall mean the Board of Directors of the Company.

1.02 “Change of Control” shall mean the happening of any of the following events:

- (i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); excluding, however, the following: (1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted itself was acquired directly from the Company, (2) any repurchase by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (4) any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1.02; or
- (ii) A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (such Board shall be hereinafter referred to as the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this Section 1.02(ii) any individual who becomes a member of the Board subsequent to the Effective Date, whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Exchange Act of 1934) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or
- (iii) The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (“Corporate Transaction”); excluding, however, such a Corporate Transaction pursuant to which (A) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting

Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock, and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Corporate Transaction) will beneficially own, directly or indirectly, 20% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership derives from ownership of a 20% or more interest in the Outstanding Company Common Stock and/or Outstanding Company Voting Security that existed prior to the Corporate Transaction, and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) the approval by shareholders of a complete liquidation or dissolution of the Company.

1.03 "Company" shall mean Colgate-Palmolive Company, and shall include, in addition to any corporation resulting from or surviving any consolidation or merger, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, agents, trustees, partners, managers, members or fiduciaries so that if Indemnitee is or was a director, officer, employee, agent, trustee, partner, manager, member or fiduciary of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, agent, trustee, partner, manager, member or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

1.04 "Corporate Status" describes the status of a person who is or was a director, officer, employee, fiduciary or agent of the Company or is or was serving at the request of the Company as a director, officer, employee, trustee, partner, manager, member, fiduciary or agent of any other Enterprise. For purposes of this Agreement, it is understood that service by an employee of the Company at the Company's request as a fiduciary, administrator or member of an administrative committee of an employee benefit plan shall be deemed to constitute Corporate Status for such individual.

1.05 "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.06 "Effective Date" means the date of this Agreement.

1.07 "Enterprise" shall mean the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company in a Corporate Status.

1.08 "Expenses" shall include all reasonable attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, private investigations, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily paid or incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in, or otherwise participating in, a Proceeding or in connection with seeking indemnification under this Agreement. Expenses also shall include Expenses paid or incurred in connection with any appeal resulting from any Proceeding, including, without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

1.09 "Good Faith" shall mean Indemnitee having acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, having had no reasonable cause to believe Indemnitee's conduct was unlawful. An Indemnitee who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to under applicable law or in this Agreement.

1.10 "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past three years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent

Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

1.11 “Losses” shall mean all loss, liability, judgments, damages, amounts paid in settlement, fines, penalties (whether civil, criminal or otherwise) or, with respect to an employee benefit plan, excise taxes or penalties assessed with respect thereto, including all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

1.12 “Person” shall mean any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise.

1.13 “Proceeding” includes any threatened, pending or completed action, suit, claim, demand, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, including any and all appeals, whether civil, criminal, administrative, investigative or other nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of or relating to Indemnitee’s Corporate Status, by reason of or relating to any action or alleged action taken by him or her (or failure or alleged failure to act) or of any action or alleged action (or failure or alleged failure to act) on his or her part while acting as director, officer, employee, agent or fiduciary of the Company, or by reason of the fact that he or she is or was serving at the request of the Company as a director, officer, employee, agent, trustee, partner, manager, member or fiduciary of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is paid or incurred for which indemnification, reimbursement, or payment in advance of expenses can be provided under this Agreement; other than one initiated by Indemnitee. For purposes of the foregoing sentence, a “Proceeding” shall not be deemed to have been initiated by Indemnitee where Indemnitee seeks pursuant to Article VIII of this Agreement to enforce Indemnitee’s rights under this Agreement.

1.14 References to “serving at the request of the Company” shall include any service as a director, officer, employee, fiduciary or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

ARTICLE II - TERM OF AGREEMENT

This Agreement shall continue until and terminate upon the latest of: (i) the statute of limitations applicable to any claim that could be asserted against an Indemnitee with respect to which Indemnitee may be entitled to indemnification and/or payment of Expenses in advance under this Agreement, (ii) 10 years after the date that Indemnitee shall have ceased to serve as a director, officer, employee, agent or fiduciary of the Company or to serve at the request of the Company as a director, officer, employee,

trustee, partner, member, fiduciary or agent of any other Enterprise, or (iii) one year after the final termination of all pending Proceedings in respect of which Indemnatee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnatee pursuant to Article VIII of this Agreement relating thereto (including any right of appeal with respect to any proceeding commenced by Indemnatee with respect to Article VIII).

ARTICLE III - SERVICES BY INDEMNITEE, NOTICE OF PROCEEDINGS

3.01 Services. Indemnatee agrees to serve, or continue to serve, in one or more positions involving Corporate Status. Indemnatee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law).

3.02 Notice of Proceeding. Indemnatee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder; provided, however, that a delay in giving such notice shall not deprive Indemnatee of any right to be indemnified under this Agreement unless, and then only to the extent that, the Company did not otherwise learn of the claim and such delay is materially prejudicial to the Company's ability to defend such claim; and, provided, further that notice shall be deemed to have been given without any action on the part of Indemnatee in the event that the Company is a party to the same Proceeding. The omission to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnatee otherwise than under this Agreement.

ARTICLE IV - INDEMNIFICATION

4.01 In General. In connection with any Proceeding, the Company shall indemnify, and advance Expenses to, Indemnatee as provided in this Agreement and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit.

4.02 Proceedings Other Than Proceedings by or in the Right of the Company. Indemnatee shall be entitled to the rights of indemnification provided in this Section 4.02 if, by reason of Indemnatee's Corporate Status, Indemnatee was or is, or was or is threatened to be made, a party to or a participant (as a witness or otherwise) or otherwise involved in any Proceeding, other than a Proceeding by or in the right of the Company. Indemnatee shall be indemnified against Expenses and Losses (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses or Losses), actually and reasonably paid or incurred by Indemnatee or on Indemnatee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnatee acted in Good Faith.

4.03 Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 4.03 if, by reason of Indemnitee's Corporate Status, Indemnitee was or is, or was or is threatened to be made, a party to or a participant (as a witness or otherwise) or otherwise involved in any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Indemnitee shall be indemnified against Expenses and Losses (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses or Losses), actually and reasonably paid or incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in Good Faith. Notwithstanding the foregoing, no such indemnification shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been finally adjudged to be liable to the Company if applicable law prohibits such indemnification; provided, however that, if applicable law so permits, indemnification shall nevertheless be made by the Company in such event if and only to the extent that the Court of Chancery of the State of Delaware, or the court in which such Proceeding shall have been brought or is pending, shall determine.

4.04 Indemnification of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, a party to (or a participant or otherwise involved in) and is successful, on the merits or otherwise, in any Proceeding, in whole or in part, Indemnitee shall be indemnified to the maximum extent permitted by law, against all Expenses and Losses (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses or Losses), actually and reasonably paid or incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee to the maximum extent permitted by law, against all Expenses and Losses (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses or Losses), actually and reasonably incurred or paid by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 4.04 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter, so long as there has been no finding (either adjudicated or pursuant to Article VI) that Indemnitee did not act in Good Faith.

4.05 Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably paid or incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

ARTICLE V – PAYMENT IN ADVANCE OF EXPENSES

Notwithstanding any provision to the contrary in Article VI, the Company shall pay in advance of the final disposition of a Proceeding all reasonable Expenses which, by reason of Indemnitee's Corporate Status, were incurred by or on behalf of Indemnitee in connection with any Proceeding or which Indemnitee determines are reasonably likely to be paid or incurred in connection with a Proceeding, within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting such payment, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Payments in advance of the final determination shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Payments in advance of the final determination shall include any and all reasonable Expenses paid or incurred or which Indemnitee determines are reasonably likely to be paid or incurred pursuing a Proceeding to enforce the right of payment hereunder or pursuant to the indemnification provisions of the Company's Certificate of Incorporation or the Company's By-laws, including Expenses paid or incurred or which Indemnitee determines are reasonably likely to be paid or incurred preparing and forwarding statements to the Company to support the payments claimed. Any undertaking to repay pursuant to this Article V shall be unsecured and interest free.

ARTICLE VI - PROCEDURES FOR DETERMINATION OF ENTITLEMENT

6.01 Initial Request. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall promptly advise the Board in writing that Indemnitee has requested indemnification.

6.02 Method of Determination. A determination (if required by applicable law) with respect to Indemnitee's entitlement to indemnification shall be made as follows:

- (a) if a Change of Control has occurred, unless Indemnitee shall request in writing that such determination be made in accordance with clause (b) of this Section 6.02, the determination shall be made by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee;

- (b) if a Change of Control has not occurred, the determination shall be made by the Board by a majority vote of a quorum consisting of Disinterested Directors. In the event that a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, the determination shall be made by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee.

For the sake of clarity, no determination of entitlement shall be required to the extent that Indemnitee is successful, on the merits or otherwise (including by dismissal with or without prejudice), in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part.

6.03 Selection, Payment, Discharge of Independent Counsel. In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6.02 of this Agreement, the Independent Counsel shall be selected, paid, and discharged in the following manner:

- (a) If a Change of Control has not occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected.
- (b) If a Change of Control has occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event clause (a) of this section shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected.
- (c) Following the initial selection described in clauses (a) and (b) of this Section 6.03, Indemnitee or the Company, as the case may be, may, within 7 days after such written notice of selection has been given, deliver to the other party a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1.10 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is made, the Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit.

- (d) Either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction if the parties have been unable to agree on the selection of Independent Counsel within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6.01 of this Agreement. Such petition may request a determination whether an objection to the party's selection is without merit and/or seek the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate. A person so appointed shall act as Independent Counsel under Section 6.02 of this Agreement.
- (e) The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to this Agreement, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6.03, regardless of the manner in which such Independent Counsel was selected or appointed.
- (f) Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 8.01(c) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

6.04 Cooperation. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification under this Agreement, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) paid or incurred by Indemnitee or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

6.05 Payment. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination.

ARTICLE VII - PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS

7.01 Burden of Proof. In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 6.01 of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

7.02 Effect of Other Proceedings. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in Good Faith.

7.03 Reliance as Safe Harbor. For purposes of any determination of Good Faith, Indemnitee shall be deemed to have acted in Good Faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 7.03 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

7.04 Actions of Others. The knowledge and/or actions, or failure to act, of any director, officer, agent, trustee, partner, manager, member, fiduciary or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

7.05 Default Determination. If the person, persons or entity empowered or selected under Article VI of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (1) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially

misleading, in connection with the request for indemnification, or (2) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

ARTICLE VIII - REMEDIES OF INDEMNITEE

8.01 Application. This Article VIII shall apply in the event of a Dispute. For purposes of this Article, "Dispute" shall mean any of the following events:

- (a) a determination is made pursuant to Article VI of this Agreement that Indemnatee is not entitled to indemnification under this Agreement;
- (b) payment in advance of Expenses is not timely made pursuant to Article V of this Agreement;
- (c) the determination of entitlement to be made pursuant to Section 6.02 of this Agreement has not been made within 30 days after receipt by the Company of the request for indemnification (but without prejudice to Indemnatee's rights under Section 7.05);
- (d) payment of indemnification is not made pursuant to Section 4.05 of this Agreement within ten (10) days after receipt by the Company of a written request therefor; or
- (e) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification or such determination is deemed to have been made pursuant to Article VI of this Agreement.

8.02 Adjudication. In the event of a Dispute, Indemnatee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnatee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnatee, at Indemnatee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Indemnatee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnatee first has the right to commence such proceeding pursuant to this Article VIII. The Company shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

8.03 De Novo Review. In the event that a determination shall have been made pursuant to Article VI of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article VIII shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any such proceeding or arbitration, the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce evidence of any determination pursuant to Article VI of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Article VIII, Indemnitee shall not be required to reimburse the Company for any payments in advance pursuant to Article V until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

8.04 Company Bound. If a determination shall have been made or deemed to have been made pursuant to Article VI of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

8.05 Procedures Valid. The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Article VIII that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

8.06 Expenses of Adjudication. The Company shall to the fullest extent permitted under law indemnify and hold harmless Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within five (5) days after receipt by the Company of a written request therefor) to the fullest extent permitted under law pay in advance such Expenses to Indemnitee, which are paid or incurred or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee to enforce his or her rights under, or to recover damages for breach of this Agreement or any other indemnification, payment in advance or contribution agreement or provision of the Company's Certificate of Incorporation or By-Laws as in effect from time to time or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, payment in advance, contribution or insurance recovery, as the case may be.

8.07 Interest. Interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies or is obliged to indemnify for the period commencing with the date on which Indemnitee requests indemnification, contribution, reimbursement or payment in advance of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

ARTICLE IX - NON-EXCLUSIVITY, INSURANCE, SUBROGATION

9.01 Non-Exclusivity. The rights of indemnification and to receive payment in advance of Expenses as provided by this Agreement shall not be deemed to be exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation, the Company's By-Laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent Indemnitee otherwise would have any greater right to indemnification or payment in advance of expenses under any other provisions under applicable law, the Company's Certificate of Incorporation, the Company's By-laws, any agreement, a vote of stockholders, a resolution of directors or otherwise, Indemnitee will be deemed to have such greater right hereunder. No amendment, alteration, rescission or replacement of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration, rescission or replacement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or payment in advance of Expenses than would be afforded currently under the Company's By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy, and Indemnitee shall enjoy, by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

9.02 Insurance. The Company may maintain an insurance policy or policies against liability arising out of this Agreement or otherwise.

9.03 Subrogation. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights (it being understood that all of Indemnitee's reasonable Expenses, including attorneys' fees and expenses, related thereto shall be borne by the Company).

9.04 No Duplicative Payment. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

ARTICLE X - GENERAL PROVISIONS

10.01 Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators.

10.02 Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

- (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby;
- (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and
- (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

10.03 No Adequate Remedy. The parties declare that it is impossible to measure in money the damages which will accrue to either party by reason of a failure to perform any of the obligations under this Agreement. Therefore, if either party shall institute any action or proceeding to enforce the provisions hereof, such party against whom such action or proceeding is brought hereby waives the claim or defense that such party has an adequate remedy at law, and such party shall not urge in any such action or proceeding the claim or defense that the other party has an adequate remedy at law.

10.04 Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

10.05 Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

10.06 Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

10.07 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

If to Indemnitee to:

As shown with Indemnitee's Signature below.

If to the Company to:

Colgate-Palmolive Company
300 Park Avenue
New York, New York 10022
Attention: Office of the General Counsel

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by the Indemnitee, as the case may be.

10.08 Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without application of the conflict of laws principles thereof.

10.09 Settlement.

(a) Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's prior written consent.

(b) The Company shall not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise that (1) includes an admission of fault of Indemnitee, any non-monetary remedy affecting, or obligation of, Indemnitee, or monetary loss for which Indemnitee is not wholly indemnified hereunder or (2) with respect to any Proceeding with respect to which Indemnitee may be or is made a party, witness or participant or may be or is otherwise entitled to seek indemnification hereunder, does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement; provided that Indemnitee may withhold consent to any settlement that does not provide a full and unconditional release of Indemnitee from all liability in respect of such Proceeding.

10.10 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties hereto in reference to all the matters herein agreed upon. This Agreement replaces in full all prior indemnification agreements or understandings of the parties hereto, and any and all such prior agreements or understandings are hereby rescinded by mutual agreement.

10.11 Effectiveness of Agreement. This Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee, fiduciary or other agent of the Company, or was serving at the request of the Company as a director, officer, employee, trustee, partner, manager, member, fiduciary or agent of another Enterprise, at the time such act or omission occurred.

10.12 Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount paid or incurred by Indemnitee, whether for Losses and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (1) the relative benefits received by the Company (and its officers, directors, employees or agents), on the one hand, and Indemnitee, on the other hand, as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (b) the relative fault of the Company (and its directors, officers, employees and agents), on the one hand, and Indemnitee, on the other hand, in connection with such event(s) and/or transaction(s).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

COLGATE-PALMOLIVE COMPANY

By _____

Andrew D. Hendry, Senior Vice President,
General Counsel and Secretary

INDEMNITEE _____

Print Name:

Print Address:

COLGATE-PALMOLIVE COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS
(Dollars in Millions)

(Unaudited)

	<u>Six Months Ended June 30, 2004</u>
Earnings:	
Income before income taxes	\$ 1,058.5
Add:	
Interest on indebtedness and amortization of debt expense and discount or premium	59.7
Portion of rents representative of interest factor	18.9
Less:	
Gain on equity investments	(2.1)
Income as adjusted	<u>\$ 1,135.0</u>
Fixed Charges:	
Interest on indebtedness and amortization of debt expense and discount or premium	\$ 59.7
Portion of rents representative of interest factor	18.9
Capitalized interest	1.0
Total fixed charges	<u>\$ 79.6</u>
Preferred Dividends:	
Dividends on Preference Stock	<u>\$ 16.6</u>
Ratio of earnings to fixed charges	<u>14.3</u>
Ratio of earnings to fixed charges and preferred dividends	<u>11.8</u>

I, Reuben Mark, Chairman and Chief Executive Officer of Colgate-Palmolive Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colgate-Palmolive Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved.]
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004

/s/ REUBEN MARK

Reuben Mark
Chairman and Chief Executive Officer

I, Stephen C. Patrick, Chief Financial Officer of Colgate-Palmolive Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colgate-Palmolive Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved.]
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004

/s/ STEPHEN C. PATRICK

Stephen C. Patrick
Chief Financial Officer

The undersigned Chairman and Chief Executive Officer and Chief Financial Officer of Colgate-Palmolive Company each certify, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Sec. 1350, that:

- (1) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and
- (2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Colgate-Palmolive Company.

Date: August 6, 2004

/s/ REUBEN MARK

Reuben Mark
Chairman and Chief Executive Officer

/s/ STEPHEN C. PATRICK

Stephen C. Patrick
Chief Financial Officer