

**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 March 31, 2018

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

13-1815595

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

300 Park Avenue, New York, New York

10022

(Address of principal executive offices)

(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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (\$232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer (Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (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:

Class	Shares Outstanding	Date
Common stock, \$1.00 par value	872,320,741	March 31, 2018

PART I. FINANCIAL INFORMATION

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Statements of Income
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017 (A)
Net sales	\$ 4,002	\$ 3,762
Cost of sales	1,594	1,493
Gross profit	2,408	2,269
Selling, general and administrative expenses	1,392	1,336
Other (income) expense, net	33	21
Operating profit	983	912
Non-service related postretirement costs	24	27
Interest (income) expense, net	35	23
Income before income taxes	924	862
Provision for income taxes	246	251
Net income including noncontrolling interests	678	611
Less: Net income attributable to noncontrolling interests	44	41
Net income attributable to Colgate-Palmolive Company	\$ 634	\$ 570
Earnings per common share, basic	\$ 0.72	\$ 0.64
Earnings per common share, diluted	\$ 0.72	\$ 0.64
Dividends declared per common share *	\$ 0.82	\$ 0.79

* Two dividends were declared in the first quarter of 2018 and 2017.

(A) Prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of Accounting Standards Update (“ASU”) No. 2017-07, “Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” For further information regarding the impact of the reclassification, see Note 1, Basis of Presentation, Note 3, Recent Accounting Pronouncements and Updated Accounting Policies and Note 13, Segment Information to the Condensed Consolidated Financial Statements.

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Statements of Comprehensive Income

(Dollars in Millions)
(Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Net income including noncontrolling interests	\$ 678	\$ 611
Other comprehensive income (loss), net of tax:		
Cumulative translation adjustments	108	132
Retirement plans and other retiree benefit adjustments	14	13
Gains (losses) on cash flow hedges	(1)	(10)
Total Other comprehensive income (loss), net of tax	<u>121</u>	<u>135</u>
Total Comprehensive income including noncontrolling interests	<u>799</u>	<u>746</u>
Less: Net income attributable to noncontrolling interests	44	41
Less: Cumulative translation adjustments attributable to noncontrolling interests	3	7
Total Comprehensive income attributable to noncontrolling interests	<u>47</u>	<u>48</u>
Total Comprehensive income attributable to Colgate-Palmolive Company	<u><u>\$ 752</u></u>	<u><u>\$ 698</u></u>

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Balance Sheets
(Dollars in Millions)
(Uncaudited)

	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 851	\$ 1,535
Receivables (net of allowances of \$85 and \$77, respectively)	1,644	1,480
Inventories	1,312	1,221
Other current assets	485	403
Total current assets	<u>4,292</u>	<u>4,639</u>
Property, plant and equipment:		
Cost	8,648	8,460
Less: Accumulated depreciation	(4,561)	(4,388)
	<u>4,087</u>	<u>4,072</u>
Goodwill	2,572	2,218
Other intangible assets, net	1,782	1,341
Deferred income taxes	187	188
Other assets	224	218
Total assets	<u>\$ 13,144</u>	<u>\$ 12,676</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes and loans payable	\$ 159	\$ 11
Current portion of long-term debt	—	—
Accounts payable	1,209	1,212
Accrued income taxes	432	354
Other accruals	2,180	1,831
Total current liabilities	<u>3,980</u>	<u>3,408</u>
Long-term debt	6,550	6,566
Deferred income taxes	249	204
Other liabilities	2,264	2,255
Total liabilities	<u>13,043</u>	<u>12,433</u>
Shareholders' Equity		
Common stock	1,466	1,466
Additional paid-in capital	2,047	1,984
Retained earnings	20,581	20,531
Accumulated other comprehensive income (loss)	(3,900)	(3,855)
Unearned compensation	(2)	(5)
Treasury stock, at cost	(20,441)	(20,181)
Total Colgate-Palmolive Company shareholders' equity	<u>(249)</u>	<u>(60)</u>
Noncontrolling interests	350	303
Total equity	<u>101</u>	<u>243</u>
Total liabilities and equity	<u>\$ 13,144</u>	<u>\$ 12,676</u>

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Condensed Consolidated Statements of Cash Flows

(Dollars in Millions)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Operating Activities		
Net income including noncontrolling interests	\$ 678	\$ 611
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations:		
Depreciation and amortization	129	109
Restructuring and termination benefits, net of cash	(25)	(9)
Stock-based compensation expense	28	35
Deferred income taxes	13	(51)
Voluntary benefit plan contributions	—	(57)
Cash effects of changes in:		
Receivables	(211)	(52)
Inventories	(33)	9
Accounts payable and other accruals	33	98
Other non-current assets and liabilities	4	(2)
Net cash provided by operations	<u>616</u>	<u>691</u>
Investing Activities		
Capital expenditures	(118)	(121)
Purchases of marketable securities and investments	(38)	(85)
Proceeds from sale of marketable securities and investments	—	48
Payment for acquisitions, net of cash acquired	(727)	—
Other	2	—
Net cash used in investing activities	<u>(881)</u>	<u>(158)</u>
Financing Activities		
Principal payments on debt	(2,079)	(805)
Proceeds from issuance of debt	2,226	738
Dividends paid	(352)	(345)
Purchases of treasury shares	(351)	(333)
Proceeds from exercise of stock options	119	225
Net cash used in financing activities	<u>(437)</u>	<u>(520)</u>
Effect of exchange rate changes on Cash and cash equivalents	18	19
Net increase (decrease) in Cash and cash equivalents	<u>(684)</u>	<u>32</u>
Cash and cash equivalents at beginning of the period	1,535	1,315
Cash and cash equivalents at end of the period	<u>\$ 851</u>	<u>\$ 1,347</u>
Supplemental Cash Flow Information		
Income taxes paid	\$ 163	\$ 186

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

1. Basis of Presentation

The Condensed Consolidated Financial Statements reflect all normal recurring adjustments which, in management's opinion, are necessary for a fair statement of the results for interim periods. Results of operations for interim periods may not be representative of results to be expected for a full year. Colgate-Palmolive Company (together with its subsidiaries, the "Company" or "Colgate") reclassifies certain prior year amounts, as applicable, to conform to the current year presentation.

The Company adopted Accounting Standards Update ("ASU") No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" on January 1, 2018. For further information regarding the impact of the adoption of ASU No. 2017-07, refer to Note 3, Recent Accounting Pronouncements and Updated Accounting Policies and Note 13, Segment Information.

For a complete set of financial statement notes, including the Company's significant accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission (the "SEC").

2. Use of Estimates

Provisions for certain expenses, including income taxes, 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. Recent Accounting Pronouncements and Updated Accounting Policies

Recent Accounting Pronouncements

In February 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-02"), which permits the reclassification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the "TCJA" or "U.S. tax reform") from Accumulated other comprehensive income (loss) to Retained earnings. This new guidance is effective for the Company beginning on January 1, 2019, with early adoption permitted, and must be applied either in the period of adoption or retrospectively to periods in which the effects of the TCJA are recognized. The Company elected to adopt this new guidance early, beginning on January 1, 2018, and reclassified \$163 in the current period.

In August 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities," amending the eligibility criteria for hedged items and transactions to expand an entity's ability to hedge nonfinancial and financial risk components. The new guidance eliminates the requirement to separately measure and present hedge ineffectiveness and aligns the presentation of hedge gains and losses with the underlying hedge item. The new guidance also simplifies the hedge documentation and hedge effectiveness assessment requirements. The new guidance is effective for the Company beginning on January 1, 2019, with early adoption permitted. The amended presentation and disclosure requirements must be adopted on a prospective basis, while any amendments to cash flow and net investment hedge relationships that exist on the date of adoption must be applied on a "modified retrospective" basis, meaning a cumulative effect adjustment to the opening balance of retained earnings as of the beginning of the year of adoption. While the Company is currently assessing the impact of the new standard, this new guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting," clarifying when a change to the terms or conditions of a stock-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance was effective for the Company on a prospective basis beginning on January 1, 2018 and did not impact the Company's Consolidated Financial Statements as it is not the Company's practice to change either the terms or conditions of stock-based payment awards once they are granted.

COLGATE-PALMOLIVE COMPANY**Notes to Condensed Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

In March 2017, the FASB issued ASU No. 2017-07, “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” changing the presentation of the net periodic benefit cost on the Statement of Income and limiting the amount of net periodic benefit cost eligible for capitalization to assets. The new guidance permits only the service cost component of net periodic benefit cost to be eligible for capitalization. The new guidance also requires entities to present the service cost component of net periodic benefit cost together with compensation costs arising from services rendered by employees during the period. The non-service related components of net periodic benefit cost, which include interest, expected return on assets, amortization of prior service costs and actuarial gains and losses, are required to be presented outside of Operating profit. The line item or items used to present the other components of net periodic benefit cost must be disclosed in the Notes to the Consolidated Financial Statements, if not separately described on the Statement of Income. The new presentation requirement is required to be adopted on a “full retrospective” basis, meaning the standard is applied to all of the periods presented in the financial statements, while the limitation on capitalization can only be adopted on a prospective basis. Effective January 1, 2018, as required, the Company adopted this standard on a retrospective basis. As permitted by the new guidance, the Company used the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the basis for applying the retrospective presentation requirements. As a result, for all periods presented, only the service related component of pension and other postretirement benefit costs is included in Operating profit. The non-service related components are included in a new line item, “Non-service related postretirement costs,” which is below Operating profit. For the quarter ended March 31, 2017, the Company reclassified \$26 and \$1 of non-service related components of pension and other postretirement benefit costs from Selling, general and administrative expenses and Other (income) expense, net, respectively, to Non-service related postretirement costs. Adoption of this standard had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow.

In January 2017, the FASB issued ASU No. 2017-04, “Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” eliminating the requirement to calculate the implied fair value, essentially eliminating step two from the goodwill impairment test. The new standard requires goodwill impairment to be based upon the results of step one of the impairment test, which is defined as the excess of the carrying value of a reporting unit over its fair value. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard is effective for the Company on a prospective basis beginning on January 1, 2020, with early adoption permitted. This new guidance is not expected to have an impact on the Company’s Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” which provides additional guidance on evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The guidance requires an entity to evaluate if substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the new guidance would define this as an asset acquisition; otherwise, the entity then evaluates whether the asset meets the requirement that a business include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The guidance was effective for the Company on a prospective basis beginning on January 1, 2018. This new guidance did not have an impact on the Company’s Consolidated Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,” which clarifies how certain cash receipts and payments are to be presented in the statement of cash flows. The guidance was effective for the Company on January 1, 2018. This new guidance did not have an impact on the Company’s Consolidated Financial Statements.

In February 2016, the FASB issued its final standard on lease accounting, ASU No. 2016-02, “Leases (Topic 842),” which supersedes Topic 840, “Leases.” The new accounting standard requires the recognition of right-of-use assets and lease liabilities for all long-term leases, including operating leases, on the balance sheet. The new standard also provides additional guidance on the measurement of the right-of-use assets and lease liabilities and will require enhanced disclosures about the Company’s leasing arrangements. Under current accounting standards, substantially all of the Company’s leases are considered operating leases and, as such, are not recognized on the Consolidated Balance Sheet. This new standard is effective for the Company beginning on January 1, 2019, with early adoption permitted. The standard requires a “modified retrospective” adoption, meaning the standard is applied to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently assessing the impact of the new standard on its Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The updated guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The amendment to the standard was effective for the Company beginning on January 1, 2018 and did not have an impact on the Company’s Consolidated Financial Statements.

In May 2014, the FASB and the International Accounting Standards Board issued their final converged standard on revenue recognition. The standard, issued as ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” by the FASB, provides a comprehensive revenue recognition model for all contracts with customers and supersedes current revenue recognition guidance. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to its customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The new standard also includes enhanced disclosures. During 2016, the FASB issued several accounting updates (ASU No. 2016-08, 2016-10 and 2016-12) to clarify implementation guidance and correct unintended application of the guidance. The standard allows for either full retrospective adoption or modified retrospective adoption. The Company adopted the new standard on January 1, 2018, on a “modified retrospective” basis, which did not have a material impact on the Company’s Consolidated Financial Statements. The Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the 2018 opening balance of retained earnings. Results for periods beginning on or after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the prior accounting guidance under Topic 605, “Revenue Recognition.”

The new accounting standard changes only the timing of when certain of the Company’s sales are recorded and does not change the amount at which sales are recorded. The application of the new accounting standard did not have a material impact on the Company’s Consolidated Financial Statements for the period ended March 31, 2018 and is not expected to have a material impact on the Company’s Consolidated Financial Statements in future periods.

Updated Accounting Policies

Revenue Recognition Accounting Policy

The Company’s revenue contracts represent a single performance obligation to sell its products to trade customers. Sales are recorded at the time control of the products is transferred to trade customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the products. Control is the ability of trade customers to direct the “use of” and “obtain” the benefit from our products. In evaluating the timing of the transfer of control of products to trade customers, the Company considers several control indicators, including significant risks and rewards of products, the Company’s right to payment and the legal title of the products. Based on the assessment of control indicators, sales are generally recognized when products are delivered to trade customers.

Net sales reflect the transaction prices for contracts, which include units shipped at selling list prices reduced by variable consideration. Variable consideration includes expected sales returns and the cost of current and continuing promotional programs. Current promotional programs primarily include product listing allowances and co-operative advertising arrangements. Continuing promotional programs are predominantly consumer coupons and volume-based sales incentive arrangements. The cost of promotional programs is estimated using the expected value method considering all reasonably available information, including the Company’s historical experience and its current expectations, and is reflected in the transaction price when sales are recorded. Adjustments to the cost of promotional programs in subsequent periods are generally not material, as the Company’s promotional programs are typically of short duration, thereby reducing the uncertainty inherent in such estimates.

Sales returns are generally accepted at the Company’s discretion and are not material to the Company’s Consolidated Financial Statements. The Company’s contracts with trade customers do not have significant financing components or non-cash consideration and the Company does not have unbilled revenue or significant amounts of prepayments from customers. The Company records Net sales excluding taxes collected on its sales to its trade customers. Shipping and handling activities are accounted for as contract fulfillment costs and classified as Selling, general and administrative expenses.

COLGATE-PALMOLIVE COMPANY**Notes to Condensed Consolidated Financial Statements (continued)**(Dollars in Millions Except Share and Per Share Amounts)
(Unaudited)**4. Acquisitions and Divestitures***Acquisitions*

In January 2018, the Company acquired all of the outstanding equity interests of Physicians Care Alliance, LLC (“PCA”) and Elta MD Holdings, Inc. (“Elta”), professional skin care businesses, for aggregate cash consideration of approximately \$730. With these acquisitions, the Company has entered the professional skin care category, which complements its existing global personal care businesses and resulted in the recognition of additional goodwill.

Total purchase price consideration of \$730 has been allocated on a preliminary basis to the net assets acquired based on their respective estimated fair values at January 2018, as follows:

Recognized amounts of assets acquired and liabilities assumed:

Inventories	\$ 7
Other current assets	9
Other intangible assets	438
Goodwill	332
Other current liabilities	(6)
Deferred income taxes	(50)
Fair value of net assets acquired	<u><u>\$ 730</u></u>

Based on the Company’s preliminary purchase price allocation, other intangible assets acquired include trademarks of \$292 with useful lives of 25 years and customer relationships of \$146 with useful lives ranging from 12 to 13 years.

Goodwill of \$332 was allocated to the North America segment. The Company expects that approximately 40% of the goodwill will be deductible for tax purposes.

The preliminary estimates of the fair value of identifiable assets acquired and liabilities assumed are subject to revisions, which may result in adjustments to the preliminary values discussed above.

Pro forma results of operations have not been presented as the impact on the Company’s Condensed Consolidated Financial Statements is not material. The Company expects to finalize the purchase price allocation prior to the end of 2018.

5. Restructuring and Related Implementation Charges

In the fourth quarter of 2012, the Company commenced a restructuring program (the “Global Growth and Efficiency Program”) for sustained growth. The program was expanded in 2014 and expanded and extended in 2015. Building on the Company’s successful implementation of the program, on October 26, 2017, the Board approved an expansion of the Global Growth and Efficiency Program and an extension of the program through December 31, 2019 to take advantage of additional opportunities to streamline the Company’s operations.

Initiatives under the Global Growth and Efficiency Program continue to fit within the program’s three focus areas of expanding commercial hubs, extending shared business services and streamlining global functions and optimizing the global supply chain and facilities.

COLGATE-PALMOLIVE COMPANY**Notes to Condensed Consolidated Financial Statements (continued)**(Dollars in Millions Except Share and Per Share Amounts)
(Unaudited)

Including the most recent expansion, cumulative pretax charges resulting from the Global Growth and Efficiency Program, once all phases are approved and implemented, are estimated to be in the range of \$1,730 to \$1,885 (\$1,280 to \$1,380 aftertax). The Company anticipates that pretax charges for 2018 will approximate \$100 to \$175 (\$75 to \$125 aftertax). It is expected that substantially all charges resulting from the Global Growth and Efficiency Program will be incurred by December 31, 2019.

The pretax charges resulting from the Global Growth and Efficiency Program are currently estimated to be comprised of the following categories: Employee-Related Costs, including severance, pension and other termination benefits (50%); asset-related costs, primarily Incremental Depreciation and Asset Impairments (10%); and Other charges, which include contract termination costs, consisting primarily of related implementation charges resulting directly from exit activities (20%) and the implementation of new strategies (20%). Over the course of the Global Growth and Efficiency Program, it is currently estimated that approximately 80% of the charges will result in cash expenditures.

The Company expects that the cumulative pretax charges, once all projects are approved and implemented, will relate to initiatives undertaken in North America (15%), Latin America (5%), Europe (20%), Asia Pacific (5%), Africa/Eurasia (5%), Hill's Pet Nutrition (10%) and Corporate (40%), which includes substantially all of the costs related to the implementation of new strategies, noted above, on a global basis. The Company expects that, when it has been fully implemented, the Global Growth and Efficiency Program will have contributed a net reduction of approximately 3,800 to 4,400 positions from the Company's global employee workforce.

For the three months ended March 31, 2018 and 2017, restructuring and related implementation charges are reflected in the Condensed Consolidated Statements of Income as follows:

	Three Months Ended	
	March 31,	
	2018	2017
Cost of sales	\$ 6	\$ 14
Selling, general and administrative expenses	5	21
Other (income) expense, net	13	10
Non-service related postretirement costs	4	1
Total Global Growth and Efficiency Program charges, pretax	<u>\$ 28</u>	<u>\$ 46</u>
Total Global Growth and Efficiency Program charges, aftertax	<u>\$ 20</u>	<u>\$ 31</u>

Restructuring and related implementation charges in the preceding table are recorded in the Corporate segment as these initiatives are predominantly centrally directed and controlled and are not included in internal measures of segment operating performance.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

Total charges incurred for the Global Growth and Efficiency Program relate to initiatives undertaken by the following reportable operating segments:

	Three Months Ended		Program-to-date
	March 31,		Accumulated Charges
	2018	2017	
North America	37%	37%	19%
Latin America	12%	6%	4%
Europe	2%	2%	21%
Asia Pacific	18%	2%	3%
Africa/Eurasia	2%	4%	6%
Hill's Pet Nutrition	19%	7%	7%
Corporate	10%	42%	40%
Total	100%	100%	100%

Since the inception of the Global Growth and Efficiency Program in the fourth quarter of 2012, the Company has incurred cumulative pretax charges of \$1,589 (\$1,173 aftertax) in connection with the implementation of various projects as follows:

	Cumulative Charges	as of March 31, 2018
Employee-Related Costs	\$ 646	
Incremental Depreciation		91
Asset Impairments		36
Other		816
Total	\$ 1,589	

The majority of costs incurred since inception relate to the following projects: the implementation of the Company's overall hubbing strategy; the extension of shared business services and streamlining of global functions; the consolidation of facilities; the closing of the Morristown, New Jersey personal care facility; the simplification and streamlining of the Company's research and development capabilities and oral care supply chain, both in Europe; redesigning the European commercial organization; restructuring how the Company will provide future retirement benefits to substantially all of the U.S.-based employees participating in the Company's defined benefit retirement plan by shifting them to the Company's defined contribution plan; and the implementation of a Corporate efficiencies program.

The following table summarizes the activity for the restructuring and related implementation charges discussed above and the related accruals:

	Three Months Ended March 31, 2018				
	Employee-Related Costs	Incremental Depreciation	Asset Impairments	Other	Total
Balance at December 31, 2017	\$ 127	\$ —	\$ —	\$ 107	\$ 234
Charges	18	1	—	9	28
Cash payments	(39)	—	—	(16)	(55)
Charges against assets	(4)	(1)	—	—	(5)
Foreign exchange	2	—	—	—	2
Balance at March 31, 2018	\$ 104	\$ —	\$ —	\$ 100	\$ 204

COLGATE-PALMOLIVE COMPANY**Notes to Condensed Consolidated Financial Statements (continued)**(Dollars in Millions Except Share and Per Share Amounts)
(Unaudited)

Employee-Related Costs primarily include severance and other termination benefits and are calculated based on long-standing benefit practices, local statutory requirements and, in certain cases, voluntary termination arrangements. Employee-Related Costs also include pension and other retiree benefit enhancements amounting to \$4 for the three months ended March 31, 2018, which are reflected as Charges against assets within Employee-Related Costs in the preceding table as the corresponding balance sheet amounts are reflected as a reduction of pension assets or an increase in pension and other retiree benefit liabilities. See Note 10, Retirement Plans and Other Retiree Benefits for additional information.

Incremental Depreciation is recorded to reflect changes in useful lives and estimated residual values for long-lived assets that will be taken out of service prior to the end of their normal service period. Asset Impairments are recorded to write down assets held for sale or disposal to their fair value based on amounts expected to be realized. Charges against assets within Asset Impairments are net of cash proceeds pertaining to the sale of certain assets.

Other charges consist primarily of charges resulting directly from exit activities and the implementation of new strategies as a result of the Global Growth and Efficiency Program. These charges for the three months ended March 31, 2018 include third-party incremental costs related to the development and implementation of new business and strategic initiatives of \$8 and contract termination costs and charges resulting directly from exit activities of \$1. These charges were expensed as incurred.

6. Inventories

Inventories by major class are as follows:

	March 31, 2018	December 31, 2017
Raw materials and supplies	\$ 258	\$ 267
Work-in-process	49	42
Finished goods	1,005	912
Total Inventories	<u>\$ 1,312</u>	<u>\$ 1,221</u>

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

7. Shareholders' Equity

Changes in the components of Shareholders' Equity for the three months ended March 31, 2018 are as follows:

Colgate-Palmolive Company Shareholders' Equity							Noncontrolling Interests
	Common Stock	Additional Paid-in Capital	Unearned Compensation	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	
Balance, December 31, 2017	\$ 1,466	\$ 1,984	\$ (5)	\$ (20,181)	\$ 20,531	\$ (3,855)	\$ 303
Net income					634		44
Other comprehensive income (loss), net of tax						118	3
Dividends					(718)		
Stock-based compensation expense		28					
Shares issued for stock options		48			77		
Shares issued for restricted stock units		(12)			12		
Treasury stock acquired					(351)		
Other		(1)	3	2	134	(163) ⁽¹⁾	
Balance, March 31, 2018	\$ 1,466	\$ 2,047	\$ (2)	\$ (20,441)	\$ 20,581	\$ (3,900)	\$ 350

⁽¹⁾ As a result of the early adoption of ASU 2018-02, the Company reclassified the stranded tax effects in Accumulated other comprehensive income (loss) resulting from the TCJA to Retained earnings. See Note 3, Recent Accounting Pronouncements and Updated Accounting Policies for additional information.

Accumulated other comprehensive income (loss) includes cumulative translation losses of \$2,832 and \$2,927 at March 31, 2018 and December 31, 2017, respectively, and unrecognized retirement plan and other retiree benefits costs of \$1,062 and \$923 at March 31, 2018 and December 31, 2017, respectively.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

8. Earnings Per Share

For the three months ended March 31, 2018 and 2017, earnings per share were as follows:

	Three Months Ended					
	March 31, 2018			March 31, 2017		
	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share
Basic EPS	\$ 634	875.4	\$ 0.72	\$ 570	884.7	\$ 0.64
Stock options and restricted stock units		4.5			6.3	
Diluted EPS	\$ 634	879.9	\$ 0.72	\$ 570	891.0	\$ 0.64

For the three months ended March 31, 2018 and 2017, the average number of stock options and restricted stock units that were anti-dilutive and not included in diluted earnings per share calculations were 16,287,263 and 9,182,150, respectively.

9. Other Comprehensive Income (Loss)

Additions to and reclassifications out of Accumulated other comprehensive income (loss) attributable to the Company for the three months ended March 31, 2018 and 2017 were as follows:

	2018		2017	
	Pretax	Net of Tax	Pretax	Net of Tax
Cumulative translation adjustments	\$ 96	\$ 105	\$ 103	\$ 125
Retirement plans and other retiree benefits:				
Net actuarial gain (loss) and prior service costs arising during the period	—	—	—	—
Amortization of net actuarial loss, transition and prior service costs (1)	18	14	18	13
Retirement plans and other retiree benefits adjustments	18	14	18	13
Cash flow hedges:				
Unrealized gains (losses) on cash flow hedges	(8)	(6)	(13)	(8)
Reclassification of (gains) losses into net earnings on cash flow hedges (2)	6	5	(3)	(2)
Gains (losses) on cash flow hedges	(2)	(1)	(16)	(10)
Total Other comprehensive income (loss)	\$ 112	\$ 118	\$ 105	\$ 128

(1) These components of Other comprehensive income (loss) are included in the computation of total pension cost. See Note 10, Retirement Plans and Other Retiree Benefits for additional details.

(2) These (gains) losses are reclassified into Cost of sales. See Note 14, Fair Value Measurements and Financial Instruments for additional details.

There were no tax impacts on Other comprehensive income (loss) attributable to Noncontrolling interests.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

10. Retirement Plans and Other Retiree Benefits

Components of Net periodic benefit cost for the three months ended March 31, 2018 and 2017 were as follows:

	Pension Benefits				Other Retiree Benefits			
	United States		International		Three Months Ended March 31,			
	2018	2017	2018	2017	2018	2017	2018	2017
Service cost	\$ —	\$ —	\$ 4	\$ 4	\$ —	\$ —	\$ —	\$ 4
Interest cost	21	24	6	5	—	—	10	11
Expected return on plan assets	(29)	(27)	(6)	(5)	—	—	—	—
Amortization of transition and prior service costs (credits)	—	—	—	—	—	—	—	—
Amortization of actuarial loss (gain)	12	12	2	2	4	4	4	4
Net periodic benefit cost	\$ 4	\$ 9	\$ 6	\$ 6	\$ 18	\$ 19		

For the three months ended March 31, 2018 and 2017, the Company made voluntary contributions to its U.S. postretirement plans of \$0 and \$57, respectively.

11. Income Taxes

On December 22, 2017, the TCJA was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain earnings generated by foreign subsidiaries while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. The Company's effective income tax rate in 2017 included a provisional charge of \$275, recorded in the fourth quarter of 2017, related to the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. Given the significant complexity of the TCJA, recent and anticipated further guidance from the U.S. Treasury about implementing the TCJA and the potential for additional guidance from the SEC or the FASB related to the TCJA or additional information becoming available, the Company's provisional charge may be adjusted during 2018 and is expected to be finalized no later than the fourth quarter of 2018. The aforementioned guidance and additional information regarding the TCJA may also impact the Company's 2018 effective income tax rate, exclusive of any adjustment to the provisional charge.

As a result of the early adoption of ASU 2018-02, the Company reclassified \$163 of stranded tax effects in Accumulated other comprehensive income (loss) resulting from the TCJA to Retained earnings in the current period. See Note 3, Recent Accounting Pronouncements and Updated Accounting Policies for additional information.

The Company has taken a tax position in a foreign jurisdiction since 2002 that has been challenged by the local tax authorities. In May 2015, the Company became aware of several rulings by the Supreme Court in this foreign jurisdiction disallowing certain tax deductions, which had the effect of reversing prior decisions. The Company had taken deductions in prior years similar to those disallowed by such court and, as a result, as required, reassessed its tax position and increased its unrecognized tax benefits in 2015.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

In 2016, the Supreme Court in the foreign jurisdiction decided the matter in the Company's favor for the years 2002 through 2005. Also in 2016, the Administrative Court in the foreign jurisdiction decided the matter in the Company's favor for the years 2008 through 2011 by acknowledging the Supreme Court's ruling for the years 2002 through 2005, which eliminated the possibility of future appeals. As a result, the Company recorded a tax benefit of \$30, including interest, in 2016.

In March 2018, the lower courts ruled in the Company's favor for the years 2006, 2007 and 2012 through 2014. Although the lower courts ruled in the Company's favor, it is possible that the rulings will be appealed to the Supreme Court. If such appeals are resolved in the Company's favor, the Company will record additional tax benefits of approximately \$15 at current exchange rates.

12. Contingencies

As a global company serving consumers in more than 200 countries and territories, the Company is routinely subject to a wide variety of legal proceedings. These include disputes relating to intellectual property, contracts, product liability, marketing, advertising, foreign exchange controls, antitrust and trade regulation, as well as labor and employment, pension, privacy, environmental and tax matters and consumer class actions. Management proactively reviews and monitors the Company's exposure to, and the impact of, environmental matters. The Company is party to various environmental matters and, as such, may be responsible for all or a portion of the cleanup, restoration and post-closure monitoring of several sites.

The Company establishes accruals for loss contingencies when it has determined that a loss is probable and that the amount of loss, or range of loss, can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changes in circumstances.

The Company also determines estimates of reasonably possible losses or ranges of reasonably possible losses in excess of related accrued liabilities, if any, when it has determined that a loss is reasonably possible and it is able to determine such estimates. For those matters disclosed below for which the amount of any potential losses can be reasonably estimated, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is \$0 to approximately \$250 (based on current exchange rates). The estimates included in this amount are based on the Company's analysis of currently available information and, as new information is obtained, these estimates may change. Due to the inherent subjectivity of the assessments and the unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company. Thus, the Company's exposure and ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued or the range disclosed above.

Based on current knowledge, management does not believe that the ultimate resolution of loss contingencies arising from the matters discussed herein will have a material effect on the Company's consolidated financial position or its ongoing results of operations or cash flows. However, in light of the inherent uncertainties noted above, an adverse outcome in one or more matters could be material to the Company's results of operations or cash flows for any particular quarter or year.

Brazilian Matters

There are certain tax and civil proceedings outstanding, as described below, related to the Company's 1995 acquisition of the Kolynos oral care business from Wyeth (the "Seller").

The Brazilian internal revenue authority has disallowed interest deductions and foreign exchange losses taken by the Company's Brazilian subsidiary for certain years in connection with the financing of the Kolynos acquisition. The tax assessments with interest, penalties and any court-mandated fees, at the current exchange rate, are approximately \$165. This amount includes additional assessments received from the Brazilian internal revenue authority in April 2016 relating to net operating loss carryforwards used by the Company's Brazilian subsidiary to offset taxable income that had also been deducted from the authority's original assessments. The Company has been disputing the disallowances by appealing the assessments since October 2001. Appeals are currently pending at the administrative level. In the event the Company is ultimately unsuccessful in its administrative appeals, further appeals are available within the Brazilian federal courts.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

In September 2015, the Company lost one of its appeals at the administrative level and filed a lawsuit in Brazilian federal court. In February 2017, the Company lost an additional administrative appeal and filed a lawsuit in Brazilian federal court. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the disallowances are without merit and that the Company should ultimately prevail. The Company is challenging these disallowances vigorously.

In July 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, in the 6th. Lower Federal Court in the City of São Paulo, seeking to annul an April 2000 decision by the Brazilian Board of Tax Appeals that found in favor of the Seller's Brazilian 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 Brazilian subsidiary. The case has been pending since 2002, and the Lower Federal Court has not issued a decision. 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 is challenging this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest, penalties and any court-mandated fees of approximately \$74, at the current exchange rate, based on a claim that certain purchases of U.S. Treasury bills by the subsidiary and their subsequent disposition during the period 2000 to 2001 were subject to a tax on foreign exchange transactions. The Company had been disputing the assessment within the internal revenue authority's administrative appeals process. However, in November 2015, the Superior Chamber of Administrative Tax Appeals denied the Company's final administrative appeal and the Company has filed a lawsuit in the Brazilian federal court. In the event the Company is unsuccessful in this lawsuit, 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, that the tax assessment is without merit and that the Company should ultimately prevail. The Company is challenging this assessment vigorously.

Competition Matters

Certain of the Company's subsidiaries have historically been subject to investigations, and, in some cases, fines, by governmental authorities in a number of countries related to alleged competition law violations. Substantially all of these matters also involved other consumer goods companies and/or retail customers. The Company's policy is to comply with antitrust and competition laws and, if a violation of any such laws is found, to take appropriate remedial action and to cooperate fully with any related governmental inquiry. The status of pending competition law matters as of March 31, 2018 is set forth below.

- In December 2014, the French competition law authority found that 13 consumer goods companies, including the Company's French subsidiary, exchanged competitively sensitive information related to the French home care and personal care sectors, for which the Company's French subsidiary was fined \$57. In addition, as a result of the Company's acquisition of the Sanex personal care business in 2011 from Unilever N.V. and Unilever PLC (together with Unilever N.V., "Unilever"), pursuant to a Business and Share Sale and Purchase Agreement (the "Sale and Purchase Agreement"), the French competition law authority found that the Company's French subsidiary, along with Hillshire Brands Company (formerly Sara Lee Corporation ("Sara Lee")), were jointly and severally liable for fines of \$25 assessed against Sara Lee's French subsidiary. The Company is entitled to indemnification for this fine from Unilever as provided in the Sale and Purchase Agreement. The fines were confirmed by the Court of Appeal in October 2016. The Company is appealing the decision of the Court of Appeal on behalf of the Company and Sara Lee in the French Supreme Court.
- In July 2014, the Greek competition law authority issued a statement of objections alleging a restriction of parallel imports into Greece. The Company responded to this statement of objections. In July 2017, the Company received the decision from the Greek competition law authority in which the Company was fined \$11. The Company is appealing the decision to the Greek courts.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

Talcum Powder Matters

The Company has been named as a defendant in civil actions alleging that certain talcum powder products that were sold prior to 1996 were contaminated with asbestos. Most of these actions involve a number of co-defendants from a variety of different industries, including suppliers of asbestos and manufacturers of products that, unlike the Company's products, were designed to contain asbestos. As of March 31, 2018, there were 199 individual cases pending against the Company in state and federal courts throughout the United States, as compared to 193 cases as of December 31, 2017. During the three months ended March 31, 2018, 25 new cases were filed and 19 cases were resolved by voluntary dismissal, summary judgment granted in the Company's favor or settlement. The value of settlements was not material, either individually or in the aggregate, to the Company's results of operations for the quarter ended March 31, 2018.

The Company believes that a significant portion of its costs incurred in defending and resolving these claims will be covered by insurance policies issued by several primary and excess insurance carriers, subject to deductibles, exclusions, retentions and policy limits.

While the Company and its legal counsel believe that these cases are without merit and intend to challenge them vigorously, there can be no assurances regarding the ultimate resolution of these matters. Since the amount of any potential losses from these cases currently cannot be reasonably estimated, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to these cases.

N8

The Company was a defendant in a lawsuit that was brought in Utah federal court by N8 Medical, Inc. ("N8 Medical"), Brigham Young University ("BYU") and N8 Pharmaceuticals, Inc. ("N8 Pharma"). The complaint, originally filed in November 2013, alleged breach of contract and other torts arising out of the Company's evaluation of a technology owned by BYU and licensed, at various times, to Ceragenix Pharmaceuticals, Inc., now in bankruptcy, N8 Medical and N8 Pharma.

In 2016, the Company resolved the claims brought by BYU and N8 Medical. These claims were each resolved in an amount that is not material to the Company's results of operations. In the first quarter of 2017, the trial court dismissed the claims of N8 Pharma and, in the third quarter of 2017, N8 Pharma appealed the decision. In March 2018, the appellate court upheld the trial court's dismissal of N8 Pharma's claim.

ERISA Matter

In June 2016, a putative class action claiming that residual annuity payments made to certain participants in the Colgate-Palmolive Company Employees' Retirement Income Plan (the "Plan") did not comply with the Employee Retirement Income Security Act was filed against the Plan, the Company and certain individuals in the United States District Court for the Southern District of New York. This action has been certified as a class action. The relief sought includes recalculation of benefits, pre- and post-judgment interest and attorneys' fees. The Company is contesting this action vigorously. Since the amount of any potential loss from this case currently cannot be reasonably estimated, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to the case.

COLGATE-PALMOLIVE COMPANY**Notes to Condensed Consolidated Financial Statements (continued)**(Dollars in Millions Except Share and Per Share Amounts)
(Unaudited)**13. Segment Information**

The Company operates in two product segments: Oral, Personal and Home Care; and Pet Nutrition.

The operations of the Oral, Personal and Home Care product segment are managed geographically in five reportable operating segments: North America, Latin America, Europe, Asia Pacific and Africa/Eurasia.

The Company evaluates segment performance based on several factors, including Operating profit. The Company uses Operating profit as a measure of operating segment performance because it excludes the impact of Corporate-driven decisions related to interest expense and income taxes.

Effective January 1, 2018, as required, the Company adopted ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"), on a retrospective basis. To conform to the current year's presentation, for the three months ended March 31, 2017, the Company reclassified \$27 of non-service related components of pension and other postretirement costs, which was previously deducted from Operating profit, to a new line item, "Non-service related postretirement costs," which is below Operating profit. The impact of the reclassification from Operating profit by segment is as follows: North America \$14, Latin America \$2, Europe \$2, Asia Pacific \$0, Africa/Eurasia \$1, Pet Nutrition \$6 and Corporate \$2. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow.

The accounting policies of the operating segments are generally the same as those described in Note 2, Summary of Significant Accounting Policies to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Intercompany sales have been eliminated. Corporate operations include costs related to stock options and restricted stock units, research and development costs, Corporate overhead costs, restructuring and related implementation charges and gains and losses on sales of non-core product lines and assets. The Company reports these items within Corporate operations as they relate to Corporate-based responsibilities and decisions and are not included in the internal measures of segment operating performance used by the Company to measure the underlying performance of the operating segments.

Net sales by segment was as follows:

	Three Months Ended	
	March 31,	
	2018	2017
Net sales		
Oral, Personal and Home Care		
North America	\$ 827	\$ 760
Latin America	929	924
Europe	648	558
Asia Pacific	759	720
Africa/Eurasia	255	246
Total Oral, Personal and Home Care	3,418	3,208
Pet Nutrition	584	554
Total Net sales	\$ 4,002	\$ 3,762

Approximately 75% of the Company's Net sales are generated from markets outside the U.S., with approximately 50% of the Company's Net sales coming from emerging markets (which consist of Latin America, Asia (excluding Japan), Africa/Eurasia and Central Europe).

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The Company's Net sales of Oral, Personal and Home Care and Pet Nutrition products accounted for the following percentages of the Company's Net sales:

	Three Months Ended		
	March 31,	2018	2017
Net sales			
Oral Care		49%	49%
Personal Care		19%	18%
Home Care		17%	18%
Pet Nutrition		15%	15%
Total Net sales		100%	100%

Operating profit by segment was as follows:

	Three Months Ended		
	March 31,	2018	2017
Operating profit			
Oral, Personal and Home Care			
North America	\$ 257	\$ 247	247
Latin America	273	271	271
Europe	162	142	142
Asia Pacific	226	219	219
Africa/Eurasia	50	46	46
Total Oral, Personal and Home Care	968	925	925
Pet Nutrition	164	163	163
Corporate	(149)	(176)	(176)
Total Operating profit	\$ 983	\$ 912	912

For the three months ended March 31, 2018, and 2017, Corporate Operating profit (loss) included charges of \$24 and \$45, respectively, resulting from the Global Growth and Efficiency Program.

For further information regarding the Global Growth and Efficiency Program, refer to Note 5, Restructuring and Related Implementation Charges.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

14. Fair Value Measurements and Financial Instruments

The Company uses available market information and other valuation methodologies in assessing the fair value of financial instruments. Judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, changes in assumptions or the estimation methodologies may affect the fair value estimates. The Company is exposed to the risk of credit loss in the event of nonperformance by counterparties to financial instrument contracts; however, nonperformance is considered unlikely and any nonperformance is unlikely to be material, as it is the Company's policy to contract only with diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

The Company is exposed to market risk from foreign currency exchange rates, interest rates and commodity price fluctuations. Volatility relating to these exposures is managed on a global basis by utilizing a number of techniques, including working capital management, sourcing strategies, selling price increases, selective borrowings in local currencies and entering into selective derivative instrument transactions, issued with standard features, in accordance with the Company's treasury and risk management policies, which prohibit the use of derivatives for speculative purposes and leveraged derivatives for any purpose. It is the Company's policy to enter into derivative instrument contracts with terms that match the underlying exposure being hedged. Hedge ineffectiveness, if any, is not material for any period presented.

The Company's derivative instruments include interest rate swap contracts, foreign currency contracts and commodity contracts. The Company utilizes interest rate swap contracts to manage its targeted mix of fixed and floating rate debt, and these swaps are valued using observable benchmark rates (Level 2 valuation). The Company utilizes foreign currency contracts, including forward and swap contracts, option contracts, local currency deposits and local currency borrowings to hedge portions of its foreign currency purchases, assets and liabilities arising in the normal course of business and the net investment in certain foreign subsidiaries. These contracts are valued using observable market rates (Level 2 valuation). Commodity futures contracts are utilized to hedge the purchases of raw materials used in production. These contracts are measured using quoted commodity exchange prices (Level 1 valuation). The duration of foreign currency and commodity contracts generally does not exceed 12 months.

The following table summarizes the fair value of the Company's derivative instruments and other financial instruments which are carried at fair value in the Company's Consolidated Balance Sheets at March 31, 2018 and December 31, 2017:

	Assets			Liabilities		
	Account	Fair Value		Account	Fair Value	
		3/31/18	12/31/17		3/31/18	12/31/17
Designated derivative instruments						
Interest rate swap contracts	Other current assets	\$ —	\$ —	Other accruals	\$ 6	\$ —
Interest rate swap contracts	Other assets	—	—	Other liabilities	11	7
Foreign currency contracts	Other current assets	5	25	Other accruals	23	20
Foreign currency contracts	Other assets	—	—	Other liabilities	57	46
Commodity contracts	Other current assets	—	—	Other accruals	—	—
Total designated		\$ 5	\$ 25		\$ 97	\$ 73
Other financial instruments						
Marketable securities	Other current assets	\$ 51	\$ 14			
Total other financial instruments		\$ 51	\$ 14			

The carrying amount of cash, cash equivalents, accounts receivable and short-term debt approximated fair value as of March 31, 2018 and December 31, 2017. The estimated fair value of the Company's long-term debt, including the current portion, as of March 31, 2018 and December 31, 2017, was \$6,659 and \$6,799, respectively, and the related carrying value was \$6,550 and \$6,566, respectively. The estimated fair value of long-term debt was derived principally from quoted prices on the Company's outstanding fixed-term notes (Level 2 valuation).

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

Fair Value Hedges

The Company has designated all interest rate swap contracts and certain foreign currency forward and option contracts as fair value hedges, for which the gain or loss on the derivative and the offsetting gain or loss on the hedged item are recognized in current earnings. The impact of foreign currency contracts is primarily recognized in Selling, general and administrative expenses and the impact of interest rate swap contracts is recognized in Interest (income) expense, net.

Activity related to fair value hedges recorded during the three months ended March 31, 2018 and 2017 was as follows:

	2018			2017		
	Foreign Currency Contracts	Interest Rate Swaps	Total	Foreign Currency Contracts	Interest Rate Swaps	Total
Notional Value at March 31,	\$ 530	\$ 1,000	\$ 1,530	\$ 246	\$ 850	\$ 1,096
Three months ended March 31,						
Gain (loss) on derivatives	(13)	(10)	(23)	2	(2)	—
Gain (loss) on hedged items	13	10	23	(2)	2	—

Cash Flow Hedges

All of the Company's commodity contracts and certain foreign currency forward contracts have been designated as cash flow hedges, for which the effective portion of the gain or loss is reported as a component of Other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

Activity related to cash flow hedges recorded during the three months ended March 31, 2018 and 2017 was as follows:

	2018			2017		
	Foreign Currency Contracts	Commodity Contracts	Total	Foreign Currency Contracts	Commodity Contracts	Total
Notional Value at March 31,	\$ 754	\$ —	\$ 754	\$ 667	\$ 4	\$ 671
Three months ended March 31,						
Gain (loss) recognized in OCI	(8)	—	(8)	(13)	—	(13)
Gain (loss) reclassified into Cost of sales	6	—	6	3	—	3

The net gain (loss) recognized in OCI for both foreign currency contracts and commodity contracts is generally expected to be recognized in Cost of sales within the next twelve months.

COLGATE-PALMOLIVE COMPANY**Notes to Condensed Consolidated Financial Statements (continued)**(Dollars in Millions Except Share and Per Share Amounts)
(Unaudited)***Net Investment Hedges***

The Company has designated certain foreign currency forward and option contracts and certain foreign currency-denominated debt as net investment hedges, for which the gain or loss on the instrument is reported as a component of Cumulative translation adjustments within OCI, along with the offsetting gain or loss on the hedged items.

Activity related to net investment hedges recorded during the three months ended March 31, 2018 and 2017 was as follows:

	2018			2017		
	Foreign Currency Contracts	Foreign Currency Debt	Total	Foreign Currency Contracts	Foreign Currency Debt	Total
Notional Value at March 31,	\$ 541	\$ 1,233	\$ 1,774	\$ 655	\$ 1,206	\$ 1,861
Three months ended March 31,						
Gain (loss) on instruments	(18)	(19)	(37)	(18)	(16)	(34)
Gain (loss) on hedged items	18	19	37	20	16	36

Other Financial Instruments

Other financial instruments are classified as Other current assets or Other assets.

Other financial instruments classified as Other current assets include marketable securities consisting of bank deposits of \$51 with original maturities greater than 90 days carried at fair value (Level 1 valuation) and the current portion of bonds issued by the Argentinian government in the amount of \$4 classified as held-to-maturity and carried at amortized cost.

Through its subsidiary in Argentina, the Company has invested in U.S. dollar-linked, devaluation-protected bonds and Argentinian peso-denominated bonds issued by the Argentinian government. As of March 31, 2018, the amortized cost was \$4 and their approximate fair value was \$4 (Level 2 valuation).

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 (together with its subsidiaries, the “Company” or “Colgate”) seeks to deliver strong, consistent business results and superior shareholder returns by providing consumers globally 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 product categories are prioritized based on their capacity to maximize the use of the organization’s core competencies and strong global equities and to deliver sustainable long-term growth.

Operationally, the Company is organized along geographic lines with management teams having responsibility for the business and financial results in each region. The Company competes in more than 200 countries and territories worldwide with established businesses in all regions contributing to the Company’s sales and profitability. Approximately 75% of the Company’s Net sales are generated from markets outside the U.S., with approximately 50% of the Company’s Net sales coming from emerging markets (which consist of Latin America, Asia (excluding Japan), Africa/Eurasia and Central Europe). This geographic diversity and balance help to reduce the Company’s exposure to business and other risks in any one country or part of the world.

The Oral, Personal and Home Care product segment is managed geographically in five reportable operating segments: North America, Latin America, Europe, Asia Pacific and Africa/Eurasia, all of which sell to a variety of retail and wholesale customers and distributors. The Company, through Hill’s Pet Nutrition, also competes on a worldwide basis in the pet nutrition market, selling its products principally through authorized pet supply retailers and veterinarians. Many of the Company’s products are also sold online through various e-commerce platforms and retailers.

On an ongoing basis, management focuses on a variety of key indicators to monitor business health and performance. These indicators include market share, net sales (including volume, pricing and foreign exchange components), organic sales growth (net sales growth excluding, as applicable, the impact of foreign exchange, acquisitions and divestments), a non-GAAP financial measure, and gross profit margin, operating profit, net income and earnings per share, in each case, on a GAAP and non-GAAP basis, as well as measures used to optimize the management of working capital, capital expenditures, cash flow and return on capital. The monitoring of these indicators and the Company’s Code of Conduct and corporate governance practices help to maintain business health and strong internal controls. For additional information regarding non-GAAP financial measures, see “Non-GAAP Financial Measures” below.

To achieve its business and financial objectives, the Company focuses the organization on initiatives to drive and fund growth. The Company seeks to capture significant opportunities for growth by identifying and meeting consumer needs within its core categories, through its focus on innovation and the deployment of valuable consumer and shopper insights in the development of successful new products regionally, which are then rolled out on a global basis. To enhance these efforts, the Company has developed key initiatives to build strong relationships with consumers, dental and veterinary professionals and retail customers. In addition, the Company has strengthened its capabilities in e-commerce, including by developing its relationships with online-only retailers and enhancing its digital marketing capabilities. Growth opportunities are greater in those areas of the world in which economic development and rising consumer incomes expand the size and number of markets for the Company’s products.

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The investments needed to support growth are developed through continuous, Company-wide initiatives to lower costs and increase effective asset utilization. Through these initiatives, which are referred to as the Company's funding-the-growth initiatives, the Company seeks to become even more effective and efficient throughout its businesses. These initiatives are designed to reduce costs associated with direct materials, indirect expenses, distribution and logistics, and advertising and promotional materials, among other things, and encompass a wide range of projects, examples of which include raw material substitution, reduction of packaging materials, consolidating suppliers to leverage volumes and increasing manufacturing efficiency through SKU reductions and formulation simplification. The Company also continues to prioritize its investments toward its higher margin businesses, specifically Oral Care, Personal Care and Pet Nutrition.

Significant Items Impacting Comparability

In January 2018, the Company acquired all of the outstanding equity interests of Physicians Care Alliance, LLC ("PCA") and Elta MD Holdings, Inc. ("Elta"), professional skin care businesses, for aggregate cash consideration of approximately \$730. With these acquisitions, the Company has entered the professional skin care category, which complements its existing global personal care businesses. See Note 4, Acquisitions and Divestitures to the Condensed Consolidated Financial Statements for additional information.

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA" or "U.S. tax reform") was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain future earnings generated by foreign subsidiaries while providing for future tax-free repatriation of such earnings through a 100% dividends-received deduction.

As a result of the enactment of the TCJA, in the fourth quarter of 2017, the Company recorded a provisional charge of \$275 based on its initial analysis of the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. Given the significant complexity of the TCJA, recent and anticipated further guidance from the U.S. Treasury about implementing the TCJA and the potential for additional guidance from the SEC or the FASB related to the TCJA or additional information becoming available, the Company's provisional charge may be adjusted during 2018 and is expected to be finalized no later than the fourth quarter of 2018. The aforementioned guidance and additional information regarding the TCJA may also impact the Company's 2018 effective income tax rate, exclusive of any adjustment to the provisional charge. Refer to "Results of Operations—Income Taxes" below for additional details.

The Company is in the midst of a restructuring program known as the "Global Growth and Efficiency Program," which following the most recent expansion and extension approved by the Company's Board of Directors (the "Board") on October 26, 2017, runs through December 31, 2019. The program's initiatives are expected to help the Company ensure sustained solid worldwide growth in unit volume, organic sales, operating profit and earnings per share and to enhance its global leadership positions in its core businesses. Implementation of the Global Growth and Efficiency Program remains on track.

The initiatives under the Global Growth and Efficiency Program are focused on the following areas:

- Expanding Commercial Hubs
- Extending Shared Business Services and Streamlining Global Functions
- Optimizing Global Supply Chain and Facilities

Savings, substantially all of which are expected to increase future cash flows, are projected to be in the range of \$560 to \$635 pretax (\$500 to \$575 aftertax) annually, once all projects are approved and implemented. Cumulative pretax charges resulting from the Global Growth and Efficiency Program, once all phases are approved and implemented, are estimated to be in the range of \$1,730 to \$1,885 (\$1,280 to \$1,380 aftertax).

In the three months ended March 31, 2018, the Company incurred aftertax costs of \$20 resulting from the Global Growth and Efficiency Program.

For more information regarding the Global Growth and Efficiency Program, see "Restructuring and Related Implementation Charges" below and Note 5, Restructuring and Related Implementation Charges to the Condensed Consolidated Financial Statements.

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In addition, effective January 1, 2018, as required, the Company adopted ASU No. 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," on a retrospective basis. As a result, for all periods presented, only the service related component of pension and other postretirement benefit costs is included in Operating profit. The non-service related components (interest cost, expected return on assets and amortization of actuarial gains and losses) are included in a new line item, "Non-service related postretirement costs," which is below Operating profit. Adoption of this standard had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow. See Note 3, Recent Accounting Pronouncements and Updated Accounting Policies to the Condensed Consolidated Financial Statements for additional information.

Outlook

Looking forward, the Company expects global macroeconomic and market conditions to remain highly challenging with continued low category growth rates around the world. While the global marketplace in which the Company operates has always been highly competitive, the Company continues to experience heightened competitive activity in certain markets from strong local competitors and from other large multinational companies, some of which have greater resources than the Company does. Such activities have included more aggressive product claims and marketing challenges, as well as increased promotional spending and geographic expansion. The Company has also been negatively affected by changes in the policies or practices of its retail trade customers in key markets, such as inventory de-stocking. In addition, the growth of e-commerce has affected and continues to affect consumer preferences and market dynamics. Given that approximately 75% of the Company's Net sales originate in markets outside the U.S., the Company has experienced and may continue to experience volatile foreign currency fluctuations and high raw and packaging material costs. While the Company has taken, and will continue to take, measures to mitigate the effect of these conditions, should they persist, they could adversely affect the Company's future results.

The Company believes it is well prepared to meet the challenges ahead due to its strong financial condition, experience operating in challenging environments and continued focus on the Company's key priorities: growing sales through engaging with consumers, developing world-class innovation and working with retail partners; driving efficiency on every line of the income statement to increase margins; generating strong cash flow performance and utilizing that cash effectively to enhance total shareholder returns; and leading to win by staying true to the Company's culture and focusing on its stakeholders. The Company's commitment to these priorities, together with the strength of the Company's global brands, its broad international presence in both developed and emerging markets and cost-saving initiatives, such as the Company's funding-the-growth initiatives and the Global Growth and Efficiency Program, should position the Company well to increase shareholder value over the long term.

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Results of Operations*Three Months*

Worldwide Net sales were \$4,002 in the first quarter of 2018, up 6.5% from the first quarter of 2017, driven by volume growth of 2.0% and positive foreign exchange of 4.5%, while net selling prices were flat. The Company's professional skin care acquisitions increased volume by 0.5%. Organic sales (Net sales excluding the impact of foreign exchange, acquisitions and divestments), a non-GAAP financial measure, increased 1.5% in the first quarter of 2018. A reconciliation of net sales growth to organic sales growth is provided under "Non-GAAP Financial Measures" below.

Net sales in the Oral, Personal and Home Care product segment were \$3,418 in the first quarter of 2018, up 6.5% from the first quarter of 2017 as volume growth of 2.5% and positive foreign exchange of 4.5% were partially offset by net selling price decreases of 0.5%. Acquisitions increased volume by 0.5%. Organic sales in the Oral, Personal and Home Care product segment increased 1.5% in the first quarter of 2018.

The Company's share of the global toothpaste market was 42.4% on a year-to-date basis, down 0.8 share points from the year ago period, and its share of the global manual toothbrush market was 32.5% on a year-to-date basis, down 0.2 share points from the year ago period. Year-to-date market shares in toothpaste were up in Latin America and Europe and down in North America, Africa/Eurasia and Asia Pacific versus the comparable 2017 period. In the manual toothbrush category, year-to-date market shares were up in North America, Latin America and Africa/Eurasia and down in Europe and Asia Pacific versus the comparable 2017 period. For additional information regarding market shares, see "Market Share Information" below.

Net sales in the Hill's Pet Nutrition segment were \$584 in the first quarter of 2018, up 5.5% from the first quarter of 2017, driven by volume growth of 0.5%, net selling price increases 1.0% and positive foreign exchange of 4.0%. Organic sales in the Hill's Pet Nutrition segment increased 1.5% in the first quarter of 2018.

Gross Profit/Margin

Worldwide Gross profit increased to \$2,408 in the first quarter of 2018 from \$2,269 in the first quarter of 2017. Gross profit in both periods included charges resulting from the Global Growth and Efficiency Program. Excluding these charges in both periods, Gross profit increased to \$2,414 in the first quarter of 2018 from \$2,283 in the first quarter of 2017. This increase in Gross profit reflects an increase of \$146 resulting from higher Net sales, partially offset by a decrease of \$15 resulting from lower Gross profit margin.

Worldwide Gross profit margin decreased to 60.2% in the first quarter of 2018 from 60.3% in the first quarter of 2017. Excluding charges resulting from the Global Growth and Efficiency Program in both periods, Gross profit margin decreased by 40 basis points (bps) to 60.3% in the first quarter of 2018 from 60.7% in the first quarter of 2017. This decrease in Gross profit margin was primarily due to higher raw and packaging material costs (190 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (130 bps).

	Three Months Ended March 31,	
	2018	2017
Gross profit, GAAP	\$ 2,408	\$ 2,269
Global Growth and Efficiency Program	6	14
Gross profit, non-GAAP	\$ 2,414	\$ 2,283

	Three Months Ended March 31,		
	2018	2017	Basis Point Change
Gross profit margin, GAAP	60.2%	60.3%	(10)
Global Growth and Efficiency Program	0.1	0.4	
Gross profit margin, non-GAAP	60.3%	60.7%	(40)

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Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 4% to \$1,392 in the first quarter of 2018 from \$1,336 in the first quarter of 2017. Selling, general and administrative expenses in both periods included charges resulting from the Global Growth and Efficiency Program. Excluding these charges in both periods, Selling, general and administrative expenses increased to \$1,387 in the first quarter of 2018 from \$1,315 in the first quarter of 2017, reflecting higher overhead expenses of \$56 and increased advertising investment of \$16.

Selling, general and administrative expenses as a percentage of Net sales decreased to 34.8% in the first quarter of 2018 from 35.5% in the first quarter of 2017. Excluding charges resulting from the Global Growth and Efficiency Program in both periods, Selling, general and administrative expenses as a percentage of Net sales decreased by 30 bps to 34.7% in the first quarter of 2018 as compared to 35.0% in the first quarter of 2017. This decrease was due to decreased advertising investment (20 bps) and lower overhead expenses (10 bps), both as a percentage of Net sales. In the first quarter of 2018, advertising investment increased 4.0% to \$416, as compared with \$400 in the first quarter of 2017, and decreased as a percentage of Net sales to 10.4% in the first quarter of 2018 from 10.6% in the first quarter of 2017.

	Three Months Ended March 31,	
	2018	2017
Selling, general and administrative expenses, GAAP	\$ 1,392	\$ 1,336
Global Growth and Efficiency Program	(5)	(21)
Selling, general and administrative expenses, non-GAAP	\$ 1,387	\$ 1,315

	Three Months Ended March 31,		
	2018	2017	Basis Point Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.8 %	35.5 %	(70)
Global Growth and Efficiency Program	(0.1)	(0.5)	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	34.7 %	35.0 %	(30)

Other (Income) Expense, Net

Other (income) expense, net was \$33 in the first quarter of 2018, as compared to \$21 in the first quarter of 2017. Other (income) expense, net in both periods included charges resulting from the Global Growth and Efficiency Program. Excluding these charges in both periods, Other (income) expense, net was \$20 in the first quarter of 2018, as compared to \$11 in the first quarter of 2017. This increase in Other (income) expense, net was due to the amortization of intangible assets resulting from the professional skin care acquisitions.

	Three Months Ended March 31,	
	2018	2017
Other (income) expense, net, GAAP	\$ 33	\$ 21
Global Growth and Efficiency Program	(13)	(10)
Other (income) expense, net, non-GAAP	\$ 20	\$ 11

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Operating Profit

Operating profit increased 8% to \$983 in the first quarter of 2018 from \$912 in the first quarter of 2017. Operating profit in both periods included charges resulting from the Global Growth and Efficiency Program. Excluding these charges in both periods, Operating profit increased 5% to \$1,007 in the first quarter of 2018 from \$957 in the first quarter of 2017, as an increase in Gross profit was partially offset by an increase in Selling, general and administrative expenses.

Operating profit margin was 24.6% in the first quarter of 2018, an increase of 40 bps compared to 24.2% in the first quarter of 2017. Excluding charges resulting from the Global Growth and Efficiency Program in both periods, Operating profit margin was 25.2% in the first quarter of 2018, a decrease of 20 bps as compared to 25.4% in the first quarter of 2017. This decrease in Operating profit margin was primarily due to a decrease in Gross profit (40 bps), partially offset by a decrease in Selling, general and administrative expenses (30 bps), both as a percentage of Net sales.

	Three Months Ended March 31,		
	2018	2017	% Change
Operating profit, GAAP	\$ 983	\$ 912	8%
Global Growth and Efficiency Program	24	45	
Operating profit, non-GAAP	<u>\$ 1,007</u>	<u>\$ 957</u>	<u>5%</u>

	Three Months Ended March 31,		
	2018	2017	Basis Point Change
Operating profit margin, GAAP	24.6%	24.2%	40
Global Growth and Efficiency Program	0.6	1.2	
Operating profit margin, non-GAAP	<u>25.2%</u>	<u>25.4%</u>	<u>(20)</u>

Non-Service Related Postretirement Costs

Non-service related postretirement costs were \$24 in the first quarter of 2018, as compared to \$27 in the first quarter of 2017. Non-service related postretirement costs in both periods included charges resulting from the Global Growth and Efficiency Program. Excluding these charges in both periods, Non-service related postretirement costs were \$20 in the first quarter of 2018, as compared to \$26 in the first quarter of 2017.

	Three Months Ended March 31,	
	2018	2017
Non-service related postretirement costs, GAAP	\$ 24	\$ 27
Global Growth and Efficiency Program	(4)	(1)
Non-service related postretirement costs, non-GAAP	<u>\$ 20</u>	<u>\$ 26</u>

Interest (Income) Expense, Net

Interest (income) expense, net was \$35 in the first quarter of 2018 as compared to \$23 in the first quarter of 2017, primarily due to higher average interest rates on debt.

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Income Taxes

The effective income tax rate was 26.6% for the first quarter of 2018 as compared to 29.1% for the first quarter of 2017. As reflected in the table below, the non-GAAP effective income tax rate was 26.7% for the first quarter of 2018, as compared to 29.3% in the comparable period of 2017.

The quarterly provision for income taxes is determined based on the Company's estimated full year effective income tax rate adjusted by the amount of tax attributable to infrequent or unusual items that are separately recognized on a discrete basis in the income tax provision in the quarter in which they occur. The Company's current estimate of its full year effective income tax rate before discrete period items is 27.3%, compared to 31.3% in the first quarter of 2017 primarily due to the enactment of the TCJA, as discussed in more detail below. See Note 11, Income Taxes to the Condensed Consolidated Financial Statements for additional details.

	Three Months Ended March 31,					
	2018			2017		
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Effective Income Tax Rate ⁽²⁾	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Effective Income Tax Rate ⁽²⁾
As Reported GAAP	\$ 924	\$ 246	26.6%	\$ 862	\$ 251	29.1%
Global Growth and Efficiency Program	28	8	0.1	46	15	0.2
Non-GAAP	<u>\$ 952</u>	<u>\$ 254</u>	<u>26.7%</u>	<u>\$ 908</u>	<u>\$ 266</u>	<u>29.3%</u>

(1) The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

(2) The impact of non-GAAP items on the Company's effective tax rate represents the difference in the effective tax rate calculated with and without the non-GAAP adjustment on Income before income taxes and Provision for income taxes.

On December 22, 2017, the TCJA was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain earnings generated by foreign subsidiaries while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. The Company's effective income tax rate in 2017 included a provisional charge of \$275, recorded in the fourth quarter of 2017, based on its initial analysis of the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. Given the significant complexity of the TCJA, recent and anticipated further guidance from the U.S. Treasury about implementing the TCJA and the potential for additional guidance from the SEC or the FASB related to the TCJA or additional information becoming available, the Company's provisional charge may be adjusted during 2018 and is expected to be finalized no later than the fourth quarter of 2018. The aforementioned guidance and additional information regarding the TCJA may also impact the Company's 2018 effective income tax rate, exclusive of any adjustment to the provisional charge.

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The Company has taken a tax position in a foreign jurisdiction since 2002 that has been challenged by the local tax authorities. In May 2015, the Company became aware of several rulings by the Supreme Court in this foreign jurisdiction disallowing certain tax deductions, which had the effect of reversing prior decisions. The Company had taken deductions in prior years similar to those disallowed by such court and, as a result, as required, reassessed its tax position and increased its unrecognized tax benefits in 2015.

In 2016, the Supreme Court in the foreign jurisdiction decided the matter in the Company's favor for the years 2002 through 2005. Also in 2016, the Administrative Court in the foreign jurisdiction decided the matter in the Company's favor for the years 2008 through 2011 by acknowledging the Supreme Court's ruling for the years 2002 through 2005, which eliminated the possibility of future appeals. As a result, the Company recorded a tax benefit of \$30, including interest, in 2016.

In March 2018, the lower courts ruled in the Company's favor for the years 2006, 2007 and 2012 through 2014. Although the lower courts ruled in the Company's favor, it is possible that the rulings will be appealed to the Supreme Court. If such appeals are resolved in the Company's favor, the Company will record additional tax benefits of approximately \$15 at current exchange rates.

Net Income Attributable to Colgate-Palmolive Company and Earnings Per Share

Net income attributable to Colgate-Palmolive Company for the first quarter of 2018 increased to \$634 from \$570 in the first quarter of 2017, and Earnings per common share on a diluted basis increased to \$0.72 per share in the first quarter of 2018 from \$0.64 in the first quarter of 2017. Net income attributable to Colgate-Palmolive Company in both periods included charges resulting from the Global Growth and Efficiency Program.

Excluding these charges in both periods, Net income attributable to Colgate-Palmolive Company in the first quarter of 2018 increased 9% to \$654, and Earnings per common share on a diluted basis increased 10% to \$0.74 in the first quarter of 2018 from \$0.67 in the first quarter of 2017.

Three Months Ended March 31, 2018						
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate-Palmolive Company	Diluted Earnings Per Share ⁽²⁾	
As Reported GAAP	\$ 924	\$ 246	\$ 678	\$ 634	\$ 0.72	
Global Growth and Efficiency Program	28	8	20	20	0.02	
Non-GAAP	<u>\$ 952</u>	<u>\$ 254</u>	<u>\$ 698</u>	<u>\$ 654</u>	<u>\$ 0.74</u>	

Three Months Ended March 31, 2017						
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate-Palmolive Company	Diluted Earnings Per Share ⁽²⁾	
As Reported GAAP	\$ 862	\$ 251	\$ 611	\$ 570	\$ 0.64	
Global Growth and Efficiency Program	46	15	31	31	0.03	
Non-GAAP	<u>\$ 908</u>	<u>\$ 266</u>	<u>\$ 642</u>	<u>\$ 601</u>	<u>\$ 0.67</u>	

⁽¹⁾ The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

⁽²⁾ The impact of non-GAAP adjustments on diluted earnings per share may not necessarily equal the difference between "GAAP" and "non-GAAP" as a result of rounding.

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Net Sales and Operating Profit by Segment**Oral, Personal and Home Care****North America**

	Three Months Ended March 31,		
	2018	2017	Change
Net sales	\$ 827	\$ 760	9.0 %
Operating profit	\$ 257	\$ 247	4 %
% of Net sales	31.1%	32.5%	(140) bps

Net sales in North America increased 9.0% in the first quarter of 2018 to \$827, as volume growth of 9.0% and positive foreign exchange of 0.5% were partially offset by net selling price decreases of 0.5%. The Company's professional skin care acquisitions increased volume by 3.5%. Organic sales in North America increased 5.0% in the first quarter of 2018.

The increase in organic sales in North America in the first quarter of 2018 versus the first quarter of 2017 was due to increases in Oral Care, Personal Care and Home Care organic sales. The increase in Oral Care was due to organic sales growth in the toothpaste and manual toothbrush categories. The increase in Personal Care was primarily due to organic sales growth in the liquid hand soap and shower gel categories, partially offset by a decline in organic sales in the bar soap category. The increase in Home Care was due to organic sales growth in the liquid cleaner and fabric softener categories.

Operating profit in North America increased 4% in the first quarter of 2018 to \$257, while as a percentage of Net sales it decreased 140 bps to 31.1% of Net sales. This decrease in Operating profit as a percentage of Net sales was due to an increase in Selling, general and administrative expenses (100 bps) and an increase in Other (income) expense, net (70 bps), partially offset by an increase in Gross profit (30 bps), all as a percentage of Net sales. This increase in Gross profit was primarily due to cost savings from the Company's funding-the-growth initiatives (140 bps), partially offset by higher raw and packaging material costs (100 bps). This increase in Selling, general and administrative expenses was due to higher overhead expenses (120 bps), partially offset by decreased advertising investment (20 bps). This increase in Other (income) expense, net was due to the amortization of intangible assets resulting from the professional skin care acquisitions.

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Latin America

	Three Months Ended March 31,		
	2018	2017	Change
Net sales	\$ 929	\$ 924	0.5 %
Operating profit	\$ 273	\$ 271	1 %
% of Net sales	29.4%	29.3%	10 bps

Net sales in Latin America increased 0.5% to \$929 in the first quarter of 2018, driven by net selling price increases of 0.5%, while volume and foreign exchange were flat. Volume gains in Brazil were offset by volume declines in Mexico. Organic sales in Latin America increased 0.5% in the first quarter of 2018.

The increase in organic sales in Latin America in the first quarter of 2018 versus the first quarter of 2017 was primarily due to an increase in Oral Care. The increase in Oral Care was primarily due to organic sales growth in the manual toothbrush category.

Operating profit in Latin America increased 1% in the first quarter of 2018 to \$273, or 10 bps to 29.4% of Net sales. This increase in Operating profit as a percentage of Net sales was due to a decrease in Selling, general and administrative expenses (60 bps) and a decrease in Other (income) expense, net (20 bps), partially offset by a decrease in Gross profit (70 bps), all as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (210 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (150 bps). This decrease in Selling, general and administrative expenses was due to decreased advertising investment (40 bps) and lower overhead expenses (20 bps).

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Europe

	Three Months Ended March 31,		
	2018	2017	Change
Net sales	\$ 648	\$ 558	16.0 %
Operating profit	\$ 162	\$ 142	14 %
% of Net sales	25.0%	25.4%	(40) bps

Net sales in Europe increased 16.0% in the first quarter of 2018 to \$648 as volume growth of 4.0% and positive foreign exchange of 14.5% were partially offset by net selling price decreases of 2.5%. Volume gains were led by France and Italy. Organic sales in Europe increased 1.5% in the first quarter of 2018.

The increase in organic sales in Europe in the first quarter of 2018 versus the first quarter of 2017 was primarily due to an increase in Personal Care organic sales. The increase in Personal Care was due to organic sales growth in the shower gel, underarm protection and shampoo categories.

Operating profit in Europe increased 14% in the first quarter of 2018 to \$162, while as a percentage of Net sales, it decreased 40 bps to 25.0% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to a decrease in Gross profit (90 bps), partially offset by a decrease in Selling, general and administrative expenses (30 bps), both as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (120 bps) and lower pricing, partially offset by cost savings from the Company's funding-the-growth initiatives (110 bps). This decrease in Selling, general and administrative expenses was due to lower overhead expenses (90 bps), partially offset by increased advertising investment (60 bps).

Asia Pacific

	Three Months Ended March 31,		
	2018	2017	Change
Net sales	\$ 759	\$ 720	5.5 %
Operating profit	\$ 226	\$ 219	3 %
% of Net sales	29.8%	30.4%	(60) bps

Net sales in Asia Pacific increased 5.5% in the first quarter of 2018 to \$759, driven by volume growth of 0.5% and positive foreign exchange of 5.5%, partially offset by net selling price decreases of 0.5%. Volume gains in India and the Philippines were partially offset by volume declines in the Greater China region and Australia. Organic sales in Asia Pacific in the first quarter of 2018 were even with the first quarter of 2017.

The organic sales performance in Asia Pacific in the first quarter of 2018 was due to an increase in organic sales in Oral Care, offset by a decline in organic sales in Personal Care. The increase in Oral Care was due to organic sales growth in the toothpaste category. The decrease in Personal Care was primarily due to declines in organic sales in the shampoo and bar soap categories.

Operating profit in Asia Pacific increased 3% in the first quarter of 2018 to \$226, while as a percentage of Net sales it decreased 60 bps to 29.8% of Net sales. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit (90 bps), partially offset by a decrease in Selling, general and administrative expenses (30 bps), both as a percentage of Net sales. This decrease in Gross profit was primarily due to higher costs (200 bps), primarily driven by higher raw and packaging material costs, partially offset by cost savings from the Company's funding-the-growth initiatives (150 bps). This decrease in Selling, general and administrative expenses was due to decreased advertising investment (80 bps), partially offset by higher overhead expenses (50 bps).

COLGATE-PALMOLIVE COMPANY

**Management's Discussion and Analysis of Financial
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(Dollars in Millions Except Per Share Amounts)

Africa/Eurasia

	Three Months Ended March 31,		
	2018	2017	Change
Net sales	\$ 255	\$ 246	3.5 %
Operating profit	\$ 50	\$ 46	9 %
% of Net sales	19.6%	18.7%	90 bps

Net sales in Africa/Eurasia increased 3.5% in the first quarter of 2018 to \$255. Net selling price increases of 2.5% and positive foreign exchange of 4.5% were partially offset by volume declines of 3.5%. Volume declines were mainly driven by South Africa. Organic sales in Africa/Eurasia decreased 1.0% in the first quarter of 2018.

The decrease in organic sales in Africa/Eurasia in the first quarter of 2018 versus the first quarter of 2017 was primarily due to a decrease in Personal Care organic sales, partially offset by an increase in Oral Care organic sales. The decrease in Personal Care was due to declines in organic sales in the underarm protection and shampoo categories. The increase in Oral Care was due to growth in organic sales in the toothpaste and manual toothbrush categories.

Operating profit in Africa/Eurasia increased 9% in the first quarter of 2018 to \$50, or 90 bps to 19.6% of Net sales. This increase in Operating profit as a percentage of Net sales was primarily due to a decrease in Selling, general and administrative expenses (190 bps), partially offset by a decrease in Gross profit (80 bps), both as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (220 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (50 bps) and higher pricing. This decrease in Selling, general and administrative expenses was due to decreased advertising investment (120 bps) and lower overhead expenses (70 bps).

Hill's Pet Nutrition

	Three Months Ended March 31,		
	2018	2017	Change
Net sales	\$ 584	\$ 554	5.5 %
Operating profit	\$ 164	\$ 163	1 %
% of Net sales	28.1%	29.4%	(130) bps

Net sales for Hill's Pet Nutrition increased 5.5% in the first quarter of 2018 to \$584, driven by volume growth of 0.5%, net selling price increases of 1.0% and positive foreign exchange of 4.0%. Volume gains in the United States, Australia and Brazil were partially offset by volume declines in Japan. The volume declines in Japan are primarily attributable to a continued contraction in the market. Organic sales in Hill's Pet Nutrition increased 1.5% in the first quarter of 2018.

The increase in organic sales in the first quarter of 2018 versus the first quarter of 2017 was due to an increase in organic sales in the Prescription Diet category, partially offset by a decline in organic sales in the Advanced Nutrition and Naturals categories.

Operating profit in Hill's Pet Nutrition increased 1% in the first quarter of 2018 to \$164, while as a percentage of Net sales it decreased 130 bps to 28.1% of Net sales. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit (60 bps) and an increase in Other (income) expense, net (90 bps), partially offset by a decrease in Selling, general and administrative expenses (20 bps), all as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (240 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (140 bps) and higher pricing. This decrease in Selling, general and administrative expenses was due to decreased advertising investment (60 bps), partially offset by higher overhead expenses (40 bps). This increase in Other (income) expense, net was primarily due to the expiration of a foreign sales tax benefit.

COLGATE-PALMOLIVE COMPANY

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Corporate

	Three Months Ended March 31,		
	2018	2017	Change
Operating profit (loss)	\$ (149)	\$ (176)	(15) %

Operating profit (loss) related to Corporate was (\$149) in the first quarter of 2018 as compared to (\$176) in the first quarter of 2017. In the first quarter of 2018, Corporate Operating profit (loss) included charges of \$24 resulting from the Global Growth and Efficiency Program. In the first quarter of 2017, Corporate Operating profit (loss) included charges of \$45 resulting from the Global Growth and Efficiency Program.

COLGATE-PALMOLIVE COMPANY

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Restructuring and Related Implementation Charges

Global Growth and Efficiency Program

In the fourth quarter of 2012, the Company commenced the Global Growth and Efficiency Program. The program was expanded in 2014 and expanded and extended in 2015. Building on the Company's successful implementation of the program, on October 26, 2017, the Board approved an expansion of the Global Growth and Efficiency Program and an extension of the program through December 31, 2019 to take advantage of additional opportunities to streamline the Company's operations.

Initiatives under the Global Growth and Efficiency Program are expected to help the Company ensure sustained solid worldwide growth in unit volume, organic sales, operating profit and earnings per share and to enhance its global leadership positions in its core businesses, producing significant benefits in the Company's long-term business performance. The major objectives of the program include:

- Becoming even stronger on the ground through the continued evolution and expansion of proven global and regional commercial capabilities, which have already been successfully implemented in a number of the Company's operations around the world.
- Simplifying and standardizing how work gets done by increasing technology-enabled collaboration and taking advantage of global data and analytic capabilities, leading to smarter and faster decisions.
- Reducing structural costs to continue to increase the Company's gross and operating profit.
- Building on Colgate's current position of strength to enhance its leading market share positions worldwide and ensure sustained sales and earnings growth.

The initiatives under the Global Growth and Efficiency Program continue to be focused on the following areas:

- Expanding Commercial Hubs – Building on the success of the hub structure implemented around the world, streamlining operations in order to drive smarter and faster decision-making, strengthen capabilities available on the ground and improve cost structure.
- Extending Shared Business Services and Streamlining Global Functions – Optimizing the Company's shared service organizational model in all regions of the world and continuing to streamline global functions to improve cost structure.
- Optimizing Global Supply Chain and Facilities – Continuing to optimize manufacturing efficiencies, global warehouse networks and office locations for greater efficiency, lower cost and speed to bring innovation to market.

Implementation of the Global Growth and Efficiency Program remains on track. Savings, substantially all of which are expected to increase future cash flows, are projected to be in the range of \$560 to \$635 pretax (\$500 to \$575 aftertax) annually, once all projects are approved and implemented. The Company expects savings in 2018 to be approximately \$90 to \$120 pretax (\$100 to \$125 aftertax). Cumulative pretax charges resulting from the Global Growth and Efficiency Program, once all phases are approved and implemented, are estimated to be in the range of \$1,730 to \$1,885 (\$1,280 to \$1,380 aftertax). The Company anticipates that pretax charges for 2018 will approximate \$100 to \$175 (\$75 to \$125 aftertax). It is expected that substantially all charges resulting from the Global Growth and Efficiency Program will be incurred by December 31, 2019.

The pretax charges resulting from the Global Growth and Efficiency Program are currently estimated to be comprised of the following categories: Employee-Related Costs, including severance, pension and other termination benefits (50%); asset-related costs, primarily Incremental Depreciation and Asset Impairments (10%); and Other charges, which include contract termination costs, consisting primarily of related implementation charges resulting directly from exit activities (20%) and the implementation of new strategies (20%). Over the course of the Global Growth and Efficiency Program, it is currently estimated that approximately 80% of the charges will result in cash expenditures.

COLGATE-PALMOLIVE COMPANY

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The Company expects that the cumulative pretax charges, once all projects are approved and implemented, will relate to initiatives undertaken in North America (15%), Latin America (5%), Europe (20%), Asia Pacific (5%), Africa/Eurasia (5%), Hill's Pet Nutrition (10%) and Corporate (40%), which includes substantially all of the costs related to the implementation of new strategies, noted above, on a global basis. The Company expects that, when it has been fully implemented, the Global Growth and Efficiency Program will have contributed a net reduction of approximately 3,800 to 4,400 positions from the Company's global employee workforce.

For the three months ended March 31, 2018 and 2017, restructuring and related implementation charges are reflected in the Condensed Consolidated Statements of Income as follows:

	Three Months Ended		March 31,
	2018	2017	
Cost of sales	\$ 6	\$ 14	
Selling, general and administrative expenses	5	21	
Other (income) expense, net	13	10	
Non-service related postretirement costs	4	1	
Total Global Growth and Efficiency Program charges, pretax	\$ 28	\$ 46	
 Total Global Growth and Efficiency Program charges, aftertax	 \$ 20	 \$ 31	

Restructuring and related implementation charges in the preceding table are recorded in the Corporate segment as these initiatives are predominantly centrally directed and controlled and are not included in internal measures of segment operating performance.

Total charges incurred for the Global Growth and Efficiency Program relate to initiatives undertaken by the following reportable operating segments:

	Three Months Ended		Program-to-date Accumulated Charges
	March 31,	2018	
North America	37%	37%	19%
Latin America	12%	6%	4%
Europe	2%	2%	21%
Asia Pacific	18%	2%	3%
Africa/Eurasia	2%	4%	6%
Hill's Pet Nutrition	19%	7%	7%
Corporate	10%	42%	40%
Total	100%	100%	100%

COLGATE-PALMOLIVE COMPANY

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Since the inception of the Global Growth and Efficiency Program in the fourth quarter of 2012, the Company has incurred cumulative pretax charges of \$1,589 (\$1,173 aftertax) in connection with the implementation of various projects as follows:

	Cumulative Charges as of March 31, 2018
Employee-Related Costs	\$ 646
Incremental Depreciation	91
Asset Impairments	36
Other	816
Total	\$ 1,589

The majority of costs incurred since inception relate to the following projects: the implementation of the Company's overall hubbing strategy; the extension of shared business services and streamlining of global functions; the consolidation of facilities; the closing of the Morristown, New Jersey personal care facility; the simplification and streamlining of the Company's research and development capabilities and oral care supply chain, both in Europe; redesigning the European commercial organization; restructuring how the Company will provide future retirement benefits to substantially all of the U.S.-based employees participating in the Company's defined benefit retirement plan by shifting them to the Company's defined contribution plan; and the implementation of a Corporate efficiencies program.

The following table summarizes the activity for the restructuring and related implementation charges discussed above and the related accruals:

	Three Months Ended March 31, 2018					
	Employee-Related Costs	Incremental Depreciation	Asset Impairments	Other	Total	
Balance at December 31, 2017	\$ 127	\$ —	\$ —	\$ 107	\$ 234	
Charges	18	1	—	9	28	
Cash payments	(39)	—	—	(16)	(55)	
Charges against assets	(4)	(1)	—	—	(5)	
Foreign exchange	2	—	—	—	2	
Balance at March 31, 2018	\$ 104	\$ —	\$ —	\$ 100	\$ 204	

Employee-Related Costs primarily include severance and other termination benefits and are calculated based on long-standing benefit practices, local statutory requirements and, in certain cases, voluntary termination arrangements. Employee-Related Costs also include pension and other retiree benefit enhancements amounting to \$4 for the three months ended March 31, 2018, which are reflected as Charges against assets within Employee-Related Costs in the preceding table, as the corresponding balance sheet amounts are reflected as a reduction of pension assets or an increase in pension and other retiree benefit liabilities. See Note 10, Retirement Plans and Other Retiree Benefits to the Condensed Consolidated Financial Statements.

Incremental Depreciation is recorded to reflect changes in useful lives and estimated residual values for long-lived assets that will be taken out of service prior to the end of their normal service period. Asset Impairments are recorded to write down assets held for sale or disposal to their fair value based on amounts expected to be realized. Charges against assets within Asset Impairments are net of cash proceeds pertaining to the sale of certain assets.

Other charges consist primarily of charges resulting directly from exit activities and the implementation of new strategies as a result of the Global Growth and Efficiency Program. These charges for the three months ended March 31, 2018 include third-party incremental costs related to the development and implementation of new business and strategic initiatives of \$8 and contract termination costs and charges resulting directly from exit activities of \$1. These charges were expensed as incurred.

COLGATE-PALMOLIVE COMPANY

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Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q discusses certain financial measures on both a GAAP and a non-GAAP basis. The Company uses the non-GAAP financial measures described below internally in its budgeting process, to evaluate segment and overall operating performance and as a factor in determining compensation. The Company believes that these non-GAAP financial measures are useful in evaluating the Company's underlying business performance and trends; however, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies.

Net sales growth (GAAP) and organic sales growth (Net sales growth excluding, as applicable, the impact of foreign exchange, acquisitions and divestments) (non-GAAP) are discussed in this Quarterly Report on Form 10-Q. Management believes the organic sales growth measure provides investors and analysts with useful supplemental information regarding the Company's underlying sales trends by presenting sales growth excluding, as applicable, the external factor of foreign exchange, as well as the impact of acquisitions and divestments. A reconciliation of organic sales growth to Net sales growth for the three months ended March 31, 2018 is provided below.

Worldwide Gross profit, Gross profit margin, Selling, general and administrative expenses, Selling, general and administrative expenses as a percentage of Net sales, Other (income) expense, net, Operating profit, Operating profit margin, Non-service related postretirement costs, effective income tax rate, Net income attributable to Colgate-Palmolive Company and Earnings per share on a diluted basis are discussed in this Quarterly Report on Form 10-Q both on a GAAP basis and excluding the charges resulting from the Global Growth and Efficiency Program (non-GAAP). These non-GAAP financial measures exclude items that, either by their nature or amount, management would not expect to occur as part of the Company's normal business on a regular basis, such as restructuring charges, charges for certain litigation and tax matters, gains and losses from certain divestitures and certain unusual, non-recurring items. Investors and analysts use these financial measures in assessing the Company's business performance and management believes that presenting these financial measures on a non-GAAP basis provides them with useful supplemental information to enhance their understanding of the Company's underlying business performance and trends. These non-GAAP financial measures also enhance the ability to compare period-to-period financial results. A reconciliation of each of these non-GAAP financial measures to the most directly comparable GAAP financial measures for the three months ended March 31, 2018 and 2017 is presented within the applicable section of Results of Operations.

The following table provides a quantitative reconciliation of Net sales growth to organic sales growth for the three months ended March 31, 2018:

Three Months Ended March 31, 2018	Net Sales Growth (GAAP)	Foreign Exchange Impact	Acquisitions and Divestments Impact	Organic Sales Growth (Non-GAAP)
Oral, Personal and Home Care				
North America	9.0%	0.5%	3.5%	5.0%
Latin America	0.5%	—%	—%	0.5%
Europe	16.0%	14.5%	—%	1.5%
Asia Pacific	5.5%	5.5%	—%	—%
Africa/Eurasia	3.5%	4.5%	—%	(1.0)%
Total Oral, Personal and Home Care	6.5%	4.5%	0.5%	1.5%
Pet Nutrition	5.5%	4.0%	—%	1.5%
Total Company	6.5%	4.5%	0.5%	1.5%

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Liquidity and Capital Resources

The Company expects cash flow from operations and debt issuances will be sufficient to meet foreseeable business operating and recurring cash needs (including for debt service, dividends, capital expenditures, charges resulting from the Global Growth and Efficiency Program and stock repurchases). The Company believes its strong cash generation and financial position should continue to allow it broad access to global credit and capital markets.

Net cash provided by operations decreased 11% to \$616 in the first three months of 2018, compared with \$691 in the comparable period of 2017, primarily due to an increase in working capital. The Company defines working capital as the difference between current assets (excluding Cash and cash equivalents and marketable securities, the latter of which is reported in Other current assets) and current liabilities (excluding short-term debt). The Company's working capital was (2.7%) as a percentage of Net sales in the first three months of 2018 as compared to (4.3%) in the first three months of 2017.

Building on the Company's successful implementation of the Global Growth and Efficiency Program, on October 26, 2017, the Board approved an expansion of the Global Growth and Efficiency Program and an extension of the program through December 31, 2019 to take advantage of additional opportunities to streamline the Company's operations.

Implementation of the Global Growth and Efficiency Program remains on track. Including the most recent expansion, total program charges resulting from the Global Growth and Efficiency Program are estimated to be in the range of \$1,730 to \$1,885 (\$1,280 to \$1,380 aftertax). Approximately 80% of total program charges resulting from the Global Growth and Efficiency Program are expected to result in cash expenditures. Savings from the Global Growth and Efficiency Program, substantially all of which are expected to increase future cash flows, are projected to be in the range of \$560 to \$635 pretax (\$500 to \$575 aftertax) annually, once all projects are approved and implemented.

The Company anticipates that pretax charges for 2018 will approximate \$100 to \$175 (\$75 to \$125 aftertax). The Company expects savings in 2018 to amount to approximately \$90 to \$120 pretax (\$100 to \$125 aftertax). It is anticipated that cash requirements for the Global Growth and Efficiency Program will be funded from operating cash flows. Approximately 70% of the restructuring accrual at March 31, 2018 is expected to be paid in the next twelve months.

Investing activities used \$881 of cash in the first three months of 2018, compared with \$158 in the comparable period of 2017, reflecting the Company's acquisition of the outstanding equity interests of PCA and Elta, professional skin care businesses, for aggregate cash consideration of approximately \$730. Capital spending was \$118 in the first three months of 2018 compared to \$121 in the comparable period of 2017. Capital expenditures for 2018 are expected to be approximately 3.5% of Net sales. The Company continues to focus its capital spending on projects that are expected to yield high aftertax returns.

Financing activities used \$437 of cash during the first three months of 2018, compared with \$520 in the comparable period of 2017, reflecting higher net proceeds from the issuance of debt, partially offset by lower proceeds from the exercise of stock options.

Long-term debt, including the current portion, decreased to \$6,550 as of March 31, 2018 as compared to \$6,566 as of December 31, 2017, and total debt increased to \$6,709 as of March 31, 2018 as compared to \$6,577 as of December 31, 2017 due to higher outstanding commercial paper as of March 31, 2018. The Company's debt issuances support its capital structure strategy objectives of funding its business and growth initiatives while minimizing its risk-adjusted cost of capital.

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Domestic and foreign commercial paper outstanding was \$156 and \$633 as of March 31, 2018 and 2017, respectively. Commercial paper outstanding as of March 31, 2018 is U.S. dollar-denominated. The average daily balances outstanding for commercial paper in the first three months of 2018 and 2017 were \$1,936 and \$741, respectively. The Company classifies commercial paper and certain current maturities of notes payable as long-term debt when it has the intent and ability to refinance such obligations on a long-term basis, including, if necessary, by utilizing its line of credit that expires in November 2020.

Certain of the agreements with respect to the Company's bank borrowings contain financial and other covenants as well as cross-default provisions. Noncompliance 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 noncompliance is remote.

In the first quarter of 2018, the Company increased the annualized common stock dividend by 5% to \$1.68 per share, effective in the second quarter of 2018.

Cash and cash equivalents decreased \$684 during the first three months of 2018 to \$851 at March 31, 2018, compared to \$1,535 at December 31, 2017, most of which (\$784 and \$1,467, respectively) were held by the Company's foreign subsidiaries.

On December 22, 2017, the TCJA was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, U.S. tax reform also requires a minimum tax on certain earnings generated by foreign subsidiaries while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. As a result of the lower U.S. corporate income tax rate, the Company expects a reduction in its future tax payments.

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, 2017.

COLGATE-PALMOLIVE COMPANY

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Market Share Information

Management uses market share information as a key indicator to monitor business health and performance. References to market share in this Quarterly Report on Form 10-Q are based on a combination of consumption and market share data provided by third-party vendors, primarily Nielsen, and internal estimates. All market share references represent the percentage of the dollar value of sales of our products, relative to all product sales in the category in the countries in which the Company competes and purchases data (excluding Venezuela from all periods).

Market share data is subject to limitations on the availability of up-to-date information. The Company measures year-to-date market shares from January 1 of the relevant year through the most recent period for which market share data is available, which typically reflects a lag time of one or two months. We believe that the third-party vendors we use to provide data are reliable, but we have not verified the accuracy or completeness of the data or any assumptions underlying the data. In addition, market share information calculated by the Company may be different from market share information calculated by other companies due to differences in category definitions, the use of data from different countries, internal estimates and other factors.

Cautionary Statement on Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain forward-looking statements (as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission ("SEC") in its rules, regulations and releases) that set forth anticipated results based on management's plans and assumptions. Such statements may relate, for example, to sales or volume growth, organic sales growth, profit or profit margin growth, earnings per share growth, financial goals, the impact of foreign exchange volatility, cost-reduction plans, including the Global Growth and Efficiency Program, tax rates, U.S. tax reform, the need to repatriate undistributed earnings of foreign subsidiaries, new product introductions, commercial investment levels, acquisitions and divestitures, or legal or tax proceedings, among other matters. These statements are made on the basis of the Company's views and assumptions as of this time and the Company undertakes no obligation to update these statements whether as a result of new information, future events or otherwise, except as required by law or by the rules and regulations of the SEC. Moreover, the Company does not, nor does any other person, assume responsibility for the accuracy and completeness of those statements. The Company cautions investors that any such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from those statements. Actual events or results may differ materially because of factors that affect international businesses and global economic conditions, as well as matters specific to the Company and the markets it serves, including the uncertain economic environment in different countries and its effect on consumer spending habits, increased competition and evolving competitive practices, foreign currency rate fluctuations, exchange controls, price or profit controls, labor relations, changes in foreign or domestic laws or regulations or their interpretation, political and fiscal developments, including changes in trade, tax and immigration policies, disruptions in global supply chain, the availability and cost of raw and packaging materials, the ability to maintain or increase selling prices as needed, the ability to implement the Global Growth and Efficiency Program as planned or differences between the actual and the estimated costs or savings under such program, changes in the policies of retail trade customers, the emergence of new sales channels, the growth of e-commerce, the ability to continue lowering costs, the ability to complete acquisitions and divestitures as planned, the ability to successfully integrate acquired businesses, and the uncertainty of the outcome of legal proceedings, whether or not the Company believes they have merit. For information about these and other factors that could impact the Company's business and cause actual results to differ materially from forward-looking statements, refer to the Company's filings with the SEC (including, but not limited to, the information set forth under the captions "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent Quarterly Reports on Form 10-Q).

Quantitative and Qualitative Disclosures about Market Risk

There is no material change in the information reported under Part II, Item 7, "Managing Foreign Currency, Interest Rate, Commodity Price and Credit Risk Exposure" contained in our Annual Report on Form 10-K for the year ended December 31, 2017.

COLGATE-PALMOLIVE COMPANY

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chairman of the Board, President and 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 March 31, 2018 (the "Evaluation"). Based upon the Evaluation, the Company's Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. As part of the Global Growth and Efficiency Program, the Company is implementing a shared business service organization model in all regions of the world. At this time, certain financial transaction processing activities have been transitioned to these shared business service centers. This transition has not materially affected the Company's internal control over financial reporting.

COLGATE-PALMOLIVE COMPANY

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal matters, please refer to Note 12, Contingencies to the Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Part 1, Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

COLGATE-PALMOLIVE COMPANY

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 19, 2015, the Board authorized the repurchase of shares of the Company's common stock having an aggregate purchase price of up to \$5 billion under a share repurchase program (the "2015 Program"), which replaced a previously authorized share repurchase program. The Board also has authorized share repurchases on an ongoing basis to fulfill certain requirements of the Company's compensation and benefit programs. The shares are repurchased from time to time in open market or privately negotiated transactions at the Company's discretion, subject to market conditions, customary blackout periods and other factors.

The following table shows the stock repurchase activity for the three months in the quarter ended March 31, 2018:

Month	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽³⁾ (in millions)
January 1 through 31, 2018	830,855	\$ 74.71	782,350	\$ 1,013
February 1 through 28, 2018	2,043,811	\$ 70.43	1,867,300	\$ 881
March 1 through 31, 2018	1,989,713	\$ 69.83	1,936,900	\$ 746
Total	<u>4,864,379</u>	<u>\$ 70.92</u>	<u>4,586,550</u>	

⁽¹⁾ Includes share repurchases under the 2015 Program and those associated with certain employee elections under the Company's compensation and benefit programs.

⁽²⁾ The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 277,829 shares, which represents shares deemed surrendered to the Company to satisfy certain employee elections under the Company's compensation and benefit programs.

⁽³⁾ Includes approximate dollar value of shares that were available to be purchased under the publicly announced plans or programs that were in effect as of March 31, 2018.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

COLGATE-PALMOLIVE COMPANY

Item 6. Exhibits

Exhibit No.	Description
10	<u>Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan, amended and restated as of April 19, 2018.</u>
12	<u>Computation of Ratio of Earnings to Fixed Charges.</u>
31-A	<u>Certificate of the Chairman of the Board, President and Chief Executive Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</u>
31-B	<u>Certificate of the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</u>
32	<u>Certificate of the Chairman of the Board, President 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. § 1350.</u>
101	The following materials from Colgate-Palmolive Company's Quarterly Report on Form 10-Q for the period ended March 31, 2018, formatted in eXtensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Income; (ii) the Condensed Consolidated Statements of Comprehensive Income; (iii) the Condensed Consolidated Balance Sheets; (iv) the Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements.

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:

April 27, 2018

/s/ Ian Cook

Ian Cook

Chairman of the Board, President and
Chief Executive Officer

Principal Financial Officer:

April 27, 2018

/s/ Dennis J. Hickey

Dennis J. Hickey

Chief Financial Officer

Principal Accounting Officer:

April 27, 2018

/s/ Henning I. Jakobsen

Henning I. Jakobsen

Vice President and Corporate Controller

COLGATE-PALMOLIVE COMPANY

SUPPLEMENTAL SALARIED EMPLOYEES' RETIREMENT PLAN

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APPENDIX A i

COLGATE-PALMOLIVE COMPANY

SUPPLEMENTAL SALARIED EMPLOYEES' RETIREMENT PLAN

Colgate-Palmolive Company (the "Company") hereby continues the Supplemental Salaried Employees' Retirement Plan (the "Plan"), a non-qualified, unfunded plan which it maintains to provide Eligible Employees with benefits which, in the absence of certain limitations imposed by the Code, would have been provided under the Colgate-Palmolive Company Employees' Retirement Income Plan (the "Base Plan"), as well as additional benefits to surviving spouses in the event of the death of certain married Members.

ARTICLE I

INTRODUCTION

Section 1.1 Name of Plan. The name of this Plan is the "Supplemental Salaried Employees' Retirement Plan".

Section 1.2 Background and Effective Date. The original effective date of the Plan is January 1, 1976. The Base Plan was amended effective July 1, 1989 to, *inter alia*, establish pension retirement accounts and to permit lump sum payments of the amounts credited to such accounts. The Base Plan amendment required changes in the administration and interpretation of this Plan. A prior amendment and restatement of the Plan was generally effective for Members and Beneficiaries whose Benefit Commencement Date was on or after July 1, 1989, and was intended to reflect the administration and operation of the Plan in practice since July 1, 1989, including, with respect to benefits earned and vested as of December

31, 2004, the terms of the Plan as in existence on October 3, 2004. This Plan was again amended and restated effective January 1, 2005 for the purpose of complying with the requirements of Internal Revenue Code ("Code") section 409A as added by the American Jobs Creation Act of 2004. The Company did not intend by the retroactive application of this amended and restated Plan to materially modify, or otherwise increase or reduce, the benefits or rights under this Plan as in existence on October 3, 2004 for purposes of Code section 409A and applicable guidance thereunder with respect to benefits earned and vested as of December 31, 2004, and this Plan shall be interpreted consistent with such intent.

Effective September 1, 2010, the Hill's Pet Nutrition, Inc. Retirement Plan was merged into the Base Plan and the benefits previously provided under the Hill's Pet Products Benefit Equalization Plan (the "Hill's Plan") are now provided under this Plan.

Except as otherwise provided herein, the Plan was last amended and restated effective September 27, 2017 to make certain changes. The Plan is amended and restated again to clarify Section 3.2(e) with such clarification being effective as of February 25, 2010..The Plan remains effective for Members and Beneficiaries whose Benefit Commencement Date is on or after September 27, 2017.

Section 1.3 ERISA and Code Status. This Plan is intended to be an unfunded plan for the benefit of a select group of management or highly compensated employees exempt from parts 2, 3 and 4 of Title I of the Employee Retirement Income

Security Act of 1974, as amended ("ERISA"). With respect to the portion of the Plan which provides benefits in excess of the limitations imposed by section 415 of the Code, that portion is intended to be a separate plan which is an excess benefit plan exempt from ERISA. The Plan is also intended to comply with Code section 409A with respect to amounts deferred after December 31, 2004, and amounts which were deferred on or before but not vested on December 31, 2004. The Plan shall be administered and interpreted consistent with such intent.

ARTICLE II

DEFINITIONS

Capitalized terms which are not defined herein shall have the meaning ascribed to them in the Base Plan. Whenever reference is made herein to “this Plan”, such reference shall be to this Supplemental Salaried Employees’ Retirement Plan.

- Section 2.1 “Actuarial Equivalent” ” shall mean equality in value of the aggregate benefits expected to be received under different forms of payment. For those Members whose benefit under the Base Plan is not calculated under Appendices B, C, or D of the Base Plan, the underlying actuarial assumptions used as a basis for these calculations are those which are stated in the Base Plan. For those Members whose benefit under the Base Plan is calculated under Appendices B, C, or D of the Base Plan, the underlying actuarial assumptions used for calculating lump sums and the reduction under Section 3.7 are those in effect under the Base Plan prior to January 1, 2000. For all other purposes, the assumptions currently in effect under the Base Plan shall be used.
- Section 2.2 “Additional EICP Benefit” ” shall mean a benefit payable for the life of the surviving spouse of any Member Eligible for the Additional EICP Benefit that is equal to 25% of the retirement benefit that would have been payable to such Member under the Base Plan at Normal Retirement Age or, if later, on the Member’s Benefit Commencement Date, if such benefit had been paid in the form of a life annuity and if the limitations of Code sections 401(a)(17) and 415 were not taken into account in calculating the benefit; provided, however, that in any

case where the surviving spouse is more than 60 months younger than the Member, the Additional EICP Benefit shall be reduced 1/8 of 1% (.00125) per month for each month over 60 months that the surviving spouse is younger than the Member. If the Member's Base Plan benefit is determined by reference to his Account, the benefit at Normal Retirement Age or, if later, the Member's Benefit Commencement Date, shall be determined by dividing such Account as of the date of the Member's separation from service by a deferred to age 65 annuity factor using the Applicable Interest Rate and the Applicable Mortality Table.

- Section 2.3 "Base Plan" shall mean the Colgate-Palmolive Company Employees' Retirement Income Plan, as amended from time to time.
- Section 2.4 "Benefit Commencement Date" shall mean the first day of the month as of which a Member's benefit is paid as an annuity or in any other form under this Plan.
- Section 2.5 "Determination Date" shall mean the date as of which benefits commence under the Base Plan.
- Section 2.6 "Eligible Employee" shall mean an "Eligible Employee," as defined in the Base Plan, who is entitled to a retirement benefit under the Base Plan which is limited by Code sections 401(a)(17) and/or 415, and/or any other Employee who satisfies each of the requirements of Section 2.10.
- Section 2.7 "Grandfathered Benefit" shall mean the lesser of (i) the benefit amount stated in a schedule maintained by the Employee Relations Committee (which represents the present value of the amount to which the Member would have been entitled under

this Plan (or the Hill's Plan, as applicable) if he had voluntarily terminated employment without cause on December 31, 2004 and received a payment of the benefits available from the Plan on the earliest possible date allowed under the Plan to receive a payment of benefits following termination of employment, and received the benefit in the form with the maximum value, and (ii) the benefit payable under this Plan on the Benefit Commencement Date. For any subsequent year, the amount determined under (i) may increase to equal the present value of the benefit the Member actually becomes entitled to, in the form and at the time actually paid, determined under the terms of the Plan (including applicable limits under the Internal Revenue Code), as in effect on October 3, 2004, without regard to any further services rendered by the Member after December 31, 2004, or any other events affecting the amount of the Member's entitlement to benefits (other than a Member election with respect to the time or form of an available benefit). Calculations of the amount determined under (i) shall be made in accordance with Reg. §1.409A-6(a)(3)(i) using reasonable actuarial assumptions and methods as determined thereunder.

Section 2.8 "Maximum Benefit" shall mean the maximum annual benefit payable in the form of a straight life annuity or, in the case of a married Member, a qualified joint and survivor annuity as defined in Code section 417(b), which is permitted to be paid to a Member under the Base Plan, as determined under all applicable provisions of the Code and ERISA, specifically taking into account the limitations of Code sections 401(a) (17) and 415, and any applicable regulations thereunder. It is intended that the Maximum Benefit, as defined herein, shall automatically

increase whenever the dollar limits or compensation limits under Code sections 401(a)(17) and 415 increase; provided, however, that no adjustments to the Maximum Benefit will be recognized after a Member's Benefit Commencement Date.

Section 2.9 "Member" shall mean an Eligible Employee who participates in this Plan pursuant to Section 3.1. An Eligible Employee shall remain a Member under this Plan until all amounts payable on his behalf from this Plan have been paid.

Section 2.10 "Member Eligible for the Additional EICP Benefit" shall mean an Employee who (i) is in salary grade 19 or above, (ii) has been credited with ten (10) or more years of vesting service under the Base Plan, (iii) is covered under the Above and Beyond Plan, (iv) is not eligible for the indexation of accrued benefit under Section 1.1 of Appendix H of the Base Plan; (v) effective for Benefit Commencement Dates on or after September 27, 2017, elects to receive his benefit under the Base Plan in a form of annuity other than a Joint Annuitant Option with a 100% survivor feature, (vi) has been married to the same Spouse for at least one year prior to his Benefit Commencement Date, (vii) is married to the person described in (vi) at the time of his death, and (viii) either the person described in (vi) and (vii) above is the Member's only designated beneficiary under the Base Plan or the Base Plan benefit is paid in the form of an annuity that does not require the designation of a beneficiary. In addition to the foregoing requirements and solely for purposes of Section 3.3(b), the Employee also must have attained age 55 prior to death and the Beneficiary's benefit under the Base

Plan must be determined under Appendices B, C or D, but the requirement that the Member elect to receive his benefit under the Base Plan in the form of an annuity shall not apply.

Section 2.11 “Non-Grandfathered Benefit” shall mean the portion of the benefit payable under this Plan which exceeds the Grandfathered Benefit, calculated using the actuarial assumptions specified in Section 2.1 as of the Determination Date.

Section 2.12 “Specified Employee” shall mean a person identified in accordance with procedures adopted by the Company that reflect the requirements of Code section 409A(a)(2)(B)(i).

ARTICLE III

BENEFITS

Section 3.1

Participation. An Eligible Employee shall become a Member under this Plan on the earlier of (i) the date his accrued benefit under the Base Plan, determined without regard to the limitations of Code Sections 401(a)(17) and 415, exceeds the Maximum Benefit, or (ii) the date he satisfies each of the requirements of Section 2.10.

Section 3.2

Amount of Member's Benefit.

(a) In the case of any Member whose Determination Date is coincident with or immediately following his separation from service, such Member shall be entitled to a benefit under this Plan, the Actuarial Equivalent of which is equal to the difference between:

- (i) the benefit that would have been payable under the Base Plan as of such date in the form elected by the Member under such plan if the limitations of Code sections 401(a)(17) and 415 were not taken into account in calculating the benefit; and
- (ii) the benefit actually payable under the Base Plan;

For Members previously covered under the Hill's Plan, the determination of the benefit payable under Section 3.2(a)(i) above shall be made by treating amounts deferred under the Colgate-Palmolive Company Deferred Compensation Plan, to the extent such amounts would have been recognized as Earnings under the Base

Plan determined at the Member's Benefit Commencement Date, as benefit bearing compensation. For Members who are Employees on December 31, 2013 and whose Recognized Earnings as of February 1, 2013 are in excess of \$255,000, the determination of the benefit payable under Section 3.2(a)(i) above shall be made without regard to the Base Plan amendment requiring that both their benefit upon normal retirement and their pre-Social Security supplement under Appendix B of the Base Plan be calculated based on the Member's Average Recognized Monthly Earnings, and Estimated Primary Insurance Amount as of December 31, 2013. For Members whose Recognized Earnings as of any date on or after February 1, 2013 are in excess of the limitation then in effect under Code section 401(a)(17), and who terminate employment on or after January 1, 2016, the determination of the benefit payable under Section 3.2(a)(i) above shall be made without regard to Section 7(b) of Appendix B of the Base Plan and the last paragraph of Section 7 of Appendix B of the Base Plan.

(b) In any case where the Determination Date under the Base Plan does not coincide with, or immediately follow, the Member's separation from service, the Member shall be entitled to a benefit under this Plan, the Actuarial Equivalent of which is equal to the difference between:

(i) the annual benefit that would have been payable under the Base Plan in the normal form as of the earliest date the Member could have commenced benefits under the Base Plan following his separation from

service if the limitations of Code sections 401(a)(17) and 415 were not taken into account in calculating the benefit; and

- (ii) the Maximum Benefit applicable to the Member as of that date;

For Members previously covered under the Hill's Plan, the determination of the benefit payable under Section 3.2(b)(i) above shall be made by treating amounts deferred under the Colgate-Palmolive Company Deferred Compensation Plan, to the extent such amounts would have been recognized as Earnings under the Base Plan determined at the Member's Benefit Commencement Date, as benefit bearing compensation.

For Members who are Employees on December 31, 2013 and whose Recognized Earnings as of February 1, 2013 are in excess of \$255,000, the determination of the benefit payable under Section 3.2(b)(i) above shall be made without regard to the Base Plan amendment requiring that both their benefit upon normal retirement and their pre-Social Security supplement under Appendix B of the Base Plan be calculated based on the Member's Average Recognized Monthly Earnings, and Estimate Primary Insurance Amount as of December 31, 2013. For Members whose Recognized Earnings as of any date on or after February 1, 2013 are in excess of the limitation then in effect under Code section 401(a)(17), and who terminate employment on or after January 1, 2016, the determination of the benefit payable under Section 3.2(b)(i) above shall be made without regard to Section 7(b) of Appendix B of the Base Plan and the last paragraph of Section 7 of Appendix B of the Base Plan.

- (c) In addition to any benefit provided under Section 3.2(a) or (b), an Additional EICP Benefit shall be paid to the surviving spouse of any Member Eligible for the Additional EICP Benefit who dies on or after his Benefit Commencement Date.
- (d) The benefit amount determined under Sections 3.2(a), (b) and (c) above is subject to reduction as provided in Sections 3.6, 3.7 and 3.8. The benefit amount (after the reductions required under Sections 3.6 and 3.7 but prior to the reduction required under Section 3.8), when expressed as a straight life annuity, and then added to the benefit payable under the Base Plan, when expressed as a straight life annuity (in each case using the actuarial assumptions specified in Section 2.1 which are in effect on the Benefit Commencement Date), shall be limited to 70 percent of the Member's salary based on the date of separation from service plus the value of the executive incentive compensation (whether or not payable in cash) awarded for services rendered in the calendar year immediately preceding the calendar year containing the separation from service date. For this purpose, executive incentive compensation includes cash and non-cash awards under the Executive Incentive Compensation Plan of the Company. Also for this purpose, restricted stock issued pursuant to the Executive Incentive Compensation Plan shall be valued at its publicly traded value on the New York Stock Exchange at the close of business on the date of grant.
- (e) The benefit amount determined under Sections 3.2(a), (b) and (c) above (after the reductions required under Sections 3.2(d), 3.6, and 3.7 but prior to the reduction required under Section 3.8) when expressed as a present value

amount (in each case using the actuarial assumptions described below), and when added to (i) the benefit determined under Section 3.2(a)(ii) or Section 3.2(b)(ii), as applicable, when expressed as a present value amount (in each case using the actuarial assumptions described below) and (ii) the foreign retirement benefit(s) determined under Section 3.6, when expressed as a present value amount (using the actuarial assumptions described below), shall be further limited to a maximum total benefit under this Plan, the Base Plan, and foreign retirement plan(s) described in Section 3.6 of \$20,000,000. Such \$20,000,000 limitation shall be increased as of the end of each calendar month at a monthly rate equivalent to an annual rate of 6% compounded annually, with the first such increase to occur as of January 31, 2010. Application of the limitation described in this Section 3.2(d) is subject to obtaining the written consent of any such Member and his Beneficiary to such reduction. For purposes of clarity, if the limitation described in this Section 3.2(d) applies to a Member, such Member's benefit under this Plan shall be limited to the difference between (A) \$20 million (as adjusted) and (B) the sum of the benefit determined under Section 3.2(a)(ii) or Section 3.2(b)(ii), as applicable, plus the foreign retirement benefit(s) determined under Section 3.6.

For purposes of expressing the benefit determined under Sections 3.2(a) or (b), as applicable, and (c) (after the reductions required under Sections 3.2(d), 3.6, and 3.7 but prior to the reduction required under Section 3.8), and Section 3.6, if applicable, as a present value amount under this paragraph 3.2(e) only, the following assumptions shall be used:

If the form of payment is an annuity:

Interest rate – The discount rate which is in effect as of the December 31 coincident with or preceding the determination date, as used to determine pension liabilities for purposes of year-end financial accounting disclosures.

Mortality – The mortality basis which is in effect as of the December 31 coincident with or preceding the determination date, as used to determine pension liabilities for purposes of year-end financial accounting disclosures.

If the form of payment is a lump sum:

The actual assumptions used in the Base Plan and the Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan to determine actual lump sum payments.

Section 3.3

Amount of Beneficiary's Benefit .

- (a) Upon the death of a Member whose Beneficiary is eligible for a Beneficiary's benefit under the Base Plan, such Beneficiary shall be entitled to an annual benefit under this Plan equal to the difference between (i) the benefit that would have been payable to the Beneficiary under the Base Plan if the limitations of Code Sections 401(a)(17) and 415 were not taken into account in calculating the benefit; and (ii) the benefit actually payable to the Beneficiary under the Base Plan.

- (b) In addition to the benefit provided under Section 3.3(a), an Additional EICP Benefit shall be paid to the surviving spouse of any Member Eligible for the Additional EICP Benefit who dies before his Benefit Commencement Date, provided, however, that the amount of such Additional EICP Benefit shall be reduced by any “Death-In-Service Benefit” payable under the Above and Beyond Plan for so long as such benefit is payable under the Above and Beyond Plan.

Section 3.4

Time and Form of Payment.

- (a) Separation from Service On or After January 1, 2008 – Grandfathered Benefit. Payment of the Grandfathered Benefit under this Plan to a Member or Beneficiary shall commence as of the Determination Date and, except as provided in this Section 3.4(a), shall be paid in the same form as the benefit payable under the Base Plan.
- (i) A Member or Beneficiary whose benefit under the Base Plan is calculated under Appendices B, C or D of the Base Plan may request the Employee Relations Committee to approve payment of his Grandfathered Benefit in a lump sum. Such request must be made at least 90 days prior to his retirement date and will be accepted or denied in the sole discretion of the Employee Relations Committee.
- (ii) Except for Grandfathered Benefits determined under the Hill’s Plan, a Member or Beneficiary whose benefit under the Base Plan is not

calculated under Appendices B, C or D may, with the Employee Relations Committee approval, receive payment of his Grandfathered Benefit in the form of a lump sum.

(iii) In the case of a Member whose Grandfathered Benefit was determined under the Hill's Plan, and where the Actuarial Equivalent of such Grandfathered Benefit is \$20,000 or less, the Employee Relations Committee in its sole discretion may require that the Grandfathered Benefit be paid in a lump sum.

(b) Separation from Service on or After January 1, 2008 – Non-Grandfathered Benefit.

(i) A Member whose benefit under the Base Plan is calculated under Appendices B, C or D of the Base Plan and who is married on the date of his separation from service shall receive payment of the Non-Grandfathered Benefit in the form of a Joint and 50% Survivor Annuity commencing as soon as practicable following the Member's separation from service. If such Member is not married on the date of his separation from service, payment of the Non-Grandfathered Benefit shall be made in the form of a level monthly annuity for life commencing as soon as practicable following the Member's separation from service. Payment to a Beneficiary shall be made in the form of a level monthly annuity for life commencing as soon as practicable following the Member's death.

- (ii) A Member whose benefit under the Base Plan is not calculated under Appendices B, C or D of the Base Plan shall receive payment of the Non-Grandfathered Benefit in the form of a lump sum as soon as practicable following the Member's separation from service. Payment to the Beneficiary of such a Member who dies before his Benefit Commencement Date shall be made in the form of a lump sum as soon as practicable following the Member's death. Payment to the surviving spouse of such a Member who is both a Member Eligible for the Additional EICP Benefit and dies after his Benefit Commencement Date shall be made in accordance with Section 3.2(c).

The foregoing notwithstanding, in any case where the Member is a Specified Employee, payment of the Non-Grandfathered Benefit under this Section 3.4(b) shall be deferred until the earlier of (i) the date that is six months following the Member's separation from service, or (ii) the date of the Member's death. If benefits are paid in the form of an annuity, the portion of the Non-Grandfathered benefit that would have been paid during this six month period shall be accumulated and paid in a lump sum at the end of this period. If the benefit is paid in the form of a lump sum, interest credits shall continue throughout the six month period.

- (c) Separation from Service Before January 1, 2008. See Appendix A.

- (d) Change of Control – Grandfathered Benefit. Following the occurrence of a “Change of Control,” as defined under Section 6.02 of the Amended and Restated Trust Agreement, dated August 2, 1990, between the Company and the Bank of New York (the “Trust Agreement”), distribution of a Member’s Grandfathered Benefit (other than Grandfathered Benefits determined under the Hill’s Plan) shall be made in accordance with the provisions of Section 4.02(a) of the Trust Agreement.
- (e) Change of Control – Non-Grandfathered Benefit. Upon the occurrence of a transaction which is both a “Change of Control,” as defined under Section 6.02 of the Trust Agreement, and meets the requirements of Code Section 409A(a)(2)(A)(v) and the regulations thereunder, a Member whose benefit under the Base Plan is calculated under Appendices B, C or D of the Base Plan and who terminates employment within two years of the date of such transaction shall receive payment of his Non-Grandfathered Benefit in the form of a lump sum. Payments to other Members shall be made in accordance with Section 3.4(b). The foregoing notwithstanding, in any case where the Member is a Specified Employee, payment of the Non-Grandfathered Benefit under this Section 3.4(e) shall be deferred until the earlier of (i) the date that is six months following the Member’s separation from service, or (ii) the date of the Member’s death.

Section 3.5

Effect of Changes in the Maximum Benefit. If, prior to a Member’s Benefit Commencement Date, the benefits payable under the Base Plan increase as a

result of increases in the Maximum Benefit, the benefits under this Plan shall be recalculated to take into account the higher Maximum Benefit payable from the Base Plan. If such an increase occurs after the Member's Benefit Commencement Date, no adjustment shall be made to the benefits payable under this Plan.

Section 3.6

Reduction in Benefits for Members in Foreign Service. A Member's benefit under this Plan (including his Beneficiary's benefits) based upon his participation in the Plan subsequent to December 31, 1965 shall be reduced by any foreign retirement benefits which the Member has received or will receive which are attributable to direct or indirect contributions by the Company or any of its Subsidiaries or branches. The amount of this reduction shall be determined in accordance with the provisions of the Base Plan.

Section 3.7

Reduction in Benefits for Members Electing to Maintain Prior Plan Benefits. For those Members who elected to make Contributions to Maintain Prior Plan Benefits pursuant to Appendix C of the Base Plan, the benefit otherwise payable under this Plan shall be reduced by an amount determined to be the benefit attributable to the contributions that would have been required of the Member under the Base Plan formula to Maintain Prior Plan Benefits for benefits in excess of the Maximum Benefit, and interest thereon calculated at a rate equal to the interest crediting rate under the Base Plan during the period that such contributions would have been required.

Section 3.8

Reduction in Benefits for FICA Tax Imposed on Plan Benefits. Effective for Benefit Commencement Dates on or after January 1, 2005, where the Member's

Benefit Commencement Date coincides with the Member's "resolution date," as defined in Reg. § 31.3121(v)(2)-1(e)(4)(i), and all or a portion of the Member's benefit is payable as a lump sum, the lump sum payment shall be reduced by the Actuarial Equivalent of the taxes imposed on the Member under Code sections 3101(a) and (b) (and the income tax required to be withheld on the amount of such taxes) which are attributable to the Member's Plan benefit, which amounts shall be paid in satisfaction of the Member's tax liability.

Section 3.9

Benefits Subject to Withholding. The benefits payable under this Plan shall be subject to the deduction of any federal, state, or local income taxes, employment taxes or other taxes which are required to be withheld from such payments by applicable laws and regulations. Any employment taxes owed by the Member with respect to any deferral, accrual or benefit payable under this Plan which have not been satisfied under Section 3.8 may be withheld from benefits paid under this Plan or any other compensation of the Member.

Section 3.10

Beneficiary Designation. The Member's Beneficiary for purposes of any survivor benefits under this Plan will automatically be the same as such Member's Beneficiary under the Base Plan. Notwithstanding any other provision of this Plan, the consent of the Member's Spouse shall not be required to elect a lump sum payment of the Grandfathered Benefit. In the absence of a Beneficiary who survives the Member, upon the Member's death, payment of any benefit owed to a Member's Beneficiary, if any, shall be made to the Member's estate in a lump sum as soon as practicable.

ARTICLE IV

PLAN ADMINISTRATION

Section 4.1 Employee Relations Committee. This Plan shall be administered by the Employee Relations Committee which shall have full authority to administer and interpret this Plan, make payments and maintain records hereunder, including but not limited to the power:

- (i) to determine who are Eligible Employees for purposes of participation in the Plan;
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision; and
- (iii) to adopt rules consistent with the Plan.

The Employee Relations Committee may adopt or amend from time to time such procedures as may be required for the proper administration of the Plan. All interpretations of the Employee Relations Committee shall be final and binding on all parties including Members, Spouses and Beneficiaries, and the Company and its affiliates.

Section 4.2 Claims Procedures. Any complaint with regard to benefits under the Plan should be directed to the Secretary of the Employee Relations Committee, Colgate-Palmolive, 300 Park Avenue, New York, NY 10022. Such complaint must be

filed in writing no later than 90 days after the date of retirement, termination or other occurrence related to the complaint. Within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of the approval or denial of the claim. If the claim is denied, the notice will set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The claimant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Employee Relations Committee. The claimant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Employee Relations Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. If the claimant does not request such a review or the Employee Relations Committee fails to respond to such a request for review in writing, the request for review will be deemed to have been made and denied on the 120th day after the date of the initial denial. The Employee Relations Committee, in its discretion, may request a meeting to clarify any matters deemed appropriate. No action may be brought for benefits under this Plan pursuant to the denial of a claim, unless such claim was timely made under this Section and such complaint is filed on or before one year from the denial or deemed denial by the Employee Relations Committee of any such claim upon review.

- Section 4.3 **Delegated Responsibilities.** The Employee Relations Committee shall have the authority to delegate any of its responsibilities to such persons as it deems proper.
- Section 4.4 **Amendment and Termination.** The Company may amend, modify or terminate this Plan at any time, provided, however, that no such amendment, modification or termination shall reduce any benefit under this Plan to which a Member, or the Member's Beneficiary, is entitled under Article III prior to the date of such amendment or termination, and in which such Member or Beneficiary would have been vested if such benefit had been provided under the Base Plan, unless the Member or Beneficiary either becomes entitled to an amount equal to the Actuarial Equivalent of such benefit under another plan, including the Base Plan, program or practice adopted by the Company or the Member or Beneficiary consents in writing to such reduction. The Employee Relations Committee may make changes to this Plan which do not materially reduce the value of the benefits paid under this Plan to conform to, or take advantage of, any governmental requirements, statutes, regulations or other authority.
- Section 4.5 **Payments.** The Company will pay all benefits arising under this Plan and all costs, charges and expenses relating thereto out of its general assets.
- Section 4.6 **Non-Assignability of Benefits.** Except as otherwise required by law, neither any benefit payable hereunder nor the right to receive any future benefit under this Plan may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered, or subjected to any charge or legal process, and if any attempt is made to do so, or a person eligible for any benefits under this Plan becomes

bankrupt, the interest under this Plan of the person affected may be terminated by the Employee Relations Committee which, in its sole discretion, may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that it deems appropriate and is consistent with Code Section 409A.

Section 4.7

Plan Unfunded. Nothing in this Plan shall be interpreted or construed to require the Company in any manner to fund any obligation to the Members or Beneficiaries hereunder. Nothing contained in this Plan nor any action taken here under shall create, or be construed to create, a trust of any kind, or a fiduciary relationship between the Company and the Members or Beneficiaries. Any funds which may be accumulated in order to meet any obligation under this Plan shall for all purposes continue to be a part of the general assets of the Company. To the extent that any Member or Beneficiary acquires a right to receive payments from the Company under this Plan, such rights shall be no greater than the rights of any unsecured general creditor of the Company.

Section 4.8

Applicable Law. All questions pertaining to the construction, validity and effect of this Plan shall be determined in accordance with the laws of the State of Delaware, to the extent not preempted by Federal law.

Section 4.9

No Employment Rights Conferred. The establishment of the Plan shall not be construed as conferring any rights upon any Eligible Employee for continuation of employment, nor shall it be construed as limiting in any way the right of the

Company to discharge any Eligible Employee or treat him without regard to the effect which such treatment might have upon him under the Plan.

Section 4.10 Plan to Comply with Code Section 409A. Notwithstanding any provision to the contrary in this Plan, each provision in this Plan shall be interpreted to permit the deferral of compensation in accordance with Code section 409A and any provision that would conflict with such requirements shall not be valid or enforceable.

**APPENDIX A TO
COLGATE-PALMOLIVE COMPANY
SUPPLEMENTAL SALARIED EMPLOYEES RETIREMENT PLAN**

Section 3.4 Time and Form of Payment

(c) Separation from Service Prior to January 1, 2008.

(i) Determination Date Prior to January 1, 2006. Payment of benefits under this Plan to a Member or Beneficiary whose Determination Date is prior to January 1, 2006 shall commence on the Determination Date and, except as provided in this Section 3.4(c)(i), shall be payable in the same form as the benefit payable under the Base Plan.

(A) A Member whose benefit is calculated under Appendices B, C or D of the Base Plan and whose Determination Date is on or before July 27, 2005 may request the Employee Relations Committee to approve payment of his Grandfathered Benefit in a lump sum. Such request must be made at least ninety (90) days prior to his retirement date and will be accepted or denied in the sole discretion of the Employee Relations Committee. In the event a lump sum payment request is approved, the amount of the payment shall be determined based upon the actuarial assumptions specified in Section 2.1 which are in effect on the Benefit Commencement Date.

(B) A Member whose benefit is calculated under Appendices B, C or D of the Base Plan and whose Determination Date is on or after July 27, 2005 and before January 1, 2006 may request the Employee

Relations Committee to approve payment of his entire benefit in a lump sum. Such request must be made at least 90 days prior to his retirement date and will be accepted or denied in the sole discretion of the Employee Relations Committee. In the event a lump sum payment request is approved, the amount of the payment shall be determined based upon the actuarial assumptions specified in Section 2.1 which are in effect on the Benefit Commencement Date. The approval of any such request shall be deemed a cancellation of amounts deferred under the Plan during 2005 pursuant to Q&A-20(a) of IRS Notice 2005-1.

(C) Any other Member whose benefit under the Base Plan is payable in the form of a lump sum may, with the Employee Relations Committee approval, receive payment of his entire benefit under the Plan in the form of a lump sum. The approval of any such request shall be deemed a cancellation of amounts deferred under the Plan during 2005 pursuant to Q&A-20(a) of IRS Notice 2005-1.

(ii) Determination Date After December 31, 2005.

(A) Grandfathered Benefit. Payment of the Grandfathered Benefit under this Plan to a Member or Beneficiary shall commence on the Determination Date and, except as provided in this Section 3.4(c)(ii)(A), shall be paid in the same form as the benefit payable under the Base Plan.

- (I) A Member or Beneficiary whose benefit under the Base Plan is calculated under Appendices B, C or D of the Base Plan may request the Employee Relations Committee to approve payment of his Grandfathered Benefit in a lump sum. Such request must be made at least 90 days prior to his retirement date and will be accepted or denied in the sole discretion of the Employee Relations Committee.
 - (II) A Member or Beneficiary whose benefit under the Base Plan is not calculated under Appendices B, C or D may, with the Employee Relations Committee approval, receive payment of his Grandfathered Benefit in the form of a lump sum.
- (B) Non-Grandfathered Benefit. Except as otherwise provided herein,
- (I) a Member whose benefit under the Base Plan is calculated under Appendices B, C or D of the Base Plan and who is married on the date of his separation from service shall receive payment of the Non-Grandfathered Benefit in the form of a Joint and 50% Survivor Annuity, commencing as soon as practicable following the Member's separation from service. If such Member is not married on the date of his separation from service, payment of the Non-Grandfathered Benefit shall be made in the form of a level monthly annuity for life commencing as soon as practicable following the Member's separation from service. Payment to a Beneficiary shall be made in the form of a level monthly annuity for life

commencing as soon as practicable following the Member's death. The foregoing notwithstanding, certain Members designated by the Committee who meet the requirements set forth in Section 3.02 of IRS Notice 2006-79 may elect on or before December 31, 2007 to receive payment of the Non-Grandfathered Benefit following the Member's separation from service in the form of a lump sum provided such election is made prior to the calendar year in which the Member's separation from service occurs.

- (II) A Member or Beneficiary whose benefit under the Base Plan is not calculated under Appendices B, C or D of the Base Plan shall receive payment of the Non-Grandfathered Benefit in the form of a lump sum as soon as practicable following the Member's separation from service. Payment to a Beneficiary shall be made in the form of a lump sum as soon as practicable following the Member's death.
- (iii) Members under the Hill's Plan. Sections 3.4(a) and (b) shall govern the time and form of payment for benefits earned under the Hill's Plan.

The foregoing notwithstanding, in any case where the Member is a Specified Employee, payment of the Non-Grandfathered Benefit under this Section 3.4(c) (other than payments described in Section 3.4(c)(i)(B) and (C)) shall be deferred until the earlier of (i) six months following the Member's separation from service or (ii) the date of the Member's death. If benefits are paid in the form of an annuity, the portion of the Non-Grandfathered benefit that would have been paid during this

six month period shall be accumulated and paid in a lump sum at the end of this period. If the benefit is paid in the form of a lump sum, interest credits shall continue throughout the six month period.

COLGATE-PALMOLIVE COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in Millions)
(Unaudited)

	Three Months Ended March 31, 2018
Earnings:	
Income before income taxes	\$ 924
Add:	
Fixed charges	65
Less:	
Income from equity investees	(3)
Capitalized interest	—
Income as adjusted	<u>\$ 986</u>
Fixed Charges:	
Interest on indebtedness and amortization of debt expense and discount or premium	\$ 47
Rents of one-third representative of interest factor	18
Capitalized interest	—
Total fixed charges	<u>\$ 65</u>
Ratio of earnings to fixed charges	<u>15.2</u>

I, Ian Cook, 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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: April 27, 2018

/s/ Ian Cook

Ian Cook

Chairman of the Board, President and
Chief Executive Officer

I, Dennis J. Hickey, 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(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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: April 27, 2018

/s/ Dennis J. Hickey

Dennis J. Hickey
Chief Financial Officer

The undersigned Chairman of the Board, President 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. § 1350, that:

- (1) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (the “Periodic Report”) which this statement accompanies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; 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: April 27, 2018

/s/ Ian Cook

Ian Cook

Chairman of the Board, President and
Chief Executive Officer

/s/ Dennis J. Hickey

Dennis J. Hickey

Chief Financial Officer