COLGATE PALMOLIVE CO
Form 10-K
February 21, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
(Mark One)

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

For the fiscal year ended December 31, 2012
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

(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)

Registrant's telephone number, including area code 212-310-2000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 par value	New York Stock Exchange
4.75% Notes due 2014	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ Nox

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 T No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 T No £

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. £

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

Large accelerated filer T	Accelerated filer £
Non-accelerated filer £ (Do not check if a smaller reporting company)	Smaller reporting company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of Colgate-Palmolive Company Common Stock held by non-affiliates as of June 30, 2012 (the last business day of its most recently completed second quarter) was approximately $49.2 billion.

There were 467,696,711 shares of Colgate-Palmolive Company Common Stock outstanding as of January 31, 2013.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
Portions of Proxy Statement for the 2013 Annual Meeting of Stockholders	Part III, Items 10 through 14

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PART I

ITEM 1. BUSINESS

(a) General Development of the Business

Colgate-Palmolive Company (together with its subsidiaries, the “Company” or “Colgate”) is a leading consumer products company whose products are marketed in over 200 countries and territories throughout the world. Colgate was founded in 1806 and incorporated under the laws of the State of Delaware in 1923.

For recent business developments and other information, refer to the information set forth under the captions “Executive Overview and Outlook,” “Results of Operations,” “Restructuring and Related Implementation Charges” and “Liquidity and Capital Resources” in Part II, Item 7 of this report.

(b) Financial Information about Segments

Worldwide Net sales and Operating profit by business segment and geographic region during the last three years appear under the caption “Results of Operations” in Part II, Item 7 of this report and in Note 15 to the Consolidated Financial Statements.

(c) Narrative Description of the Business

The Company manages its business in two product segments: Oral, Personal and Home Care; and Pet Nutrition. Colgate is a global leader in Oral Care with the leading toothpaste and manual toothbrush brands throughout many parts of the world according to value share data provided by ACNielsen. Colgate’s Oral Care products include Colgate Total, Colgate Sensitive Pro-Relief, Colgate Max Fresh, Colgate Optic White and Colgate Luminous White toothpastes, Colgate 360° manual toothbrushes and Colgate and Colgate Plax mouth rinses. Colgate’s Oral Care business also includes dental floss and pharmaceutical products for dentists and other oral health professionals.

Colgate is a leader in many product categories of the Personal Care market with global leadership in liquid hand soap, which it sells under the Palmolive, Protex and Softsoap brands. Colgate’s Personal Care products also include Palmolive, Softsoap and Sanex brand shower gels, Palmolive, Irish Spring and Protex bar soaps and Speed Stick, Lady Speed Stick and Sanex deodorants and antiperspirants. Colgate is the market leader in liquid hand soap in the U.S. with its line of Softsoap brand products according to value share data provided by ACNielsen. Colgate’s Personal Care business outside the U.S. also includes Palmolive and Caprice shampoo and conditioners.

Colgate manufactures and markets a wide array of products for Home Care, including Palmolive and Ajax dishwashing liquids, Fabuloso and Ajax household cleaners and Murphy’s Oil Soap. Colgate is a market leader in fabric conditioners with leading brands including Suavitel in Latin America and Soupline in Europe. Colgate is a market leader in laundry detergent in the South Pacific.

Sales of Oral, Personal and Home Care products accounted for 44%, 22% and 21%, respectively, of the Company’s total worldwide Net sales in 2012. Geographically, Oral Care is a significant part of the Company’s business in Greater Asia/Africa, comprising approximately 74% of sales in that region for 2012.

Colgate, through its Hill's Pet Nutrition segment (Hill's), is a world leader in specialty pet nutrition products for dogs and cats with products marketed in over 95 countries worldwide. Hill's markets pet foods primarily under two trademarks: Hill's Science Diet, which is sold by authorized pet supply retailers and veterinarians for everyday nutritional needs; and Hill's Prescription Diet, a range of therapeutic products sold by veterinarians and authorized pet supply retailers to help nutritionally manage disease conditions in dogs and cats. Sales of Pet Nutrition products accounted for 13% of the Company's total worldwide Net sales in 2012.

For more information regarding the Company's worldwide Net sales by product categories, refer to Notes 1 and 15 to the Consolidated Financial Statements.

Research and Development

Strong research and development capabilities and alliances enable Colgate to support its many brands with technologically sophisticated products to meet consumers' oral, personal, home care and pet nutrition needs. The Company's spending related to research and development activities was $259 million in 2012, $262 million in 2011 and $256 million in 2010.

Distribution; Raw Materials; Competition; Trademarks and Patents

The Company's products are marketed by a direct sales force at individual operating subsidiaries or business units and by distributors or brokers. No single customer accounts for 10% or more of the Company's sales.

The majority of raw and packaging materials are purchased from other companies and are available from several sources. No single raw or packaging material represents, and no single supplier provides, a significant portion of the Company's total material requirements. For certain materials, however, new suppliers may have to be qualified under industry, governmental and Colgate standards, which can require additional investment and take some period of time. Raw and packaging material commodities such as resins, tropical oils, essential oils, tallow, poultry, corn and soybeans are subject to market price variations.

The Company's products are sold in a highly competitive global marketplace which has experienced increased trade concentration and the growing presence of large-format retailers and discounters. Products similar to those produced and sold by the Company are available from multinational and local competitors in the U.S. and overseas. Certain of the Company's competitors are larger and have greater resources than the Company. In addition, private label brands sold by retail trade chains are a source of competition for certain of the Company's product lines. Product quality and innovation, brand recognition, marketing capability and acceptance of new products largely determine success in the Company's business segments.

Trademarks are considered to be of material importance to the Company's business. The Company follows a practice of seeking trademark protection in the U.S. and throughout the world where the Company's products are sold. Principal global and regional trademarks include Colgate, Palmolive, Mennen, Speed Stick, Lady Speed Stick, Softsoap, Irish Spring, Protex, Sorriso, Kolynos, elmex, Tom's of Maine, Sanex, Ajax, Axion, Fabuloso, Soupline and Suavitel, as well as Hill's Science Diet and Hill's Prescription Diet. The Company's rights in these trademarks endure for as long as they are used and/or registered. Although the Company actively develops and maintains a portfolio of patents, no single patent is considered significant to the business as a whole.

Environmental Matters

The Company has programs that are designed to ensure that its operations and facilities meet or exceed standards established by applicable environmental rules and regulations. Capital expenditures for environmental control facilities totaled $18 million for 2012. For future years, expenditures are currently expected to be of a similar magnitude. For additional information regarding environmental matters refer to Note 13 to the Consolidated Financial Statements.

Employees

As of December 31, 2012, the Company employed approximately 37,700 employees.

Executive Officers of the Registrant

The following is a list of executive officers as of February 21, 2013:

Name	Age	Date First Elected Officer	Present Title
Ian Cook	60	1996	Chairman of the Board President and Chief Executive Officer
Fabian T. Garcia	53	2003	Chief Operating Officer Global Innovation and Growth, Europe and Hill's Pet Nutrition
Franck J. Moison	59	2002	Chief Operating Officer Emerging Markets and South Pacific
Dennis J. Hickey	64	1998	Chief Financial Officer
Andrew D. Hendry	65	1991	Chief Legal Officer and Secretary
Victoria L. Dolan	53	2011	Vice President and Corporate Controller
Elaine C. Paik	48	2010	Vice President and Corporate Treasurer
Ronald T. Martin	64	2001	Vice President Global Sustainability and Social Responsibility
John J. Huston	58	2002	Senior Vice President Office of the Chairman
Delia H. Thompson	63	2002	Senior Vice President Investor Relations
Hector I. Erezuma	68	2005	Vice President Global Business Continuity, Real Estate and Facilities
Daniel B. Marsili	52	2005	Senior Vice President Global Human Resources
Alexandre de Guillenchmidt	67	2008	President Colgate – Europe
Rosemary Nelson	65	2008	Vice President Deputy General Counsel, Operations and South Pacific
P. Justin Skala	53	2008	President Colgate – Latin America
Noel R. Wallace	48	2009	President Colgate – North America and Global Sustainability
Francis M. Williamson	65	2010	Vice President Finance and Strategic Planning Latin America
Thomas W. Greene	46	2011	Vice President Chief Information and Business Services Officer
Patricia Verduin	53	2011	Vice President Chief Technology Officer
Nigel B. Burton	54	2012	Chief Marketing Officer
Michael Corbo	53	2012	Vice President Global Supply Chain
Stephen J. Fogarty	63	2012	Chief Ethics and Compliance Officer

Each of the executive officers listed above has served the registrant or its subsidiaries in various executive capacities for the past five years with the exception of Victoria L. Dolan, who joined the Company in 2008 as Vice President, Finance and Strategic Planning, Colgate Europe. Ms. Dolan joined Colgate from Marriott International, Inc. (Marriott), where she served as Executive Vice President, Finance and Chief Financial Officer of its vacation ownership division. Prior to joining Marriott in 2000, Ms. Dolan spent nine years at The Coca-Cola Company in several leadership positions that included Chief Financial Officer and Executive Vice President for the Japan division.

Under the Company's By-Laws, the officers of the corporation hold office until their respective successors are chosen and qualified or until they have resigned, retired or been removed by the affirmative vote of a majority of the Board of Directors of the Company (the Board). There are no family relationships between any of the executive officers, and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was elected.

(d) Financial Information about Geographic Areas

For financial data by geographic region, refer to the information set forth under the caption "Results of Operations" in Part II, Item 7, of this report and in Note 15 to the Consolidated Financial Statements. For a discussion of risks associated with our international operations, see Item 1A "Risk Factors."

(e) Available Information

The Company's web site address is www.colgatepalmolive.com. The information contained on the Company's web site is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K. The Company makes available, free of charge, on its web site its annual reports on Form 10-K, its quarterly reports on Form 10-Q, its interactive data files posted pursuant to Rule 405 of Regulation S-T, its current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) as soon as reasonably practicable after the Company has electronically filed such material with, or furnished it to, the United States Securities and Exchange Commission (the SEC). Also available on the Company's web site are the Company's Code of Conduct and Corporate Governance Guidelines, the charters of the Committees of the Board, reports under Section 16 of the Exchange Act of transactions in Company stock by directors and officers and its proxy statements.

ITEM 1A. RISK FACTORS

Set forth below is a summary of the material risks to an investment in our securities. These risks are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of the below risks actually occur, our business, results of operations, cash flows or financial condition could suffer, which might cause the value of our securities to decline.

We face risks associated with significant international operations, including exposure to foreign currency fluctuations.

We operate on a global basis with approximately 80% of our Net sales originating in markets outside the U.S. While geographic diversity helps to reduce the Company's exposure to risks in any one country or part of the world, it also means that we are subject to the full range of risks associated with significant international operations, including, but not limited to:

changes in exchange rates for foreign currencies, which may reduce the U.S. dollar value of revenues, profits and cash flows we receive from non-U.S. markets or increase our supply costs, as measured in U.S. dollars, in those markets, exchange controls and other limits on our ability to import raw materials or finished product or to repatriate earnings from overseas,

political or economic instability, social or labor unrest or changing macroeconomic conditions in our markets,

lack of well-established or reliable legal systems in certain countries where the Company operates,

foreign ownership restrictions and the potential for nationalization or expropriation of property or other resources, and

other foreign or domestic legal and regulatory requirements, including those resulting in potentially adverse tax consequences or the imposition of onerous trade restrictions, price controls or other government controls.

These risks could have a significant impact on our ability to sell our products on a competitive basis in international markets and may have a material adverse effect on our results of operations, cash flows and financial condition.

In an effort to minimize the impact on earnings of foreign currency rate movements, the Company engages in a combination of cost-containment measures, selling price increases and selective hedging of foreign currency transactions. However, these measures may not succeed in offsetting any negative impact of foreign currency rate movements on our business and results of operations.

For example, in February 2013, the government of Venezuela devalued its currency, which will adversely affect our business and results of operations for 2013. Likewise, in 2010, our results of operations were adversely impacted by the designation of Venezuela as hyperinflationary and the subsequent currency devaluations in Venezuela in that year. In addition, on April 1, 2012, price controls became effective in Venezuela affecting most products in our Venezuelan subsidiary's (CP Venezuela) portfolio, thereby further restricting the Company's ability to implement price increases, which had been one of the key mechanisms to offset the effects of continuing high inflation. In the fourth quarter of 2012, production at CP Venezuela was negatively impacted by labor issues within the country. Going forward, additional government actions, including in the form of further currency devaluations or continued or worsening import authorization controls, foreign exchange or price controls, or continued or increased labor unrest in Venezuela could have further adverse impacts on our business and results of operations. For additional information regarding these and other risks associated with our operations in Venezuela, refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Executive Overview and Outlook” and Note 14 to the Consolidated Financial Statements.

Uncertain global economic conditions and disruptions in the credit markets may adversely affect our business.

Uncertain global economic conditions could adversely affect our business. Recent global economic trends pose challenges to our business and could result in declining revenues, profitability and cash flows. Although we continue to devote significant resources to support our brands, during periods of economic uncertainty consumers may switch to economy brands, which could reduce sales volumes of our products or result in a shift in our product mix from higher margin to lower margin product offerings. Additionally, retailers may increase pressure on our selling prices or increase promotional activity for lower-priced or value offerings as they seek to maintain sales volumes and margins. For example, continuing economic uncertainty in Europe, and a worsening of the debt crisis there, could negatively affect consumer confidence globally.

While we currently generate significant cash flows from ongoing operations and have access to global credit markets through our various financing activities, any disruption in the credit markets, including in Europe, could limit the availability of credit or the ability or willingness of financial institutions to extend credit, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital. If any financial institutions that are parties to our revolving credit facility supporting our commercial paper program or other financing arrangements, such as interest rate or foreign exchange hedging instruments, were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with us. This could leave us with reduced borrowing capacity or unhedged against certain interest rate or foreign currency exposures. In addition, tighter credit markets may lead to business disruptions for certain of our suppliers, contract manufacturers or trade customers which could, in turn, adversely impact our business.

Significant competition in our industry could adversely affect our business.

We face vigorous competition worldwide, including from other large, multinational companies, some of which have greater resources than we do. We face this competition in several aspects of our business, including, but not limited to, the pricing of products, promotional activities and new product introductions. Such competition also extends to administrative and legal challenges of product claims and advertising. Our ability to compete also depends on the strength of our brands and on our ability to defend our patent, trademark and trade dress rights against legal challenges brought by competitors.

We may be unable to anticipate the timing and scale of such initiatives or challenges by competitors or to successfully counteract them, which could harm our business. In addition, the cost of responding to such initiatives and challenges, including management time, out-of-pocket expenses and price reductions, may affect our performance in the relevant period. A failure to compete effectively could adversely affect our growth and profitability.

Increasing dependence on key retailers in developed markets, changes in the policies of our retail trade customers and the emergence of new sales channels may adversely affect our business.

Our products are sold in a highly competitive global marketplace which has experienced increased trade concentration and the growing presence of large-format retailers and discounters. With the growing trend toward retail trade consolidation, we are increasingly dependent on key retailers, and some of these retailers, including large-format retailers, may have greater bargaining strength than we do. They may use this leverage to demand higher trade discounts, allowances or slotting fees, which could lead to reduced sales or profitability.

We may also be negatively affected by changes in the policies of our retail trade customers, such as inventory de-stocking, limitations on access to shelf space, delisting of our products, environmental or sustainability initiatives and other conditions. Private label products sold by retail trade chains, which are typically sold at lower prices than branded products, are a source of competition for certain of our product lines, including liquid hand soaps and shower gels. In addition, the emergence of new sales channels, such as sales via e-commerce, may affect consumer preferences and market dynamics and could adversely impact our financial results.

The growth of our business depends on the successful development and launch of innovative new products.

Our growth depends on the continued success of existing products as well as the successful development and launch of innovative new products and line extensions. The development and introduction of innovative new products and line extensions involve considerable costs, and any new product or line extension may not generate sufficient customer and consumer interest and sales to become a profitable product or to cover the costs of its development and promotion. Our ability to achieve a successful launch of a new product or line extension could be adversely affected by preemptive actions taken by competitors in response to the launch, such as increased promotional activities and advertising. In addition, our ability to create new products and line extensions and to sustain existing products is affected by whether we can successfully:

develop and fund technological innovations,
obtain and maintain necessary patent and trademark protection and avoid infringing intellectual property rights of others,
obtain approvals and registrations of regulated products, including from the U.S. Food and Drug Administration (FDA) and other regulatory bodies in the U.S. and abroad, and
anticipate and respond to consumer needs and preferences.

The failure to develop and launch successful new products could hinder the growth of our business and any delay in the development or launch of a new product could result in the Company not being the first to market, which could compromise our competitive position.

We may not realize the benefits that we expect from our 2012 Restructuring Program.

In the fourth quarter of 2012, the Company commenced a four-year Global Growth and Efficiency Program (the 2012 Restructuring Program) for sustained growth. The 2012 Restructuring Program's initiatives are expected to help the Company ensure continued and solid worldwide growth in unit volume, organic sales and earnings per share and enhance its global leadership positions in its core businesses.

The successful implementation of the 2012 Restructuring Program presents significant organizational challenges and in many cases will require successful negotiations with third parties, including labor organizations, suppliers and other business partners. As a result, we may not be able to realize, in full or in part, the anticipated benefits from our 2012 Restructuring Program. Events and circumstances, such as financial or strategic difficulties, delays and unexpected costs may occur that could result in our not realizing all or any of the anticipated benefits or our not realizing the anticipated benefits on our expected timetable. If we are unable to realize the anticipated savings of the 2012 Restructuring Program, our ability to fund other initiatives may be adversely affected. Any failure to implement the 2012 Restructuring Program in accordance with our expectations could adversely affect our profitability.

Volatility in material and other costs and our increasing dependence on key suppliers could adversely impact our profitability.

Raw and packaging material commodities such as resins, tropical oils, essential oils, tallow, poultry, corn and soybeans are subject to wide price variations. Increases in the costs and availability of these commodities and the costs of energy, transportation and other necessary services may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies such as in manufacturing and distribution. In addition, our move to global suppliers for materials and other services in order to achieve cost reductions and simplify our business has resulted in an increasing dependence on key suppliers. For certain materials, new suppliers may have to be qualified under industry, governmental and Colgate standards, which can require additional investment and take some period of time. While we believe that the supplies of raw materials needed to manufacture our products are adequate, global economic conditions, supplier capacity constraints and other factors could affect the availability of, or prices for, those raw materials.

Damage to our reputation could have an adverse effect on our business.

Maintaining our strong reputation with consumers and our trade partners globally is critical to selling our branded products. Accordingly, we devote significant time and resources to programs designed to protect and preserve our reputation, such as our Ethics and Compliance, Sustainability, Brand Protection and Product Safety, Regulatory and Quality initiatives.

In addition, third parties sell counterfeit versions of our products, which are inferior or may pose safety risks. As a result, consumers of our brands could confuse our products with these counterfeit products, which could cause them to refrain from purchasing our brands in the future and in turn could impair our brand equity and adversely affect our business.

Similarly, adverse publicity about the Company or our brands regarding health concerns, our environmental impacts, including packaging, energy and water use and waste management, or other sustainability issues, whether or not deserved, could jeopardize our reputation. In addition, negative posts or comments about the Company on any social media web site could harm our reputation. Damage to our reputation or loss of consumer confidence in our products for any of these reasons could have a material adverse effect on our business, as well as require resources to rebuild our reputation.

Our business is subject to product liability claims.

From time to time the Company may be subject to product liability claims alleging, among other things, that its products cause damage to property or persons, provide inadequate instructions or warnings regarding their use or contain design or manufacturing defects or contaminants. For example, the Company has been named in product liability actions alleging that certain talc products it sold prior to 1996 were contaminated with asbestos, causing harm to consumers. In addition, if one of the Company’s products, or a raw material contained in our products, is perceived or found to be defective or unsafe, we may need to recall some of our products. Whether or not a product liability claim is successful, or a recall is required, such assertions could have an adverse effect on our business and the negative publicity surrounding them could harm our reputation and brand image.

Our business is subject to legal and regulatory risks in the U.S. and abroad.

Our business is subject to extensive legal and regulatory requirements in the U.S. and abroad. Such legal and regulatory requirements apply to most aspects of our products, including their development, ingredients, manufacture, packaging, labeling, storage, transportation, distribution, export, import, advertising and sale. Also, our selling practices are regulated by competition law authorities in the U.S. and abroad. U.S. federal authorities, including the FDA, the Federal Trade Commission, the Consumer Product Safety Commission and the Environmental Protection Agency (EPA), regulate different aspects of our business, along with parallel authorities at the state and local level and comparable authorities overseas.

Because of our extensive international operations, we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act (FCPA) and similar worldwide anti-bribery laws. The FCPA and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials or other third parties for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, we cannot provide assurance that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees, joint-venture partners or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations, cash flows and financial condition.

In addition, new or more stringent legal or regulatory requirements, or more restrictive interpretations of existing requirements, could have a material adverse impact on our business. For example, from time to time, various regulatory authorities and consumer groups in Europe, the U.S. and other countries request or conduct reviews of the use of various ingredients in consumer products. Triclosan, an ingredient used primarily in Colgate Total toothpaste as well as certain other oral care products and soaps, is an example of an ingredient that has undergone reviews by various regulatory authorities worldwide. A finding by a regulatory authority that triclosan, or any other of our ingredients, should not be used in certain consumer products or should otherwise be newly regulated, could have a material adverse impact on our business, as could negative reactions by our consumers, trade customers or non-governmental organizations to our use of such ingredients. Additionally, an inability to develop new or reformulated products containing alternative ingredients or to obtain regulatory approval of such products on a timely basis could likewise have a material adverse effect on our business.

While it is our policy and practice to comply with all legal and regulatory requirements applicable to our business, a finding that we are in violation of, or out of compliance with, applicable laws or regulations could subject us to civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions, any of which could have a material adverse effect on our business. Even if a claim is unsuccessful, is without merit or is not fully pursued, the negative publicity surrounding such assertions regarding our products, processes or business practices could adversely affect our reputation and brand image. For information regarding our legal and regulatory matters, see Item 3 “Legal Proceedings” and Note 13 to the Consolidated Financial Statements.

Our business is subject to the risks inherent in global manufacturing and sourcing activities.

The Company is engaged in manufacturing and sourcing of products and materials on a global scale. We are subject to the risks inherent in such activities, including, but not limited to:

- industrial accidents or other occupational health and safety issues,
- environmental events,
- strikes and other labor disputes,
- disruptions in logistics,
- loss or impairment of key manufacturing sites,
- raw material and product quality or safety issues,
- the impact on our suppliers of tighter credit or capital markets, and
- natural disasters, acts of war or terrorism and other external factors over which we have no control.

While we have business continuity and contingency plans for key manufacturing sites and the supply of raw materials, significant disruption of manufacturing for any of the above reasons could interrupt product supply and, if not remedied, have an adverse impact on our business.

A failure of a key information technology system could adversely impact the Company's ability to conduct business.

The Company relies extensively on information technology systems, including some which rely on third-party service providers, in order to conduct its business. These systems include, but are not limited to:

- communicating within the Company and with other parties,
- ordering and managing materials from suppliers,
- converting materials to finished products,
- receiving and processing orders from and shipping products to our customers,
- marketing products to consumers,
- collecting and storing customer, consumer, employee, investor and other stakeholder information and personal data,
- processing transactions,
- summarizing and reporting results of operations,
- complying with legal, regulatory or tax requirements, and
- other processes involved in managing the business.

Although the Company has network security measures in place, the systems may be vulnerable to computer viruses, security breaches and other similar disruptions from unauthorized users. While the Company has business continuity plans in place, if the systems are damaged or cease to function properly for any reason, including the poor performance or failure of third-party service providers, catastrophic events, power outages, security breaches, network outages, failed upgrades or other similar events, and if the business continuity plans do not effectively resolve such issues on a timely basis, the Company may suffer interruptions in its ability to manage or conduct business and reputational harm, which may adversely impact the Company's business.

Our success depends upon our ability to attract and retain key employees and the succession of senior management.

Our success largely depends on the performance of our management team and other key employees. If we are unable to attract and retain talented, highly qualified senior management and other key people, our future operations could be adversely affected. In addition, if we are unable to effectively provide for the succession of senior management, including our Chief Executive Officer, our business may be materially adversely affected. While we follow a disciplined, ongoing succession planning process and have succession plans in place for senior management and other key executives, these do not guarantee that the services of qualified senior executives will continue to be available to us at particular moments in time.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company owns or leases approximately 340 properties which include manufacturing, distribution, research and office facilities worldwide. Our corporate headquarters is located in leased property at 300 Park Avenue, New York, New York.

In the U.S., the Company operates approximately 60 properties, of which 14 are owned. Major U.S. manufacturing and warehousing facilities used by the Oral, Personal and Home Care segment of our business are located in Morristown, New Jersey; Morristown, Tennessee; and Cambridge, Ohio. The Pet Nutrition segment has major facilities in Bowling Green, Kentucky; Topeka, Kansas; Emporia, Kansas; and Richmond, Indiana. The primary research center for Oral, Personal and Home Care products is located in Piscataway, New Jersey and the primary research center for Pet Nutrition products is located in Topeka, Kansas. Our global data center is also located in Piscataway, New Jersey.

Overseas, the Company operates approximately 280 properties, of which 80 are owned, in over 70 countries. Major overseas facilities used by the Oral, Personal and Home Care segment of our business are located in Australia, Brazil, China, Colombia, France, Italy, Mexico, Poland, South Africa, Thailand, Venezuela and Vietnam. The Pet Nutrition segment has a major facility in the Czech Republic.

All of the facilities we operate are well maintained and adequate for the purpose for which they are intended.

ITEM 3. LEGAL PROCEEDINGS

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, environmental and tax matters. 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.

As a matter of course, the Company is regularly audited by the Internal Revenue Service (IRS) and other tax authorities around the world in countries where it conducts business. In this regard, all U.S. federal income tax returns through December 31, 2007 have been audited by the IRS and there are limited matters in administrative appeals for years 2002 through 2007, the settlement of which is not expected to have a material adverse effect on the Company’s results of operations, cash flows or financial condition. With a few exceptions, the Company is no longer subject to U.S., state and local income tax examinations for the years prior to 2007. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitations for tax audits generally ranging from three to six years. Incremental tax payments related to potential disallowances for subsequent periods are not expected to be material.

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, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is $0 to approximately $225 million (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 from the matters in question. 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 of these matters could be material to the Company's results of operations or cash flows for any particular quarter or year.

Brazilian Matters

In 2001, the Central Bank of Brazil sought to impose a substantial fine on the Company's Brazilian subsidiary based on alleged foreign exchange violations in connection with the financing of the Company's 1995 acquisition of the Kolynos oral care business from Wyeth (formerly American Home Products) (the Seller), as described in the Company's Form 8-K dated January 10, 1995. The Company appealed the imposition of the fine to the Brazilian Monetary System Appeals Council (the Council), and on January 30, 2007, the Council decided the appeal in the Company's favor, dismissing the fine entirely. However, certain tax and civil proceedings that began as a result of this Central Bank matter are still outstanding as described below.

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, at the current exchange rate, approximate $130 million. The Company has been disputing the disallowances by appealing the assessments within the internal revenue authority's appellate process with the following results to date:

In June 2005, the First Board of Taxpayers ruled in the Company's favor and allowed all of the previously claimed deductions for 1996 through 1998. In March 2007, the First Board of Taxpayers ruled in the Company's favor and allowed all of the previously claimed deductions for 1999 through 2001. The tax authorities appealed these decisions to the next administrative level.

In August 2009, the First Taxpayers' Council (the next and final administrative level of appeal) overruled the decisions of the First Board of Taxpayers, upholding the majority of the assessments, disallowing a portion of the assessments and remanding a portion of the assessments for further consideration by the First Board of Taxpayers.

The Company has filed a motion for clarification with a special appeals chamber of the Taxpayers' Council and further appeals are available within the Brazilian federal courts. The Company intends to challenge these assessments vigorously. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel and other advisors, that the disallowances are without merit and that the Company should ultimately prevail on appeal, if necessary, in the Brazilian federal courts.

In 2002, the Brazilian Federal Public Attorney filed a civil action against the federal government of Brazil, Laboratorios Wyeth-Whitehall Ltda. (the Brazilian subsidiary of the Seller) and the Company, as represented by its Brazilian subsidiary, seeking to annul an April 2000 decision by the Brazilian Board of Tax Appeals that found in favor of the Seller's 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. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the Company should ultimately prevail in this action. The Company intends to challenge this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest and penalties of approximately $78 million, 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 is disputing the assessment within the internal revenue authority's administrative appeals process. In October 2007, the Second Board of Taxpayers, which has jurisdiction over these matters, ruled in favor of the internal revenue authority. In January 2008, the Company appealed this decision, and in January 2012, a special appeals chamber of the Taxpayers' Council denied the Company's appeal. Although there can be no assurances, management believes, based on the advice of its Brazilian legal counsel, that the tax assessment is without merit and that the Company should prevail on appeal, if not at the administrative level, in the Brazilian federal courts. The Company intends to challenge this assessment vigorously.

European Competition Matters

Since February 2006, the Company has learned that investigations relating to potential competition law violations involving the Company's subsidiaries had been commenced by governmental authorities in a number of European countries. The Company understands that substantially all of these investigations also involve other consumer goods companies and/or retail customers. The status of the various pending matters is discussed below.

Fines have been imposed on the Company in the following matters, although the Company is appealing these fines:

In December 2009, the Swiss competition law authority imposed a fine of $6 million on the Company's GABA subsidiary for alleged violations of restrictions on parallel imports into Switzerland. The Company is appealing the fine in the Swiss courts.
In January 2010, the Spanish competition law authority found that four suppliers of shower gel had entered into an agreement regarding product down-sizing, for which Colgate's Spanish subsidiary was fined $3 million. The Company is appealing the fine in the Spanish courts.
In December 2010, the Italian competition law authority found that 16 consumer goods companies, including the Company's Italian subsidiary, exchanged competitively sensitive information in the cosmetics sector, for which the Company's Italian subsidiary was fined $3 million. The Company is appealing the fine in the Italian courts.
In December 2011, the French competition law authority found that four consumer goods companies had entered into agreements on pricing and promotion of heavy duty detergents for which Colgate's French subsidiary was fined $46 million in connection with a divested business. The Company is appealing the fine in the French courts.
In March 2012, the French competition law authority found that three pet food producers, including the Company's Hill's France subsidiary, had violated the competition law, for which it imposed a fine of $7 million on the Company's Hill's France subsidiary for alleged restrictions on exports from France. The Company is appealing the fine in the French courts.

Currently, formal claims of violations, or statements of objections, are pending against the Company as follows:

The German competition law authority has alleged that 17 branded goods companies, including the Company's German subsidiary, exchanged sensitive information related to the German market. The Company has responded to this formal claim of violations.
The Belgian competition law authority has alleged that 11 branded goods companies, including the Company's Belgian subsidiary, assisted retailers to coordinate their retail prices on the Belgian market. The Company is in the process of responding to this statement of objections.

Investigations are ongoing in France and Greece, but no formal claims of violations have been filed in these jurisdictions except in the two French matters noted above.

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 Company has undertaken a comprehensive review of its selling practices and related competition law compliance in Europe and elsewhere and, where the Company has identified a lack of compliance, it has undertaken remedial action. Competition and antitrust law investigations often continue for several years and can result in substantial fines for violations that are found. While the Company cannot predict the final financial impact of these competition law issues as these matters may change, the Company regularly evaluates developments in these matters and accrues liabilities as and when appropriate.

ERISA Matters

In October 2007, a putative class action claiming that certain aspects of the cash balance portion of the Colgate-Palmolive Company Employees' Retirement Income Plan (the Plan) do not comply with the Employee Retirement Income Security Act was filed against the Plan and the Company in the United States District Court for the Southern District of New York. Specifically, Proesel, et al. v. Colgate-Palmolive Company Employees' Retirement Income Plan, et al. alleges improper calculation of lump sum distributions, age discrimination and failure to satisfy minimum accrual requirements, thereby resulting in the underpayment of benefits to Plan participants. Two other putative class actions filed earlier in 2007, Abelman, et al. v. Colgate-Palmolive Company Employees' Retirement Income Plan, et al., in the United States District Court for the Southern District of Ohio, and Caufield v. Colgate-Palmolive Company Employees' Retirement Income Plan, in the United States District Court for the Southern District of Indiana, both alleging improper calculation of lump sum distributions and, in the case of Abelman, alleging failure to satisfy minimum accrual requirements, were transferred to the Southern District of New York and consolidated with Proesel into one action, In re Colgate-Palmolive ERISA Litigation. The complaint in the consolidated action alleges improper calculation of lump sum distributions and failure to satisfy minimum accrual requirements, but does not include a claim for age discrimination. The relief sought includes recalculation of benefits in unspecified amounts, pre- and post-judgment interest, injunctive relief and attorneys' fees. This action has not been certified as a class action as yet. The parties are in discussions via non-binding mediation to determine whether the action can be settled. The Company and the Plan intend to contest this action vigorously should the parties be unable to reach a settlement.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

For information regarding the market for the Company's common stock, including quarterly market prices and dividends, refer to "Market and Dividend Information" included in Part IV, Item 15 of this report. For information regarding the number of common shareholders of record refer to "Historical Financial Summary" included in Part IV, Item 15 of this report. For information regarding the securities authorized for issuance under our equity compensation plans, refer to "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" included in Part III, Item 12 of this report.

Issuer Purchases of Equity Securities

For each of the three months in the quarter ended December 31, 2012, the Company repurchased its common stock under a share repurchase program that was approved by the Board of Directors in September 2011 (the 2011 Program). Under the 2011 Program, the Company was authorized to purchase up to 50 million shares of the Company's common stock. The Board has also authorized share repurchases on an ongoing basis to fulfill certain requirements of the Company's compensation and benefit programs. The shares will be 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 each of the three months in the quarter ended December 31, 2012:

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]	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 through 31, 2012	632,891	$ 105.52	615,000	30,379,289
November 1 through 30, 2012	2,571,014	$ 105.78	2,551,048	27,828,241
December 1 through 31, 2012	2,582,455	$ 106.11	2,581,254	25,246,987
Total	5,786,360	$ 105.90	5,747,302	

(1) Includes share repurchases under the 2011 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 39,058 shares, all of which relate to shares deemed surrendered to the Company to satisfy certain employee elections under the Company's compensation and benefit programs.

ITEM 6. SELECTED FINANCIAL DATA

Refer to the information set forth under the caption "Historical Financial Summary" included in Part IV, Item 15 of this report.

(Dollars in Millions Except Per Share Amounts)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview and Outlook

Colgate-Palmolive Company 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 80% 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, Greater Asia/Africa (excluding Japan) 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 segment is operated through four reportable operating segments: North America, Latin America, Europe/South Pacific and Greater Asia/Africa, 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 specialty pet retailers and the veterinary profession.

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 the impact of foreign exchange, acquisitions and divestments), Gross profit margin, Operating profit, Net income attributable to Colgate-Palmolive Company and Earnings per common share, 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.

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. 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.

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 and distribution and logistics, 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.

As disclosed in Part I, Item 1A “Risk Factors,” with approximately 80% of its Net sales generated outside of the United States, the Company is exposed to changes in economic conditions and foreign currency exchange rates, as well as political and economic uncertainty in some countries, all of which could impact future operating results. For example, as discussed in detail below, the operating environment in Venezuela is challenging, with economic uncertainty fueled by currency devaluations and high inflation and governmental restrictions in the form of import authorization controls, currency exchange and payment controls, price controls, labor disruptions and the possibility of expropriation of property or other resources.

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In particular, the Company has been and will continue to be impacted as a result of the significant devaluations of the Venezuelan bolivar fuerte that occurred in 2010 and in February 2013, described in Note 14 “Venezuela” to the Consolidated Financial Statements. On February 8, 2013, the Venezuelan government announced its intention to devalue its currency, and effective on February 9, 2013 the official exchange rate changed from 4.30 to 6.30 per dollar. This devaluation had no impact on the Company's 2012 Consolidated Financial Statements. The Company's preliminary assessment of the one-time impact of the devaluation is that the Company will incur an aftertax loss of approximately $120 ($0.25 per common share) in the first quarter of 2013, related to the remeasurement of the local balance sheet at the date of the devaluation. There will also be ongoing impacts primarily related to the remeasurement of the local financial statements at the new exchange rate. We will remeasure the financial statements of CP Venezuela for 2013 at 6.30, the rate at which we now expect to remit dividends. While it is difficult to project, it is the Company's preliminary estimate that these ongoing impacts will reduce diluted earnings per common share by $0.05 to $0.07 per share per quarter in 2013 taking into account both the Company's ability to take actions in Venezuela and elsewhere to mitigate the effect of the devaluation and ongoing price control regulations in Venezuela.

In addition, the Venezuelan government continues to impose import authorization controls, currency exchange and payment controls and price controls. While CP Venezuela continues to have limited access to U.S. dollars from the government (CADIVI), and currently only for imported goods, the timing of receipt of these funds has slowed and become increasingly unpredictable. CP Venezuela funds its requirements for imported goods primarily through a combination of U.S. dollars obtained from CADIVI, intercompany borrowings and the use of financial and other intermediaries and, to a lesser extent, with existing U.S. dollar cash balances, which were obtained previously through parallel market transactions and through the prior liquidation of its U.S. dollar-denominated bond portfolio. On April 1, 2012, additional price controls became effective, affecting most products in CP Venezuela’s portfolio, thereby further restricting the Company’s ability to implement price increases, which had been one of the key mechanisms to offset the effects of continuing high inflation. In the fourth quarter of 2012, production at CP Venezuela was negatively impacted by labor issues within the country.

The Company’s business in Venezuela, and the Company’s ability to repatriate its earnings, continue to be negatively affected by these difficult conditions and would be further negatively affected by additional devaluations or the imposition of additional or more stringent controls on foreign currency exchange, pricing or imports or other governmental actions or continued or increased labor unrest. Following the February 2013 devaluation, CP Venezuela's local currency-denominated net monetary asset position, which would be subject to remeasurement in the event of a further devaluation, was reduced to approximately $390 as compared to approximately $520 at December 31, 2012, and it is expected that CP Venezuela will represent less than 4% of the Company's consolidated Net sales in 2013. The Company continues to actively manage its investment in and exposure to Venezuela.

In the fourth quarter of 2012, the Company commenced a four-year Global Growth and Efficiency Program (the 2012 Restructuring Program) for sustained growth. The program’s initiatives are expected to help Colgate ensure continued solid worldwide growth in unit volume, organic sales and earnings per share and enhance its global leadership positions in its core businesses. Implementation of the 2012 Restructuring Program, which is expected to be substantially completed by December 31, 2016, is projected to result in cumulative pretax charges, once all phases are approved and implemented, totaling between $1,100 and $1,250 ($775 and $875 aftertax). Savings are projected to be in the range of $365 to $435 pretax ($275 to $325 aftertax) annually by the fourth year of the program, substantially all of which are expected to increase future cash flows. For more information regarding the 2012 Restructuring Program, see “Restructuring and Related Implementation Charges” below.

In 2012, the Company incurred aftertax costs of $14 associated with the business realignment and other cost-saving initiatives and aftertax costs of $18 related to the sale of land in Mexico (discussed below).

On September 13, 2011, the Company’s Mexican subsidiary entered into an agreement to sell to the United States of America the Mexico City site on which its commercial operations, technology center and soap production facility are located. The sale price is payable in three installments, with the final installment due upon the transfer of the property, which is expected to occur in 2014. The Company is re-investing these payments to relocate its soap production to a new state-of-the-art facility to be constructed at its Mission Hills, Mexico site, to relocate its commercial and technology operations within Mexico City and to prepare the existing site for transfer. As a result, the Company expects to make capital improvements and incur costs to exit the site through 2014. These exit costs will primarily be related to staff leaving indemnities, accelerated depreciation and demolition to make the site building-ready.

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On July 29, 2011, in connection with the Sanex acquisition (discussed below), Colgate sold its non-core laundry detergent business in Colombia to Unilever for $215 resulting in a pretax gain of $207 ($135 aftertax). In 2011, this gain was more than offset by pretax costs of $224 ($177 aftertax) associated with the implementation of business realignment and other cost-saving initiatives, the sale of land in Mexico and a competition law matter in France related to a divested detergent business, as discussed in Part I, Item 3 "Legal Proceedings" and Note 13 “Commitments and Contingencies” to the Consolidated Financial Statements. The business realignment and other cost-saving initiatives include the integration of Sanex, the right-sizing of the Colombia business and the closing of an oral care facility in Mississauga, Canada, and a Hill’s facility in Los Angeles, California.

On June 20, 2011, the Company, Colgate-Palmolive Europe Sàrl, Unilever N.V. and Unilever PLC (together with Unilever N.V., “Unilever”) finalized the Company’s acquisition from Unilever of the Sanex personal care business in accordance with a Business and Share Sale and Purchase Agreement for an aggregate purchase price of €676 ($966). The acquisition was financed with available cash, proceeds from the sale of the Company’s Euro-denominated investment portfolio and the issuance of commercial paper.

Looking forward, we expect global macroeconomic and market conditions to remain highly challenging. While the global marketplace in which we operate has always been highly competitive, the Company continues to experience heightened competitive activity in certain markets from other large multinational companies, some of which have greater resources than we do. Such activities have included more aggressive product claims and marketing challenges, as well as increased promotional spending and geographic expansion. Additionally, we continue to experience foreign currency fluctuations and high commodity 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 strategic initiatives: engaging to build our brands; innovation for growth; effectiveness and efficiency; and leading to win. This focus, together with the strength of the Company’s global brand names, its broad international presence in both mature and emerging markets and initiatives such as the 2012 Restructuring Program, should position the Company well to increase shareholder value over the long-term.

Results of Operations

Net Sales

Worldwide Net sales were $17,085 in 2012, up 2.0% from 2011, as volume growth of 3.0% and net selling price increases of 3.0% were partially offset by negative foreign exchange of 4.0%. Excluding the impact of the divestment of the non-core laundry detergent business in Colombia, volume increased 3.5%. The Sanex business contributed 0.5% to worldwide Net sales and volume growth in 2012. Organic sales (Net sales excluding foreign exchange, acquisitions and divestments) increased 6.0% on organic volume growth of 3.0% in 2012. Organic volume growth excludes the impact of acquisitions and divestments.

Net sales in the Oral, Personal and Home Care segment were $14,925 in 2012, up 2.5% from 2011, as volume growth of 4.0% and net selling price increases of 3.0% were partially offset by negative foreign exchange of 4.5%. Excluding the impact of the divestment of the non-core laundry detergent business in Colombia, volume increased 4.5%. The Sanex business contributed 1.0% to sales and volume growth in 2012. Organic sales in the Oral, Personal and Home Care segment increased 6.5% on organic volume growth of 3.5% in 2012.

Net sales for Hill’s Pet Nutrition decreased 0.5% in 2012 to $2,160, as a volume decline of 2.5% and negative foreign exchange of 2.0% were partially offset by net selling price increases of 4.0%. Organic sales in Hill’s Pet Nutrition increased 1.5% in 2012.

Worldwide Net sales were $16,734 in 2011, up 7.5% from 2010, driven by volume growth of 3.5%, net selling price increases of 1.0% and a positive foreign exchange impact of 3.0%. Excluding the impact of the divestment of the non-core laundry detergent business in Colombia, volume increased 4.0%. The Sanex business contributed 1.0% to worldwide Net sales and volume growth in 2011. Organic sales increased 4.0%, on organic volume growth of 3.0% in 2011.

Gross Profit/Margin

Worldwide Gross profit increased 4% to $9,932 in 2012 from $9,590 in 2011. Gross profit in both periods included the

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impact of costs associated with the business realignment and other cost-saving initiatives. Gross profit in 2012 also included the impact of charges related to the 2012 Restructuring Program and costs related to the sale of land in Mexico. Excluding the items described above, Gross profit increased to $9,963 in 2012 from $9,634 in 2011, primarily due to strong sales growth, cost savings from the Company's funding-the-growth initiatives and higher pricing, which were partially offset by higher raw and packaging material costs driven by global commodity cost increases and negative foreign exchange transaction costs.

Worldwide Gross profit margin increased to 58.1% in 2012 from 57.3% in 2011. Excluding the items described above, Gross profit margin increased by 70 basis points (bps) to 58.3% in 2012. The increase was primarily due to cost savings from the Company's funding-the-growth initiatives (190 bps) and higher pricing (120 bps), which were partially offset by higher raw and packaging material costs driven by global commodity cost increases and negative foreign exchange transaction costs (250 bps).

Worldwide Gross profit increased 4% to $9,590 in 2011 from $9,204 in 2010. Excluding the impact of costs associated with the business realignment and other cost-saving initiatives in 2011, Gross profit increased to $9,634 in 2011.

Worldwide Gross profit margin decreased to 57.3% in 2011 from 59.1% in 2010. Excluding the impact of costs associated with the business realignment and other cost-saving initiatives in 2011, Gross profit margin was 57.6% in 2011. The decrease in 2011 was primarily due to higher raw and packaging material costs driven by global commodity cost increases (390 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (190 bps) and higher pricing (50 bps).

	2012	2011	2010
Gross profit, GAAP	$9,932	$9,590	$9,204
2012 Restructuring Program	2	—	—
Costs related to the sale of land in Mexico	24	—	—
Business realignment and other cost-saving initiatives	5	44	—
Gross profit, non-GAAP	$9,963	$9,634	$9,204

	2012	2011	Basis Point Change	2010	Basis Point Change
Gross profit margin, GAAP	58.1 %	57.3 %	80	59.1 %	(180)
2012 Restructuring Program	—	—		—	
Costs related to the sale of land in Mexico	0.2	—		—	
Business realignment and other cost-saving initiatives	—	0.3		—	
Gross profit margin, non-GAAP	58.3 %	57.6 %	70	59.1 %	(150)

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 3% to $5,930 in 2012 from $5,758 in 2011. Selling, general and administrative expenses in both periods included the impact of costs associated with the business realignment and other cost-saving initiatives. Selling, general and administrative expenses in 2012 also included charges related to the 2012 Restructuring Program. Excluding these costs, Selling, general and administrative expenses increased to $5,910 in 2012 from $5,748 in 2011.

Selling, general and administrative expenses as a percentage of Net sales increased to 34.7% in 2012 from 34.4% in 2011. Excluding the items described above, Selling, general and administrative expenses as a percentage of Net sales were 34.6%, an increase of 30 bps as compared to 2011. The 30 bps increase in 2012 was a result of higher overhead expenses (20 bps) due primarily to increased commercial capabilities on the ground in emerging markets and higher advertising investments (10 bps). In 2012, advertising increased 3.3% to $1,792 as compared with $1,734 in 2011, or 10.5% as a percentage of Net sales in 2012 as compared to 10.4% in 2011.

Selling, general and administrative expenses increased 6% to $5,758 in 2011 from $5,414 in 2010. Excluding the impact of costs associated with the business realignment and other cost-saving initiatives in 2011, Selling, general and administrative expenses increased to $5,748 in 2011.

(Dollars in Millions Except Per Share Amounts)

Selling, general and administrative expenses as a percentage of Net sales decreased to 34.4% in 2011 from 34.8% in 2010. Excluding the impact of costs associated with the business realignment and other cost-saving initiatives in 2011, Selling, general and administrative expenses as a percentage of Net sales were 34.3%, a decrease of 50 bps as compared to 2010 primarily due to lower advertising investments (20 bps) and lower overhead expenses (30 bps). In 2011, advertising increased 4.7% to $1,734 as compared with $1,656 in 2010, but decreased as a percentage of Net sales from 10.6% in 2010 to 10.4% in 2011.

	2012	2011	2010
Selling, general and administrative expenses, GAAP	$5,930	$5,758	$5,414
2012 Restructuring Program	(6)	—	—
Business realignment and other cost-saving initiatives	(14)	(10)	—
Selling, general and administrative expenses, non-GAAP	$5,910	$5,748	$5,414

	2012	2011	Basis Point Change	2010	Basis Point Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.7%	34.4%	30	34.8%	(40)
2012 Restructuring Program	—	—		—	
Business realignment and other cost-saving initiatives	(0.1)	(0.1)		—	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	34.6%	34.3%	30	34.8%	(50)

Other (Income) Expense, Net

Other (income) expense, net was $113, ($9) and $301 in 2012, 2011 and 2010, respectively. The components of Other (income) expense, net are presented below:

Other (income) expense, net	2012	2011	2010
Amortization of intangible assets	$31	$28	$22
2012 Restructuring Program	81	—	—
Costs related to the sale of land in Mexico	—	13	—
Business realignment and other cost-saving initiatives	2	136	—
Gain on sales of non-core product lines	—	(207)	(50)
Charge for a French competition law matter	—	21	—
Sanex acquisition transaction costs	—	12	—
Venezuela hyperinflationary transition charge	—	—	271
Gain from remeasurement of Venezuelan balance sheet	—	—	(10)
Termination benefits	—	—	86
Legal and environmental matters	7	11	(3)
Asset impairments	—	—	5
Equity (income)	(7)	(6)	(5)
Other, net	(1)	(17)	(15)
Total Other (income) expense, net	$113	$(9)	$301

Other (income) expense, net was $113 in 2012 as compared to ($9) in 2011. Other (income) expense, net in both periods included costs associated with the business realignment and other cost-saving initiatives. In 2012, Other (income) expense, net also included charges related to the 2012 Restructuring Program. In 2011, Other (income) expense, net also included costs related to the sale of land in Mexico, the gain on the sale of the non-core laundry detergent business in Colombia and a charge for a competition law matter in France related to a divested detergent business.

(Dollars in Millions Except Per Share Amounts)

Other (income) expense, net was ($9) in 2011 as compared to $301 in 2010. In 2010, Other (income) expense, net included the one-time charge related to the transition to hyperinflationary accounting in Venezuela, termination benefits and the gain on sales of non-core product lines. In 2011, Other (income) expense, net also included transaction costs of $12 related to the Sanex acquisition in 2011.

Excluding these items in all applicable years, Other (income) expense, net was $30 in 2012, $28 in 2011 and ($6) in 2010.

	2012	2011	2010
Other (income) expense, net, GAAP	$113	$(9)	$301
2012 Restructuring Program	(81)	—	—
Costs related to the sale of land in Mexico	—	(13)	—
Business realignment and other cost-saving initiatives	(2)	(136)	—
Gain on sales of non-core product lines	—	207	50
Charge for a French competition law matter	—	(21)	—
Venezuela hyperinflationary transition charge	—	—	(271)
Termination benefits	—	—	(86)
Other (income) expense, net, non-GAAP	$30	$28	$(6)

Operating Profit

In 2012, Operating profit increased 1% to $3,889 from $3,841 in 2011. In 2011, Operating profit increased 10% to $3,841 from $3,489 in 2010.

In 2012 and 2011, Operating profit included the impact of costs related to the sale of land in Mexico and costs associated with the business realignment and other cost-saving initiatives. In 2012, Operating profit also included charges related to the 2012 Restructuring Program. In 2011, Operating profit also included the gain on the sale of the non-core laundry detergent business in Colombia and a charge for a competition law matter in France related to a divested detergent business.

In 2010, Operating profit was impacted by a one-time charge related to the transition to hyperinflationary accounting in Venezuela, termination benefits and the gain on sales of non-core product lines.

Excluding these items in all applicable years, Operating profit increased 4% in 2012 and 2% in 2011 as follows:

	2012	2011	% Change	2010	% Change
Operating profit, GAAP	$3,889	$3,841	1%	$3,489	10%
2012 Restructuring Program	89	—		—	
Costs related to the sale of land in Mexico	24	13		—	
Business realignment and other cost-saving initiatives	21	190		—	
Gain on sales of non-core product lines	—	(207)		(50)	
Charge for a French competition law matter	—	21		—	
Venezuela hyperinflationary transition charge	—	—		271	
Termination benefits	—	—		86	
Operating profit, non-GAAP	$4,023	$3,858	4%	$3,796	2%

(Dollars in Millions Except Per Share Amounts)

Operating profit margin was 22.8% in 2012, compared with 23.0% in 2011 and 22.4% in 2010. Excluding the items described above in all applicable years, Operating profit margin increased 40 bps in 2012 and decreased 130 bps in 2011 as follows:

	2012		2011		Basis Point Change		2010		Basis Point Change	
Operating profit margin, GAAP	22.8	%	23.0	%	(20	)	22.4	%	60	
2012 Restructuring Program	0.5		—				—			
Costs related to the sale of land in Mexico	0.1		0.1				—			
Business realignment and other cost-saving initiatives	0.1		1.1				—			
Gain on sales of non-core product lines	—		(1.2	)			(0.3	)		
Charge for a French competition law matter	—		0.1				—			
Venezuela hyperinflationary transition charge	—		—				1.7			
Termination benefits	—		—				0.6			
Operating profit margin, non-GAAP	23.5	%	23.1	%	40		24.4	%	(130	)

Interest Expense, Net

Interest expense, net was $15 in 2012, compared with $52 in 2011 and $59 in 2010. The decrease in Interest expense, net from 2011 to 2012 was primarily due to an increase in interest income on investments held outside of the U.S., partially offset by an increase in interest expense due to higher debt balances. The decrease in Interest expense, net from 2010 to 2011 was primarily due to lower average interest rates, partially offset by higher debt balances.

Income Taxes

The effective income tax rate was 32.1% in 2012 and 32.6% in both 2011 and 2010. As reflected in the table below, the non-GAAP effective income tax rate as a result of the items described above was 31.8% in 2012 and 2011 and 30.9% in 2010.

	2012		2011		2010	
Effective income tax rate, GAAP	32.1	%	32.6	%	32.6	%
2012 Restructuring Program	(0.3	)	—		—	
Costs related to the sale of land in Mexico	—		—		—	
Business realignment and other cost-saving initiatives	—		(0.5	)	—	
Gain on sales of non-core product lines	—		(0.1	)	—	
Charge for a French competition law matter	—		(0.2	)	—	
Venezuela hyperinflationary transition charge	—		—		(2.4	)
Termination benefits	—		—		(0.1	)
Reorganization of an overseas subsidiary	—		—		0.8	
Effective income tax rate, non-GAAP	31.8	%	31.8	%	30.9	%

The effective income tax rate in all years benefited from global tax incentives. The effective income tax rate in 2012 and 2011 benefited from lower U.S. taxes on overseas remittances. Additionally, the 2012 effective income tax rate included a benefit of 90 bps from lower tax rates on international earnings. The 2011 effective income tax rate included a benefit of 40 bps related to a change in state tax law. The 2010 effective income tax rate included a benefit of 140 bps related to the remeasurement of the Venezuelan balance sheet and lower U.S. taxes on unpaid remittances from Venezuela.

(Dollars in Millions Except Per Share Amounts)

Net Income attributable to Colgate-Palmolive Company

Net income attributable to Colgate-Palmolive Company was $2,472, or $5.15 per share on a diluted basis, in 2012 compared with $2,431, or $4.94 per share on a diluted basis, in 2011 and $2,203, or $4.31 per share on a diluted basis, in 2010. In 2012 and 2011, Net income attributable to Colgate-Palmolive Company included aftertax costs related to the sale of land in Mexico and aftertax costs associated with the business realignment and other cost-saving initiatives. In 2012, Net income attributable to Colgate-Palmolive Company also included charges related to the 2012 Restructuring Program. In 2011, Net income attributable to Colgate-Palmolive Company also included an aftertax gain on the sale of the non-core laundry detergent business in Colombia and aftertax costs associated with a competition law matter in France related to a divested detergent business. In 2010, Net income attributable to Colgate-Palmolive Company included a one-time charge related to the transition to hyperinflationary accounting in Venezuela, aftertax charges for termination benefits, an aftertax gain from the sale of non-core product lines in Latin America and an aftertax gain related to the reorganization of an overseas subsidiary.

Excluding the items described above in all applicable years, Net income attributable to Colgate-Palmolive Company increased 4% to $2,574 in 2012 and Earnings per common share, diluted increased 7% to $5.36. Net income attributable to Colgate-Palmolive Company was $2,473 in 2011, as compared to $2,474 in 2010 and Earnings per common share, diluted increased 4% to $5.03 in 2011.

	2012	2011	% Change	2010	% Change
Net income attributable to Colgate-Palmolive Company, GAAP	$2,472	$2,431	2 %	$2,203	10 %
2012 Restructuring Program	70	—		—	
Costs related to the sale of land in Mexico	18	9		—	
Business realignment and other cost-saving initiatives	14	147		—	
Gain on sales of non-core product lines	—	(135)		(30)	
Charge for a French competition law matter	—	21		—	
Venezuela hyperinflationary transition charge	—	—		271	
Termination benefits	—	—		61	
Reorganization of an overseas subsidiary	—	—		(31)	
Net income attributable to Colgate-Palmolive Company, non-GAAP	$2,574	$2,473	4 %	$2,474	— %

	2012	2011	% Change	2010	% Change
Earnings per common share, diluted, GAAP	$5.15	$4.94	4 %	$4.31	15 %
2012 Restructuring Program	0.14	—		—	
Costs related to the sale of land in Mexico	0.04	0.02		—	
Business realignment and other cost-saving initiatives	0.03	0.30		—	
Gain on sales of non-core product lines	—	(0.27)		(0.06)	
Charge for a French competition law matter	—	0.04		—	
Venezuela hyperinflationary transition charge	—	—		0.53	
Termination benefits	—	—		0.12	
Reorganization of an overseas subsidiary	—	—		(0.06)	
Earnings per common share, diluted, non-GAAP	$5.36	$5.03	7 %	$4.84	4 %

(Dollars in Millions Except Per Share Amounts)

Segment Results

The Company markets its products in over 200 countries and territories throughout the world in two distinct product segments: Oral, Personal and Home Care; and Pet Nutrition. The Company evaluates segment performance based on several factors, including Operating profit. The Company uses Operating profit as a measure of the operating segment performance because it excludes the impact of corporate-driven decisions related to interest expense and income taxes.

Oral, Personal and Home Care

North America

	2012	2011	% Change	2010	% Change
Net sales	$3,096	$2,995	3.5 %	$3,005	(0.5)%
Operating profit	$834	$791	5 %	$884	(11)%
% of Net sales	26.9 %	26.4 %	50 bps	29.4 %	(300) bps

Net sales in North America increased 3.5% in 2012 to $3,096, driven by volume growth of 2.0% and net selling price increases of 1.5%. Organic sales in North America increased 3.5% in 2012.

Net sales in North America decreased 0.5% in 2011 to $2,995, as volume growth of 2.0% and a positive foreign exchange impact of 0.5% were more than offset by net selling price decreases of 3.0%. Organic sales in North America decreased 1.0% in 2011.

Operating profit in North America increased 5% in 2012 to $834, or 26.9% of Net sales. This increase in Operating profit as a percentage of Net sales was driven by an increase in Gross profit, which was partially offset by an increase in Selling, general and administrative expenses, both as a percentage of Net sales. This increase in Gross profit was driven by higher pricing and cost savings from the Company’s funding-the-growth initiatives, which were partially offset by higher raw and packaging material costs. This increase in Selling, general and administrative expenses was due to higher advertising investments.

Operating profit in North America decreased 11% in 2011 to $791, or 26.4% of Net sales. This decrease in Operating profit as a percentage of Net sales was driven by a decrease in Gross profit and by an increase in Selling, general and administrative expenses, both as a percentage of Net sales. This decrease in Gross profit was a result of lower pricing due to increased promotional investments and higher raw and packaging material costs reflecting global commodity cost increases, which were partially offset by cost savings from the Company’s funding-the-growth initiatives. Selling, general and administrative expenses as a percentage of Net sales increased due to higher overhead expenses, which were partially offset by lower advertising investments as a percentage of Net sales.

Latin America

	2012	2011	% Change	2010	% Change
Net sales	$4,907	$4,778	2.5 %	$4,261	12.0 %
Operating profit	$1,430	$1,414	1 %	$1,295	9 %
% of Net sales	29.1 %	29.6 %	(50) bps	30.4 %	(80) bps

Net sales in Latin America increased 2.5% in 2012 to $4,907, driven by volume growth of 2.5% and net selling price increases of 6.5%, which were largely offset by negative foreign exchange of 6.5%. Organic sales in Latin America increased 10.5% in 2012. Excluding the impact of the divested non-core laundry detergent business in Colombia, volume increased 4.0% in 2012. Volume gains were led by Brazil, Central America and Mexico and were partially offset by volume declines in Venezuela.

(Dollars in Millions Except Per Share Amounts)

Net sales in Latin America increased 12.0% in 2011 to $4,778, driven by volume growth of 3.0%, net selling price increases of 7.0% and a positive foreign exchange impact of 2.0%. Organic sales in Latin America increased 11.5% in 2011. Excluding the impact of the divested non-core laundry detergent business in Colombia, volume increased 4.5% in 2011.

While Operating profit in Latin America increased 1% in 2012 to $1,430, it decreased as a percentage of Net sales to 29.1%. This decrease in Operating profit as a percentage of Net sales was due to an increase in Selling, general and administrative expenses and Other (income) expense, net, which were partially offset by an increase in Gross profit, all as a percentage of Net sales. This increase in Gross profit was driven by higher pricing and cost savings from the Company's funding-the-growth initiatives, partially offset by higher raw and packaging material costs, negative foreign exchange transaction costs and costs associated with the increasingly difficult economic and labor environment in Venezuela, which likewise impacted unit volume in that country. This increase in Selling, general and administrative expenses and Other (income) expense, net was primarily due to inflation and foreign exchange.

While Operating profit in Latin America increased 9% in 2011 to $1,414, driven by strong sales growth, it decreased as a percentage of Net sales to 29.6%. This decrease in Operating profit as a percentage of Net sales was due to an increase in Selling, general and administrative expenses, which was partially offset by an increase in Gross profit, both as a percentage of Net sales. This increase in Gross profit was driven by higher pricing and cost savings from the Company's funding-the-growth initiatives, partially offset by higher raw and packaging material costs reflecting global commodity cost increases. This increase in Selling, general and administrative expenses was primarily due to higher overhead expenses and higher advertising investments supporting volume growth.

Europe/South Pacific

	2012	2011	% Change	2010	% Change
Net sales	$3,417	$3,508	(2.5)%	$3,220	9.0%
Operating profit	$747	$715	4%	$742	(4)%
% of Net sales	21.9%	20.4%	150 bps	23.0%	(260) bps

Net sales in Europe/South Pacific decreased 2.5% in 2012 to $3,417, as volume growth of 4.0% was more than offset by negative foreign exchange of 5.0% and net selling price decreases of 1.5%. The Sanex business contributed 3.0% to Europe/South Pacific sales and volume growth in 2012. Organic sales in Europe/South Pacific decreased by 0.5% as organic volume growth of 1.0% was more than offset by net selling price decreases of 1.5% in 2012. Volume gains were led by France, Australia, the United Kingdom, Denmark and Iberia.

Net sales in Europe/South Pacific increased 9.0% in 2011 to $3,508, as volume growth of 5.0% and the positive impact of foreign exchange of 7.0% were partially offset by net selling price decreases of 3.0%. The Sanex business contributed 4.0% to Europe/South Pacific sales and volume growth in 2011. Organic sales in Europe/South Pacific decreased by 2.0% as organic volume growth of 1.0% was more than offset by net selling price decreases of 3.0% in 2011.

Operating profit in Europe/South Pacific increased 4% in 2012 to $747, or 21.9% of Net sales. The increase in Operating profit was due to an increase in Gross profit and a decrease in Selling, general and administrative expenses, both as a percentage of Net sales. This increase in Gross profit was driven by savings from the Company's funding-the-growth initiatives, which were partially offset by lower pricing and higher raw and packaging material costs. This decrease in Selling, general and administrative expenses was primarily driven by lower overhead expenses, which were partially offset by higher advertising investments.

Operating profit in Europe/South Pacific decreased 4% in 2011 to $715, or 20.4% of Net sales. This decrease in Operating profit was due to a decrease in Gross profit and an increase in Selling, general and administrative expenses, both as a percentage of Net sales. This decrease in Gross profit was due to lower pricing and higher raw and packaging material costs reflecting global commodity cost increases, which were partially offset by cost savings from the Company’s funding-the-growth initiatives. Selling, general and administrative expenses as a percentage of Net sales increased due to higher overhead expenses and higher advertising investments.

(Dollars in Millions Except Per Share Amounts)

Greater Asia/Africa

	2012	2011	% Change	2010	% Change
Net sales	$3,505	$3,281	7.0 %	$2,998	9.5 %
Operating profit	$886	$807	10 %	$767	5 %
% of Net sales	25.3 %	24.6 %	70 bps	25.6 %	(100) bps

Net sales in Greater Asia/Africa increased 7.0% in 2012 to $3,505, driven by volume growth of 7.5% and net selling price increases of 4.0%, which were partially offset by negative foreign exchange of 4.5%. The Sanex business contributed 0.5% to Greater Asia/Africa sales and volume growth in 2012. Organic sales in Greater Asia/Africa grew 11.0% on organic volume growth of 7.0% in 2012. Volume gains were led by the Greater China region, India, Russia, the Philippines, South Africa and Thailand.

Net sales in Greater Asia/Africa increased 9.5% in 2011 to $3,281, driven by volume growth of 6.5%, net selling price increases of 1.0% and a 2.0% positive impact of foreign exchange. The Sanex business contributed 0.5% to Greater Asia/Africa sales and volume growth in 2011. Organic sales in Greater Asia/Africa grew 7.0% on organic volume growth of 6.0% in 2011.

Operating profit in Greater Asia/Africa increased 10% in 2012 to $886, or 25.3% of Net sales. This increase in Operating profit was due to an increase in Gross profit, which was partially offset by an increase in Selling, general and administrative expenses, both as a percentage of Net sales. This increase in Gross profit was due to higher pricing and cost savings from the Company's funding-the-growth initiatives, partially offset by higher raw and packaging material costs. This increase in Selling, general and administrative expenses was driven by higher overhead expenses due to sales force expansion to support business growth, partially offset by lower advertising investments.

While Operating profit in Greater Asia/Africa increased 5% in 2011 to $807, driven by strong sales growth, it decreased as a percentage of Net sales to 24.6%. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit, which was partially offset by a decrease in Selling, general and administrative expenses, both as a percentage of Net sales. This decrease in Gross profit was due to higher raw and packaging material costs reflecting global commodity cost increases, partially offset by higher pricing and cost savings from the Company's funding-the-growth initiatives. Selling, general and administrative expenses as a percentage of Net sales decreased due to lower advertising investments and lower overhead expenses as a percentage of Net sales.

Hill's Pet Nutrition

	2012	2011	% Change	2010	% Change
Net sales	$2,160	$2,172	(0.5)%	$2,080	4.5 %
Operating profit	$589	$560	5 %	$559	— %
% of Net sales	27.3 %	25.8 %	150 bps	26.9 %	(110) bps

Net sales for Hill's Pet Nutrition decreased 0.5% in 2012 to $2,160, as a volume decline of 2.5% and negative foreign exchange of 2.0% were partially offset by net selling price increases of 4.0%. Organic sales in Hill's Pet Nutrition increased 1.5% in 2012. Volume declines in the U.S., Japan and Europe were partially offset by volume gains in Australia, Brazil and South Africa.

Net sales for Hill's Pet Nutrition increased 4.5% in 2011 to $2,172. Net selling prices increased 1.5%, foreign exchange was positive 3.0% and volume was flat. Organic sales in Hill's Pet Nutrition increased 1.5% in 2011.

Operating profit in Hill’s Pet Nutrition increased 5% in 2012 to $589, or 27.3% of Net sales. This increase in Operating profit as a percentage of Net sales was due to an increase in Gross profit, which was partially offset by an increase in Selling, general and administrative expenses, both as a percentage of Net sales. This increase in Gross profit was driven by higher pricing and cost savings from the Company's funding-the-growth initiatives, which were partially offset by higher raw and packaging material costs. This increase in Selling, general and administrative expenses was primarily due to higher advertising investments.

(Dollars in Millions Except Per Share Amounts)

While Operating profit in Hill's Pet Nutrition was flat in 2011 at $560, it decreased as a percentage of Net sales to 25.8%. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit, which was partially offset by a decrease in Selling, general and administrative expenses, both as a percentage of Net sales. This decrease in Gross profit was due to higher raw and packaging material costs reflecting global commodity cost increases and increased manufacturing overhead expenses due to increased investments in capacity, partially offset by cost savings from the Company's funding-the-growth initiatives and higher pricing. Selling, general and administrative expenses decreased as a percentage of Net sales due to lower advertising investments, partially offset by an increase in overhead expenses as a percentage of Net sales.

Corporate

	2012	2011	% Change	2010	% Change
Operating profit (loss)	$(597)	$(446)	34 %	$(758)	(41)%

Corporate operations include Corporate overhead costs, research and development costs, stock-based compensation expense related to stock options and restricted stock awards, restructuring and related implementation costs and gains and losses on sales of non-core product lines. The components of Operating profit (loss) for the Corporate segment are presented as follows:

	2012	2011	2010
2012 Restructuring Program	$(89)	$—	$—
Costs related to the sale of land in Mexico	(24)	(13)	—
Business realignment and other cost-saving initiatives	(21)	(190)	—
Gain on sales of non-core product lines	—	207	50
Charge for a French competition law matter	—	(21)	—
Sanex acquisition transaction costs	—	(12)	—
Venezuela hyperinflationary transition charge	—	—	(271)
Termination benefits	—	—	(86)
Corporate overhead costs and other, net	(463)	(417)	(451)
Total Corporate Operating profit (loss)	$(597)	$(446)	$(758)

Restructuring and Related Implementation Charges

2012 Restructuring Program

In the fourth quarter of 2012, the Company commenced a four-year Global Growth and Efficiency Program (the 2012 Restructuring Program) for sustained growth. The program's initiatives are expected to help Colgate ensure continued solid worldwide growth in unit volume, organic sales and earnings per share and enhance its global leadership positions in its core businesses.

The 2012 Restructuring Program is expected to produce 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.

(Dollars in Millions Except Per Share Amounts)

Implementation of the 2012 Restructuring Program is projected to result in cumulative pretax charges, once all phases are approved and implemented, totaling between $1,100 and $1,250 ($775 and $875 aftertax), which 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 (15%); and Other charges, which include contract termination costs, consisting primarily of implementation-related charges resulting directly from exit activities (20%) and the implementation of new strategies (15%). Anticipated charges for 2013 are expected to amount to approximately $260 to $310 ($185 to $220 aftertax). Over the course of the four-year 2012 Restructuring Program, it is estimated that approximately 75% of the charges will result in cash expenditures.

It is expected that the cumulative pretax charges, once all projects are approved and implemented, will relate to initiatives undertaken in North America (15%), Europe/South Pacific (20%), Latin America (5%), Greater Asia/Africa (10%), Hill's Pet Nutrition (15%) and Corporate (35%), which includes substantially all of the costs related to the implementation of new strategies, noted above, on a global basis. It is expected that by the end of 2016, the 2012 Restructuring Program will reduce the Company's global employee workforce by approximately 6% from the 2012 level of approximately 38,000.

Savings are projected to be in the range of $365 to $435 ($275 to $325 aftertax) annually by the fourth year of the program, substantially all of which are expected to increase future cash flows. Savings in 2013 should approximate $40 to $50 ($30 to $40 aftertax) effective in the latter half of the year.

Initiatives under the program are focused on the following three areas:

- Expanding Commercial Hubs - Building on the success of this structure already implemented in several divisions, continue to cluster single-country subsidiaries into more efficient regional hubs, 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 - Implementing the Company's shared service organizational model, already successful in Europe, in all regions of the world. Initially focused on finance and accounting, these shared services will be expanded to additional functional areas to streamline global functions.
- 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.

For the year ended December 31, 2012, restructuring and implementation-related charges are reflected in the income statement as follows:

	2012
Cost of sales	$2
Selling, general and administrative expenses	6
Other (income) expense, net	81
Total 2012 Restructuring Program charges, pretax	$89
Total 2012 Restructuring Program charges, aftertax	$70

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 2012 charges relate to restructuring and implementation activity in North America (2%), Europe/South Pacific (55%), Greater Asia/Africa (2%), Hill's Pet Nutrition (3%) and Corporate (38%).

Costs incurred during the fourth quarter of 2012 primarily concern projects related to the simplification and streamlining of the Company's research and development capabilities and oral care supply chain in Europe as well as the restructuring of certain commercial operations in advance of implementing an overall hubbing strategy.

(Dollars in Millions Except Per Share Amounts)

The following table summarizes the pretax restructuring and implementation-related charges discussed above and the related accrual activities for the fourth quarter of 2012:

	Employee-Related Costs	Incremental Depreciation	Asset Impairments	Other	Total
Charges	$78	$—	$—	$11	$89
Cash payments	(1)	—	—	(4)	(5)
Charges against assets	—	—	—	—	—
Foreign exchange	7	—	—	(2)	5
Balance at December 31, 2012	$84	$—	$—	$5	$89

Employee-related costs primarily included severance and other termination benefits and were calculated based on long-standing benefit practices, local statutory requirements and, in certain cases, voluntary termination arrangements.

Other charges consisted primarily of implementation-related charges resulting directly from exit activities and the implementation of new strategies as a result of the 2012 Restructuring Program. These charges included third-party incremental costs of $8 related to the development and implementation of new business and strategic initiatives and contract termination costs of $3 directly related to the 2012 Restructuring Program. These charges were expensed as incurred.

Non-GAAP Financial Measures

This Annual Report on Form 10-K discusses organic sales growth (Net sales growth excluding the impact of foreign exchange, acquisitions and divestments) (non-GAAP). Management believes this measure provides investors with useful supplemental information regarding the Company’s underlying sales trends by presenting sales growth excluding 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 years ended December 31, 2012 and 2011 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, effective income tax rate, Net income attributable to Colgate-Palmolive Company and Earnings per common share on a diluted basis are discussed in this Annual Report on Form 10-K both on a GAAP basis and excluding the impacts of the charges related to the 2012 Restructuring Program, the gains on the sales of non-core product lines, costs associated with the business realignment and other cost-saving initiatives, costs related to the sale of land in Mexico, a charge for a competition law matter in France related to a divested detergent business, the charge related to the transition to hyperinflationary accounting in Venezuela, termination benefits and the gain related to the reorganization of an overseas subsidiary (non-GAAP). Management believes these non-GAAP financial measures provide investors with useful supplemental information regarding the performance of the Company’s ongoing operations. A reconciliation of each of these non-GAAP financial measures to the most directly comparable GAAP financial measures for the years ended December 31, 2012 and 2011 is presented within the applicable section of Results of Operations.

The Company uses the above financial measures internally in its budgeting process and as a factor in determining compensation. While the Company believes that these non-GAAP financial measures are useful in evaluating the Company’s business, 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.

(Dollars in Millions Except Per Share Amounts)

The following table provides a quantitative reconciliation of organic sales growth to Net sales growth for each of the years ended December 31, 2012 and 2011 versus the prior year:

Year ended December 31, 2012	Organic Sales Growth (Non-GAAP)	Foreign Exchange Impact	Acquisitions and Divestments Impact	Net Sales Growth (GAAP)
Oral, Personal and Home Care				
North America	3.5%	0.0%	0.0%	3.5%
Latin America	10.5%	(6.5)%	(1.5)%	2.5%
Europe/South Pacific	(0.5)%	(5.0)%	3.0%	(2.5)%
Greater Asia/Africa	11.0%	(4.5)%	0.5%	7.0%
Total Oral, Personal and Home Care	6.5%	(4.5)%	0.5%	2.5%
Pet Nutrition	1.5%	(2.0)%	0.0%	(0.5)%
Total Company	6.0%	(4.0)%	0.0%	2.0%

Year ended December 31, 2011	Organic Sales Growth (Non-GAAP)	Foreign Exchange Impact	Acquisitions and Divestments Impact	Net Sales Growth (GAAP)
Oral, Personal and Home Care				
North America	(1.0)%	0.5%	0.0%	(0.5)%
Latin America	11.5%	2.0%	(1.5)%	12.0%
Europe/South Pacific	(2.0)%	7.0%	4.0%	9.0%
Greater Asia/Africa	7.0%	2.0%	0.5%	9.5%
Total Oral, Personal and Home Care	4.5%	3.0%	0.5%	8.0%
Pet Nutrition	1.5%	3.0%	0.0%	4.5%
Total Company	4.0%	3.0%	0.5%	7.5%

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 related to the 2012 Restructuring 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.

Cash Flow

Net cash provided by operations in 2012 was $3,196 as compared with $2,896 in 2011 and $3,211 in 2010. Net cash provided by operations for 2012 increased due to higher operating earnings, lower voluntary benefit plan contributions as compared to 2011 and a continued focus on working capital, particularly accounts receivable and inventory management. This increase was partially offset by higher income tax payments and payment of the previously disclosed competition law matter in France related to a divested detergent business. The decrease in 2011 as compared to 2010 was due primarily to an increase in voluntary benefit plan contributions.

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). Overall, the Company’s working capital remained flat at 0.7% of Net sales in 2012 as compared with 2011.

(Dollars in Millions Except Per Share Amounts)

Approximately 75% of total program charges related to the 2012 Restructuring Program, currently estimated between $1,100 and $1,250 ($775 and $875 aftertax), are expected to result in cash expenditures. Savings are currently projected to be in the range of $365 to $435 ($275 to $325 aftertax) annually by the fourth year of the program, substantially all of which are expected to increase future cash flows. The anticipated charges for 2013 are expected to amount to approximately $260 to $310 ($185 to $220 aftertax) and savings in 2013 should approximate $40 to $50 ($30 to $40 aftertax). It is anticipated that cash requirements for the 2012 Restructuring Program will be funded from operating cash flow. Substantially all of the restructuring accrual at December 31, 2012 will be paid before year end 2013.

Investing activities used $865 in 2012, compared with $1,213 and $658 during 2011 and 2010, respectively. The decrease in cash used was primarily due to the acquisition of the Sanex business in 2011 for $966. In 2012, the Company acquired the remaining interest in Tom's of Maine for $18. During 2011 and 2012, the Company received the first and second installments of $24 and $36, respectively, related to the sale of land in Mexico. The final installment of $60 is due upon transfer of the property, which is expected to occur in 2014. The Company sold its non-core laundry detergent business in Colombia in 2011 for $215 ($135 aftertax gain). Purchases of marketable securities and investments increased in 2012 to $545 from $356 in 2011 primarily due to the Company's investments through its subsidiary in Venezuela in local currency denominated, fixed interest rate bonds issued by the Venezuelan government. Capital expenditures were $565, $537 and $550 for 2012, 2011 and 2010, respectively. The Company continues to focus its capital spending on projects that are expected to yield high aftertax returns. Capital expenditures for 2013 are expected to increase to an annual rate of approximately 4.5% of Net sales, primarily driven by the 2012 Restructuring Program.

Financing activities used $2,301 of cash during 2012 compared to $1,242 and $2,624 during 2011 and 2010, respectively. The increase in cash used in 2012 as compared to 2011 was primarily due to lower net proceeds from the issuance of debt, an increase in dividends paid in 2012, and higher share repurchase costs due to an appreciation in stock value, partially offset by higher proceeds from exercises of stock options. The decrease in 2011 was primarily due to higher net proceeds from the issuance of debt and a lower level of share repurchases as compared to 2010.

Long-term debt, including the current portion, increased to $5,176 as of December 31, 2012, as compared to $4,776 as of December 31, 2011, and total debt increased to $5,230 as of December 31, 2012, as compared to $4,810 as of December 31, 2011. During the third quarter of 2012, the Company issued $500 of U.S. dollar-denominated ten-year notes at a fixed rate of 1.95% under the Company’s shelf registration statement. During the second quarter of 2012, the Company issued $500 of U.S. dollar-denominated ten-year notes at a fixed rate of 2.3% under the Company’s shelf registration statement. Proceeds from the debt issuances in 2012 were used to reduce commercial paper borrowings, which were used by the Company for general corporate purposes. During the fourth quarter of 2011, the Company issued $300 of U.S. dollar-denominated three-year notes at a fixed rate of 0.6%, $400 of U.S. dollar-denominated five-year notes at a fixed rate of 1.3% and $300 of U.S. dollar-denominated ten-year notes at a fixed rate of 2.45% under the Company’s shelf registration statement. Proceeds from the debt issuances in the fourth quarter of 2011 were used to reduce commercial paper borrowings and to repay outstanding indebtedness under a €408 credit facility. During the second quarter of 2011, the Company issued $250 of U.S. dollar-denominated three-year notes at a fixed rate of 1.25% and $250 of U.S. dollar-denominated six-year notes at a fixed rate of 2.625% under the Company’s shelf registration statement. During the fourth quarter of 2010, the Company issued $250 of U.S. dollar-denominated ten-year notes at a fixed rate of 2.95% and $188 of U.S. dollar-denominated five-year notes at a fixed rate of 1.375% under the Company's shelf registration statement. Proceeds from the debt issuances in the second quarter of 2011 and the fourth quarter of 2010 were used to reduce commercial paper borrowings.

At December 31, 2012, the Company had access to unused domestic and foreign lines of credit of $2,547 (including under the two facilities discussed below) and could also issue medium-term notes pursuant to an effective shelf registration statement. In November 2011, the Company entered into a new five-year revolving credit facility with a capacity of $1,850 with a syndicate of banks. In 2012, this facility was extended for an additional year and will expire in November 2017. The Company also has the ability to draw $145 from a revolving credit facility that expires in November 2013. Commitment fees related to credit facilities are not material.

Domestic and foreign commercial paper outstanding was $443 and $671 as of December 31, 2012 and 2011, respectively. The average daily balances outstanding for commercial paper in 2012 and 2011 were $1,562 and $1,497, respectively. The maximum daily balance outstanding for commercial paper during 2012 and 2011 was $2,042 and $1,897, respectively. The Company regularly classifies commercial paper and certain current maturities of notes payable as long-term debt as 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 2017.

(Dollars in Millions Except Per Share Amounts)

Following is a summary of the Company's commercial paper and global short-term borrowings as of December 31, 2012 and 2011:

	2012			2011		
	Weighted Average Interest Rate	Maturities	Outstanding	Weighted Average Interest Rate	Maturities	Outstanding
Payable to banks	1.0 %	2013	$54	0.9 %	2012	$34
Commercial paper	0.1 %	2013	443	0.1 %	2012	671
Total			$497			$705

Certain of the facilities 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. See Note 6 to the Consolidated Financial Statements for further information about the Company's long-term debt and credit facilities.

Dividend payments in 2012 were $1,277, an increase from $1,203 in 2011 and $1,142 in 2010. Common stock dividend payments increased to $2.44 per share in 2012 from $2.27 per share in 2011 and $2.03 per share in 2010. On March 8, 2012, the Company's Board of Directors increased the quarterly common stock cash dividend to $0.62 per share from $0.58 per share, effective as of the second quarter 2012. The Series B Preference stock dividend payments were $16.24 per share in 2010. The Series B Preference Stock was converted to common stock on December 29, 2010.

The Company repurchases shares of its common stock in the open market and in private transactions to maintain its targeted capital structure and to fulfill certain requirements of its compensation and benefit plans. The share repurchase program approved by the Board of Directors in September 2011 (the 2011 Program) authorized the repurchase of up to 50 million shares of the Company's common stock. The Board also has authorized share repurchases on an ongoing basis to fulfill certain requirements of the Company's compensation and benefit programs.

Aggregate share repurchases in 2012 consisted of 18.8 million common shares under the 2011 Program and 0.6 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of $1,943. Aggregate repurchases in 2011 consisted of 20.4 million common shares under both the 2011 Program and a previously authorized repurchase program, and 0.9 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of $1,806. Aggregate repurchases in 2010 consisted of 24.4 million common shares under previously authorized repurchase programs, and 1.0 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of $2,020.

Cash and cash equivalents increased $6 during 2012 to $884 at December 31, 2012, compared to $878 at December 31, 2011, of which $861 and $824 were held by the Company's foreign subsidiaries at December 31, 2012 and 2011, respectively. These amounts include $170 and $385 at December 31, 2012 and 2011, respectively, which are subject to currency exchange controls in Venezuela, limiting the total amount of Cash and cash equivalents held by the Company's foreign subsidiaries that can be repatriated at any particular point in time. The Company regularly assesses its cash needs and the available sources to fund these needs and, as part of this assessment, determines the amount of foreign earnings it intends to repatriate to help fund its domestic cash needs and provides applicable U.S. income and foreign withholding taxes on such earnings.

As of December 31, 2012, the Company had approximately $4,300 of undistributed earnings of foreign subsidiaries for which no U.S. income or foreign withholding taxes have been provided as the Company does not currently anticipate a need to repatriate these earnings. These earnings have been and currently are considered to be indefinitely reinvested outside of the U.S. and, therefore, are not subject to such taxes. Should these earnings be repatriated in the future, they would be subject to applicable U.S. income and foreign withholding taxes. Determining the tax liability that would arise if these earnings were repatriated is not practicable.

(Dollars in Millions Except Per Share Amounts)

The following represents the scheduled maturities of the Company's contractual obligations as of December 31, 2012:

		Payments Due by Period					
	Total	2013	2014	2015	2016	2017	Thereafter
Long-term debt including current portion	$5,176	$693	$887	$494	$254	$678	$2,170
Net cash interest payments on long-term debt[1]	605	89	81	67	58	43	267
Leases	1,155	192	159	143	123	110	428
Purchase obligations[2]	806	381	283	119	23	—	—
Total	$7,742	$1,355	$1,410	$823	$458	$831	$2,865

(1) Includes the net interest payments on fixed and variable rate debt and associated interest rate swaps. Interest payments associated with floating rate instruments are based on management's best estimate of projected interest rates for the remaining term of variable rate debt.

(2) The Company had outstanding contractual obligations with suppliers at the end of 2012 for the purchase of raw, packaging and other materials and services in the normal course of business. These purchase obligation amounts represent only those items which are based on agreements that are legally binding and that specify minimum quantity, price and term and do not represent total anticipated purchases.

Long-term liabilities associated with the Company's postretirement plans are excluded from the table above due to the uncertainty of the timing of these cash disbursements. The amount and timing of cash funding related to these benefit plans will generally depend on local regulatory requirements, various economic assumptions (the most significant of which are detailed in "Critical Accounting Policies and Use of Estimates" below) and voluntary Company contributions. Based on current information, the Company is not required to make a mandatory contribution to its qualified U.S. pension plan in 2013. Management's best estimate of voluntary contributions to the U.S. pension plans for the year ending December 31, 2013 is approximately $100. In addition, total benefit payments to be paid to participants for the year ending December 31, 2013 from the Company's assets is estimated to be approximately $94.

Additionally, liabilities for unrecognized income tax benefits are excluded from the table above as the Company is unable to reasonably predict the ultimate amount or timing of a settlement of such liabilities. See Note 11 to the Consolidated Financial Statements for more information.

As more fully described in Part I, Item 3 "Legal Proceedings" and Note 13 to the Consolidated Financial Statements, the Company is contingently liable with respect to lawsuits, environmental matters, taxes and other matters arising in the ordinary course of business.

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet financing or unconsolidated special purpose entities.

Managing Foreign Currency, Interest Rate, Commodity Price and Credit Risk Exposure

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, 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. The Company's treasury and risk management policies prohibit the use of derivatives for speculative purposes and leveraged derivatives for any purpose.

The sensitivity of our financial instruments to market fluctuations is discussed below. See Notes 2 and 7 to the Consolidated Financial Statements for further discussion of derivatives and hedging policies and fair value measurements.

(Dollars in Millions Except Per Share Amounts)

Foreign Exchange Risk

As the Company markets its products in over 200 countries and territories, it is exposed to currency fluctuations related to manufacturing and selling its products in currencies other than the U.S. dollar. The Company manages its foreign currency exposures through a combination of cost-containment measures, selling price increases and the hedging of certain costs in an effort to minimize the impact on earnings of foreign currency rate movements. See the "Results of Operations" section above for discussion of the foreign exchange impact on Net sales in each segment.

The assets and liabilities of foreign subsidiaries, other than those operating in highly inflationary environments, are translated into U.S. dollars at year-end exchange rates with resulting translation gains and losses accumulated in a separate component of shareholders' equity. Income and expense items are translated into U.S. dollars at average rates of exchange prevailing during the year.

For subsidiaries operating in highly inflationary environments (currently, Venezuela), inventories, prepaid expenses, goodwill and property, plant and equipment are remeasured at their historical exchange rates, while other assets and liabilities are remeasured at year-end exchange rates. Remeasurement adjustments for these operations are included in Net income attributable to Colgate-Palmolive Company.

The Company primarily utilizes foreign currency contracts, including forward, option and swap contracts, local currency deposits and local currency borrowings to hedge portions of its exposures relating to foreign currency purchases, assets and liabilities created in the normal course of business and the net investment in certain foreign subsidiaries. The duration of foreign currency contracts generally does not exceed 12 months and the contracts are valued using observable market rates.

The Company's foreign currency forward contracts that qualify for cash flow hedge accounting resulted in net unrealized gains of $1 at December 31, 2012 and 2011. Changes in the fair value of cash flow hedges are recorded in Other comprehensive income (loss) and are reclassified into earnings in the same period or periods during which the underlying hedged transaction is recognized in earnings. At the end of 2012, an unfavorable 10% change in exchange rates would have resulted in a net unrealized loss of $40.

Interest Rate Risk

The Company manages its mix of fixed and floating rate debt against its target with debt issuances and by entering into interest rate swaps in order to mitigate fluctuations in earnings and cash flows that may result from interest rate volatility. The notional amount, interest payment and maturity date of the swaps match the principal, interest payment and maturity date of the related debt in all cases, and the swaps are valued using observable benchmark rates.

Based on year-end 2012 variable rate debt levels, a 1-percentage-point increase in interest rates would have increased Interest expense, net by $12 in 2012.

Commodity Price Risk

The Company is exposed to price volatility related to raw materials used in production, such as resins, tropical oils, essential oils, tallow, poultry, corn and soybeans. The Company manages its raw material exposures through a combination of cost containment measures, ongoing productivity initiatives and the limited use of commodity hedging contracts. Futures contracts are used on a limited basis, primarily in the Pet Nutrition segment, to manage volatility related to anticipated raw material inventory purchases of certain traded commodities.

The Company’s open commodity derivative contracts, which qualify for cash flow hedge accounting, resulted in net unrealized gains of $1 and net unrealized losses of $1 for the years ended December 31, 2012 and 2011, respectively. At the end of 2012, an unfavorable 10% change in commodity futures prices would have resulted in a net unrealized loss of $2.

(Dollars in Millions Except Per Share Amounts)

Credit Risk

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 with diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

Recent Accounting Pronouncements

In February 2013, the FASB issued ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." ASU No. 2013-02 requires presentation of reclassification adjustments from each component of accumulated other comprehensive income either in a single note or parenthetically on the face of the financial statements, for those amounts required to be reclassified into Net income in their entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety in the same reporting period, cross-reference to other disclosures is required. As permitted under ASU 2013-02, the Company has elected to present reclassification adjustments from each component of accumulated other comprehensive income within a single note to the financial statements beginning the in first quarter of 2013.

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-05, "Presentation of Comprehensive Income." ASU No. 2011-05 eliminates the current option to disclose other comprehensive income and its components in the statement of changes in equity. As permitted under ASU No. 2011-05, the Company has elected to present items of Net income and Other comprehensive income in two separate consecutive statements beginning in the first quarter of 2012.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements requires management to use judgment and make estimates. The level of uncertainty in estimates and assumptions increases with the length of time until the underlying transactions are completed. Actual results could ultimately differ from those estimates. The accounting policies that are most critical in the preparation of the Company's Consolidated Financial Statements are those that are both important to the presentation of the Company's financial condition and results of operations and require significant or complex judgments and estimates on the part of management. The Company's critical accounting policies are reviewed periodically with the Audit Committee of the Board of Directors.

In certain instances, accounting principles generally accepted in the United States of America allow for the selection of alternative accounting methods. The Company's significant policies that involve the selection of alternative methods are accounting for shipping and handling costs and inventories.

Shipping and handling costs may be reported as either a component of Cost of sales or Selling, general and administrative expenses. The Company reports such costs, primarily related to warehousing and outbound freight, in the Consolidated Statements of Income as a component of Selling, general and administrative expenses. Accordingly, the Company's Gross profit margin is not comparable with the gross profit margin of those companies that include shipping and handling charges in cost of sales. If such costs had been included in Cost of sales, Gross profit margin would have decreased by 740 bps, from 58.1% to 50.7% in 2012 and decreased by 750 bps and 730 bps in 2011 and 2010, respectively, with no impact on reported earnings.

The Company accounts for inventories using both the first-in, first-out (FIFO) method (80% of inventories) and the last-in, first-out (LIFO) method (20% of inventories). There would have been no material impact on reported earnings for 2012, 2011 and 2010 had all inventories been accounted for under the FIFO method.

The areas of accounting that involve significant or complex judgments and estimates are pensions and other postretirement benefits, stock options, asset impairments, uncertain tax positions, tax valuation allowances and legal and other contingencies.

In pension accounting, the most significant actuarial assumptions are the discount rate and the long-term rate of return on plan assets. The discount rate used to measure the benefit obligation for U.S. defined benefit plans was 4.14%, 4.90% and 5.30% as of December 31, 2012, 2011 and 2010, respectively. The discount rate used to measure the benefit obligation for other U.S. postretirement plans was 4.32%, 5.26% and 5.30% as of December 31, 2012, 2011 and 2010, respectively. Discount rates used for the U.S. defined benefit and other postretirement plans are based on a yield curve constructed from a portfolio of high-quality bonds for which the timing and amount of cash outflows approximate the

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estimated payouts of the U.S. plans. For the Company's international plans, the discount rates are set by benchmarking against investment-grade corporate bonds rated AA. The assumed long-term rate of return on plan assets for U.S. plans was 7.30% as of December 31, 2012, 7.75% as of December 31, 2011 and 8.00% as of December 31, 2010. In determining the long-term rate of return, the Company considers the nature of the plans' investments, the expectation for the plans' investment strategies and the historical rate of return.

Average annual rates of return for the U.S. plans for the most recent 1-year, 5-year, 10-year, 15-year and 25-year periods were 13%, 4%, 8%, 6%, and 8%, respectively. In addition, the current rate of return assumption for the U.S. plans is based upon a targeted asset allocation of approximately 40% in fixed income securities, 52% in equity securities and 8% in real estate and alternative investments. A 1% change in the assumed rate of return on plan assets of the U.S. pension plans would impact future Net income attributable to Colgate-Palmolive Company by approximately $2. A 1% change in the discount rate for the U.S. pension plans would impact future Net income attributable to Colgate-Palmolive Company by approximately $7. A third assumption is the long-term rate of compensation increase, a change in which would partially offset the impact of a change in either the discount rate or the long-term rate of return. This rate was 3.50% as of December 31, 2012 and 4.00% as of December 31, 2011 and 2010. Refer to Note 10 to the Consolidated Financial Statements for further discussion of the Company's pension and other postretirement plans.

The assumption requiring the most judgment in accounting for other postretirement benefits is the medical cost trend rate. The Company reviews external data and its own historical trends for health care costs to determine the medical cost trend rate. The assumed rate of increase is 7.5% for 2013, declining to 5.0% by 2018 and remaining at 5.0% for the years thereafter. The effect of a 1% increase in the assumed long-term medical cost trend rate would decrease Net income attributable to Colgate-Palmolive Company by $6.

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock, based on the fair value of those awards at the date of grant. The Company uses the Black-Scholes-Merton (Black-Scholes) option pricing model to determine the fair value of stock-option awards. The weighted-average estimated fair value of each stock option granted for the year ended December 31, 2012 was $13.46. The Black-Scholes model uses various assumptions to determine the fair value of options. These assumptions include the expected term of options, expected volatility, risk-free interest rate and expected dividend yield. While these assumptions do not require significant judgment, as the significant inputs are determined from historical experience or independent third-party sources, changes in these inputs could result in significant changes in fair value. A one-year change in term would result in a change in fair value of approximately 7%. A one percent change in volatility would change fair value by approximately 6%.

Goodwill and indefinite life intangible assets, such as the Company's global brands, are subject to impairment tests at least annually. The Company performs either a quantitative or qualitative assessment to determine the fair value of its reporting units for goodwill and fair value of its indefinite life intangible assets. The asset impairment analysis performed for both goodwill and indefinite life intangible assets requires several estimates, including future cash flows consistent with management's strategic plans, sales growth rates, foreign exchange rates and the selection of a discount rate. Qualitative factors, in addition to those quantitative measures discussed above, include assessments of general macroeconomic conditions, industry-specific considerations and historical financial performance.

The estimated fair value of the Company's intangible assets substantially exceeds the recorded book value, except for the intangible assets acquired in the recent Sanex acquisition, which were recorded at fair value. The estimated fair value of the Company's reporting units also substantially exceeds the recorded book value. Therefore, it is not reasonably likely that significant changes in these estimates would occur that would result in an impairment charge related to these assets. Asset impairment analysis related to certain fixed assets in connection with the 2012

Restructuring Program requires management's best estimate of net realizable values.

The recognition and measurement of uncertain tax positions involves consideration of the amounts and probabilities of various outcomes that could be realized upon ultimate resolution.

Tax valuation allowances are established to reduce deferred tax assets such as tax loss carryforwards, to net realizable value. Factors considered in estimating net realizable value include historical results by tax jurisdiction, carryforward periods, income tax strategies and forecasted taxable income.

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Legal and other contingency reserves are based on management's assessment of the risk of potential loss, which includes consultation with outside legal counsel and other advisors. Such assessments are reviewed each period and revised, based on current facts and circumstances, if necessary. While it is possible that the Company's cash flows and results of operations in a particular quarter or year could be materially affected by the impact of such contingencies, it is the opinion of management that these matters will not have a material impact on the Company's financial position, or its ongoing results of operations or cash flows. Refer to Note 13 to the Consolidated Financial Statements for further discussion of the Company's contingencies.

The Company generates revenue through the sale of well-known consumer products to trade customers under established trading terms. While the recognition of revenue and receivables requires the use of estimates, there is a short time frame (typically less than 60 days) between the shipment of product and cash receipt, thereby reducing the level of uncertainty in these estimates. Refer to Note 2 to the Consolidated Financial Statements for further description of the Company's significant accounting policies.

Cautionary Statement on Forward-Looking Statements

This Annual Report on Form 10-K may contain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995 or by the SEC in its rules, regulations and releases. Such statements may relate, for example, to sales or volume growth, organic sales growth, profit or profit margin growth, earnings growth, financial goals, the impact of currency devaluations, exchange controls, price controls and labor unrest, including in Venezuela, cost-reduction plans including the 2012 Restructuring Program, tax rates, new product introductions or commercial investment levels, 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. 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, currency rate fluctuations, exchange controls, price controls, labor relations, changes in foreign or domestic laws or regulations or their interpretation, political and fiscal developments, the availability and cost of raw and packaging materials, the ability to maintain or increase selling prices as needed, the ability to implement the 2012 Restructuring 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 and the ability to continue lowering costs. 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 Part I, Item 1A "Risk Factors."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Managing Foreign Currency, Interest Rate, Commodity Price and Credit Risk Exposure" in Part II, Item 7.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Index to Financial Statements."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 December 31, 2012 (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 Exchange Act) are effective.

Management’s Annual Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. 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, conducted an evaluation of the Company’s internal control over financial reporting based upon the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that it is effective as of December 31, 2012.

The Company’s independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company’s internal control over financial reporting as of December 31, 2012, and has expressed an unqualified opinion in their report, which appears in this report.

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.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See “Executive Officers of the Registrant” in Part I, Item 1 of this report.

Additional information required by this Item relating to directors, executive officers and corporate governance of the Company and information regarding compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the Company’s Proxy Statement for its 2013 Annual Meeting of Stockholders (the 2013 Proxy Statement).

Code of Ethics

The Company’s Code of Conduct promotes the highest ethical standards in all of the Company’s business dealings. The Code of Conduct satisfies the SEC’s requirements for a Code of Ethics for senior financial officers and applies to all Company employees, including the Chairman, President and Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer, and the Company’s directors. The Code of Conduct is available on the Company’s web site at www.colgatepalmolive.com. Any amendment to the Code of Conduct will promptly be posted on the Company’s web site. It is the Company’s policy not to grant waivers of the Code of Conduct. In the extremely unlikely event that the Company grants an executive officer a waiver from a provision of the Code of Conduct, the Company will promptly disclose such information by posting it on its web site or by using other appropriate means in accordance with SEC rules.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive compensation set forth in the 2013 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) The information regarding security ownership of certain beneficial owners and management set forth in the 2013 Proxy Statement is incorporated herein by reference.

(b) The registrant does not know of any arrangements that may at a subsequent date result in a change in control of the registrant.

(c) Equity compensation plan information as of December 31, 2012:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands)		(b) Weighted-average exercise price of outstanding options, warrants and rights		(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (in thousands)	
Equity compensation plans approved by security holders	23,805	(1)	$75.59	(2)	12,649	(3)

Equity compensation plans not approved by security holders	Not applicable	Not applicable	Not applicable
Total	23,805	$75.59	12,649

(1) Consists of 21,171 options outstanding and 2,634 restricted stock units awarded but not yet vested under the Company's Stock Option and Executive Incentive Compensation Plans, respectively, which are more fully described in Note 8 to the Consolidated Financial Statements.

(2) Includes the weighted-average exercise price of stock options outstanding of $85.37 and restricted stock units of $0.

(3) Amount includes 3,999 options available for issuance under the Company's Stock Option Plans and 8,650 restricted stock units available for issuance under the Company's Executive Incentive Compensation Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information regarding certain relationships and related transactions and director independence set forth in the 2013 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information regarding auditor fees and services set forth in the 2013 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules

See "Index to Financial Statements."

(b) Exhibits

See "Exhibits to Form 10-K."

COLGATE-PALMOLIVE COMPANY
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

Date: February 21, 2013

By /s/ Ian Cook
Ian Cook
Chairman of the Board, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 21, 2013, by the following persons on behalf of the registrant and in the capacities indicated.

(a) Principal Executive Officer

/s/ Ian Cook
Ian Cook
Chairman of the Board, President and
Chief Executive Officer

(b) Principal Financial Officer

/s/ Dennis J. Hickey
Dennis J. Hickey
Chief Financial Officer

(c) Principal Accounting Officer

/s/ Victoria L. Dolan
Victoria L. Dolan
Vice President and
Corporate Controller

(d) Directors:

Nikesh Arora, John T. Cahill
Helene D. Gayle, Ellen M. Hancock
Joseph Jimenez, Richard J. Kogan
Delano E. Lewis, J. Pedro Reinhard
Stephen I. Sadove

/s/ Andrew D. Hendry
Andrew D. Hendry
As Attorney-in-Fact

Index to Financial Statements

All other financial statements and schedules not listed have been omitted since the required information is included in the financial statements or the notes thereto or is not applicable or required.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Colgate-Palmolive Company

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Colgate-Palmolive Company and its subsidiaries (the Company) at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
February 21, 2013

COLGATE-PALMOLIVE COMPANY
Consolidated Statements of Income
For the years ended December 31,
(Dollars in Millions Except Per Share Amounts)

	2012	2011	2010
Net sales	$17,085	$16,734	$15,564
Cost of sales	7,153	7,144	6,360
Gross profit	9,932	9,590	9,204
Selling, general and administrative expenses	5,930	5,758	5,414
Other (income) expense, net	113	(9)	301
Operating profit	3,889	3,841	3,489
Interest expense, net	15	52	59
Income before income taxes	3,874	3,789	3,430
Provision for income taxes	1,243	1,235	1,117
Net income including noncontrolling interests	2,631	2,554	2,313
Less: Net income attributable to noncontrolling interests	159	123	110
Net income attributable to Colgate-Palmolive Company	$2,472	$2,431	$2,203
Earnings per common share, basic	$5.19	$4.98	$4.45
Earnings per common share, diluted	$5.15	$4.94	$4.31

See Notes to Consolidated Financial Statements.

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COLGATE-PALMOLIVE COMPANY
Consolidated Statements of Comprehensive Income
For the years ended December 31,
(Dollars in Millions)

	2012	2011	2010
Net income including noncontrolling interests	$2,631	$2,554	$2,313
Other comprehensive income, net of tax:			
Cumulative translation adjustments	(18)	(305)	164
Retirement Plan and other retiree benefit adjustments	(145)	(108)	(143)
Gains (losses) on available-for-sale securities	18	46	(37)
Unrealized gains (losses) on cash flow hedges	1	—	(1)
Total Other comprehensive income, net of tax	(144)	(367)	(17)
Total Comprehensive income including noncontrolling interests	2,487	2,187	2,296
Less: Net income attributable to noncontrolling interests	159	123	110
Less: Cumulative translation adjustments attributable to noncontrolling interests	2	(7)	2
Total Comprehensive income attributable to noncontrolling interests	161	116	112
Total Comprehensive income attributable to Colgate-Palmolive Company	$2,326	$2,071	$2,184

See Notes to Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Consolidated Balance Sheets
As of December 31,
(Dollars in Millions Except Per Share Amounts)

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$884	$878
Receivables (net of allowances of $61 and $49, respectively)	1,668	1,675
Inventories	1,365	1,327
Other current assets	639	522
Total current assets	4,556	4,402
Property, plant and equipment, net	3,842	3,668
Goodwill, net	2,500	2,494
Other intangible assets, net	1,499	1,504
Deferred income taxes	92	115
Other assets	905	541
Total assets	$13,394	$12,724
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes and loans payable	$54	$34
Current portion of long-term debt	250	346
Accounts payable	1,290	1,244
Accrued income taxes	254	392
Other accruals	1,888	1,700
Total current liabilities	3,736	3,716
Long-term debt	4,926	4,430
Deferred income taxes	293	252
Other liabilities	2,049	1,785
Total liabilities	11,004	10,183
Commitments and contingent liabilities	—	—
Shareholders' Equity		
Common stock, $1 par value (2,000,000,000 shares authorized, 732,853,180 shares issued)	733	733
Additional paid-in capital	1,551	1,336
Retained earnings	16,953	15,649
Accumulated other comprehensive (loss)	(2,621)	(2,475)
Unearned compensation	(41)	(60)
Treasury stock, at cost	(14,386)	(12,808)
Total Colgate-Palmolive Company shareholders' equity	2,189	2,375
Noncontrolling interests	201	166
Total shareholders' equity	2,390	2,541
Total liabilities and shareholders' equity	$13,394	$12,724

See Notes to Consolidated Financial Statements.