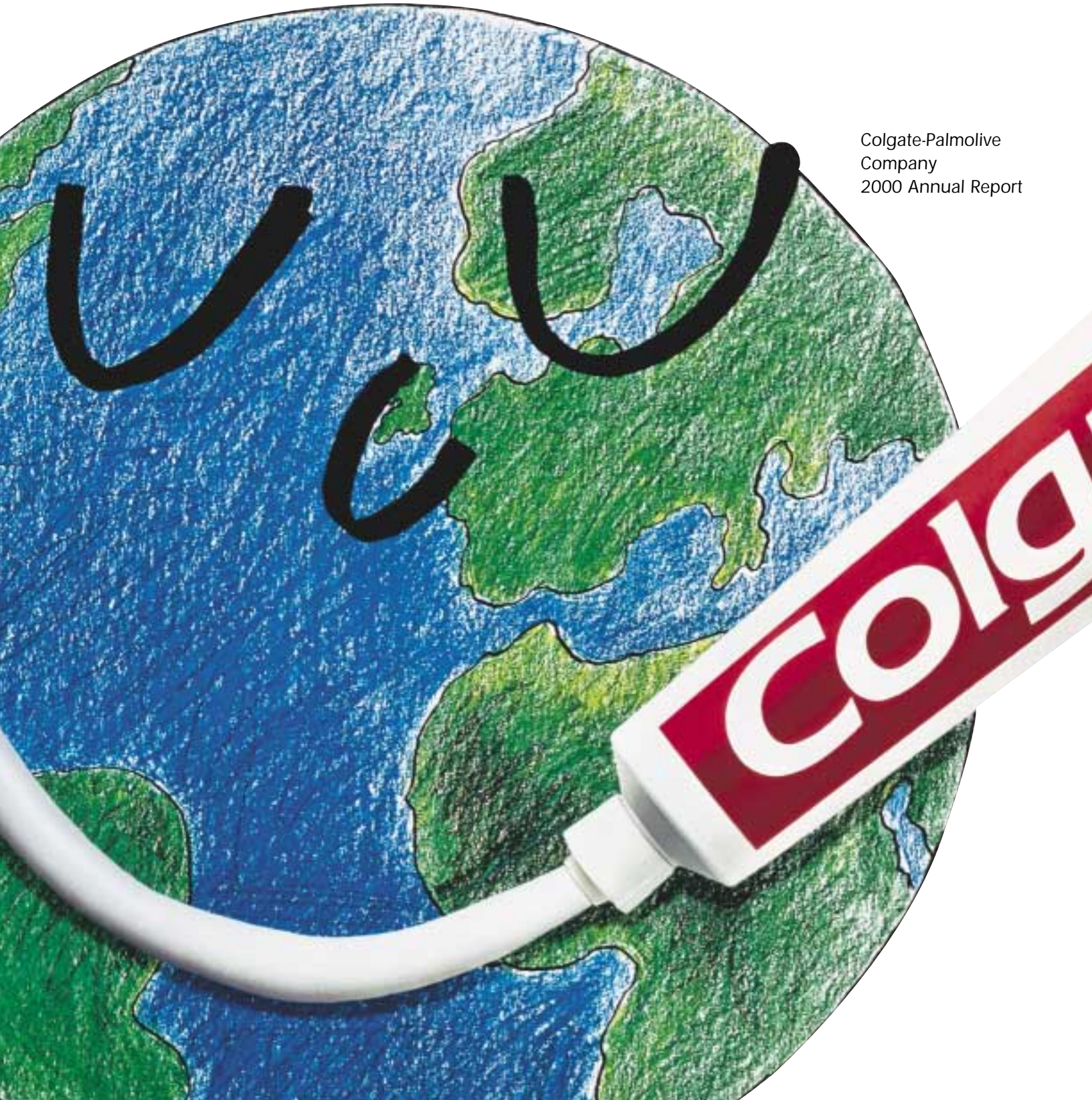


Colgate's Global Success

- Driving Growth
- Funding Profitability
- Becoming the Best Place to Work

Colgate-Palmolive
Company
2000 Annual Report



New Records, Strong Performance

Contents

Highlights

Strong Volume Growth	→
Record Levels of Profitability	
Dear Colgate Shareholder	2
Driving Growth	5
Innovative new products, strong global brands and focus on leadership are driving Colgate's market shares, sales and profits.	
Funding Profitability	10
Colgate is increasing its productivity to both reinvest funds for growth and build profitability.	
Becoming the Best Place to Work	14
How we are working to attract, develop and retain Colgate people, our most valuable resource.	
Global Financial Review	18
Financial Statements	24
Notes	28
Quarterly Stock Market and Dividend Information	37
Your Board of Directors	38
Your Management Team	39
Shareholder Information	40
Eleven-Year Financial Summary	40
Glossary of Terms	41

Highlights

Dollars in Millions Except Per Share Amounts	2000	1999	Change
Unit Volume			+6%
Worldwide Sales	\$9,357.9	\$9,118.2	+3%
Gross Profit Margin	54.4%	53.7%	+70 basis points
Earnings Before Interest & Taxes (EBIT)	\$1,740.5	\$1,566.2	+11%
Percent of Sales	18.6%	17.2%	+140 basis points
Net Income	\$1,063.8	\$ 937.3	+13%
Percent of Sales	11.4%	10.3%	+110 basis points
Earnings Per Share, Diluted	\$ 1.70	\$ 1.47	+16%
Dividends Paid Per Share	\$.63	\$.59	+7%
Operating Cash Flow	\$1,536.2	\$1,292.7	+19%
Percent of Sales	16.4%	14.2%	+220 basis points
Return on Capital	26.4%	22.8%	+360 basis points
Number of Registered Common Shareholders	42,300	44,600	-5%
Number of Common Shares Outstanding (in millions)	566.7	578.9	-2%
Year-end Stock Price	\$ 64.55	\$ 65.00	-1%

- Every operating division participated in the strong 6 percent unit volume growth.
- Fueling growth, new products delivered a record 38 percent of total sales, from products introduced during the last five years.
- Sales would have increased 7 percent if not for foreign currency translation.
- All of Colgate's profitability indicators set new records: gross profit margin, EBIT, operating cash flow and return on capital.

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 softeners and specialty pet food.

Colgate's Global Success



- **Driving Growth** is how Colgate measures success. The faster we develop consumer-driven innovative products and speed them to world markets, the stronger and bigger our global brands become.
- **Funding Profitability** is critical to our ongoing success. By steadily improving profit margins and cash flow, we can reinvest for future growth and increase current profits simultaneously.
- **Becoming the Best Place to Work** is fundamental. Colgate people are motivated, trained and developed every day, everywhere. Together they are achieving our growth and profit goals, year after year.

Dear Colgate Shareholder...

A Year of Broad-Based Strong Growth, Earnings Per Share Increase 16 Percent



Reuben Mark

Q. How has Colgate continued its strong volume growth and profitability gains?

A. Reuben Mark: Colgate's strong growth continues. This is due to our focus on market leadership in our global core categories. Unit volume rose 6 percent in 2000 and was consistently strong each quarter. Every Colgate division contributed, led by North America and Asia/Africa, which grew 8 percent and 7 percent, respectively. We are particularly proud of our earnings per share increase of 16 percent. Other new records achieved were our highest-ever gross profit margin, earnings before interest and taxes, and return on capital.

We drive top-line growth by developing innovative new products, bringing them quickly to global markets and supporting them effectively. And we constantly identify and achieve new savings opportunities. Moreover, the Company's broad geographic base—our global brands are sold in over 200 countries and territories—gives us a sustainable competitive advantage.



Bill Shanahan

Q. How are the Company's new products succeeding?

A. Bill Shanahan: Innovation is where Colgate truly shines. A record-setting 38 percent of our 2000 sales came from new products introduced just in the past five years. And in the U.S., which is a major source for global new products, it was 61 percent of sales. We have made our new product process faster and more profitable, significantly reducing the time from idea to shelf. For Colgate Fresh Confidence toothpaste, this meant launching in 48 countries within 12 months.

Strong incremental sales from new products added to our leadership. For instance, our global toothpaste share set a new record for the sixth consecutive year, bolstered by strong gains in the U.S. and China. Notable too was our record 39.7 percent global share in dishwashing liquid, up almost two points from 1999.

Q. Colgate has called its financial strategy both "simple" and "powerful." Please explain this strategy and how it contributes to the Company's growth.

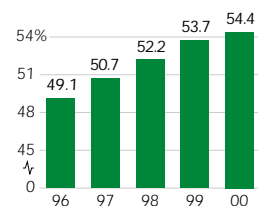
A. Reuben Mark: Our financial strategy is designed to increase gross profit margin and reduce overhead on a continuous basis. The savings enable us to reinvest in growth-building activities, including R&D and advertising, while also delivering incremental profitability. The strategy is simple and very powerful when pursued relentlessly by 38,000 Colgate people around the world. Little by little, it has enabled Colgate to increase our leadership positions, deliver earnings growth and build shareholder value.



Colgate Fresh Confidence, Sold in 48 Countries

Q. Will Colgate's ad budget continue to grow? How is the Company reaching consumers differently?

Gross Profit Margin (% of sales)



Having improved its gross profit margin by an average of 95 basis points a year for the past 16 years, Colgate is now ahead of plan to reach its goal of a 55% margin by 2002.



A. Bill Shanahan: Because advertising drives growth, we increased our investment in advertising in 2000. And we are budgeting an increase in 2001. In addition to traditional TV and print advertising, we are utilizing a variety of innovative programs to reach consumers in all aspects of their daily lives.

Q. How will Colgate continue the trend of improving its gross profit margin, from 39.2 percent in 1984 to 54.4 percent today?

A. Reuben Mark: We see considerable opportunity ahead. We have consistently met or exceeded our target to increase gross margin by 50 to 100 basis points every year. We are now ahead of plan to reach our near-term goal of 55 percent by 2002. Further out, we are targeting a 60 percent margin by 2008.

Gains are the result of new products that bring greater benefit to consumers and a myriad of cost-reduction programs. Savings are facilitated by the powerful enterprise-wide SAP software. SAP now supports 80 percent of Colgate operations worldwide, and the benefits accruing from our newly installed SAP applications are highly encouraging.



Palmolive Naturals, Sold in 71 Countries

Q. How is Colgate investing its growing cash flow?

A. Reuben Mark: Colgate generated record cash flow of \$1.5 billion in 2000, up 19 percent from last year. It was our fifth consecutive year of growth in cash generation. Driving these increases are Colgate's increasingly profitable operations and tight control of working capital. We utilize our strong cash flow to fund capital expenditures that will drive future growth and cost savings, pay dividends and repurchase Colgate shares, and maintain our balance sheet ratios in the optimum range. During 2000, we repurchased 19.1 million common shares at a cost of \$1,040.6 million.

Q. What impact are external factors, such as rising oil prices and the weak euro, having on Colgate's profitability?

A. Reuben Mark: Many companies, including Colgate, experienced cost increases in fuel and raw and packaging materials. The euro also had an impact, although our European division performed well in 2000 with unit volume growing 4 percent. These external negatives were offset by our strong volume growth and cost savings.

Q. What are Colgate's prospects for achieving growth in developing regions?

A. Bill Shanahan: Colgate's strong presence in the developing world, created over the last 80 years, continues to serve us well. Providing a healthy balance, approximately 45 percent of our sales comes from developing markets.

Our brands are leaders throughout Latin America and much of Asia, Africa and Central Europe—regions with the majority of the world's population. We foresee stronger growth trends in these markets as low per capita consumption for core consumer products continues to build. We have positioned Colgate to fully participate in this growth by offering consumers a range of affordable products.

Q. How does Colgate attract and retain the best people?

A. Reuben Mark: No mission is more important to Colgate's future.

(continued on page 4)



Colgate Actibrush, Sold in 50 Countries

A Year of Broad-Based Strong Growth, Earnings Per Share Increase 16 Percent

(continued from page 3)

That is why "Making Colgate the Best Place to Work" is one of three strategic priorities. We have outstanding people. We provide terrific opportunities for global careers, a motivating environment based on our values of managing with respect, a chance to share in our financial success through pay for performance and consistent support for personal growth through global training. We believe these key elements will help us continue to grow outstanding leaders—so critical to our business success. For more on this vital subject, please see pages 14-17.



Science Diet Feline Hairball Control, Sold in 47 Countries

Q. How is Colgate taking advantage of technology and e-business opportunities?

A. Bill Shanahan: We have only scratched the surface in achieving benefits from new technologies. This process began in 1995 when we first installed SAP real-time enterprise software in North America and reengineered the supply chain. The benefits to both efficiency and customer service have been substantial. We now have extended SAP to most parts of the world. A second generation of SAP applications is enabling Colgate's suppliers to automatically replenish supplies to our factories as needed, further reducing working capital devoted to inventory.

We also are moving quickly on internet opportunities—from direct receipt of orders on-line by veterinarians and dentists, to purchasing raw materials in internet auctions. Our first tests of on-line purchasing achieved significant savings.

Q. What is the outlook for Hills?

A. Bill Shanahan: Hill's Pet Nutrition had a good year. Unit volume increased 5 percent, with especially strong growth in Europe and Asia. Superior new products continue to build this business. Most recently, Hill's relaunched the entire Science Diet line with a superior antioxidant formula to help protect the immune systems of cats and dogs. New innovative products are benefiting both the Science Diet and Prescription Diet brands. As the world leader in specialty pet food, Hill's has an enviable franchise and is committed to continued growth, serving veterinarians, pet shops and breeders, the channels where it is a strong Number One.

Q. Please comment on the Company's outlook for 2001.

A. Reuben Mark: We set many new records this past year and are confident that Colgate's strong growth will continue. Our global market shares are strong and growing. Our new product pipeline is full. We are still at the early stages of profiting from all aspects of technology. Collectively we are becoming better and better at what we do, gaining strength from the commitment of 38,000 talented Colgate people. All of this gives us much confidence about our ability to continue delivering strong shareholder value.

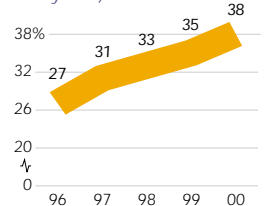
Thank you.

Reuben Mark
Chairman and Chief Executive Officer

William S. Shanahan
President

\$3.6 Billion in New Product Sales in 2000 Sets New Record

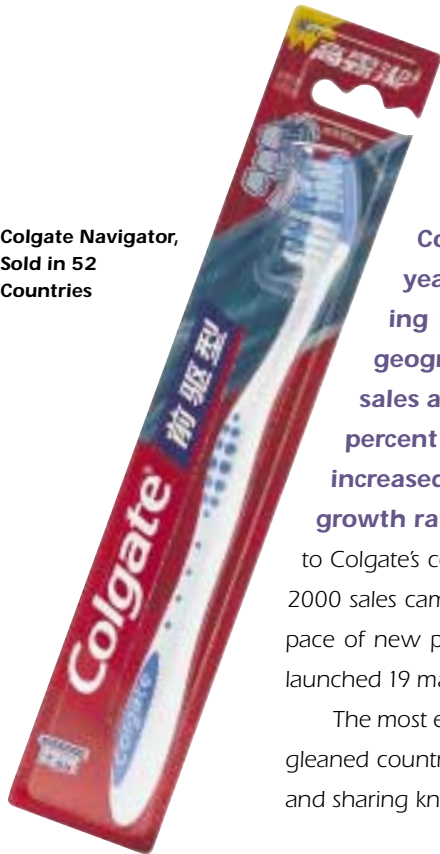
(% of sales from introductions during the past five years)



Fueling rapid growth, Colgate's innovative new products delivered 38% of sales in 2000.

Colgate's Global Success Driving Growth

Colgate Navigator,
Sold in 52
Countries



Consistent growth drives Colgate's global success. The year 2000 was no exception to the Company's long-standing growth record. New products, increased advertising, geographic expansion and greater efficiency again drove sales and profits to new records. Unit volume rose a strong 6 percent with gains in all divisions worldwide. Net income increased 13 percent, capping a 13 percent compound annual growth rate for the past 10 years. Innovative new products are critical to Colgate's continuing growth. Setting a record, 38 percent of Colgate's year 2000 sales came from new products introduced in the past five years. And the pace of new product introductions is accelerating. For example, Colgate-U.S. launched 19 major new products in 2000, up from 14 two years earlier.

The most effective marketing begins with the consumer. It starts with insight gleaned country by country, by being closer to the consumer than competitors and sharing knowledge with colleagues across the Company. Over 100 Colgate

(continued on page 6)

Effective Outdoor Advertising

Eye-catching posters convey the natural refreshing qualities of Palmolive Botanicals. Sold throughout Latin America, the line includes a transparent soap, shampoo and conditioner.

Uruguay



Colgate 2in1 Toothpaste & Mouthwash, Sold in 14 Countries



researchers from around the world are united on-line and meet globally to share their knowledge, validate concepts and keep the new product development pipeline full with options, as far as three years into the future.

Teams of new product specialists, located in regional centers all over the world, develop the Company's new products. From the very beginning of the development process, they are focused on creating global products that can be rapidly

expanded throughout Colgate's broad global network. One example is the new Colgate Actibrush, which provides consumers with an economical, battery-operated toothbrush and is capturing impressive shares in 50 countries. Colgate Actibrush has helped make the Company Number One in manual and battery-operated toothbrushes in the United Kingdom, France and Ireland, strengthened our top position in Portugal and the South Pacific, and propelled us to a strong Number Two position in Italy and Greece. Similarly, Palmolive Naturals skin and hair care products are winning consumers in Asia, Europe and Latin America with their natural, refreshing ingredients and elegant packaging. And Colgate Herbal toothpaste, with its natural formula, is building share in countries in Latin America, Central Europe and Asia.

Colgate's new product teams identify and roll out products to market faster, bringing profitable returns sooner. Product development cycles have been reduced dramatically in the past five years, sometimes halved. The flexible-head Colgate Navigator toothbrush was introduced in 52 countries in 18 months, and Palmolive Spring Sensations began adding to Colgate's dishwashing share only 15 months after being identified as an opportunity.

The result is growing market shares and market leadership across key categories, including toothpaste, toothbrushes, hand dishwashing liquids, liquid hand soap, household cleaners and shower gels. And Colgate's leadership list continues to grow. The longtime global leader in toothpaste, Colgate's Number One positions include the United States, China, Mexico and the United Kingdom. Driven by new products, Colgate-U.S. has started the year 2001 with a 35 percent market share, up almost four share points from the same period in early 2000. Colgate-China again increased its Number One position in 2000. And global share in hand dishwashing products has grown seven percentage points in the past five years.

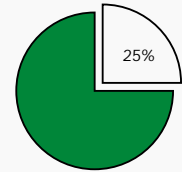
(continued on page 8)

Lady Speedstick Ultra Dry Cream, Sold in 12 Countries



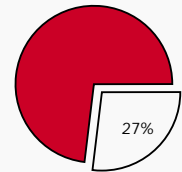
Growth Highlights of Five Divisions...

Colgate-North America (% of sales)



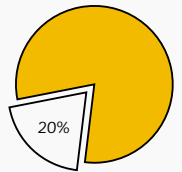
- Unit volume and sales each increased 8% in the division's sixth consecutive year of strong growth.
- New products delivered a record 61% of U.S. sales, from introductions over the five latest years.
- Colgate again strengthened its Number One position in the U.S. toothpaste market.
- Operating profits increased 17% on the larger base.

Colgate-Latin America (% of sales)



- Sales and unit volume each increased by 6%.
- New products driving growth in the region include Colgate Fresh Confidence gel toothpaste, new herbal toothpastes, the Colgate Navigator toothbrush, Palmolive Botanicals soap and shampoo and Ajax antibacterial cleaners.
- Growth was especially strong in Mexico, Colgate's largest market in the region.
- Operating profits increased 13%.

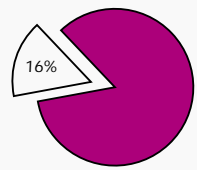
Colgate-Europe (% of sales)



- Both unit volume and sales in local currency increased 4%. Sales declined 7% after currency translation.

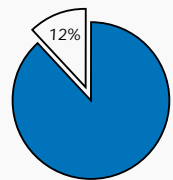
- Among countries with strong volume growth were the United Kingdom, Italy, France, the Nordic Group and Russia.
- The Colgate Actibrush and Colgate Fresh Confidence helped drive strong Oral Care growth across Europe.
- Operating profits, which increased in local currency, declined 6% in dollar terms, due to currency translation.

Colgate-Asia/Africa
(% of sales)



- Unit volume advanced 7% and sales increased 2%, impacted by currency translation.
- Colgate achieved particularly strong growth in China, India, the Philippines and Vietnam.
- Colgate formed a new majority-owned joint venture with Sanxiao, China's leading toothbrush maker.
- Operating profits increased 16%.

Hills Pet Nutrition
(% of sales)



- World leader in premium pet food, Hill's increased sales and unit volume by 5%.
- New products and consumption-building programs contributed to growth in North America and internationally.
- Operating profits increased 11%.

New Toothpaste Boosts Market Shares

Colgate Fresh Confidence, a refreshing green gel targeted to youthful consumers, is contributing to higher toothpaste market shares in Asia and elsewhere.
Thailand



World-Class Technology

Innovative technology is driving Colgate's global leadership of Oral Care. New Colgate Total plus Whitening, just introduced at year-end, has helped increase U.S. toothpaste market share to 35 percent for year-to-date 2001, up almost four share points in the past 12 months. It is the only whitening toothpaste approved by the FDA and Accepted by the ADA to help prevent plaque and gingivitis in addition to cavities. Right are Technology Manager Robin Cabanas and Senior Research Scientist Kyle Brogden.

Global Technology Center



**Palmolive Spring Sensations,
Sold in 15 Countries**

A powerful driver of Colgate's consistently high growth is the tight focus on its strong global brands. The Colgate brand name is synonymous with excellence and leadership in Oral Care, Palmolive with expertise in natural hair and skin care, Ajax with cleaning, and Hill's with superior pet nutrition, just to name a few. Global equities today account for almost 75 percent of Company sales, up from 50 percent ten years ago. Fueled by new products, Palmolive has emerged from among more than 20 brands to become the Number Two best-selling Personal Care brand in Italy. And the Colgate brand name has demonstrated its ability to expand into new segments that provide incremental sales, such as with Colgate 2in1, a combination liquid gel toothpaste and breath freshener.

Because so many consumer purchase decisions are made in-store, Colgate research professionals conduct in-depth interviews with diverse shoppers, both in retail stores and in their homes, on an ongoing basis. The insights discovered have led to the success of new Colgate products like Softsoap brand Fruit Essentials hand soap and shower gel, with attractive bright packaging that literally stops people in store aisles.

Listening to Consumers

Colgate researchers conduct detailed interviews to understand consumer habits and preferences. Recognizing the appeal of fragrance in fabric softener is key to the market leadership of Suavitel in Mexico.

Mexico



Prominent In-Store Activity

Giant in-store displays and a creative contest spurred Italian sales of Ajax Shower Power. Consumers had the chance to win an actual stall shower. Specialized cleaning benefits and bold graphics have made Ajax Shower Power a hit in 14 countries.

Italy



Importantly, proprietary knowledge about different consumer groups and how they shop, coupled with Colgate's growing market shares, creates a strong partnership that is enabling Colgate sales executives to increase in-store presence for Colgate products. Colgate's work with U.S. trade partners to deliver the right assortment to consumers led to a 45 percent increase of shelf space in toothpaste in three years.

Promoting Colgate's brands also involves going beyond the traditional. Building on media advertising, every division uses "360-degree" marketing techniques to reach consumers in activities that involve them, throughout their day and night, from sampling Speed Stick deodorants at sports events to sponsorship of rock concerts for youth-oriented Colgate Fresh Confidence toothpaste.

Geographic expansion and strategic acquisitions also present new growth opportunities. While Colgate Oral Care is well established in over 200 countries, newer categories such as liquid hand soap are currently distributed in only half that many, with plans in place to expand Colgate's global market presence in 2001 and beyond. In China, introductions of fabric softener and shampoo combined with a new joint venture with Sanxiao, that country's market leader in toothbrushes, are helping to fuel rapid growth.

Colgate's many decades of global operating expertise, its powerful brands and proven strategies for broadly launching superior new products to the market quickly, serve as a rich foundation for future success. By building on recent achievements and anticipating the needs of tomorrow, Colgate will continue to deliver greater value, growth and profitability in the years to come.



Colgate Herbal,
Sold in 38
Countries

Colgate's Global Success

Funding Profitability



**Palmolive Vitamins,
Produced in Italy,
Sold in 13 Countries**

Centralized Production

Produced for Europe in one focused factory, the new Palmolive Vitamins personal care line was quickly introduced throughout Europe in 2000. Efficient centralized production, standardized packaging and regional purchasing benefit profit margins on new products.

Left are Lia Messina, Celestino Battisti, Lina Mizzi and Gianluca Vertiglio at Colgate's Anzio plant.

Italy

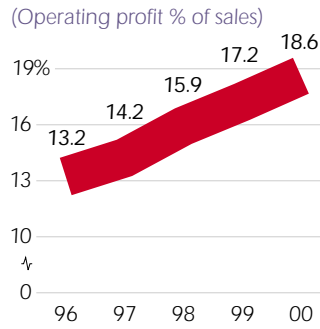
Colgate is increasing its productivity to both reinvest for growth and build profitability. From scale-enabled global purchasing of materials to centralized production facilities to information technology, Colgate's drive for savings bridges geographies and operations across the supply chain. The financial benefits of this strategy are significant. Consistently, Colgate raises its operating profit margin, reaching a record 18.6 percent in 2000, up from 9.8 percent a decade ago. Gross profit margin has improved steadily as well, climbing from 45.2 percent to 54.4 percent over the past ten years. Overhead reduction and lower working capital as a percent of sales are further success indicators.

Investments in leading-edge technology continue to drive profitability. Colgate is among the early and most successful adopters of SAP, the powerful enterprise software that integrates all aspects of supply chain activity. It is no

(continued on page 12)

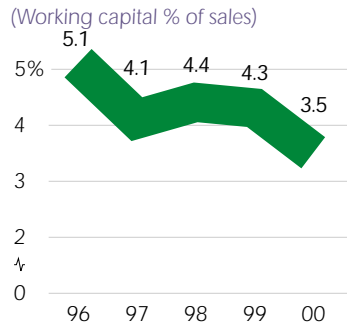
Improved Operating Profit Margin

Colgates improved productivity resulted in a 140-basis-point climb in operating profit margin in 2000, to a record 18.6%.



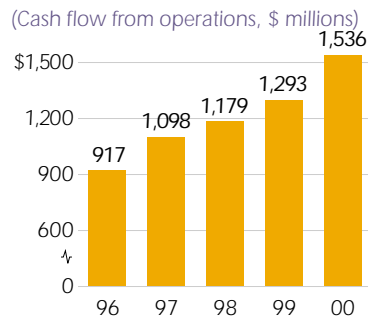
Lower Working Capital

Colgates disciplined emphasis on reducing inventories and accounts receivable has lowered its working capital requirements and contributed to record cash generation. Working capital consists of current assets less current liabilities other than cash and debt.



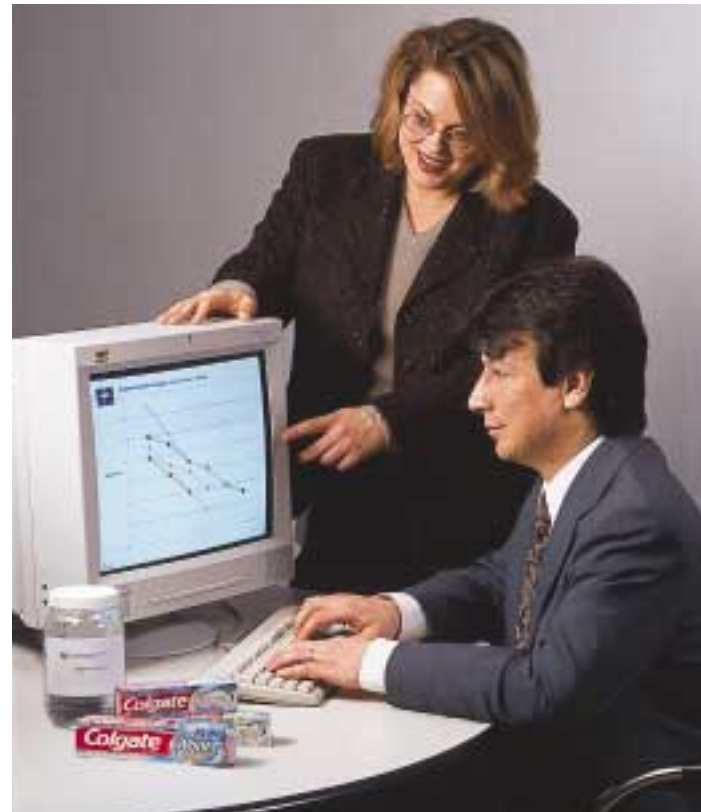
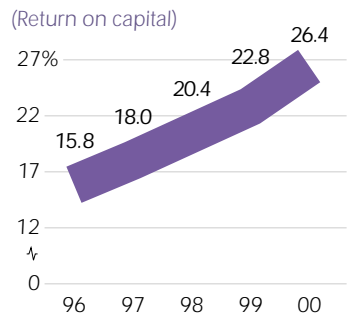
Improved Cash Flow from Operations

Cash flow improved 19% to a record \$1.5 billion, fueled by increased net income and tight control of working capital.



Higher Return on Capital

Return on capital set a new record at 26.4%, up by 360 basis points from 1999.



Profiting from the Internet

Colgate uses the internet to solicit competing supplier bids on raw materials, saving significantly on purchases. Monitoring the reverse auction for glycerin, a key toothpaste ingredient, are Terri Solecki, Senior Buyer, and Alp Uray, Associate Manager.

United States





coincidence that the first divisions to implement SAP, Colgate-North America and Hill's Pet Nutrition in the mid-1990s, have since experienced the greatest increases in profitability. In Europe and Asia, where SAP was successfully implemented in the late 1990s, the benefits are still climbing. And in 2000, Colgate brought the benefits of SAP to 14 additional countries in Latin America, increasing to 80 percent the Colgate revenues supported by this powerful technology.

Moreover, the benefits of SAP are growing as Colgate adopts the newest generation of applications, further leveraging its investment. For example, one new tool is beginning to automatically capture cost data on specific materials in each division, enabling worldwide purchases of similar items to be aggregated and analyzed for potential savings. Another application will allow Colgate and its key trade partners to share planning data for the benefit of both. This means that distribution centers for major customers are restocked automatically when centers reach minimum inventory levels.

Similarly, demand analysis will enable the Company's focused factories to automatically ship the precise level of finished goods required to various parts of the world. For instance, demand for Speed Stick deodorants in Mexico is fulfilled from the global plant in Morristown, New Jersey, achieving a net benefit reduction of over 150,000 inventory cases. And in Europe, SAP provides Colgate access to analysis by trade customer and product category across the entire region.

As Colgate becomes a seamless operation the world over, its global purchasing power, local market knowledge and advanced tools, including cost modeling, are being applied to create further savings in raw materials, packaging and

Lowering the Cost of Shipping

Colgate experts negotiated a global tender agreement to handle ocean freight at significantly lower cost. Reviewing performance with Richard Lenz of Maersk Sealand (left) are Ron Smart, Director of Global Logistics, and Mike Hill, Associate Director, Global Logistics.

United States





**Colgate
Actibrush,
Produced
in China,
Sold in 50
Countries**



Toothbrushes for the World

The new Colgate Actibrush battery-powered toothbrush is globally sourced from one factory in China. Its high quality and sleek product design are identical everywhere Colgate Actibrush is sold.

China



freight costs. By consolidating purchases, reducing suppliers and signing longer term contracts, Colgate is negotiating even more favorable agreements.

Today, Colgate uses just three major fragrance suppliers globally, down from 30 only five years ago. In North America, a combined Colgate and Hill's transportation bid reduced the number of truckers by over 50 percent. Global standardization of formulas and packages for liquid soap, Speed Stick and Hill's pet food has also led to big savings.

The internet remains full of opportunities for Colgate. The Company is participating in reverse auctions, where suppliers of key ingredients, like glycerin, feedstock for plastic bottles and other chemicals, are asked to bid for Colgate's business. This competitive process has produced significant savings.

Colgate has also linked with peer companies to form the Transora business-to-business e-marketplace. This marketplace, in the formative stages, offers the potential for a new level of efficiency in the purchasing, supply chain and retail service areas. And at Hill's, fully integrated web sites have been created where veterinarians and pet retailers can connect with the SAP network to place orders on-line which are then automatically processed and scheduled for delivery.

Importantly, significant opportunities remain where Colgate can reap meaningful financial benefits in the future. Although the Company has reduced the number of factories while creating regional manufacturing centers in North America, Europe and Asia/Pacific, there are further opportunities for consolidation. On the purchasing side, regional sourcing still accounts for only a portion of Colgate's business, with programs in place to continually raise that level.

Across functions and geographies, the potential for greater savings grows stronger. Success is perpetuated in the process cycle, as savings from current programs are reinvested for new product development, advertising and other growth-building activities, while generating a strong return for shareholders today and beyond.