Colgate:
Focused For Global Growth

- **_Speeding Powerful Brands Worldwide_**
- **_Achieving Greater Profitability_**
- **_Succeeding Together_**

2001 Annual Report

Another Year of Strong Performance

Dollars in Millions Except Per Share Amounts	**2001**	2000	Change
Unit Volume			+5%
Worldwide Sales	**$9,427.8**	$9,357.9	+.7%
Gross Profit Margin	**55.1%**	54.4%	+70 basis points
Earnings Before Interest & Taxes (EBIT)	**$1,834.8**	$1,740.5	+5%
Percent of Sales	**19.5%**	18.6%	+90 basis points
Net Income	**$1,146.6**	$1,063.8	+8%
Percent of Sales	**12.2%**	11.4%	+80 basis points
Earnings Per Share, Diluted	**$ 1.89**	$ 1.70	+11%
Dividends Paid Per Share	**$ .675**	$ .63	+7%
Operating Cash Flow	**$1,599.6**	$1,536.2	+4%
Percent of Sales	**17.0%**	16.4%	+60 basis points
Return on Capital	**29.7%**	26.4%	+330 basis points
Number of Registered Common Shareholders	**40,900**	42,300	–3%
Number of Common Shares Outstanding (in millions)	**550.7**	566.7	–3%
Year-end Stock Price	**$ 57.75**	$ 64.55	–11%

- Every operating division participated in the strong 5 percent unit volume growth.
- Colgate achieved its sixth consecutive year of double-digit earnings per share growth.
- All key profitability indicators set new records: gross profit margin, EBIT, net income, operating cash flow and return on capital.
- Continuing sales would have increased 5.5 percent if not for foreign currency translation.
- The dividend rate was increased by 14 percent in 2001.

About Colgate: Colgate-Palmolive is a $9.4 billion global company serving people in more than 200 countries and territories with consumer products that make lives healthier and more enjoyable. The Company focuses on strong global brands in its core businesses—Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Nutrition. Colgate is delivering strong global growth by following a tightly defined strategy while increasing market leadership positions for key products, such as toothpaste, toothbrushes, bar and liquid soaps, deodorants/antiperspirants, dishwashing detergents, household cleaners, fabric conditioners and specialty pet food.

Colgate:
Focused For Global Growth

Speeding Powerful Brands Worldwide page 5

Key to driving growth and to expanding our leadership positions in our strong global equities worldwide is Colgate's success in quickly developing and launching a steady stream of innovative new products and getting them to consumers faster than ever.

Achieving Greater Profitability page 10

Consistently strengthening profitability through greater productivity is a proven strategy that has returned benefits year after year. Colgate remains firmly committed to steadily improving profit margins and cash flow so that we can invest in the Company's future and provide increasing value to our shareholders.

Succeeding Together page 14

People are at the core of our business. Global Teamwork, one of Colgate's guiding values, is key to our progress and extends beyond the Colgate family to the Company's business partners, to consumers and to the communities around the globe where we make and sell our products.

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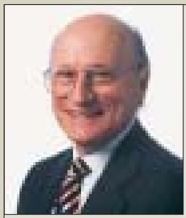
Dear Colgate Shareholder ...

Strong Broad-Based Volume Growth, Record Gross Profit Margin

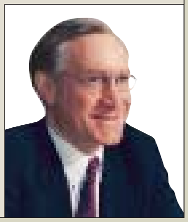


Reuben Mark

Today's Global Environment

Colgate people around the world are strengthened and united by our shared global values of Caring, Continuous Improvement and Global Teamwork. During 2001, our commitment to these values fortified us and drew Colgate people together in a time of unsettled world affairs. Our tight focus on core category strategy, which has performed well, even in times of economic uncertainty, enabled us to continue building our business strength. As a result, every day we are better meeting the needs of our customers and consumers worldwide. Colgate people remain dedicated to pursuing our business objectives to build a strong future for our company and continue to increase shareholder value.

Bill Shanahan



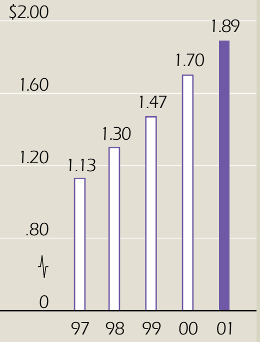
Q. How has Colgate been able to achieve record results year after year?

A. Reuben Mark: Colgate is continuing its record of strong performance through an absolute focus on identifying strategic priorities and executing them quickly and as perfectly as possible. Colgate's strategy includes a strict financial discipline with emphasis on reducing costs and constantly improving how we utilize our assets around the globe. The savings generated fund a multitude of growth-building activities including advertising and promotional support behind a constant stream of innovative new products.

As a result, Colgate ended 2001 with the highest ever gross profit margin, operating profit margin, net income, earnings per share and return on capital. Additionally, Colgate's growing profitability and strong cash generation led our Board of Directors to authorize a 14 percent dividend increase in July 2001.

Earnings Per Share Growth

Diluted earnings per share increased 11% to $1.89 in 2001, the Company's sixth consecutive year of double-digit EPS growth.



Q. What is driving Colgate's robust volume growth and market share gains?

A. Reuben Mark: Simply put, we are increasingly getting the right new products to the right consumer at the right time. In 2001, unit volume was up 5.0 percent with each operating division contributing strong volume gains.

Striving to increase market leadership everywhere, we focus on our core categories and global equities while speeding innovative new products to over 200 countries and territories faster than ever. In the past five years, Colgate has reduced the time from product concept to retail shelf distribution by more than half. The new Colgate Motion value-priced battery-powered toothbrush is an excellent example. Shipments of Colgate Motion began in the U.S. last November, just nine months after we developed the initial product design. Less than six months later, it has now been introduced in more than 50 countries and, building on the success of Colgate Actibrush, has strengthened our global sales leadership in the battery-powered toothbrush segment.

Q. How does Colgate develop so many innovative new products each year?

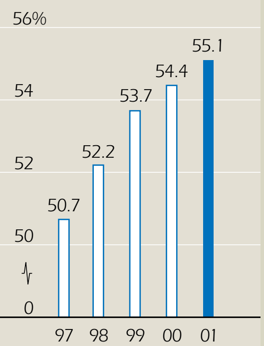
A. Bill Shanahan: We empower Colgate people to continually look for ways to improve our already successful new product process. In 2001, a record 39 percent of total sales came from new products introduced in the past five years. In the U.S., a leading source for global products, a record 21 new products

were launched. Importantly, we significantly enhanced our new product process in 2001 by linking our global R&D, technology and business development functions into one Global Growth Group. This collaborative team develops specific strategies for each product category with priorities agreed upon by all functions and geographies right from the start. As a result, new products are now tested in several countries at once and are rolled out more quickly around the globe. Innovative ideas are also generated by new product innovation groups established in each region as well as from ongoing consumer insight work.

Gross Profit Margin

In 2001, gross profit margin improved by 70 basis points to a record 55.1%.

(% of sales)



Q. Gross profit has been instrumental in generating advertising funds and increased profits. How will the Company improve gross profit margin further?

A. Reuben Mark: We continue to focus on becoming better and better at everything we do. Colgate's ability to surpass its 2002 year-end gross profit margin goal 18 months early, and end 2001 with a gross profit margin of 55.1 percent, gives us encouragement that we will reach our long-term goal of 60 percent by 2008 or sooner. We see continuing benefits from many new and ongoing cost-saving programs, a disciplined capital spending program, increased efficiencies in global purchasing, and regionalization initiatives in production and packaging. Additional savings will also be generated by greater use of technology and further installation of SAP real-time enterprise software, which will support 94 percent of our business, by mid-2002.

Q. How is Colgate continuing to benefit from its use of SAP technology?

A. Bill Shanahan: Colgate is developing next-generation SAP applications that promise considerable savings in a number of areas. These include a first of its kind material reporting system that tracks raw and packaging material purchases globally, data warehousing capabilities that allow for more efficient transfer of knowledge and expertise from one region of the world to another, and the ability to do real-time collaborative planning of retailer inventory. These new applications are already proving successful in many parts of the world and will be expanded to other regions in 2002.

Q. Colgate's aftertax return on capital (ROC) reached an all-time high of 29.7 percent in 2001. Will this ratio continue to improve in 2002?

A. Reuben Mark: We believe improvements in aftertax return on capital are ongoing and ROC should exceed 30 percent in 2002. This progress is driven by our increasing profitability and efficient use of capital in projects that produce considerable future savings, combined with improved working capital management facilitated by SAP applications.

Q. Colgate has used the term "360-degree" marketing to describe its advertising strategy. Please explain this strategy and how it contributes to growth.

A. Bill Shanahan: Colgate is going beyond traditional forms of media advertising to reach consumers more extensively and to further strengthen our market leadership positions worldwide. We are creating innovative programs and techniques that literally surround consumers with Colgate's message throughout their daily activities, thus the term "360-degree" marketing. These include everything from sampling at movie theaters and rock concerts to offering free dental checkups right in retail stores

Dear Colgate Shareholder (continued)

with the purchase of Colgate products. This strategy is proving especially successful when we partner with large retailers because such highly targeted promotions foster the best display and pricing of our products.

Q. Is the consolidation of the retail trade affecting Colgate's business?

A. Bill Shanahan: As mergers among retailers result in fewer players, the trade also becomes more global. This is an advantage to Colgate because we can utilize our existing partnerships to transfer proven best practices worldwide. We now have global account teams working with our major retail partners and can offer them local market expertise as they expand into new geographies. Importantly, we are equally effective when working with smaller retailers in developing regions where our extensive merchandising programs are developed in close partnership with shop owners.

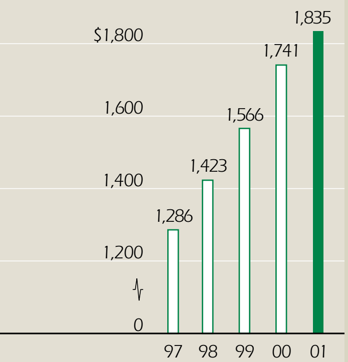
Q. In recent years, Colgate has stressed its attention to people and business relationships. Why is this important?

A. Reuben Mark: The 38,500 people who make up the Colgate family are our most valuable resource. Colgate people around the world understand that their relationships with one another, our business partners, our consumers, and the communities in which they live and work are vital to the Company's continuing success. Colgate continues to make investments in training to improve the skills of our people and expand their capability to deliver strong business results. For example, every Colgate employee attends a program called "Valuing Colgate People" that stresses Colgate's global values of Caring, Continuous Improvement and Global Teamwork as well as the importance of treating all people with respect. Colgate's ability to grow volume and profits year after year is a direct result of having outstanding employees who live these values every day and are committed to the Company's global growth strategies.

EBIT (Earnings Before Interest and Taxes)

Overall EBIT increased 5% to a record $1.8 billion. Every operating division increased EBIT in 2001.

($ millions)



Q. Will the excellent results at Hill's continue in 2002?

A. Bill Shanahan: Hill's Pet Nutrition continues to build upon its strength as the world leader in specialty pet food. Unit volume in 2001 was up an impressive 5.5 percent, with growth well balanced between the U.S. and international. Innovation is key to our success in the specialty pet food market. Strengthening our leadership in the special needs category is the recently launched Science Diet Oral Care line for cats and dogs. Exciting technological advancements in therapeutic pet food include new Prescription Diet Canine and Feline z/d, a diet for allergic animals, and Prescription Diet Canine b/d, a diet clinically proven to reverse the signs of brain aging in dogs. At the same time, Hill's is benefiting from operating efficiencies that have reduced, by more than half, the time it takes to achieve global distribution of a new product.

Q. What are the prospects for Colgate in 2002?

A. Reuben Mark: Colgate set new records in 2001 despite economic slowdown in many regions of the world. The Company's focused business strategy has proven itself over time under many different economic conditions. Our successful new product process keeps our pipeline full and the more savings we achieve, the more opportunities we see for investing in our future growth. Add to this an outstanding group of employees motivated to achieve excellent results, and Colgate has a winning combination that is sure to continue our record of above-average earnings and volume growth, increasing Colgate's value to shareholders.

Thank you,

Reuben Mark
Chairman and Chief Executive Officer

William S. Shanahan
President

Speeding Powerful Brands Worldwide

Speed-to-market is a critical factor driving Colgate's strong global growth and increasing profitability. A record 39 percent of worldwide sales in 2001 came from new products introduced in just the past five years.

Colgate is focused on accelerating its entire process for developing and delivering innovative new products to consumers around the world by identifying trends before they happen, creating new products that appeal to consumers globally and marketing them more efficiently. In 2001, speeding new products to market under Colgate's powerful brand names contributed to a strong unit volume increase of 5.0 percent,

United States

Colgate Total Plus Whitening — High-Speed Global Rollout

Rapid global expansion of innovative new products that meet the latest consumer preferences, such as whiter teeth, contributes to growing market shares and faster return on investment. In the U.S., Colgate Total Plus Whitening was sped to store shelves nationwide in just one month. Today it has rapidly become the U.S. Company's second largest single-selling toothpaste variant and has driven market shares for the entire Colgate Total equity into the double digits.

Reaching 21 Countries in 11 months

	2001			
Country	1Q	2Q	3Q	4Q
Australia			●	
Austria			●	
Barbados			●	
Belgium			●	
Canada	●			
France			●	
Germany			●	
Greece			●	
Guyana				●
Holland			●	
Ireland			●	
Israel				●
Italy			●	
Jamaica			●	
New Zealand				●
Portugal			●	
Puerto Rico	●			
Spain			●	
Trinidad				●
United Kingdom			●	
United States	●			

and gains in global market shares in toothpaste, toothbrushes, dishwashing liquid, bar and liquid soap, shower gels, deodorants, liquid cleaners, fabric conditioners and pet nutrition. These gains combined with greater efficiency drove net income to a new record of $1,146.6, up 8 percent.

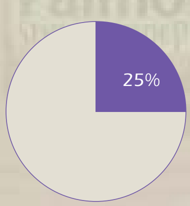
Colgate is enjoying accelerated profitable returns as a result of increased collaboration among Colgate people globally. The Global Growth Group, which combines Global Business Development, R&D, Manufacturing, Engineering and Information Technology into one organization, works with senior operations management from all parts of the world to assure alignment of strategic growth priorities that will serve broad geographies. During the initial planning stages of the new product process, managers charged with project development and execution collaborate to share market knowledge and global consumer insights, eliminating duplicative efforts.

This dedicated focus on innovative new products developed by multinational cross-functional teams enables simultaneous launches across regions and rapid global expansion as several recent successes demonstrate. Developed initially for Latin America and Asia, Colgate Fresh Confidence toothpaste, a gel offering breath-freshening benefits and targeted at a younger consumer, is gaining

Growth Highlights of Five Divisions (% of sales)

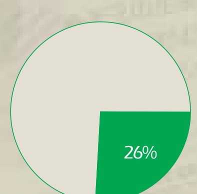
Colgate-North America Growing

North America enjoyed its seventh consecutive year of strong and profitable growth in 2001. Unit volume increased 4.5%, sales rose 3.5% and operating profit increased 6%. Colgate strengthened its leadership of the U.S. toothpaste market to a national ACNielsen market share of 34.8%, up nearly two and a half share points versus 2000.



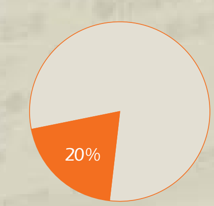
Colgate-Latin America Growing

In Latin America, unit volume and sales from ongoing businesses grew 5.0% and 0.5%, respectively. Excluding foreign exchange, continuing sales rose 6%. New products driving growth throughout the region include Colgate Triple Action toothpaste and Axion Spring Sensations dishwashing liquid. Dollar operating profit increased 11%.



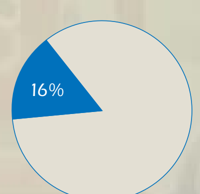
Colgate-Europe Growing

European unit volume grew 5.5% and sales increased 1.0% due to currency translation. Colgate Herbal toothpaste, Colgate Actibrush Bzzz for kids battery-powered toothbrushes and Colgate dental gum are some of the new introductions boosting shares throughout the region. Dollar operating profit increased 7%.



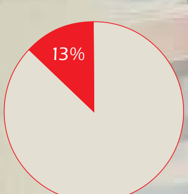
Colgate-Asia/Africa Growing

New products fueled 6.0% unit volume growth in this region, led by strong gains in China, Malaysia, South Africa, Australia and New Zealand. Divisional sales declined 1.0% but would have risen 6% absent foreign currency translation. Dollar operating profit increased 1%.



Hill's Pet Nutrition Growing

The world leader in premium pet food, Hill's increased sales and unit volume by 5.5%. Technology-based new products contributing to growth include Science Diet Canine and Feline Oral Care and new Prescription Diet Canine b/d, clinically proven to reduce the effects of canine brain aging. Operating profit increased 16%.



market share in 45 countries worldwide, including the U.S., where it was introduced just a few months ago.

Colgate is continuing its fast pace of innovative new products in oral care. Colgate Total Plus Whitening toothpaste, a major contributor increasing Colgate's toothpaste leadership in the U.S., is capitalizing on consumers' growing desire for whiter teeth as it quickly expands around the world. Colgate Triple Action all-family toothpaste with anti-cavity, freshness and whitening benefits is a key growth driver in Asia, Central Europe and Latin America, adding as much as 6 market share points in some countries and boosting leadership in Mexico to a record high of 85 percent.

Colgate Dental Gum

Ideas for global new products originate in all regions. New fragrances and variants created jointly by Latin American and European development centers drove Ajax cleaners to Number One positions in France and Venezuela. To ensure speed, Colgate researchers work continuously in key basic science areas to ensure Colgate possesses the competencies needed for global new product opportunities. For example, Colgate's expertise in vitamin technology facilitated the fast rollout of Palmolive Vitamins with vitamin E shower gel and liquid hand soap.

Mexico

New Global Fragrance—Increasing Leadership in Fabric Conditioners

A new longer lasting fresh scent for Suavitel and other fabric conditioners has led to significant market share gains worldwide. In less than a year, the new global fragrance was launched in 13 countries and has strengthened Colgate's global category leadership in the markets where we do business. In Mexico, where Colgate has a wide lead as the Number One marketer of fabric conditioners, market shares exceed 65 percent.

Innovation in Oral Care— Driving Record Market Shares

Australia

In Australia, the success of Colgate 2in1 toothpaste and mouthwash contributed to a record 65 percent market share for the Colgate brand during 2001.

New Variants—Jointly Developed Across Regions

Malaysia

Collaboration among Colgate people in Europe and Latin America sped new Ajax Fête des Fleurs variants in beautiful new colors to most world markets within six months. In Malaysia, the line extensions have boosted the Company's market share in liquid cleaners to 43 percent.

Within a year, Colgate launched vitamins skin cleansing and hair care products in Europe, North America and Latin America.

Colgate is also reaching consumers faster and more effectively through enhanced marketing in every region. In addition to traditional advertising, Colgate's "360-degree" marketing approach reaches consumers throughout the day in nontraditional ways. To introduce new Colgate dental gum in the United Kingdom, samples were distributed in places consumers work and play such as movie theaters, fast food outlets and universities. In another example, Hill's partnered with veterinarians to capture the attention of pet owners in Europe and the U.S. with a "Pet-Fit" weight loss contest for cats and dogs utilizing the weight management lines of Hill's Science Diet and Hill's Prescription Diet pet foods.

Rapid geographic expansion is also facilitated by Colgate's proven successes with global products and the strength of the Company's global brand equities. Building on the widespread success of the Palmolive Spring Sensations line of dishwashing liquid, new Fresh Green Apple scent was introduced in eight countries within seven months and is rapidly becoming a leading variant almost everywhere it is sold.

Identifying growth opportunities earlier is accelerating Colgate's new product process even more. New research techniques provide invaluable insight into the common wants of thousands of consumers around the world. Thus, Colgate sees opportunities even before trends emerge. For example, after recognizing a desire for skin-caring bathing experiences at home, Colgate responded with specially formulated shower gels and soaps that are winning consumers everywhere. The brightly colored Palmolive Fruit

Italy

New Products Driving Growth in Personal Care

Innovation and breakthrough technology have made Personal Care one of Colgate's fastest growing businesses. In Italy, Palmolive is the Number Two brand in the category as a result of new products like Palmolive Vitamins with vitamin E shower gel, bath foam and liquid hand soap, which replenish the skin with vitamins for hours after use.

Essentials products and the highly fragranced Palmolive Aromatherapy line are making shower gels and liquid hand soaps the Company's fastest growing segments in body cleansing. Further strengthening Colgate's solid growth in the U.S. are new Softsoap Naturals moisturizing body washes with pure milk proteins and natural milk extracts. In markets around the world, these products are exceeding market share projections and fueling rapid volume growth.

Similarly, with more people on-the-go, Colgate is meeting consumer desires for portability with Colgate 2in1 toothpaste and mouthwash in an easy to carry flip-top bottle and Colgate dental gum, delivering Colgate's expertise in oral care in an enjoyable new form. Providing ultimate convenience in surface care and gaining share quickly throughout Europe are Ajax wipes, available in both multipurpose and glass varieties.

While continuing to focus on its five core categories of Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Nutrition, Colgate is also pursuing numerous opportunities to broaden the range of products within each category. Colgate strengthened its entire toothbrush franchise with the introduction of the Colgate Actibrush battery-powered toothbrush. Now, Colgate is leveraging that pioneering work with a second, more economically priced entry, Colgate Motion, less than one year after identifying the initial product design.

Speeding growing numbers of desirable products to market using proven strategies and powerful brand names strengthens Colgate's firm foundation for building profitable growth, not only for today but also for the future.

Achieving Greater Profitability

Colgate is aggressively examining and reinventing processes while taking full advantage of technology to further reduce overhead and expand profit margins. Cost-saving activities in every business unit produce the added funding to invest in future growth and achieve greater profitability.

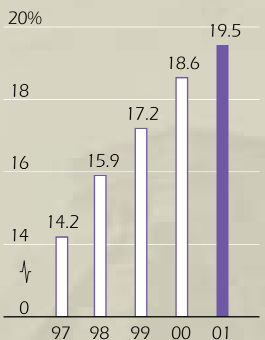
Guided by this basic financial strategy, Colgate achieved new records in 2001 for gross profit margin, operating profit margin, net income, earnings per share, operating cash flow and return on capital. In fact, Colgate has delivered double-digit earnings per share increases in conjunction with strong worldwide

Key Performance Indicators

Improved Operating Profit Margin

Operating profit margin climbed 90 basis points in 2001 to a record 19.5%, reflecting improved productivity in every operating division.

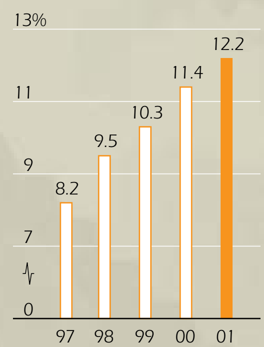
(Operating profit % of sales)



Increased Net Profit Margin

Strong unit volume growth and greater operating efficiencies increased net profit margin by 80 basis points to 12.2%, an all-time high.

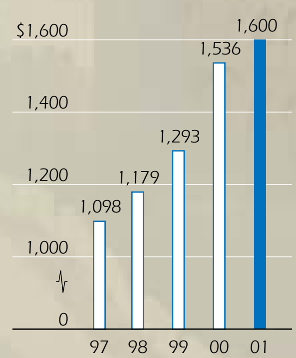
(Net profit % of sales)



Growing Cash Flow from Operations

Colgate's improved profitability helped increase cash flow from operations to a record $1.6 billion in 2001.

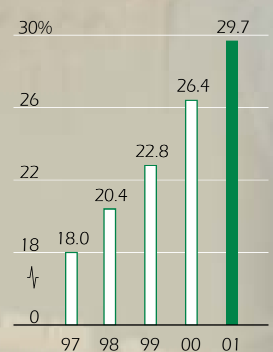
(Cash flow from operations, $ millions)



Higher Return on Capital

Return on capital set a new record at 29.7%, up 330 basis points from 2000.

(Return on capital)



volume growth and gross profit margin improvement in each of the last six years. And ahead there are still significant opportunities for additional savings from greater use of technology, expansion of global purchasing, regionalization of manufacturing, product standardization and other areas.

Benefits come from hundreds of new and ongoing savings projects, small and large, that drive down costs. Each year, approximately 60 percent of Colgate's capital expenditure budget is invested in programs that provide annual returns averaging over 40 percent. The vertical integration of packaging materials in Mexico is a good example. Fabric conditioner bottles and shampoo caps previously purchased from suppliers are now being made at the Mission Hills plant and used not only in Mexico but also in the U.S. The savings generated contributed to record gross profit margin in Latin America.

Committed to being the world's most efficient marketer of consumer goods of the highest quality, Colgate continues to benefit from manufacturing consolidation, logistics optimization and product standardization. Today, Colgate manufactures Colgate Herbal toothpaste in Brazil for distribution to more than 50 countries, while Colgate 2in1 toothpaste and mouthwash is made in the United Kingdom for sale in 15 countries. Similarly, battery-powered toothbrushes are globally sourced from a single factory in China.

Global

A New Marketplace Generating Savings

Purchasing ingredients for products and packaging through e-auctions is saving the Company considerable time and money and simplifying our business. Greater savings will come as Colgate buys even more materials and services in this way. Among the more than 100 Colgate people around the world participating in these auctions are members of the U.S. Materials Sourcing Team. From left are Mike Barnett, Manager; Vikki Williams, Buyer; Timothy Bruce, Manager; Leila Dehghani, Buyer; Bud Terrell, Manager; and Kimberly Briggs, Buyer.

Achieving Greater Profitability *(continued)*

The Company's investment in technology continues to provide substantial returns. By mid-2002, 94 percent of Colgate's business will be supported by SAP enterprise-wide software. SAP has already led to significant improvement in supply chain performance and customer service, and that's only the beginning. Additional savings are just starting to come from the next generation of applications now under way that facilitate a wide range of key activities, including on-line ordering by customers, management of retailer inventory, store shelf management, sales forecasting, collaborative planning with trade customers, and purchasing.

Trade customers in 31 countries can now place their orders for Colgate products over the Internet, taking cost out of the supply chain and improving customer service. This on-line tool enables customers to check their order status, including billing information, anytime at their convenience. In Ecuador, where more than 90 percent of orders are now placed on-line, order turnaround time has been reduced by 1.5 days and the average sales per order has increased 8 percent.

Additionally, Colgate has leveraged SAP to develop new unique technology that captures data on purchases of materials and services around the world, providing a distinct competitive advantage. Information on everything we buy is updated daily and can be viewed and analyzed in minutes. A powerful business tool, this reporting system is driving efficiencies and simplification worldwide. For example, the number of glycerin specifications and suppliers were quickly identified and subsequently reduced by 50 percent, resulting in over $4 million in annual savings around the globe.

Hill's

On-Line Orders Drive Sales Efficiencies and Customer Convenience

As veterinarians and pet retailers place their orders electronically, they benefit from the convenience of 24-hour access to information about product availability, order and invoice status, and their specific accounts. For Colgate, on-line ordering reduces costs and increases sales efficiency.

World's Fastest Tube-Filling Machine

New high-speed toothpaste filling lines running three times faster than before have been installed in Latin America and will also replace equipment in Colgate plants in Asia and the U.S. By increasing capacity at existing facilities, improvements like this reduce operational costs, support future growth and accelerate global rollouts. Above is José Vianei da Silva at Colgate's Anchieta plant.

Brazil

E-Sales, Pioneered by Hill's, Expanded to Colgate Businesses in 31 Countries

Country	2000	2001
Argentina	✓	
Belgium		✓
Canada	✓	
Chile	✓	
China	✓	
Colombia	✓	
Costa Rica		✓
Denmark		✓
Ecuador	✓	
El Salvador		✓
Finland		✓
Guatemala	✓	
Honduras		✓
Hong Kong		✓
Ireland		✓
Luxemburg		✓
Malaysia		✓
Netherlands		✓
Nicaragua		✓
Norway		✓
Panama		✓
Peru	✓	
Philippines	✓	
Puerto Rico		✓
South Africa		✓
Sweden		✓
Thailand	✓	
United Kingdom		✓
United States	✓	
Uruguay		✓
Venezuela		✓

Technology also helps Colgate perform its greater responsibilities as "category captain," a designation trade customers give to top companies in each category. In this role, Colgate advises our customers on category-specific merchandising ideas that increase consumer purchases. In the U.S., handheld computers used by Colgate's sales force are improving merchandising effectiveness with new software that enables immediate analysis and communication right from the store aisle. Achievements in this area led to Colgate U.S. being awarded Retail Merchandiser Magazine's 2001 "Best in Class Category Captain Award" in oral care for merchandising effectiveness, operational efficiency and marketing innovation.

The Internet remains a valuable resource for achieving greater efficiencies. Through reverse on-line auctions that solicited bids from authorized suppliers, Colgate realized as much as 30 percent savings on purchases of a wide variety of materials and services around the world. By the end of 2002, the number of qualified users will double, significantly increasing the potential for ongoing savings.

Finding and implementing new and better processes year after year has been a key Colgate strategy and competitive advantage. Cost-saving initiatives abound at every Colgate division, with new ideas surfacing every day from Colgate people worldwide. These initiatives remain critical to supporting Colgate's powerful brands, growth-building activities and greater profitability.

United States

Partnering With Retailers to Better Manage Inventory

SAP's real-time data gives Colgate up-to-the-minute information on a customer's inventory of Colgate products, critical for retailers relying on vendor managed inventory (VMI). This system ensures that the right assortment of products is always on hand, reducing inventory levels while virtually eliminating out-of-stocks. VMI is used in over 40 percent of Colgate's U.S. business. Working together are Publix Representative Gary Correll and Dennis Zarate, Colgate Salesperson.

Succeeding Together

Colgate's 38,500 people working together and with others are the driving force behind the successful results Colgate has achieved year after year. Their ability to deliver increasingly stronger performance reflects a deep commitment to global teamwork that extends employee collaboration to include alliances with business partners, connections with consumers and programs with communities around the world.

Ongoing communication is vital in keeping Colgate people connected for success. Through formal and informal meetings, organized networks of people with common objectives, video reports and the internal

Global Teamwork—Everyone, Everywhere

Colgate People

Every day, Colgate people worldwide live the Company's values of Caring, Continuous Improvement and Global Teamwork. Guided by these values, employees are working together around the globe to achieve individual and corporate goals, providing a true business advantage for Colgate and its shareholders.

Colgate Business Partners

Colgate and its business partners, including suppliers and retail customers, work together to achieve common goals and build value. The collaborations range from brainstorming on new product innovations to creating store-specific advertising promotions. The result is stronger growth and profitability for all involved.

Colgate Consumers

Teaming with consumers involves understanding their latest wants and needs in order to deliver new products that make their lives healthier and more enjoyable. Colgate continuously listens to consumers and observes their product usage and shopping patterns to be on the leading edge of consumer trends.

Colgate Communities

Colgate joins forces with communities in all parts of the world to offer a multitude of educational programs, free health services and personal growth opportunities. Colgate remains committed to improving people's lives everywhere.

intranet, Colgate people stay up-to-date on every aspect of their work. In 2001, numerous functions including Finance, Legal, Manufacturing, Technology and Consumer Insights held global meetings that brought Colgate's senior managers from around the world together to promote teamwork, share best practices and discuss global business objectives.

Key to achieving common goals is people development. In more than 100 global training programs, Colgate people from different parts of the world learn together, with a strong emphasis on the philosophy of partnership as well as on skills. One program that builds future leaders, Global Leadership 2020, takes high-potential managers through a curriculum covering critical global issues, immersion in different cultures and active collaboration on real-world projects.

Business partners play an integral role in Colgate's achievements too. The Company's highly successful new global fragrance for Suavitel fabric conditioner was the result of brainstorming sessions that brought together bright minds from Colgate and its suppliers in the creative process.

In Latin America, Asia and Africa, where a large percentage of Colgate sales comes from small stores, Colgate works hand in hand with shop owners to develop comprehensive promotional materials and merchandising

Cambodia

Teaming Up for Rural Distribution

In emerging markets, teams of Colgate salespeople travel door-to-door through rural neighborhoods selling a full selection of Colgate products. Employees work closely together to ensure that the Colgate brand message is effectively communicated all over the country.

Hill's France

Effective In-Store Merchandising

Partnering with retailers, Hill's is enhancing in-store merchandising programs to include a variety of off-shelf displays, increased advertising and more shelf space for Hill's products. This collaborative effort is further strengthening Hill's position as the world leader in specialty pet food.

programs that even include painting entire stores "Colgate red," complete with the Colgate Smile. Colgate's in-depth understanding of the small retail trade provides a unique business advantage from which both Colgate and shop owners benefit.

The trusted bond between Colgate and consumers is the most important connection. For nearly 200 years, Colgate has grown its global brand equities on a foundation committed to quality and innovation driven by proprietary development and market research. Since most purchase decisions are made in-store, Colgate gains a competitive edge by more thoroughly understanding shopping behavior through observation and interviews with purchasers. For example, learning that consumers buying deodorants decide first on the form and then on the brand enables Colgate to recommend how deodorant shelves should be organized for shopping ease and for optimal category sales.

Consumers also are at the core of Colgate-supported programs such as Oral Health Month, a new global initiative focused on communicating the importance of good oral health. Working with the endorsement of the dental community, Colgate sponsors in-store activity, free dental checkups, oral health care guides, Internet activity and television advertising throughout the month.

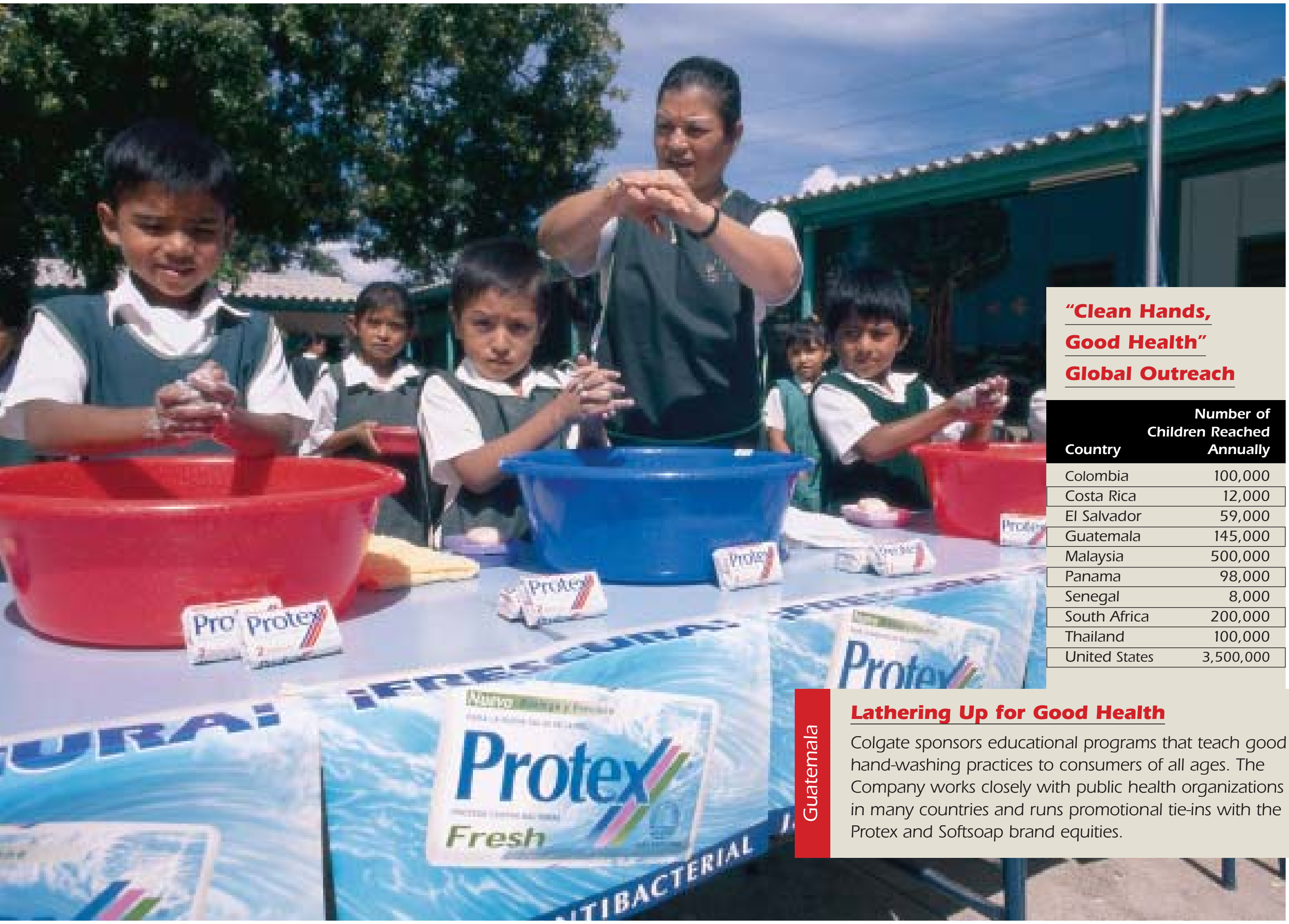
Working within communities extends the reach of Colgate programs. Using specially equipped mobile dental vans, Colgate's "Bright Smiles, Bright Futures" program brings oral health care, including free dental screenings and education, to 46 million children in cities and rural areas around the world each year. In Mexico, 2001 marked Colgate's 75th year of doing business there. In recognition of this major milestone, the Company announced a plan to donate 75 fully equipped dental offices over a three-year period to help bring dental care to the neediest areas in Mexico.

Every day, around the world, Colgate people are committed to creating a motivating and rewarding work environment and to partnering with others for success. Living our shared global values, especially Global Teamwork, gives the Company a strong business advantage. It is an essential part of a strategy that continues to build shareholder value.

Senegal

Connecting With Consumers

Ongoing consumer surveys obtain valuable information that guides Colgate in anticipating consumer trends. In 2001, Colgate connected with hundreds of thousands of consumers in more than 50 countries worldwide.



"Clean Hands, Good Health" Global Outreach

Country	Number of Children Reached Annually
Colombia	100,000
Costa Rica	12,000
El Salvador	59,000
Guatemala	145,000
Malaysia	500,000
Panama	98,000
Senegal	8,000
South Africa	200,000
Thailand	100,000
United States	3,500,000

Guatemala

Lathering Up for Good Health

Colgate sponsors educational programs that teach good hand-washing practices to consumers of all ages. The Company works closely with public health organizations in many countries and runs promotional tie-ins with the Protex and Softsoap brand equities.

Dollars in Millions Except Per Share Amounts

Global Financial Review

Results of Operations

Worldwide Net Sales by Business Segment and Geographic Region	2001	2000	1999
Oral, Personal and Household Care			
North America [1]	**$2,390.2**	$2,310.0	$2,143.7
Latin America	**2,443.3**	2,507.5	2,356.7
Europe	**1,902.1**	1,890.1	2,028.8
Asia/Africa	**1,512.9**	1,532.0	1,519.7
Total Oral, Personal and Household Care	**8,248.5**	8,239.6	8,048.9
Total Pet Nutrition [2]	**1,179.3**	1,118.3	1,069.3
Total Net Sales	**$9,427.8**	$9,357.9	$9,118.2

(1) Net sales in the United States for Oral, Personal and Household Care were $2,097.9, $2,025.7 and $1,880.8 in 2001, 2000 and 1999, respectively.

(2) Net sales in the United States for Pet Nutrition were $790.2, $736.0 and $709.2 in 2001, 2000 and 1999, respectively.

Net Sales and Earnings Before Interest and Taxes (EBIT)

Worldwide net sales increased 1.5%, excluding divestments, to $9,427.8 in 2001 on volume growth of 5.0%. Net sales would have grown 5.5% excluding foreign currency translation. Net sales in the Oral, Personal and Household Care segment increased 1.0%, excluding divestments, on 5.0% volume growth, while net sales and volume in Pet Nutrition increased by 5.5%. In 2000, worldwide net sales increased 2.5% to $9,357.9 on volume growth of 6.0%, reflecting the negative impact of foreign currency translation.

EBIT rose from $1,740.5 in 2000 to $1,834.8 in 2001. The 5% increase reflected the Company's strong volume growth and cost-control initiatives that were effective in increasing margins. EBIT increased 11% in 2000 to $1,740.5 from $1,566.2 in 1999.

Gross Profit

Gross profit margin increased to 55.1%, above both the 2000 level of 54.4% and the 1999 level of 53.7%. This favorable trend reflects the Company's financial strategy to improve all aspects of its supply chain through global sourcing and other cost-reduction initiatives, as well as its emphasis on higher margin products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of sales were 34.6% in 2001, 35.3% in 2000 and 35.7% in 1999. The overall spending as a percentage of sales continued to decline as a result of the Company's ongoing focus on overhead reduction and the effect of translation on local currency costs.

Media and Other Advertising

Included in selling, general and administrative expenses is media spending of $509.0, $550.9 and $575.6 in 2001, 2000 and 1999, respectively. The trend in media spending reflects both lower media pricing and the negative impact of exchange. Total advertising support, including media, promotion and other consumer and trade incentives which reduce reported sales, has increased in each of the years presented.

Other Expense, Net

Other expense, net, consists principally of amortization of goodwill and other intangible assets, minority interest in earnings of less-than-100%-owned consolidated subsidiaries, earnings from equity investments, gains on sale of non-core product lines, and other miscellaneous gains and losses. Other expense, net, increased in 2001 from $52.3 to $94.5 with $27.0 of the increase resulting from unrealized losses on foreign currency contracts in 2001 of $11.6 as compared with unrealized gains of $15.4 in 2000. These contracts are an economic hedge of certain foreign currency debt but do not qualify for hedge accounting.

During 2000, the Company incurred charges of $92.7 ($61.2 aftertax), including a restructuring charge related to the realignment of certain manufacturing operations and the exiting of our business in Nigeria. Also included were gains of $102.0 ($60.9 aftertax) recorded on the sale of real estate and the sale of the Viva detergent brand in Mexico.

Worldwide Earnings by Business Segment and Geographic Region	2001	2000	1999
Oral, Personal and Household Care			
North America	**$ 511.6**	$ 482.4	$ 413.0
Latin America	**668.2**	603.1	535.7
Europe	**342.6**	320.0	342.0
Asia/Africa	**195.9**	194.0	166.7
Total Oral, Personal and Household Care	**1,718.3**	1,599.5	1,457.4
Total Pet Nutrition	**282.1**	243.5	219.9
Corporate Overhead and Other	**(165.6)**	(102.5)	(111.1)
Earnings Before Interest and Taxes	**1,834.8**	1,740.5	1,566.2
Interest Expense, Net	**(166.1)**	(173.3)	(171.6)
Income Before Income Taxes	**$1,668.7**	$1,567.2	$1,394.6

Segment Results

North America

North America net sales grew 3.5% to $2,390.2 on volume gains of 4.5%. Volume increases were led by the strength of recently introduced products in all core categories. In the Oral Care category, recently introduced products such as Colgate Total Plus Whitening toothpaste, Colgate 2in1 toothpaste and mouthwash and Colgate Motion battery-powered toothbrush contributed to increased volumes and market share. The Personal Care category experienced incremental market share driven by volume gains from recently introduced products such as the Softsoap Fruit Essentials and Softsoap Vitamins with vitamin E shower gels and liquid hand soaps, and the Mennen Speed Stick Power of Nature deodorants. The Household Care category had increased volumes from products such as Palmolive Spring Sensations dishwashing liquid and Suavitel fabric conditioner. In 2000, North America achieved overall sales growth of 8.5%, excluding divestments, to $2,310.0 on volume growth of 7.5%.

Dollars in Millions Except Per Share Amounts

EBIT in North America grew 6% to $511.6 as a result of volume gains and efficiencies in advertising spending. EBIT in 2000 increased 17% to $482.4.

Latin America

Net sales in Latin America increased slightly, excluding divestments, to $2,443.3 on 5.0% volume growth offset by foreign currency weaknesses. Mexico, Brazil, Venezuela, Ecuador and Central America achieved the strongest volume gains in the region. Recently launched products including Colgate Herbal, Colgate Fresh Confidence and Colgate Triple Action toothpastes contributed to increased volumes and market share in the Oral Care category throughout the region. Other products contributing to volume gains in the region were Lady Speed Stick Ultra Dry deodorant, Palmolive Naturals and Caprice shampoos, Axion Spring Sensations dishwashing liquid and Suavitel Fresca Primavera fabric conditioner in the Personal and Household Care categories. In 2000, Latin America net sales increased 6.5% to $2,507.5 on 5.5% volume growth.

EBIT in Latin America increased 11% to $668.2 as a result of volume gains, higher gross profit margins, continued efforts to contain costs and efficiencies in advertising spending. EBIT in 2000 grew 13% to $603.1.

Europe

Net sales in Europe increased 1.0%, excluding divestments, to $1,902.1 as unit volume gains of 5.5% were partially offset by the weakened euro. Germany, the United Kingdom, Greece and Russia achieved the strongest volume gains in the region. Recent product launches including Colgate Herbal and Colgate Total Plus Whitening toothpastes and the Colgate Actibrush Bzzz for kids battery-powered toothbrush contributed to regional volume growth in the Oral Care category. In the Personal and Household Care categories, new products such as Palmolive Aromatherapy shower gel and bath foam, Palmolive Vitamins shower gel and liquid hand soap and Ajax wipes contributed to increased volumes and market share. In 2000, Europe net sales declined 7.0% to $1,890.1, due primarily to the weakened euro, while volume grew 4.0%.

EBIT in Europe increased 7% to $342.6 due to volume gains and higher gross profit margins. EBIT in 2000 declined 6% to $320.0 as a result of foreign currency weakness.

Asia/Africa

Net sales in Asia/Africa decreased 1.0% to $1,512.9 as volume gains of 6.0% were offset by foreign currency weakness. China, Australia, Malaysia, Thailand and South Africa achieved the strongest volume gains in the region. Recent product launches including Colgate Fresh Confidence, Colgate Herbal and Colgate Triple Action toothpastes contributed to volume gains in the Oral Care category. In the Personal and Household Care categories, recently introduced products such as the Palmolive Fruit Essentials line of bar soap, liquid hand soap and shower gels, Axion Orange Fantasy dishwashing paste and Softlan fabric conditioner helped to drive volume growth in the region. In 2000, net sales in Asia/Africa increased 1.5%, excluding divestments, to $1,532.0 as volume increased 7.5%.

EBIT grew 1% in Asia/Africa to $195.9 driven by increased volumes and higher gross profit margins. EBIT in 2000 grew 16% to $194.0.

Pet Nutrition

Net sales for Hill's Pet Nutrition increased 5.5% to $1,179.3 on 5.5% volume growth. North American sales increased due to the introduction of innovative new products including Science Diet Canine and Feline Oral Care, Science Diet Canine Small Bites and Prescription Diet Canine b/d, a clinically proven product that reduces the effects of canine brain aging. Hill's also experienced strong volume growth in Europe, South Pacific and Latin America driven by new products such as Science Diet Canine and Feline Oral Care and Prescription Diet Canine and Feline z/d anti-allergy formula. In 2000, net sales for the Pet Nutrition segment increased 4.5% to $1,118.3 on 5.5% volume gains.

EBIT in Pet Nutrition grew 16% to $282.1 driven by increased volumes, higher gross profit margins and the continued focus on reducing overhead. EBIT in 2000 increased 11% to $243.5.

Interest Expense, Net

Interest expense, net, was $166.1 compared with $173.3 in 2000 and $171.6 in 1999. The decrease in net interest expense in 2001 reflected lower interest rates partially offset by increased average debt levels related to share repurchases during the year.

Income Taxes

The effective tax rate on income was 31.3% in 2001 versus 32.1% in 2000 and 32.8% in 1999. Global tax planning strategies, including the realization of foreign tax credits and incentives, benefited the effective tax rate in all three years presented.

Net Income

Net income was $1,146.6 in 2001 or $1.89 per share on a diluted basis compared with $1,063.8 in 2000 or $1.70 per share and $937.3 in 1999 or $1.47 per share.

	2001	2000	1999
Identifiable Assets			
Oral, Personal and Household Care			
North America	**$2,063.6**	$2,122.8	$2,076.5
Latin America	**1,979.9**	2,091.3	2,151.4
Europe	**1,263.6**	1,369.4	1,469.1
Asia/Africa	**942.7**	1,013.0	1,061.3
Total Oral, Personal and Household Care	**6,249.8**	6,596.5	6,758.3
Total Pet Nutrition	**497.6**	478.5	476.1
Total Corporate	**237.4**	177.3	188.7
Total Identifiable Assets(1)	**$6,984.8**	$7,252.3	$7,423.1

(1) Long-lived assets in the United States, primarily property, plant and equipment and goodwill and other intangibles, represented approximately one-third of total long-lived assets of $4,667.1, $4,813.3 and $4,952.3 in 2001, 2000 and 1999, respectively.

Dollars in Millions Except Per Share Amounts

Liquidity and Capital Resources

Net cash provided by operations increased 4% to $1,599.6 compared with $1,536.2 in 2000 and $1,292.7 in 1999. The increase reflects the Company's improved profitability and working capital management partially offset by higher cash taxes. In prior years, cash taxes were reduced by certain tax credits that have been fully utilized. Cash generated from operations was used to fund capital spending, increase dividends and repurchase common shares.

	2001	2000	1999
Capital Expenditures			
North America	**$ 69.5**	$ 91.8	$ 97.6
Latin America	**116.6**	121.3	118.2
Europe	**33.3**	41.7	60.8
Asia/Africa	**36.5**	45.8	57.0
Total Oral, Personal and Household Care	**255.9**	300.6	333.6
Total Pet Nutrition	**37.0**	29.2	21.1
Total Corporate	**47.3**	36.8	18.1
Total Capital Expenditures	**$340.2**	$366.6	$372.8
Depreciation and Amortization			
North America	**$101.1**	$ 99.3	$ 97.4
Latin America	**71.0**	74.9	69.0
Europe	**64.9**	67.8	75.9
Asia/Africa	**47.8**	47.0	46.6
Total Oral, Personal and Household Care	**284.8**	289.0	288.9
Total Pet Nutrition	**28.1**	30.6	32.5
Total Corporate	**23.3**	18.2	18.8
Total Depreciation and Amortization	**$336.2**	$337.8	$340.2

Capital expenditures were 4% of net sales for 2001, 2000 and 1999. Capital spending continues to be focused primarily on projects that yield high aftertax returns. Capital expenditures for 2002 are expected to continue at the current rate of approximately 4% of net sales.

Other investing activities in 2001, 2000 and 1999 included strategic acquisitions and divestitures around the world. There were no significant acquisitions in 2001. The aggregate purchase price of all 2000 and 1999 acquisitions was $64.9 and $46.4, respectively. Certain detergent product lines in Central America were sold in 2001, the Mexico Viva detergent brand was sold in 2000 and the U.S. Baby Magic brand was sold in 1999. The aggregate sale price of all 2001, 2000 and 1999 sales of brands was $12.5, $102.5 and $94.7, respectively.

During 2001, long-term debt increased to $3,137.5 from $2,857.1 and total debt increased to $3,239.1 from $2,978.2 primarily due to increased share repurchases. The Company's long-term debt rating was upgraded in 2001 to AA– by Standard & Poor's and Aa3 by Moody's.

As of December 31, 2001 and 2000, $605.8 and $436.1, respectively, of domestic and foreign commercial paper was outstanding. These borrowings carry a Standard & Poor's rating of A1+ and a Moody's rating of P1. The commercial paper is classified as long-term debt at December 31, 2001, as it is the Company's intent and ability to refinance such obligations on a long-term basis.

In 1993, the Company formed a financing subsidiary with outside equity investors that purchases the Company's receivables. The Company consolidates this entity, including such receivables, and reports the amounts invested by outside investors as a minority interest. The purpose of this arrangement is to provide the Company access to low cost sources of capital. During 2000, this subsidiary ceased operations resulting in a cash payment of $113.9 to the outside investors. In the fourth quarter of 2001, the subsidiary resumed operations with funding of $89.7 from outside investors.

The Company repurchases common shares in open market and private transactions for employee benefit plans and to maintain its targeted capital structure. Aggregate repurchases for 2001 were 21.7 million shares, with a total purchase price of $1,230.2. In 2000, 19.1 million shares were repurchased, with a total purchase price of $1,040.6.

Dividend payments were $396.7, up from $382.4 in 2000 and $366.0 in 1999. Common stock dividend payments increased to $.68 per share in 2001 from $.63 per share in 2000 and $.59 per share in 1999. The Series B Preference Stock dividend payments were increased to $5.40 per share in 2001 from $5.04 per share in 2000 and $4.96 in 1999.

Internally generated cash flows are adequate to support currently planned business operations, acquisitions and capital expenditures. Free cash flow (defined as cash generated by the business after capital expenditures and dividend payments but before acquisitions, divestitures and share repurchases) was $862.7 and $787.2 in 2001 and 2000, respectively, and provides the Company with flexibility for further investments and/or financing. The Company has additional sources of liquidity available in the form of lines of credit maintained with various banks and access to financial markets worldwide. At December 31, 2001, unused lines of credit amounted to $1,370.5 and the Company had $1,351.4 available under a shelf registration filed in 2001. Significant acquisitions would require external financing.

The following represents the scheduled maturities of the Company's long-term contractual obligations as of December 31, 2001.

		Payments Due by Period			
	Total	Less than 1 Year	1–3 Years	4–5 Years	After 5 Years
Long-term debt including current portion	$3,137.5	$ 931.3[1]	$ 919.9	$338.2	$ 948.1
Operating leases	407.8	71.9	115.5	94.5	125.9
Unconditional purchase obligations	156.4	96.4	33.0	27.0	—
Total	$3,701.7	$1,099.6	$1,068.4	$459.7	$1,074.0

[1] Long-term debt due within 1 year includes $605.8 of commercial paper that has been classified as long-term debt as of December 31, 2001, as the Company has the intent and ability to refinance such obligations on a long-term basis.

The Company does not have any off-balance-sheet financing or unconsolidated special purpose entities. The Company's treasury and risk management policies prohibit the use of leveraged derivatives or derivatives for trading purposes. The valuation of financial instruments that are marked to market are based upon independent third-party sources including quoted market prices.

The Company is a party to various superfund and other environmental matters and is contingently liable with respect to lawsuits, taxes and other matters arising out of the normal course of business as more fully discussed in Note 14 to the Consolidated Financial Statements included herein. Management proactively reviews and manages its exposure to, and the impact of, environmental matters. While it is possible that the Company's cash flows and results of operations in a particular quarter or year could be affected by the one-time impacts of the resolution of such contingencies, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material impact on the Company's financial position or ongoing cash flows and results of operations.

Restructuring Reserves

In December 2000, the Company recorded a charge of $63.9 ($42.5 aftertax) associated with the realignment of three manufacturing locations in Latin America and the exiting of our business in Nigeria. The charge recorded included $14.2 for termination costs and $49.7 for exiting of manufacturing operations. The restructuring was completed in 2001 with a final payment of $7.2 representing termination costs for 979 employees.

Managing Foreign Currency, Interest Rate and Commodity Price Exposure

The Company is exposed to market risk from foreign currency exchange rates, interest rates and commodity price fluctuations. The Company manages the volatility relating to these exposures on a consolidated basis by utilizing a number of techniques, including working capital management, selective borrowings in local currencies and entering into certain derivative instrument transactions in accordance with the Company's treasury and risk management policies.

The Company operates in over 200 countries and territories and is exposed to currency fluctuation related to manufacturing and selling its products in currencies other than the U.S. dollar. The major foreign currency exposures involve the markets in the European Union, Mexico and Brazil, although all regions of the world are subject to foreign currency changes versus the U.S. dollar. The Company actively monitors its foreign currency exposures in these markets and has been able to substantially offset the impact on earnings of foreign currency rate movements through a combination of cost-containment measures, foreign currency hedging activities and selling price increases. The Company primarily utilizes forward exchange and currency swap contracts to hedge portions of its exposures relating to foreign currency purchases, and assets and liabilities created in the normal course of business. From time to time, the Company hedges certain of its forecasted foreign currency purchases using foreign currency forward contracts with durations no greater than 18 months.

The Company utilizes interest rate swaps and debt issuances to manage its targeted mix of fixed and floating rate debt and to minimize significant fluctuations in earnings and cash flows that may result from interest rate volatility.

The Company is exposed to price volatility related to raw materials used in production. The Company uses futures and option contracts on a limited basis to manage volatility related to anticipated raw material inventory purchases. The results of the Company's commodity hedging activity is not material.

The Company is exposed to credit loss in the event of nonperformance by counterparties to the financial instrument contracts held by the Company; however, nonperformance by these counterparties is considered remote as it is the Company's policy to contract with diversified counterparties that have a long-term debt rating of A or higher. In addition, if all these counterparties did not perform, the Company's risk of credit loss would not be material.

Value at Risk

The Company's risk management procedures include the monitoring of interest rate and foreign exchange exposures and the Company's offsetting hedge positions utilizing statistical analyses of cash flows, market value, sensitivity analysis and value-at-risk estimations. However, the use of these techniques to quantify the market risk of such instruments should not be construed as an endorsement of their accuracy or the accuracy of the related assumptions. The Company utilizes a Value-at-Risk (VAR) model and an Earnings-at-Risk (EAR) model that are intended to measure the maximum potential loss in its interest rate and foreign exchange financial instruments assuming adverse market conditions occur, given a 95% confidence level. The models utilize a variance/covariance modeling technique. Historical interest rates and foreign exchange rates from the preceding year are used to estimate the volatility and correlation of future rates.

The estimated maximum potential one-day loss in fair value of interest rate or foreign exchange rate instruments, calculated using the VAR model, is not material to the consolidated financial position, results of operations or cash flows of the Company. The estimated maximum yearly loss in earnings due to interest rate or foreign exchange rate instruments, calculated utilizing the EAR model, is not material to the Company's results of operations. Actual results in the future may differ materially from these projected results due to actual developments in the global financial markets.

For information regarding the Company's accounting policies for financial instruments and a description of financial instrument activities, refer to Note 2 and Note 11 to the Consolidated Financial Statements.

Accounting Changes

The Financial Accounting Standards Board's (FASB) Emerging Issues Task Force (EITF) recently reached consensus on topics relating to the classification of various types of sales incentives and promotional expenses. The Company will adopt the new accounting requirements effective January 1, 2002. The impact of the new accounting will result in the reclassification of certain sales incentives and promotional expenses from selling, general and administrative expenses to either a reduction of net sales or an increase of cost of sales, but will have no impact on the Company's financial position or net income. Based on historical information, annual net sales as currently reported for 2001 and 2000 will be reduced by approximately 4% with a corresponding reduction in selling, general and administrative expenses. The impact on annual cost of sales as currently reported is not material. In our 2002 Consolidated Financial Statements, all comparative periods will be reclassified to conform to the new requirements.

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." In addition to requiring the use of the purchase method for all future business combinations, SFAS 141 broadens the criteria for recording intangible assets separate from goodwill. SFAS 142 addresses accounting and reporting standards for acquired goodwill and other intangible assets. Under the new standards, goodwill and indefinite life intangible assets, such as the Company's global brands, are no longer amortized but will be subject to annual impairment tests. Finite life intangible assets such as non-compete agreements will continue to be amortized over their useful lives.

The Company will adopt these statements effective January 1, 2002. As a result, the Company will cease amortization of goodwill and indefinite life intangible assets which is expected to increase income before income taxes by approximately $50.0 and net income by approximately $40.0. Annual amortization expense related to goodwill and other intangible assets was $68.0, $72.1 and $75.6 for the years ended December 31, 2001, 2000 and 1999, respectively. During 2002, the Company will perform the required transitional impairment tests of goodwill and indefinite life intangible assets. It is management's preliminary assessment that a transitional impairment charge, if any, will not be material.

Accounting Policies and Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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. As such, the most significant uncertainty in the Company's assumptions and estimates involved in preparing the financial statements include pension and health care cost assumptions, and legal and tax contingency reserves. Actual results could ultimately differ from those estimates.

In certain instances, accounting principles generally accepted in the United States allow for the selection of alternative accounting methods. The Company's more significant policies where alternative methods are available include the accounting for stock options (refer to Note 5 to the Consolidated Financial Statements for further information) and inventories (LIFO/FIFO). For more information on the Company's accounting policies, refer to the Notes to the Consolidated Financial Statements.

Outlook

Looking forward into 2002, the Company is well positioned for continued growth in most of its markets. However, the Company operates in a highly competitive global marketplace that is experiencing increased trade concentration. In addition, movements in foreign currency exchange rates can impact future operating results as measured in U.S. dollars. In particular, economic uncertainty in some countries in Latin America and changes in the value of the euro may impact the overall results of Latin America and Europe.

The Company expects the continued success of Colgate toothpaste, using patented and proprietary technology, to bolster worldwide Oral Care leadership and expects new products in Oral Care and other categories to add potential for further growth. Overall, subject to global economic conditions, the Company does not expect the 2002 market conditions to be materially different from those experienced in 2001 and the Company expects its positive momentum to continue. Historically, the consumer products industry has been less susceptible to changes in economic growth than many other industries, and therefore the Company constantly evaluates projects that will focus operations on opportunities for enhanced growth potential. Over the long term, Colgate's continued focus on its consumer products business and the strength of its global brand names, its broad international presence in both developed and developing markets, and its strong capital base all position the Company to take advantage of growth opportunities and to continue to increase profitability and shareholder value.

Forward-Looking Statements

Readers are cautioned that the Results of Operations and other sections of this report contain forward-looking statements that are based on management's estimates, assumptions and projections. A description of some of the factors that could cause actual results to differ materially from expectations expressed in the Company's forward-looking statements set forth in the Company's Form 10-K for the year ended December 31, 2001 filed under the caption "Cautionary Statement on Forward-Looking Statements," together with any future such filings made with the Securities and Exchange Commission, are incorporated herein by reference. These factors include, but are not limited to, the risks associated with international operations, the activities of competitors, retail trade practices, the success of new product introductions, cost pressures, manufacturing and environmental matters.

Report of Management

The management of Colgate-Palmolive Company has prepared the accompanying consolidated financial statements and is responsible for their content as well as other information contained in this annual report. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States and necessarily include amounts which are based on management's best estimates and judgments.

The Company maintains a system of internal accounting control designed to be cost-effective while providing reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded in the financial records. Internal control effectiveness is supported through written communication of policies and procedures, careful selection and training of personnel, and audits by a professional staff of internal auditors. The Company's control environment is further enhanced through a formal Code of Conduct which sets standards of professionalism and integrity for employees worldwide.

For 2001, the Company utilized Arthur Andersen LLP, independent public accountants, to examine these financial statements. Their accompanying report is based on an examination conducted in accordance with auditing standards generally accepted in the United States, which includes a review of the Company's systems of internal control as well as tests of accounting records and procedures sufficient to enable them to render an opinion on the Company's financial statements.

The Audit Committee of the Board of Directors is composed entirely of non-employee directors. The Committee meets periodically and independently throughout the year with management, internal auditors and the independent accountants to discuss the Company's internal accounting controls, auditing and financial reporting matters. The internal auditors and independent accountants have unrestricted access to the Audit Committee.

Reuben Mark
Chairman and
Chief Executive Officer

Stephen C. Patrick
Chief Financial Officer

Report of Independent Public Accountants

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

We have audited the accompanying consolidated balance sheets of Colgate-Palmolive Company (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, retained earnings, comprehensive income and changes in capital accounts, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colgate-Palmolive Company and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

New York, New York
February 4, 2002

Consolidated Statements of Income

Dollars in Millions Except Per Share Amounts

	2001	2000	1999
Net sales	**$9,427.8**	$9,357.9	$9,118.2
Cost of sales	**4,236.9**	4,265.5	4,224.0
Gross profit	**5,190.9**	5,092.4	4,894.2
Selling, general and administrative expenses	**3,261.6**	3,299.6	3,254.4
Other expense, net	**94.5**	52.3	73.6
Interest expense, net	**166.1**	173.3	171.6
Income before income taxes	**1,668.7**	1,567.2	1,394.6
Provision for income taxes	**522.1**	503.4	457.3
Net income	**$1,146.6**	$1,063.8	$ 937.3
Earnings per common share, basic	**$ 2.02**	$ 1.81	$ 1.57
Earnings per common share, diluted	**$ 1.89**	$ 1.70	$ 1.47

Palmolive Aromatherapy

See Notes to Consolidated Financial Statements.

Dollars in Millions Except Per Share Amounts

Consolidated Balance Sheets

	2001	2000
Assets		
Current Assets		
Cash and cash equivalents	**$ 172.7**	$ 206.6
Receivables (less allowances of $45.6 and $39.8, respectively)	**1,124.9**	1,195.4
Inventories	**677.0**	686.6
Other current assets	**228.8**	258.6
Total current assets	**2,203.4**	2,347.2
Property, plant and equipment, net	**2,513.5**	2,528.3
Goodwill and other intangibles, net	**1,904.0**	2,096.4
Other assets	**363.9**	280.4
	$ 6,984.8	$ 7,252.3
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes and loans payable	**$ 101.6**	$ 121.1
Current portion of long-term debt	**325.5**	320.2
Accounts payable	**678.1**	738.9
Accrued income taxes	**195.0**	163.7
Other accruals	**823.3**	900.2
Total current liabilities	**2,123.5**	2,244.1
Long-term debt	**2,812.0**	2,536.9
Deferred income taxes	**480.6**	447.3
Other liabilities	**722.3**	555.9
Shareholders' Equity		
Preferred stock	**341.3**	354.1
Common stock, $1 par value (1,000,000,000 shares authorized, 732,853,180 shares issued)	**732.9**	732.9
Additional paid-in capital	**1,168.7**	1,144.9
Retained earnings	**5,643.6**	4,893.7
Accumulated other comprehensive income	**(1,491.2)**	(1,269.7)
	6,395.3	5,855.9
Unearned compensation	**(345.4)**	(344.4)
Treasury stock, at cost	**(5,203.5)**	(4,043.4)
Total shareholders' equity	**846.4**	1,468.1
	$ 6,984.8	$ 7,252.3

See Notes to Consolidated Financial Statements.

Consolidated Statements of Retained Earnings, Comprehensive Income and Changes in Capital Accounts

Dollars in Millions Except Per Share Amounts

	Common Shares		Additional Paid-in	Treasury Shares		Retained	Accumulated Other Compre-	Compre- hensive
	Shares	Amount	Capital	Shares	Amount	Earnings	hensive Income	Income
Balance, January 1, 1999	585,419,480	$732.9	$824.6	147,433,700	$2,333.8	$3,641.0	$(799.8)	
Net income						937.3		$937.3
Other comprehensive income:								
Cumulative translation adjustment							(336.4)	(336.4)
Total comprehensive income								$600.9
Dividends declared:								
Series B Convertible Preference Stock, net of income taxes						(20.5)		
Preferred stock						(.5)		
Common stock						(345.0)		
Shares issued for stock options	6,894,907		128.0	(6,894,907)	132.5			
Treasury stock acquired	(12,849,744)			12,849,744	624.4			
Other	(601,597)		110.6	611,087	(34.3)			
Balance, December 31, 1999	578,863,046	$732.9	$1,063.2	153,999,624	$3,056.4	$4,212.3	$(1,136.2)	
Net income						1,063.8		$1,063.8
Other comprehensive income:								
Cumulative translation adjustment							(133.5)	(133.5)
Total comprehensive income								$930.3
Dividends declared:								
Series B Convertible Preference Stock, net of income taxes						(20.3)		
Preferred stock						(.4)		
Common stock						(361.7)		
Shares issued for stock options	4,796,186		96.7	(4,796,186)	54.3			
Treasury stock acquired	(19,099,681)			19,099,681	1,040.6			
Other	2,096,323		(15.0)	(2,084,163)	(107.9)			
Balance, December 31, 2000	566,655,874	$732.9	$1,144.9	166,218,956	$4,043.4	$4,893.7	$(1,269.7)	
Net income						1,146.6		$1,146.6
Other comprehensive income:								
Cumulative translation adjustment							(198.5)	(198.5)
Other							(23.0)	(23.0)
Total comprehensive income								$925.1
Dividends declared:								
Series B Convertible Preference Stock, net of income taxes						(21.3)		
Preferred stock						(.4)		
Common stock						(375.0)		
Shares issued for stock options	2,705,887		62.4	(2,705,887)	20.5			
Treasury stock acquired	(21,662,879)			21,662,879	1,230.2			
Other	3,023,451		(38.6)	(3,023,261)	(90.6)			
Balance, December 31, 2001	**550,722,333**	**$732.9**	**$1,168.7**	**182,152,687**	**$5,203.5**	**$5,643.6**	**$(1,491.2)**	

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Dollars in Millions Except Per Share Amounts

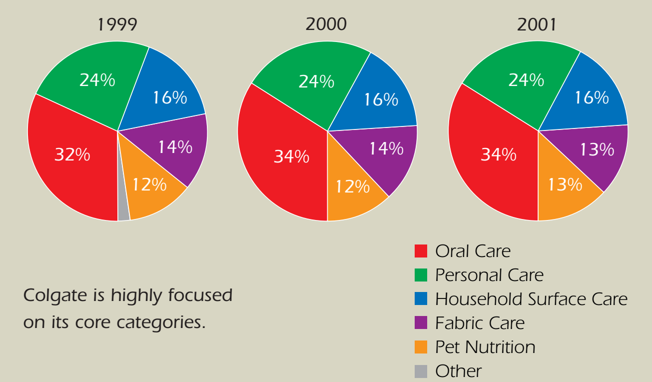
	2001	2000	1999
Operating Activities			
Net income	**$1,146.6**	$ 1,063.8	$ 937.3
Adjustments to reconcile net income to net cash provided by operations:			
Restructured operations	**(8.9)**	(14.9)	(35.6)
Depreciation and amortization	**336.2**	337.8	340.2
Income taxes and other, net	**168.6**	69.7	122.3
Cash effects of changes in:			
Receivables	**19.4**	(91.9)	(81.3)
Inventories	**(18.7)**	59.0	(82.8)
Payables and accruals	**(43.6)**	112.7	92.6
Net cash provided by operations	**1,599.6**	1,536.2	1,292.7
Investing Activities			
Capital expenditures	**(340.2)**	(366.6)	(372.8)
Payment for acquisitions, net of cash acquired	**(10.2)**	(64.9)	(44.1)
Sale of non-core product lines	**12.5**	102.5	89.9
Sale of marketable securities and investments	**9.3**	137.4	22.7
Other	**(90.6)**	(17.0)	(27.2)
Net cash used for investing activities	**(419.2)**	(208.6)	(331.5)
Financing Activities			
Principal payments on debt	**(595.9)**	(739.4)	(491.0)
Proceeds from issuance of debt	**887.9**	925.4	555.5
Payments from (to) outside investors	**89.7**	(113.9)	—
Dividends paid	**(396.7)**	(382.4)	(366.0)
Purchase of common stock	**(1,230.2)**	(1,040.6)	(624.4)
Other	**34.5**	34.9	(14.2)
Net cash used for financing activities	**(1,210.7)**	(1,316.0)	(940.1)
Effect of exchange rate changes on cash and cash equivalents	**(3.6)**	(4.6)	(3.2)
Net (decrease) increase in cash and cash equivalents	**(33.9)**	7.0	17.9
Cash and cash equivalents at beginning of year	**206.6**	199.6	181.7
Cash and cash equivalents at end of year	**$ 172.7**	$ 206.6	$ 199.6
Supplemental Cash Flow Information			
Income taxes paid	**$ 346.8**	$ 306.3	$ 292.4
Interest paid	**221.5**	203.0	210.9
Principal payments on ESOP debt, guaranteed by the Company	**12.9**	8.8	6.7

See Notes to Consolidated Financial Statements.

1. Nature of Operations

The Company manufactures and markets a wide variety of products in the U.S. and around the world in two distinct business segments: Oral, Personal and Household Care, and Pet Nutrition. Oral, Personal and Household Care products include toothpaste, oral rinses and toothbrushes, bar and liquid hand soaps, shower gels, shampoos, conditioners, deodorants and antiperspirants, shave products, laundry and dishwashing detergents, fabric conditioners, cleansers and cleaners, bleaches and other similar items. These products are sold primarily to wholesale and retail distributors worldwide. Pet Nutrition products include pet food products manufactured and marketed by Hill's Pet Nutrition. The principal customers for Pet Nutrition products are veterinarians and specialty pet retailers. Principal global trademarks include Colgate, Palmolive, Kolynos, Mennen, Protex, Ajax, Soupline, Suavitel, Fab, Science Diet and Prescription Diet in addition to various regional trademarks.

The Company's principal classes of products accounted for the following percentages of worldwide sales for the past three years:



Colgate is highly focused on its core categories.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Colgate-Palmolive Company and its majority-owned subsidiaries. Intercompany transactions and balances have been eliminated. Investments in companies in which the Company's interest is between 20% and 50% are accounted for using the equity method. The Company's share of the net income/(loss) from such investments is recorded in Other expense, net, in the Consolidated Statements of Income.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to use judgment and make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The level of uncertainty in estimates and assumptions increases with the length of time until the underlying transactions are completed. As such, the most significant uncertainty in the Company's assumptions and estimates involved in preparing the financial statements include pension and health care cost assumptions and legal and tax contingency reserves. Actual results could ultimately differ from those estimates.

Accounting Changes

The Financial Accounting Standards Board's (FASB) Emerging Issues Task Force (EITF) recently reached consensus on topics relating to the classification of various types of sales incentives and promotional expenses. The Company will adopt the new accounting requirements effective January 1, 2002. The impact of the new accounting will result in the reclassification of certain sales incentives and promotional expenses from selling, general and administrative expenses to either a reduction of net sales or an increase of cost of sales, but will have no impact on the Company's financial position or net income. Based on historical information, annual net sales as currently reported for 2001 and 2000 will be reduced by approximately 4% with a corresponding reduction in selling, general and administrative expenses. The impact on annual cost of sales as currently reported is not material. In our 2002 Consolidated Financial Statements, all comparative periods will be reclassified to conform to the new requirements.

In July 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." In addition to requiring the use of the purchase method for all future business combinations, SFAS 141 broadens the criteria for recording intangible assets separate from goodwill. SFAS 142 addresses accounting and reporting standards for acquired goodwill and other intangible assets. Under the new standards, goodwill and indefinite life intangible assets, such as the Company's global brands, will no longer be amortized but will be subject to annual impairment tests. Finite life intangible assets such as non-compete agreements will continue to be amortized over their useful lives.

The Company will adopt these statements effective January 1, 2002. As a result, the Company will cease amortization of goodwill and indefinite life intangible assets, which is expected to increase income before income taxes by approximately $50.0 and net income by approximately $40.0. Annual amortization expense related to goodwill and other intangible assets was $68.0, $72.1 and $75.6 for the years ended December 31, 2001, 2000 and 1999, respectively. During 2002, the Company will perform the required transitional impairment tests of goodwill and indefinite life intangible assets. It is management's preliminary assessment that a transitional impairment charge, if any, will not be material.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. The first-in, first-out (FIFO) method is used to determine the cost of most inventories. The cost of the remaining inventories is determined using the last-in, first-out (LIFO) method.

Property, Plant and Equipment

Land, buildings, and machinery and equipment are stated at cost. Depreciation is provided, primarily using the straight-line method, over estimated useful lives ranging from 3 to 40 years.

Goodwill and Other Intangibles

Under current accounting guidance, goodwill is amortized on the straight-line method, generally over a period of 40 years. Other intangible assets, principally consisting of brands, trademarks and non-compete agreements, are amortized on the straight-line method over periods ranging from 5 to 40 years depending on their useful lives.

The recoverability of the carrying values of intangible assets is evaluated periodically based on a review of forecasted operating cash flows and the profitability of the related business. For the three-year period ended December 31, 2001, there were no material adjustments to the carrying values of intangible assets resulting from these evaluations.

Revenue Recognition

Sales are recorded at the time products are shipped to trade customers and when risk of ownership transfers. Net sales reflect units shipped at selling list prices reduced by estimated returns, promotion allowances and other discounts.

Shipping and Handling Costs

Shipping and handling costs are classified as selling, general and administrative expenses and were $631.0, $619.9 and $590.0 for the years ended December 31, 2001, 2000 and 1999, respectively.

Advertising

Advertising costs are expensed in the year incurred.

Income Taxes

Deferred taxes are recognized for the expected future tax consequences of temporary differences between the amounts carried for financial reporting and tax purposes. Provision is made currently for taxes payable on remittances of overseas earnings; no provision is made for taxes on overseas retained earnings that are deemed to be permanently reinvested.

Translation of Overseas Currencies

The assets and liabilities of 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 converted into U.S. dollars at average rates of exchange prevailing during the year.

For subsidiaries operating in highly inflationary environments, inventories, goodwill and property, plant and equipment are translated at the rate of exchange on the date the assets were acquired, while other assets and liabilities are translated at year-end exchange rates. Translation adjustments for these operations are included in net income.

Financial Instruments

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The cumulative effect of adoption of SFAS 133 did not result in a material impact on the Company's financial position, results of operations or cash flows.

It is the Company's policy to enter into derivative instruments with terms that match the underlying exposure being hedged. As such, the Company's derivative instruments are considered highly effective and the net gain or loss from hedge ineffectiveness was not material.

The Company's derivative instruments that qualify for hedge accounting are primarily designated as either fair value hedges or cash flow hedges. For fair value hedges, changes in fair value of the derivative as well as the offsetting changes in fair value of the hedged item are recognized in earnings each period. For cash flow hedges, changes in fair value of the derivative are recorded in other comprehensive income and are recognized in earnings when the offsetting effect of the hedged item is also recognized in earnings.

The Company may also enter into certain foreign currency derivative instruments that economically hedge certain of its risks but do not qualify for hedge accounting. Changes in fair value of these derivative instruments are obtained from quoted market prices and are recognized in earnings each period.

Segment Information

The Company operates in two product segments: Oral, Personal and Household Care, and Pet Nutrition. The operations of the Oral, Personal and Household Care segment are managed geographically in four reportable operating segments: North America, Latin America, Europe and Asia/Africa.

Management measures segment profit as operating income, which is defined as income before interest expense and income taxes. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Corporate operations include research and development costs, unallocated overhead costs, and gains and losses on sales of non-strategic brands and assets. Corporate assets include primarily benefit plan assets.

Dollars in Millions Except Per Share Amounts

The financial and descriptive information on the Company's geographic area and industry segment data, appearing in the tables contained in management's discussion of this report, is an integral part of these financial statements.

Reclassifications

Certain prior year balances have been reclassified to conform with current year presentation.

3. Acquisitions and Divestitures

During 2001, the Company did not make any significant acquisitions. During 2000 and 1999, the Company made several acquisitions totaling $64.9 and $46.4, respectively. Individually, none of these acquisitions was significant.

The acquisitions were accounted for as purchases, and accordingly, the purchase prices were allocated to the net tangible and intangible assets acquired based on estimated fair values at the dates the acquisitions were consummated. The results of operations of the acquired businesses have been included in the Consolidated Financial Statements since the respective acquisition dates. The inclusion of pro forma financial data for all acquisitions would not have materially affected the financial information included herein.

The aggregate sale price of all 2001, 2000 and 1999 divestitures was $12.5, $102.5 and $94.7, respectively. These divestitures included certain Central American detergent product lines in 2001, the Mexico Viva detergent brand in 2000 and the U.S. Baby Magic brand in 1999.

4. Long-Term Debt and Credit Facilities

Long-term debt consists of the following at December 31:

	Weighted Average Interest Rate	Maturities	**2001**	2000
Notes	5.9%	2002-2041	**$1,724.7**	$1,458.4
Commercial paper	2.1	2002	**605.8**	436.1
ESOP notes, guaranteed by the Company	8.7	2002-2009	**345.2**	358.1
Payable to banks	4.7	2002-2007	**451.5**	603.5
Capitalized leases			**10.3**	1.0
			3,137.5	2,857.1
Less: current portion of long-term debt			**325.5**	320.2
			$2,812.0	$2,536.9

Commercial paper is classified as long-term debt as it is the Company's intent and ability to refinance such obligations on a long-term basis. Scheduled maturities of debt outstanding at December 31, 2001, excluding commercial paper reclassified, are as follows: 2002—$325.5; 2003—$675.2; 2004—$244.7; 2005—$77.6; 2006—$260.6 and $948.1 thereafter. The Company has entered into interest rate swap agreements and foreign exchange contracts related to certain of these debt instruments (see Note 11).

At December 31, 2001, the Company had unused credit facilities amounting to $1,370.5. Commitment fees related to credit facilities are not material. The weighted average interest rate on short-term borrowings, excluding amounts reclassified, as of December 31, 2001 and 2000, was 5.6% and 7.6%, respectively.

5. Capital Stock and Stock Compensation Plans

Preferred Stock

Preferred Stock consists of 250,000 authorized shares without par value. It is issuable in series, of which one series of 125,000 shares, designated $4.25 Preferred Stock, with a stated and redeemable value of $100 per share, has been issued. The $4.25 Preferred Stock is redeemable only at the option of the Company. At December 31, 2001 and 2000, 103,160 and 103,350 shares of $4.25 Preferred Stock, respectively, were outstanding.

Preference Stock

In 1988, the Company authorized the issuance of 50,000,000 shares of Preference Stock, without par value. The Series B Convertible Preference Stock, which is convertible into eight shares of common stock, ranks junior to all series of the Preferred Stock. At December 31, 2001 and 2000, 5,059,086 and 5,254,847 shares of Series B Convertible Preference Stock, respectively, were outstanding and issued to the Company's Employee Stock Ownership Plan.

Shareholder Rights Plan

Under the Company's Shareholder Rights Plan, each share of the Company's common stock carries with it one Preference Share Purchase Right ("Rights"). The Rights themselves will at no time have voting power or pay dividends. The Rights become exercisable only if a person or group acquires 15% or more of the Company's common stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 15% or more of the common stock. When exercisable, each Right entitles a holder to buy one two-hundredth of a share of a new series of preference stock at an exercise price of $220.00, subject to adjustment.

If the Company is acquired in a merger or other business combination, each Right will entitle a holder to buy, at the Right's then current exercise price, a number of the acquiring company's common shares having a market value of twice such price. In addition, if a person or group acquires 15% or more of the Company's common stock, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then current exercise price, a number of shares of the Company's common stock having a market value of twice the Right's exercise price.

Further, at any time after a person or group acquires 15% or more (but less than 50%) of the Company's common stock, the

Board of Directors may, at its option, exchange part or all of the Rights (other than Rights held by the acquiring person or group) for shares of the Company's common stock on a one-for-one basis.

The Company, at the option of its Board of Directors, may amend the Rights or redeem the Rights for $.01 at any time before the acquisition by a person or group of beneficial ownership of 15% or more of its common stock. The Board of Directors is also authorized to reduce the 15% threshold to not less than 10%. Unless redeemed earlier, the Rights will expire on October 31, 2008.

Stock Repurchases

During 1998, the Company entered into a series of forward purchase agreements on its common stock that expire in 2004. These agreements are settled on a net basis in shares of the Company's common stock and do not require the Company to settle by purchasing its common stock at market prices. To the extent that the market price of the Company's common stock on a settlement date is higher/(lower) than the forward purchase price, the equivalent value in shares of the net differential is received/(delivered) by the Company. As of December 31, 2001, agreements were in place covering approximately $387.2 of the Company's common stock (6.7 million shares) that had forward prices averaging $58.14 per share. During 2001 and 2000, settlements resulted in the Company delivering 1,237,689 and 217,574 shares, respectively. During 1999, settlements resulted in the Company receiving 2,322,701 shares. All of these settlements were recorded as treasury stock transactions.

Incentive Stock Plan

The Company has a plan that provides for grants of restricted stock awards for officers and other executives of the Company and its major subsidiaries. A committee of non-employee members of the Board of Directors administers the plan. The awarded shares vest at the end of the restriction period, generally between three and five years. During 2001 and 2000, 511,120 and 667,090 shares, respectively, were awarded to employees in accordance with the provisions of the plan.

Stock Option Plans

The Company's Stock Option Plans ("Plans") provide for the issuance of non-qualified stock options to officers and key employees. Options are granted at prices not less than the fair market value on the date of grant with a term of up to ten years and generally vesting over three to five years. As of December 31, 2001, 20,382,516 shares of common stock were available for future grants.

The Plans contain a feature that provides for the grant of new options when previously owned shares of Company stock are used to exercise existing options. The number of new options granted under this feature is equal to the number of shares of previously owned Company stock used to exercise the original options and to pay the related required U.S. income tax. The new options are granted at a price equal to the fair market value on the date of the new grant and have the same expiration date as the original options exercised.

Stock option plan activity is summarized below:

	2001		2000		1999	
	Shares (in thousands)	**Weighted Average Exercise Price**	Shares (in thousands)	Weighted Average Exercise Price	Shares (in thousands)	Weighted Average Exercise Price
Options outstanding, January 1	**39,143**	**$41**	39,196	$36	42,786	$28
Granted	**7,842**	**57**	9,762	53	11,414	53
Exercised	**(5,565)**	**37**	(9,361)	32	(14,587)	26
Canceled or expired	**(487)**	**56**	(454)	40	(417)	49
Options outstanding, December 31	**40,933**	**44**	39,143	41	39,196	36
Options exercisable, December 31	**26,549**	**$39**	24,840	$35	23,813	$28

The following table summarizes information relating to currently outstanding and exercisable options as of December 31, 2001:

Range of Exercise Prices	Weighted Average Remaining Contractual Life (in years)	Options Outstanding (in thousands)	Weighted Average Exercise Price	Options Exercisable (in thousands)	Weighted Average Exercise Price
$13.01 – $20.31	3	5,558	$17	5,558	$17
$20.79 – $31.08	3	4,454	27	4,294	27
$31.33 – $46.78	6	6,147	38	5,732	37
$46.89 – $53.02	7	8,357	50	3,410	51
$53.06 – $56.68	8	10,623	56	3,346	56
$56.69 – $64.75	5	5,794	59	4,209	59
	6	40,933	$44	26,549	$39

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for options granted under the Plans. Accordingly, no compensation expense has been recognized. Had compensation expense been determined based on the Black-Scholes option pricing model value at the grant date for awards in 2001, 2000 and 1999 consistent with the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), the Company's net income, basic earnings per common share and diluted earnings per common share would have been $1,101.7, $1.94 per share and $1.81 per share, respectively, in 2001; $1,006.1, $1.71 per share and $1.60 per share, respectively, in 2000; and $891.9, $1.49 per share and $1.40 per share, respectively, in 1999.

The weighted average Black-Scholes value of stock option grants issued in 2001, 2000 and 1999 was $9.37, $10.95 and $8.61, respectively. The Black-Scholes value of each option granted is estimated using the Black-Scholes option pricing model with the following assumptions: option term until exercise ranging from 2 to 7 years, volatility ranging from 22% to 41%, risk-free interest rate ranging from 3.3% to 6.2% and an expected dividend yield of 2.5%. The Black-Scholes model used to determine the option values shown above was developed to estimate the fair value of short-term freely tradable, fully transferable options without vesting restrictions and was not designed to value reloads, all of which significantly differ from the Company's stock option awards. The value of this model is also limited by the inclusion of highly subjective assumptions that greatly affect calculated values.

6. Employee Stock Ownership Plan

In 1989, the Company expanded its Employee Stock Ownership Plan ("ESOP") through the introduction of a leveraged ESOP covering certain employees who have met eligibility requirements. The ESOP issued $410.0 of long-term notes due through 2009 bearing an average interest rate of 8.7%. The long-term notes, which are guaranteed by the Company, are reflected in the accompanying Consolidated Balance Sheets. The ESOP used the proceeds of the notes to purchase 6.3 million shares of Series B Convertible Preference Stock (the "Stock") from the Company. The Stock has a minimum redemption price of $65 per share and pays semiannual dividends equal to the higher of $2.44 or the current dividend paid on eight common shares for the comparable six-month period. During 2000, the ESOP entered into a loan agreement with the Company under which the benefits of the ESOP may be extended through 2035.

Dividends on these preferred shares, as well as common shares also held by the ESOP, are paid to the ESOP trust and, together with cash contributions and advances from the Company, are used by the ESOP to repay principal and interest on the outstanding notes. Preferred shares are released for allocation to participants based upon the ratio of the current year's debt service to the sum of total principal and interest payments over the life of the loan. At December 31, 2001, 1,630,743 shares were allocated to participant accounts and 3,428,343 shares were available for future allocation. Each allocated share may be converted by the ESOP Trustee into eight common shares but preferred shares generally convert only after the employee ceases to work for the Company.

Dividends on these preferred shares are deductible for income tax purposes and, accordingly, are reflected net of their tax benefit in the Consolidated Statements of Retained Earnings, Comprehensive Income and Changes in Capital Accounts.

Annual expense related to the leveraged ESOP, determined as interest incurred on the original notes, plus the higher of either principal payments or the cost of shares allocated, less dividends received on the shares held by the ESOP and advances from the Company, was $0 in 2001, $3.4 in 2000 and $9.2 in 1999. Unearned compensation, which is shown as a reduction in shareholders' equity, represents the amount of ESOP debt outstanding reduced by the difference between the cumulative cost of shares allocated and the cumulative principal payments.

Interest incurred on the ESOP's notes was $30.4 in 2001, $31.4 in 2000 and $32.0 in 1999. The Company paid dividends on the stock held by the ESOP of $29.4 in 2001, $28.6 in 2000 and $29.1 in 1999. Company contributions to the ESOP were $0 in 2001, $4.8 in 2000 and $9.3 in 1999.

7. Retirement Plans and Other Retiree Benefits

Retirement Plans

The Company, its U.S. subsidiaries and some of its overseas subsidiaries maintain defined benefit retirement plans covering substantially all of their employees. Benefits are based primarily on years of service and employees' career earnings. In the Company's principal U.S. plans, funds are contributed to the trusts in accordance with regulatory limits to provide for current service and for any unfunded projected benefit obligation over a reasonable period. Assets of the plans consist principally of common stocks, guaranteed investment contracts with insurance companies, investments in real estate funds and U.S. Government and corporate obligations. Domestic plan assets also include investments in the Company's common stock representing 10% and 11% of plan assets at December 31, 2001 and 2000, respectively.

Other Retiree Benefits

The Company and certain of its subsidiaries provide health care and life insurance benefits for retired employees to the extent not provided by government-sponsored plans. The Company utilizes a portion of its leveraged ESOP, in the form of future retiree contributions, to reduce its obligation to provide these postretirement benefits and offset its current service cost. Postretirement benefits otherwise are not currently funded.

Dollars in Millions Except Per Share Amounts

Summarized information of the Company's defined benefit retirement plans and postretirement plans are as follows:

	Pension Benefits				Other Retiree Benefits	
	2001	2000	**2001**	2000	**2001**	2000
	United States		International			
Change in Benefit Obligation						
Benefit obligation at beginning of year	**$ 938.3**	$ 883.1	**$ 345.0**	$ 347.1	**$ 164.2**	$ 156.1
Service cost	**31.8**	27.8	**11.1**	12.4	**(4.6)**	(5.5)
Interest cost	**71.5**	68.2	**21.5**	22.0	**16.6**	16.6
Participant's contribution	**2.7**	3.0	**2.1**	2.3	**—**	—
Acquisitions/plan amendments	**—**	—	**1.9**	4.2	**—**	—
Actuarial loss	**70.3**	36.8	**10.3**	4.7	**23.9**	11.3
Foreign exchange impact	**—**	—	**(14.9)**	(24.6)	**(3.7)**	(2.2)
Benefits paid	**(86.1)**	(80.6)	**(19.9)**	(23.1)	**(12.8)**	(12.1)
Benefit obligation at end of year	**$1,028.5**	$ 938.3	**$ 357.1**	$ 345.0	**$ 183.6**	$ 164.2
Change in Plan Assets						
Fair value of plan assets at beginning of year	**$ 932.7**	$1,038.4	**$ 243.7**	$ 261.4	**$ —**	$ —
Actual return on plan assets	**(54.2)**	(33.5)	**(8.2)**	4.5	**—**	—
Company contributions	**105.0**	5.4	**12.6**	14.7	**12.8**	12.1
Plan participant contributions	**2.7**	3.0	**2.1**	2.3	**—**	—
Foreign exchange impact	**—**	—	**(13.2)**	(16.1)	**—**	—
Benefits paid	**(86.1)**	(80.6)	**(19.9)**	(23.1)	**(12.8)**	(12.1)
Fair value of plan assets at end of year	**$ 900.1**	$ 932.7	**$ 217.1**	$ 243.7	**$ —**	$ —
Funded Status						
Funded status at end of year	**$ (128.4)**	$ (5.6)	**$(140.0)**	$(101.3)	**$(183.6)**	$(164.2)
Unrecognized net transition liability/(asset)	**.1**	.8	**.6**	(3.2)	**—**	—
Unrecognized net actuarial loss/(gain)	**200.8**	(10.0)	**46.4**	21.0	**13.5**	(7.9)
Unrecognized prior service costs	**20.6**	26.9	**7.0**	8.0	**(5.4)**	(6.5)
Net amount recognized	**$ 93.1**	$ 12.1	**$ (86.0)**	$ (75.5)	**$(175.5)**	$(178.6)
Amounts Recognized in Balance Sheet						
Other assets	**$ 198.4**	$ 102.8	**$ 34.7**	$ 36.0	**$ —**	$ —
Other liabilities	**(105.3)**	(90.7)	**(120.7)**	(111.5)	**(175.5)**	(178.6)
Net amount recognized	**$ 93.1**	$ 12.1	**$ (86.0)**	$ (75.5)	**$(175.5)**	$(178.6)
Weighted Average Assumptions						
Discount rate	**7.25%**	7.75%	**6.69%**	7.22%	**7.25%**	7.75%
Long-term rate of return on plan assets	**9.00%**	9.25%	**8.86%**	9.11%	**—**	—
Long-term rate of compensation increase	**4.75%**	5.00%	**3.96%**	4.43%	**—**	—
ESOP growth rate	**—**	—	**—**	—	**10.00%**	10.00%

The United States pension benefits include funded qualified plans covering most domestic employees and certain unfunded non-qualified plans. As of December 31, 2001 and 2000, the United States qualified pension plans had benefit obligations of $892.2 and $822.3, and plan assets of $896.8 and $929.3, respectively.

	Pension Benefits						Other Retiree Benefits		
	2001	2000	1999	**2001**	2000	1999	**2001**	2000	1999
	United States			International					
Components of Net Periodic Benefit Costs									
Service cost	**$ 31.8**	$ 27.8	$ 28.5	**$ 11.1**	$ 12.4	$ 13.3	**$ 4.0**	$ 3.7	$ 3.4
Interest cost	**71.5**	68.2	63.6	**21.5**	22.0	21.3	**16.6**	16.6	14.5
Annual ESOP allocation	**—**	—	—	**—**	—	—	**(8.6)**	(9.2)	(8.4)
Expected return on plan assets	**(86.6)**	(92.9)	(82.7)	**(18.7)**	(19.1)	(16.1)	**—**	—	—
Amortization of transition/prior service costs	**7.1**	7.2	(.8)	**.1**	—	(.2)	**(1.0)**	(1.0)	(.9)
Amortization of actuarial loss/(gain)	**.8**	(6.6)	1.3	**.7**	.3	1.1	**.1**	.2	(.4)
Net periodic benefit cost	**$ 24.6**	$ 3.7	$ 9.9	**$ 14.7**	$ 15.6	$ 19.4	**$11.1**	$10.3	$ 8.2

Dollars in Millions Except Per Share Amounts

The accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $287.2 and $69.5, respectively, as of December 31, 2001, and $202.0 and $5.4, respectively, as of December 31, 2000. These amounts represent non-qualified domestic plans and plans at foreign locations that are primarily unfunded, as such book reserves equal to the unfunded amount have been recorded.

The projected benefit obligation and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were $472.6 and $199.5, respectively, as of December 31, 2001, and $291.7 and $50.4, respectively, as of December 31, 2000.

The assumed medical cost trend rate used in measuring the postretirement benefit obligation was 8% for 2002, 7% for 2003, 6% for 2004 and 5% for years thereafter. Changes in this rate can have a significant effect on amounts reported. The effect of a 1% increase in the assumed medical cost trend rate would increase the accumulated postretirement benefit obligation by approximately $17.1 and increase the annual expense by approximately $2.3. The effect of a 1% decrease in the assumed medical cost trend rate would decrease the accumulated postretirement benefit obligation by approximately $14.2 and decrease the annual expense by approximately $1.9.

8. Income Taxes

The provision for income taxes consists of the following for the three years ended December 31:

	2001	2000	1999
United States	**$153.5**	$150.9	$130.5
International	**368.6**	352.5	326.8
	$522.1	$503.4	$457.3

The components of income before income taxes are as follows for the three years ended December 31:

	2001	2000	1999
United States	**$ 474.5**	$ 483.3	$ 406.3
International	**1,194.2**	1,083.9	988.3
	$1,668.7	$1,567.2	$1,394.6

The difference between the statutory U.S. federal income tax rate and the Company's global effective tax rate as reflected in the Consolidated Statements of Income is as follows:

Percentage of Income Before Tax	**2001**	2000	1999
Tax at U.S. statutory rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal benefit	**.6**	.4	.9
Earnings taxed at other than U.S. statutory rate	**(3.0)**	(1.7)	(1.4)
Other, net	**(1.3)**	(1.6)	(1.7)
Effective tax rate	**31.3%**	32.1%	32.8%

In addition, net tax benefits of $54.4 in 2001, $91.6 in 2000 and $169.0 in 1999 were recorded directly through equity which included tax benefits related to certain employee benefit plans. The 1999 amount also reflects tax benefits related to currency devaluation in Brazil.

Temporary differences between accounting for financial statement purposes and accounting for tax purposes result in taxes currently payable being lower than the total provision for income taxes as follows:

	2001	2000	1999
Property, plant and equipment	**$(12.1)**	$ (3.2)	$(11.6)
Pension and other postretirement benefits	**(29.0)**	(8.2)	(4.0)
Alternative Minimum Tax credit utilization	**—**	(89.1)	(39.0)
Other, net	**(0.7)**	44.1	5.9
	$(41.8)	$(56.4)	$(48.7)

The components of deferred tax assets/(liabilities) are as follows at December 31:

	2001	2000
Deferred Taxes—Current:		
Accrued liabilities	**$ 65.3**	$ 65.3
Restructuring accrual	**—**	6.9
Other, net	**43.5**	40.8
Total deferred taxes current	**108.8**	113.0
Deferred Taxes—Long-term:		
Intangible assets	**(266.7)**	(270.1)
Property, plant and equipment	**(269.5)**	(257.4)
Pension and other postretirement benefits	**(0.3)**	54.7
Tax loss and tax credit carryforwards	**100.0**	81.4
Other, net	**40.3**	18.8
Valuation allowance	**(84.4)**	(74.7)
Total deferred taxes long-term	**(480.6)**	(447.3)
Net deferred taxes	**$(371.8)**	$(334.3)

The major component of the 2001 and 2000 valuation allowance relates to tax benefits in certain jurisdictions not expected to be realized.

Applicable U.S. income and foreign withholding taxes have not been provided on approximately $814.0 of undistributed earnings of foreign subsidiaries at December 31, 2001. These earnings are currently considered to be permanently invested and are not subject to such taxes. Determining the tax liability that would arise if these earnings were remitted is not practicable.

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Dollars in Millions Except Per Share Amounts

9. Supplemental Income Statement Information

Other Expense, Net	2001	2000	1999
Amortization of intangible assets	**$ 68.0**	$ 72.1	$ 75.6
Earnings from equity investments	**(0.2)**	(2.2)	(5.3)
Minority interest	**40.1**	32.6	30.4
Other, net	**(13.4)**	(50.2)	(27.1)
	$ 94.5	$ 52.3	$ 73.6

Interest Expense, Net	2001	2000	1999
Interest incurred	**$192.4**	$203.5	$224.0
Interest capitalized	**(14.4)**	(3.8)	(11.8)
Interest income	**(11.9)**	(26.4)	(40.6)
	$166.1	$173.3	$171.6
Research and development	**$184.9**	$176.1	$169.2
Media advertising	**509.0**	550.9	575.6

10. Supplemental Balance Sheet Information

Inventories	2001	2000
Raw materials and supplies	**$188.0**	$206.2
Work-in-process	**27.9**	30.7
Finished goods	**461.1**	449.7
	$677.0	$686.6

Inventories valued under LIFO amounted to $143.1 and $133.0 at December 31, 2001 and 2000, respectively. The excess of current cost over LIFO cost at the end of each year was $30.5 and $34.4, respectively. The liquidations of LIFO inventory quantities had no effect on income in 2001, 2000 and 1999.

Property, Plant and Equipment, Net	2001	2000
Land	**$ 128.8**	$ 129.0
Buildings	**726.7**	716.2
Machinery and equipment	**3,553.4**	3,442.1
	4,408.9	4,287.3
Accumulated depreciation	**(1,895.4)**	(1,759.0)
	$ 2,513.5	$ 2,528.3

Goodwill and Other Intangible Assets, Net	2001	2000
Goodwill and other intangibles	**$ 2,623.0**	$ 2,747.4
Accumulated amortization	**(719.0)**	(651.0)
	$ 1,904.0	$ 2,096.4

The net book value, as of December 31, 2001 and 2000, of goodwill totaled $1,284.2 and $1,452.8, respectively, and of other intangible assets totaled $619.8 and $643.6, respectively.

Other Accruals	2001	2000
Accrued payroll and employee benefits	**$254.9**	$286.9
Accrued advertising	**261.8**	267.1
Accrued interest	**23.9**	53.0
Accrued taxes other than income taxes	**48.6**	69.9
Other	**234.1**	223.3
	$823.3	$900.2

Other Liabilities	2001	2000
Minority interest	**$204.1**	$117.2
Pension and other benefits	**401.5**	380.8
Other	**116.7**	57.9
	$722.3	$555.9

Accumulated Other Comprehensive Income

Accumulated Other Comprehensive Income is comprised of cumulative foreign currency translation gains and losses, unrealized gains and losses from derivative instruments designated as cash flow hedges, unrealized gains and losses from available for sale securities and minimum pension liability adjustments. As of December 31, 2001 and 2000, Accumulated Other Comprehensive Income primarily consisted of cumulative foreign currency translation adjustments.

The 2001 cumulative translation adjustment charge resulted primarily from devaluation of the Brazilian real of $105.0 and the Argentine peso of $66.8. In 2000 and 1999, the cumulative translation adjustment charge related primarily to the devaluation of the Brazilian real of $45.1 and $242.4, respectively. These charges represented write-downs of foreign currency denominated assets (primarily goodwill and property, plant and equipment) that will result in lower depreciation expense in future periods.

11. Fair Value of Financial Instruments

In assessing the fair value of financial instruments at December 31, 2001 and 2000, the Company has used available market information and other valuation methodologies. Some judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, changes in assumptions or the estimation methodologies may affect the fair value estimates.

The estimated fair values of the Company's derivative instruments are as follows:

	2001		2000	
	Notional Amount	**Fair Value**	Notional Amount	Fair Value
Interest rate swap contracts	**$788.8**	**$(13.7)**	$824.6	$ 3.7
Foreign currency contracts	**591.2**	**11.9**	728.6	(3.3)

Dollars in Millions Except Per Share Amounts

The Company utilizes interest rate swap contracts to manage its targeted mix of fixed and floating rate debt. Forward exchange and currency swap contracts are utilized to hedge a portion of the Company's foreign currency purchases and assets and liabilities created in the normal course of business.

Forward exchange contracts used in hedging forecasted foreign currency purchases have durations no greater than 18 months.

As of December 31, 2001, the Company's derivative instruments were recorded as assets or liabilities at estimated fair value. As of December 31, 2000, the net carrying values of the interest rate swap contracts and the foreign currency contracts were $0 and $18.3, respectively. Prior to the adoption of SFAS 133, the fair values related to certain of these contracts were not required to be recognized in the Company's financial statements.

The cumulative gains/(losses) related to those foreign currency contracts and interest rate swap contracts designated as cash flow hedges expected to be recognized in earnings over the next 12 months, when the offsetting effects of the hedged item are also recorded in earnings, are $1.8 and ($9.3), respectively.

Other Financial Instruments

The carrying amount of cash and cash equivalents, marketable securities, long-term investments and short-term debt approximated fair value as of December 31, 2001 and 2000. The estimated fair value of the Company's long-term debt, including current portion, as of December 31, 2001 and 2000, was $3,312.5 and $2,880.7, respectively, and the related carrying value was $3,137.5 and $2,857.1, respectively.

Credit Risk

The Company is exposed to credit loss in the event of nonperformance by counterparties to the financial instrument contracts held by the Company; however, nonperformance by these counterparties is considered remote as it is the Company's policy to contract with diversified counterparties that have a long-term debt rating of A or higher. In addition, if all these counterparties did not perform, the Company's risk of credit loss would not be material.

12. Restructured Operations

In December 2000, the Company recorded a charge of $63.9 ($42.5 aftertax) associated with the realignment of three manufacturing locations in Latin America and the exiting of our business in Nigeria. The charge, recorded in Other expense, net, included $14.2 for termination costs and $49.7 for exiting of manufacturing operations. The restructuring was completed in 2001 with a final payment of $7.2 representing termination costs for 979 employees.

13. Earnings Per Share

	For the Year Ended 2001			For the Year Ended 2000			For the Year Ended 1999		
	Income	**Shares (millions)**	**Per Share**	Income	Shares (millions)	Per Share	Income	Shares (millions)	Per Share
Net income	**$1,146.6**			$1,063.8			$937.3		
Preferred dividends	**(21.7)**			(20.7)			(21.0)		
Basic EPS	**1,124.9**	**557.8**	**$2.02**	1,043.1	574.9	$1.81	916.3	583.1	$1.57
Stock options		**8.8**			9.8			11.7	
ESOP conversion	**21.3**	**41.1**		20.3	42.6		19.7	44.0	
Diluted EPS	**$1,146.2**	**607.7**	**$1.89**	$1,063.4	627.3	$1.70	$936.0	638.8	$1.47

In determining the dilutive effect of the stock options, the number of shares resulting from the assumed exercise of the options is appropriately reduced by the number of shares that could have been purchased by the Company with the proceeds from the exercise of such options.

14. Commitments and Contingencies

Minimum rental commitments under noncancellable operating leases, primarily for office and warehouse facilities, are $71.9 in 2002, $62.0 in 2003, $53.5 in 2004, $47.9 in 2005, $46.6 in 2006 and $125.9 thereafter. Rental expense amounted to $96.9 in 2001, $90.6 in 2000 and $102.4 in 1999. Contingent rentals, sublease income and capital leases, which are included in fixed assets, are not significant.

The Company has various contractual commitments to purchase raw materials, products and services totaling $156.4 that expire through 2004.

The Company is a party to various superfund and other environmental matters and is contingently liable with respect to lawsuits, taxes and other matters arising out of the normal course of business. Management proactively reviews and manages its exposure to, and the impact of, environmental matters and other contingencies.

In 1995, the Company acquired the Kolynos oral care business from American Home Products, as described in the Company's Form 8-K dated January 10, 1995. On September 8, 1998, the Company's Brazilian subsidiary received notice of an administrative proceeding from the Central Bank of Brazil primarily taking issue with certain foreign exchange filings made with the Central Bank in connection with the financing of this strategic transaction, but in no way challenging or seeking to unwind the acquisition. The Central Bank of Brazil in January 2001 notified the Company of its decision in this administrative proceeding to impose a fine, which, at the current exchange rate, approximates $110. The Company has appealed the decision to the Brazilian Monetary System Appeals Council (the "Council"), thereby suspending the fine pending the decision of the Council. If the fine is affirmed, interest and penalties may also be assessed. Further appeals are available within the Brazilian federal courts. Management believes, based on the opinion of its Brazilian legal counsel and other experts, that the filings challenged by the Central Bank fully complied with Brazilian law and that the Company will prevail on appeal. The Company intends to challenge this fine vigorously.

Dollars in Millions Except Per Share Amounts

In addition, the Brazilian internal revenue authority has disallowed interest deductions and foreign exchange losses taken by the Company's Brazilian subsidiary in connection with the financing of the Kolynos acquisition, imposing a tax assessment which has been determined, at the current exchange rate, to approximate $40. The Company has filed an administrative appeal with the Brazilian internal revenue authority, and further appeals are available within the Brazilian federal courts. Management believes, based on the opinion of its Brazilian legal counsel and other experts, that the disallowance is without merit and that the Company will prevail on appeal. The Company intends to challenge this assessment vigorously.

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

15. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2001				
Net sales	**$2,292.6**	**$2,329.6**	**$2,391.2**	**$2,414.4**
Gross profit	**1,259.8**	**1,278.6**	**1,319.2**	**1,333.3**
Net income	**267.9**	**287.2**	**296.2**	**295.3**
Earnings per common share:				
Basic	**.47**	**.50**	**.52**	**.53**
Diluted	**.44**	**.47**	**.49**	**.49**
2000				
Net sales	$ 2,241.8	$ 2,336.7	$ 2,366.5	$ 2,412.9
Gross profit	1,221.2	1,270.9	1,293.5	1,306.8
Net income	239.9	261.9	275.3	286.7
Earnings per common share:				
Basic	.41	.45	.47	.49
Diluted	.38	.42	.44	.46

Market and Dividend Information

The Company's common stock and $4.25 Preferred Stock are listed on the New York Stock Exchange. The trading symbol for the common stock is CL. Dividends on the common stock have been paid every year since 1895 and the amount of dividends paid per share has increased for 39 consecutive years.

Market Price	Common Stock				$4.25 Preferred Stock			
	2001		2000		**2001**		2000	
Quarter Ended	**High**	**Low**	High	Low	**High**	**Low**	High	Low
March 31	**$62.50**	**$51.00**	$64.81	$42.75	**$89.00**	**$86.85**	$89.00	$86.00
June 30	**61.00**	**51.26**	62.63	52.63	**89.75**	**85.93**	88.00	86.00
September 30	**60.25**	**52.64**	59.88	43.06	**88.00**	**85.50**	88.00	85.75
December 31	**59.41**	**56.15**	64.56	46.50	**88.00**	**85.00**	88.50	86.50
Closing Price	**$57.75**		$64.55		**$87.50**		$87.75	

Dividends Paid Per Share Quarter Ended	**2001**	2000	**2001**	2000
March 31	**$.1575**	$.1575	**$1.0625**	$1.0625
June 30	**.1575**	.1575	**1.0625**	1.0625
September 30	**.1800**	.1575	**1.0625**	1.0625
December 31	**.1800**	.1575	**1.0625**	1.0625
Total	**$.675**	$.63	**$4.25**	$4.25

Eleven-Year Financial Summary[1]

Dollars in Millions Except Per Share Amounts

	Ten-year compound annual growth rate	**2001**	2000	1999
Continuing Operations				
Net sales	4.5%	**$9,427.8**	$9,357.9	$9,118.2
Results of operations:				
Net income	12.0[6]	**1,146.6**	1,063.8	937.3
Per share, basic	12.2[6]	**2.02**	1.81	1.57
Per share, diluted	12.2[6]	**1.89**	1.70	1.47
Depreciation and amortization expense		**336.2**	337.8	340.2
Financial Position				
Current ratio		**1.0**	1.0	1.0
Property, plant and equipment, net		**2,513.5**	2,528.3	2,551.1
Capital expenditures		**340.2**	366.6	372.8
Total assets		**6,984.8**	7,252.3	7,423.1
Long-term debt		**2,812.0**	2,536.9	2,243.3
Shareholders' equity		**846.4**	1,468.1	1,833.7
Share and Other				
Book value per common share		**1.54**	2.57	3.14
Cash dividends declared and paid per common share		**.675**	.63	.59
Closing price		**57.75**	64.55	65.00
Number of common shares outstanding (in millions)		**550.7**	566.7	578.9
Number of shareholders of record:				
$4.25 Preferred		**224**	247	275
Common		**40,900**	42,300	44,600
Average number of employees		**38,500**	38,300	37,200

(1) All share and per share amounts have been restated to reflect the 1999, 1997 and 1991 two-for-one stock splits.
(2) Income in 1995 includes a net provision for restructured operations of $369.2. (Excluding this charge, earnings per share would have been $.89, basic and $.84, diluted.)
(3) Income in 1994 includes a one-time charge of $5.2 for the sale of a non-core business, Princess House.
(4) Income in 1993 includes a one-time impact of adopting new mandated accounting standards, effective in the first quarter of 1993, of $358.2. (Excluding this charge, earnings per share would have been $.84, basic and $.79, diluted.)
(5) Income in 1991 includes a net provision for restructured operations of $243.0. (Excluding this charge, earnings per share would have been $.64, basic and $.60, diluted.)
(6) Excludes the impact of the 1991 provision for restructured operations referred to in footnote (5) above.

Glossary of Terms:

- **Global market position:** is based on external market share information in major markets. Where external data is not available, primarily in smaller markets, management estimates market position based upon its understanding of the business and in relation to competitors. Leadership and world ranking reflect countries where Colgate has established its brands and are in relation to competitors in those markets.
- **Market share:** percentage of the category's retail sales obtained by one brand or company. In this report, unless otherwise stated, market shares are based on value shares provided by ACNielsen.
- **Retail trade:** the stores that sell our products directly to consumers. These stores vary in size from small, local, privately run outlets to large super centers that are part of national chains.
- **Return on capital (ROC):** ratio that measures how effectively the Company is utilizing its assets. ROC is calculated as net income excluding aftertax interest expense, divided by average capital. Capital consists of total debt and total shareholders' equity.
- **SAP:** computer software that links all business processes into one integrated system that can be viewed in real-time by everyone connected to it. This facilitates efficiencies and smooth running of the business. SAP is a trademark of SAP Aktiengesellschaft.
- **"360-degree" marketing:** reaching consumers throughout their daily activities by going beyond the use of traditional media and finding ways to promote products at special events or in activities involving many people.
- **Unit volume growth:** growth in product units sold, weighted to reflect price per unit.

1998	1997	1996	1995	1994	1993	1992	1991
$8,971.6	$9,056.7	$8,749.0	$8,358.2	$7,587.9	$7,141.3	$7,007.2	$6,060.3
848.6	740.4	635.0	172.0[2]	580.2[3]	189.9[4]	477.0	124.9[5]
1.40	1.22	1.05	.26[2]	.96[3]	.27[4]	.73	.19[5]
1.30	1.13	.98	.25[2]	.89[3]	.26[4]	.68	.19[5]
330.3	319.9	316.3	300.3	235.1	209.6	192.5	146.2
1.1	1.1	1.2	1.3	1.4	1.5	1.5	1.5
2,589.2	2,441.0	2,428.9	2,155.2	1,988.1	1,766.3	1,596.8	1,394.9
389.6	478.5	459.0	431.8	400.8	364.3	318.5	260.7
7,685.2	7,538.7	7,901.5	7,642.3	6,142.4	5,761.2	5,434.1	4,510.6
2,300.6	2,340.3	2,786.8	2,992.0	1,751.5	1,532.4	946.5	850.8
2,085.6	2,178.6	2,034.1	1,679.8	1,822.9	1,875.0	2,619.8	1,866.3
3.53	3.65	3.42	2.84	3.12	3.10	4.05	3.13
.55	.53	.47	.44	.39	.34	.29	.26
46.44	36.75	23.06	17.56	15.84	15.59	13.94	12.22
585.4	590.8	588.6	583.4	577.6	597.0	641.0	589.4
296	320	350	380	400	450	470	460
45,800	46,800	45,500	46,600	44,100	40,300	36,800	34,100
38,300	37,800	37,900	38,400	32,800	28,000	28,800	24,900

India

Reaching Out, Building Consumption

Colgate reaches millions of children annually through its sampling and oral education programs in developing countries such as India. The consumption-building programs include free dental screenings and teach good oral care habits.

Your Board of Directors

Reuben Mark

Chairman of the Board and Chief Executive Officer of Colgate-Palmolive Company. Mr. Mark joined Colgate in 1963 and held a series of significant positions in the United States and abroad before being elected CEO in 1984. Elected director in 1983. Age 63

Jill K. Conway

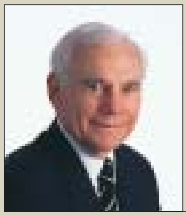
Chairman of Lend Lease Corporation and Visiting Scholar, Program in Science, Technology and Society at Massachusetts Institute of Technology. Mrs. Conway was President of Smith College from 1975 to 1985. Elected director in 1984. Age 67

Ronald E. Ferguson

Chairman of General Re Corporation since 1987. Mr. Ferguson has been with General Re since 1969 and served as Chief Executive Officer from 1987 to 2001. Elected director in 1987. Age 60

Ellen M. Hancock

Former Chairman and Chief Executive Officer of Exodus Communications, Inc. from 1998 to 2001. Mrs. Hancock previously was Executive Vice President of Research and Development and Chief Technology Officer at Apple Computer Inc., Executive Vice President and Chief Operating Officer at National Semiconductor, and Senior Vice President at IBM. Elected director in 1988. Age 58



David W. Johnson

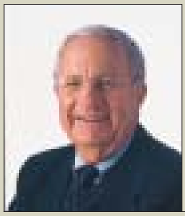
Chairman Emeritus of Campbell Soup Company. Mr. Johnson previously was Campbell Chairman from 1993 to 1999 and President and Chief Executive Officer, 1990-1997 and March 2000–January 2001. From 1987 to 1990, he served as Chairman and Chief Executive Officer of Gerber Products Company. Elected director in 1991. Age 69

Richard J. Kogan

Chairman and Chief Executive Officer of Schering-Plough Corporation since 1998. Mr. Kogan joined Schering-Plough as Executive Vice President, Pharmaceutical Operations, in 1982 and became President and Chief Operating Officer of that company in 1986 and President and Chief Executive Officer in 1996. Elected director in 1996. Age 60

Delano E. Lewis

Former U.S. Ambassador to South Africa from December 1999 to July 2001. Mr. Lewis served as the Chief Executive Officer and President of National Public Radio from 1994 to 1998, and as President and Chief Executive Officer of Chesapeake & Potomac Telephone Company from 1988 to 1993, having joined that company in 1973. Director from 1991 to 1999 and since 2001. Age 63



Howard B. Wentz, Jr.

Former Chairman of Tambrands, Inc., 1993-1996. Mr. Wentz was Chairman of ESSTAR Incorporated, 1989-1995, and Chairman, President and Chief Executive Officer of Amstar Company, 1983-1989. Elected director in 1982. Age 72

Welcome, Carlos M. Gutierrez

Chairman of the Board, President and Chief Executive Officer of Kellogg Company since April 2000. Mr. Gutierrez joined Kellogg de Mexico in 1975 and held numerous important positions in the United States and abroad, being appointed President and Chief Operating Officer in 1998. Mr. Gutierrez became a Director, and President and Chief Executive Officer in 1999. Elected to Colgate's Board of Directors in 2002. Age 48

Audit Committee: Ronald E. Ferguson, Chair., Jill K. Conway, Ellen M. Hancock, Howard B. Wentz, Jr.
Committee on Directors: David W. Johnson, Chair., Jill K. Conway, Delano E. Lewis, Howard B. Wentz, Jr.
Finance Committee: Howard B. Wentz, Jr., Chair., Ronald E. Ferguson, Ellen M. Hancock, Richard J. Kogan, Reuben Mark
P&O Committee: Jill K. Conway, Chair., Ronald E. Ferguson, David W. Johnson, Richard J. Kogan, Delano E. Lewis

Your Management Team

*Reuben Mark, 63
Chairman of the Board and Chief Executive Officer

See biographical information, left.

*William S. Shanahan, 61
President

Mr. Shanahan joined Colgate in 1965 and held a series of important positions in the United States and abroad. These include Vice President-General Manager for the Western Hemisphere and Group Vice President for Europe/Africa, Colgate-U.S. and other countries. He was elected Chief Operating Officer in 1989 and President in 1992.

*Lois D. Juliber, 53
Chief Operating Officer

Ms. Juliber is responsible for Europe, Latin America, Asia, South Pacific, Central Europe and Africa. She joined Colgate in 1988 from General Foods, where she was Vice President. Before being promoted to her current position in 2000, she had been Executive Vice President, Chief of Operations for Developed Markets. Previously, she had been President of the Far East/Canada division, Chief Technological Officer and President of Colgate-North America.

*Javier G. Teruel, 51
Chief Growth Officer

Mr. Teruel is responsible for Global Business Development, R&D, Manufacturing, Information Technology and Strategic Planning. After joining Colgate in Mexico in 1971, he advanced through marketing and management positions in Latin America and at the corporate level. He was appointed to his current position in 2000, most recently having been President of Colgate-Europe and President of Colgate-Mexico.

*Ian M. Cook, 49
Executive Vice President and President, Colgate-North America and Colgate Oral Pharmaceuticals

Mr. Cook began his Colgate career in the United Kingdom in 1976 and held a series of marketing and management positions in various countries. Appointed to his current position in 2000, he most recently was President of Colgate-North America.

*Michael J. Tangney, 57
Executive Vice President and President, Colgate-Latin America

Mr. Tangney joined Colgate in 1971 and held various U.S. and international management positions in Latin America and Europe. He was appointed to his current position in 2000, having most recently been President of Colgate-Latin America and President of Colgate-Mexico.

*Stephen C. Patrick, 52
Chief Financial Officer

Joined Colgate in 1982 after having been a Manager at Price Waterhouse. Before being named CFO in 1996, Mr. Patrick held a series of key financial positions, including Vice President and Corporate Controller and Vice President-Finance for Colgate-Latin America.

*Andrew D. Hendry, 54
Senior Vice President, General Counsel and Secretary

Joined Colgate in 1991 from Unisys, where he was Vice President and General Counsel. A graduate of Georgetown University and NYU Law School, Mr. Hendry has also been a corporate attorney at a New York law firm and at Reynolds Metals Company (now part of Alcoa, Inc.).

Esmond Alleyne
VP, Hill's Pet Nutrition

Emilio Alvarez-Recio
VP, Advertising

***Steven R. Belasco**
VP, Taxation and Real Estate

David P. Bencze
VP, Colgate-North America

Philip A. Berry
VP, Global Employee Relations-Best Place to Work

Robert E. Blanchard
VP, Global Toothbrush Division

John H. Bourne
VP, Colgate-North America

Johannes C. Brouwer
VP, Turkiye

Don Buchner
VP, Hill's Pet Nutrition

Stuart D. Burkhead
VP, Hill's Pet Nutrition

Nigel B. Burton
VP, United Kingdom & Ireland

Antonio Caro
VP, Worldwide Sales

Peter C. Chase
VP, Personal Care

James H. Clark
VP, Colgate-Africa/Middle East

Michael A. Corbo
VP, Colgate-Latin America

Graeme D. Dalziel
VP, South Asia Region

S. Peter Dam
President, Colgate-Asia Pacific

Edward C. Davis
VP, Budget and Planning

Herbert L. Davis
VP, Technology

Alec de Guillenchmidt
VP, Colgate-Europe

Bob Dietz
VP, Colgate-Europe

Hector I. Erezuma
VP, International Taxes

Guillermo M. Fernandez
VP, Mexico

James S. Figura
VP, Colgate-U.S.

Edward J. Filusch
VP, Treasury

Stephen J. Fogarty
VP, Oral Care

Chester P.W. Fong
VP, Greater China

Rob Frazier
VP, Colgate-Asia Pacific

Abdul Gaffar
VP, Growth Technology Development

Jill Garrity
VP, Colgate Oral Pharmaceuticals

James J. Gerchow
VP, Colgate-Africa/Middle East

Nina D. Gillman
VP, Legal and Associate General Counsel

Walter H. Golembeski
VP, Product Supply Chain

Stefan S. Gorkin
VP, Labor Relations

David R. Groener
VP, International Supply Chain

Karen Guerra
VP, France

John Guiney
VP, Colgate-Asia Pacific

Luis Gutierrez
VP, Central America

Jack J. Haber
VP, e-Business

Tarek S. Hallaba
President, Central Europe & Russia

Suzan F. Harrison
VP, Colgate-U.S.

Richard F. Hawkins
Vice Chairman
Hill's Pet Nutrition

Roland Heincke
VP, Colgate-Europe

Jean-Mathieu Hellich
VP, Colgate-Europe

***Dennis J. Hickey**
VP, Corporate Controller, e-Business

Sheila A. Hopkins
VP, Colgate-U.S.

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VP, Technology

John J. Huston
VP, Office of the Chairman

Hope Jaglowitz
VP, Hill's Pet Nutrition

Henning Jakobsen
VP, South Africa

N. Jay Jayaraman
VP, Oral Care

Scott W. Jeffrey, Jr.
VP, Colombia

Malcolm Jones
VP, Colgate-U.S.

***Robert J. Joy**
Sr. VP, Global Human Resources

Jules P. Kaufman
VP, Legal and Associate General Counsel

Patrick A. Keefe
VP, Global Security

Robert G. Kirkpatrick
VP, Media

Joy D. Klemencic
VP, Hill's Pet Nutrition

Donald R. Klock
VP, Global Materials, Logistics & Sourcing

Betty M. Kong
VP, Technology

Yoshio Koshimura
VP, Hill's-Asia Pacific

Andrea Lagioia
VP, Colgate-Europe

Leo Laitem
VP, Research and Development

Cheryl Lobell
VP, Colgate-Asia Pacific

Daniel B. Marsili
VP, Colgate-U.S.

Robert R. Martin
President, Colgate-Africa/Middle East

***Ronald T. Martin**
VP, Global Business Practices and Public Affairs

Steven G. Marton
President & COO
Hill's Pet Nutrition

***Michele C. Mayes**
VP, Legal and Assistant Secretary

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VP, Colgate-U.S.

Charles F. McGraw
VP, Colgate-North America

***Peter D. McLeod**
VP, Manufacturing Engineering Technology

Donna B. McNamara
VP, Human Resources

Richard Mener
VP, Germany

Franck J. Moison
President, Colgate-Europe

Francis A. Morelli
VP, Global Systems

Steven K. Morse
VP, Hill's Pet Nutrition

Josue M. Muñoz
VP, Colgate-Latin America

Graeme B. Murray
VP, Canada

Robert A. Murray
VP, Corporate Communications

James A. Napolitano
VP, Colgate-U.S.

Jean-Marc Navez
VP, Colgate-Asia Pacific

Rosemary Nelson
VP, Colgate-U.S.

Talulla Newsome
VP, Finance & Operations, Global Growth Group

Debra Nichols
VP, Hill's Pet Nutrition

Alan Nimmey
VP, Technology

James Norfleet
VP, Research and Development

Morgan J. O'Brien
VP, Colgate-Central Europe & Russia

Paul Parker
VP, Colgate-Africa/Middle East

Chris E. Pedersen
VP, South Pacific Region

Robert C. Pierce
VP, Research and Development

Hans L. Pohlschroeder
VP, Treasury

Roger M. Pratt
VP, Brazil

Ricardo Ramos
VP, Greece

Grace E. Richardson
VP, Consumer Affairs

***Susan J. Riley**
VP and Treasurer

Jill H. Rothman
VP, Human Resources

Peter Ryan
VP, Colgate-U.S.

Bernal Saborio
VP, Colgate-Asia Pacific

Reuven M. Sacher
VP, Research and Development

Jeff Salguero
VP, Advertising Production

Derrick E.M. Samuel
Chairman and VP, South Asia Region

Raffy L. Santos
VP, Hawley & Hazel Taiwan

Lim Kim Seng
VP, China

Paul Shapiro
VP, Chief Patent Counsel

James H. Shoultz
VP, Venezuela

Barry N. Simpson
VP, Colgate-Asia Pacific

Justin P. Skala
VP, Hill's-Europe

Coleen Smith
VP, Human Resources

Leonard D. Smith
VP, Global Supply Chain

***Barrie M. Spelling**
President, Global Oral Care

Malcolm L. Stokoe
VP, Caricom Region

P. Dorset Sutton
VP, Southeast Asia Region

Richard F. Theiler
VP, Research and Development

Bina H. Thompson
VP, Investor Relations

Scott E. Thompson
VP, Legal and Associate General Counsel

Kathleen A. Thornhill
VP, Consumer Insights

Heiko Tietke
EVP, Colgate-Europe

Edmund D. Toben
Chief Information Officer

Joseph A. Uzzolina
VP, Household Surface Care

Angela Vallot
VP, Global Workplace Initiatives

Daniel A. Vettoretti
VP, Italy

J. Nicholas Vinke
President, Colgate Oral Pharmaceuticals

Anthony R. Volpe
VP, Research and Development

Noel Wallace
VP, Poland

Katherine S. Weida
VP, Human Resources, Global Growth Group

***Robert C. Wheeler**
Chief Executive Officer
Hill's Pet Nutrition

Richard J. Wienckowski
VP, Hill's Pet Nutrition

David K. Wilcox
VP, Product Safety, Regulatory and Information

Francis M. Williamson
VP, Colgate-Latin America

Paul A. Witmond
VP, Argentina

Gregory P. Woodson
President, Fabric Care

Douglas R. Wright
VP, Environmental Affairs, Occupational Health and Safety

Seng Aun Yeoh
VP, Malaysia

Julie A. Zerbe
VP, Hill's Pet Nutrition

John E. Zoog
VP, Human Resources

*Corporate Officer

COLGATE-PALMOLIVE COMPANY

300 Park Avenue New York, NY 10022-7499

Shareholder Information

Corporate Offices

Colgate-Palmolive Company
300 Park Avenue
New York, NY 10022-7499
(212) 310-2000

Annual Meeting

Colgate shareholders are invited to attend our annual meeting. It will be on **Wednesday, May 8, 2002** at 10:00 a.m. in the Broadway Ballroom of the Marriott Marquis Hotel, Sixth Floor, Broadway at 45th Street, New York, NY. Even if you plan to attend the meeting, please vote by proxy. You may do so by using the telephone, the Internet or your proxy card.

Stock Exchanges

The common stock of Colgate-Palmolive Company is listed and traded on The New York Stock Exchange under the symbol CL and on other world exchanges including Frankfurt, London, Zurich and Euronext.

CL Listed NYSE

All Financial Information such as financial results, dividend news and other information is available on Colgate's Internet site: www.colgatepalmolive.com

Colgate also offers earnings information, dividend news and other corporate announcements toll-free at **1-800-850-2654.** The information can be read to the caller and can also be received by mail or fax.

Transfer Agent and Registrar

Our transfer agent can assist you with a variety of shareholder services, including change of address, transfer of stock to another person, questions about dividend checks and Colgate's Dividend Reinvestment Plan.

Attn: Colgate-Palmolive Company
Equiserve Trust Company, N.A.
P.O. Box 2500
Jersey City, NJ 07303
Toll-free: 1-800-756-8700
Fax: (201) 222-4842
E-mail: equiserve@equiserve.com
Internet address: www.equiserve.com
Hearing Impaired: TDD: (201) 222-4955

Dividend Reinvestment Plan

Colgate offers an automatic Dividend Reinvestment Plan for common and $4.25 preferred shareholders and a voluntary cash feature. Any brokers' commissions or service charges for stock purchases under the Plan are paid by Colgate-Palmolive. Shareholders can sign up for this Plan by contacting our transfer agent, listed above.

Investor Relations/Reports

Copies of annual or interim reports, product brochures, Form 10-K and other publications are available from the Investor Relations Department:

- by mail directed to the corporate address
- by e-mail, investor_relations@colpal.com
- by calling 1-800-850-2654 or by calling Investor Relations at (212) 310-2575

Individual investors with other requests:

- please write Investor Relations at the corporate address or
- call (212) 310-2575

Institutional investors:

- call Bina Thompson at (212) 310-3072

Other Reports

You can obtain a copy of Colgate's Environmental Policy Statement, Code of Conduct, Advertising Placement Policy Statement, Product Safety Research Policy or our 2001 Report of Laboratory Research with Animals by writing to Consumer Affairs at Colgate-Palmolive, 300 Park Avenue, New York, NY 10022, or you may call toll-free at 1-800-468-6502.

Corporate Social Responsibility

As stated in the Colgate-Palmolive Code of Conduct, "By living Colgate's values—Caring, Continuous Improvement and Global Teamwork—all around the world, we have built a reputation as a company with the highest ethical standards. All Colgate people share the responsibility to preserve and enhance this reputation. This means not only complying with the law, but abiding by the highest principles of integrity, honor and concern for one another. We demonstrate our values every day as we increase shareholder value, provide consumers with safe, quality products, offer Colgate people opportunities for growth, and meet our responsibilities as members of the global community." All employees, and increasingly all business associates, are guided by our worldwide Code of Conduct.

Environmental Policy

Colgate-Palmolive is committed to the protection of the environment everywhere. Our commitment is an integral part of Colgate's mission to become the best truly global consumer products company. We continue to work on developing innovative environmental solutions in all areas of our business around the world. The health and safety of our customers, our people and the communities in which we live and operate is paramount in all that we do. Colgate-Palmolive's concern has been translated into many varied programs dealing with employee safety, our products, packaging, facilities and business decisions. Extensive worker training programs, a comprehensive audit program, and projects such as concentrated cleaners and detergents, refill packages, recycled and recyclable bottles, and packaging materials are all part of our commitment behind this important endeavor.

Printed entirely on recycled paper.

Design by Robert Webster Inc
Major photography by Richard Alcorn
Other photos by Tom Ferraro,
Richard Lord and Nancy Cohen
Printing by Acme Printing Company
Typography by Grid Typographic Services, Inc.