Restaurant Brands International Inc.
Form 4
December 16, 2014

FORM 4

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Caira Marc

(Last) (First) (Middle)

874 SINCLAIR ROAD

(Street)

OAKVILLE, A6 L6K 2Y1

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Restaurant Brands International Inc. [QSR]

3. Date of Earliest Transaction (Month/Day/Year)
12/12/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/12/2014		A (1) (2)		28,569	A	(2)	28,569	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy)	(3) (4)	12/12/2014		A (1)(3)(4)		539,160 (5)		(3)(4)	(3)(4)	Common Stock	539,16

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Caira Marc 874 SINCLAIR ROAD OAKVILLE, A6 L6K 2Y1	X			

Signatures

/s/ Lisa Giles-Klein as attorney-in-fact for Marc Caira	12/16/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On December 12, 2014, Burger King Worldwide, Inc. ("Burger King Worldwide") consummated the business combination (the "Merger") pursuant to the Arrangement Agreement and Plan of Merger dated August 26, 2014 by and among Burger King Worldwide, Tim Hortons Inc., Restaurant Brands International Inc. (f/k/a 9060669 Canada Inc. or 1011773 B.C. Unlimited Liability Company), Restaurant Brands International Limited Partnership (f/k/a New Red Canada Limited Partnership or New Red Canada Partnership), Blue Merger Sub, Inc., a corporation incorporated under the laws of Delaware, and 8997900 Canada Inc. (the "Arrangement Agreement").

(2) Pursuant to the Reporting Person's election under the Arrangement Agreement, and after giving effect to applicable proration, each share of Tim Hortons Inc. common stock previously held by the Reporting Person was converted into .82011 newly issued Restaurant Brands International Inc. common shares and C$65.00 in cash.

(3) Pursuant to the Arrangement Agreement, each Tim Hortons Inc. stock option (and its tandem stock appreciation right) outstanding at the close of the Merger was exchanged for a stock option (with a tandem stock appreciation right) to acquire from Restaurant Brands International Inc. a number of Restaurant Brands International Inc. common shares equal to the product of: (a) the number of Tim Hortons Inc. common shares subject to such Tim Hortons Inc. stock option multiplied by (b) the exchange ratio of 3.0879 (and rounded down to the nearest whole number of Restaurant Brands International Inc. common shares). Pursuant to the Arrangement Agreement, the exercise price per Restaurant Brands International Inc. common share of such Restaurant Brands International Inc. stock option is equal to the quotient of:

(4) (continued from Footnote 3) a) the exercise price per Tim Hortons Inc. common share subject to the exchanged Tim Hortons Inc. stock option divided by (b) the exchange ratio of 3.0879 (with the aggregate exercise price being rounded up to the nearest whole cent), provided that the in-the-money value of such per Restaurant Brands International Inc. stock options immediately after the issuance of such per Restaurant Brands International Inc. stock options may not exceed the in-the-money value of the Tim Hortons Inc. stock options immediately prior to such issuance. Subject to the foregoing, each per Restaurant Brands International Inc. stock option will have the same terms and conditions as were applicable to the exchanged Tim Hortons Inc. stock option.

(5) This figure includes the Reporting Person's holdings both of options and the tandem stock appreciation right.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. " style="vertical-align:bottom;padding-left:2px;padding-top:2px;padding-bottom:2px;">
5

2

2

Total Other comprehensive income (loss), net of tax
(242
)

(454
)

(1,060
)
Total Comprehensive income including noncontrolling interests
2,344

1,094

1,279

Less: Net income attributable to noncontrolling interests
145

164

159

Less: Cumulative translation adjustments attributable to noncontrolling interests
(12
)

(11
)

(4
)
Total Comprehensive income attributable to noncontrolling interests
133

153

155

Total Comprehensive income attributable to Colgate-Palmolive Company
$
2,211

$
941

$
1,124

See Notes to Consolidated Financial Statements.

59

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

	2016	2015
Assets		(A)
Current Assets		
Cash and cash equivalents	$1,315	$970
Receivables (net of allowances of $73 and $59, respectively)	1,411	1,427
Inventories	1,171	1,180
Other current assets	441	807
Total current assets	4,338	4,384
Property, plant and equipment, net	3,840	3,796
Goodwill	2,107	2,103
Other intangible assets, net	1,313	1,346
Deferred income taxes	301	67
Other assets	224	239
Total assets	$12,123	$11,935
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes and loans payable	$13	$4
Current portion of long-term debt	—	298
Accounts payable	1,124	1,110
Accrued income taxes	441	277
Other accruals	1,727	1,845
Total current liabilities	3,305	3,534
Long-term debt	6,520	6,246
Deferred income taxes	246	233
Other liabilities	2,035	1,966
Total liabilities	12,106	11,979
Commitments and contingent liabilities	—	—
Shareholders' Equity		
Common stock, $1 par value (2,000,000,000 shares authorized, 1,465,706,360 shares issued)	1,466	1,466
Additional paid-in capital	1,691	1,438
Retained earnings	19,922	18,861
Accumulated other comprehensive income (loss)	(4,180)	(3,950)
Unearned compensation	(7)	(12)
Treasury stock, at cost	(19,135)	(18,102)
Total Colgate-Palmolive Company shareholders' equity	(243)	(299)
Noncontrolling interests	260	255
Total equity	17	(44)
Total liabilities and equity	$12,123	$11,935

(A) Prior year amounts have been reclassified to conform to the current year presentation of debt issuance costs required by Accounting Standards Update ("ASU") No. 2015-03 "Simplifying the Presentation of Debt Issuance Costs." See Note 2, Summary of Significant Accounting Policies to the Consolidated Financial Statements for additional information.

See Notes to Consolidated Financial Statements.

60

COLGATE-PALMOLIVE COMPANY
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in Millions)

	Colgate-Palmolive Company Shareholders' Equity						
	Common Stock	Additional Paid-In Capital	Unearned Compensation	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance, January 1, 2014	$1,466	$1,004	$ (33)	$(15,633)	$17,952	$ (2,451)	$ 231
Net income					2,180		159
Other comprehensive income (loss), net of tax						(1,056)	(4)
Dividends					(1,300)		(146)
Stock-based compensation expense		131					
Shares issued for stock options		100		225			
Shares issued for restricted stock awards		(77)		77			
Treasury stock acquired				(1,530)			
Other		78	13	(1)			
Balance, December 31, 2014	$1,466	$1,236	$ (20)	$(16,862)	$18,832	$ (3,507)	$ 240
Net income					1,384		164
Other comprehensive income (loss), net of tax						(443)	(11)
Dividends					(1,355)		(138)
Stock-based compensation expense		125					
Shares issued for stock options		90		243			
Shares issued for restricted stock awards		(69)		69			
Treasury stock acquired				(1,551)			
Other		56	8	(1)			
Balance, December 31, 2015	$1,466	$1,438	$ (12)	$(18,102)	$18,861	$ (3,950)	$ 255
Net income					2,441		145
Other comprehensive income (loss), net of tax						(230)	(12)
Dividends					(1,380)		(128)
Stock-based compensation expense		123					
Shares issued for stock options		128		242			
Shares issued for restricted stock awards		(60)		60			
Treasury stock acquired				(1,335)			
Other		62	5				
Balance, December 31, 2016	$1,466	$1,691	$ (7)	$(19,135)	$19,922	$ (4,180)	$ 260

See Notes to Consolidated Financial Statements.

61

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

	2016	2015	2014
Operating Activities			
Net income including noncontrolling interests	$2,586	$1,548	$2,339
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations:			
Depreciation and amortization	443	449	442
Restructuring and termination benefits, net of cash	(9)	69	64
Venezuela remeasurement charges	—	34	327
Charge for a foreign tax matter	—	—	66
Stock-based compensation expense	123	125	131
Gain on sale of land in Mexico	(97)	—	—
Gain on sale of South Pacific laundry detergent business	—	(187)	—
Charge for Venezuela accounting change	—	1,084	—
Deferred income taxes	56	(51)	18
Voluntary benefit plan contributions	(53)	—	(2)
Cash effects of changes in:			
Receivables	(17)	(75)	(109)
Inventories	(4)	(13)	(60)
Accounts payable and other accruals	100	(67)	57
Other non-current assets and liabilities	13	33	25
Net cash provided by operations	3,141	2,949	3,298
Investing Activities			
Capital expenditures	(593)	(691)	(757)
Sale of property and non-core product lines	—	9	24
Purchases of marketable securities and investments	(336)	(742)	(340)
Proceeds from sale of marketable securities and investments	378	599	283
Proceeds from sale of land in Mexico	60	—	—
Proceeds from sale of South Pacific laundry detergent business	—	221	—
Payment for acquisitions, net of cash acquired	(5)	(13)	(87)
Reduction in cash due to Venezuela accounting change	—	(75)	—
Other	(3)	7	18
Net cash used in investing activities	(499)	(685)	(859)
Financing Activities			
Principal payments on debt	(7,274)	(9,181)	(8,525)
Proceeds from issuance of debt	7,438	9,602	8,960
Dividends paid	(1,508)	(1,493)	(1,446)
Purchases of treasury shares	(1,335)	(1,551)	(1,530)
Proceeds from exercise of stock options and excess tax benefits	446	347	371
Net cash used in financing activities	(2,233)	(2,276)	(2,170)
Effect of exchange rate changes on Cash and cash equivalents	(64)	(107)	(142)
Net (decrease) increase in Cash and cash equivalents	345	(119)	127
Cash and cash equivalents at beginning of year	970	1,089	962
Cash and cash equivalents at end of year	$1,315	$970	$1,089
Supplemental Cash Flow Information			
Income taxes paid	$932	$1,259	$1,009

Interest paid	$162	$131	$133

See Notes to Consolidated Financial Statements.

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

1. Nature of Operations

The Company manufactures and markets a wide variety of products in the U.S. and around the world in two product segments: Oral, Personal and Home Care; and Pet Nutrition. Oral, Personal and Home Care products include toothpaste, toothbrushes and mouthwash, bar and liquid hand soaps, shower gels, shampoos, conditioners, deodorants and antiperspirants, laundry and dishwashing detergents, fabric conditioners, household cleaners, bleaches and other similar items. These products are sold primarily to retail trade customers and wholesale distributors worldwide. Pet Nutrition products include specialty pet nutrition products manufactured and marketed by Hill’s Pet Nutrition. The principal customers for Pet Nutrition products are authorized pet supply retailers and veterinarians. Products from both product segments are also sold to e-commerce retailers. Principal global and regional trademarks include Colgate, Palmolive, Speed Stick, Lady Speed Stick, Softsoap, Irish Spring, Protex, Sorriso, Kolynos, elmex, Tom’s of Maine, Sanex, Ajax, Axion, Fabuloso, Soupline and Suavitel, as well as Hill’s Science Diet, Hill’s Prescription Diet and Hill’s Ideal Balance.

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

	2016	2015	2014
Oral Care	47 %	47 %	46 %
Personal Care	20 %	20 %	21 %
Home Care	18 %	19 %	20 %
Pet Nutrition	15 %	14 %	13 %
Total	100%	100%	100%

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Colgate-Palmolive Company and its majority-owned or controlled subsidiaries. Intercompany transactions and balances have been eliminated. The Company’s investments in consumer products companies with interests ranging between 20% and 50%, where the Company has significant influence over the investee, are accounted for using the equity method. Net income (loss) from such investments is recorded in Other (income) expense, net in the Consolidated Statements of Income. As of December 31, 2016 and 2015, equity method investments included in Other assets in the Consolidated Balance Sheets were $38 and $34, respectively. Unrelated third parties hold the remaining ownership interests in these investments. Investments with less than a 20% interest are accounted for using the cost method. Effective December 31, 2015, the Company concluded it no longer met the accounting criteria for consolidation of its Venezuelan subsidiary (“CP Venezuela”) and began accounting for CP Venezuela using the cost method of accounting. As a result, effective December 31, 2015, CP Venezuela’s net assets and operating results are no longer included in the Company’s Consolidated Financial Statements. See Note 14, Venezuela for further information.

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 includes pension and other retiree benefit cost assumptions, stock-based compensation, asset impairments, uncertain tax positions, tax valuation allowances, legal and other contingency reserves and, prior to the deconsolidation of the Company's Venezuelan operations, the selection of the exchange rate used to remeasure the financial statements of CP Venezuela (see Note 14, Venezuela). Additionally, the Company uses available market information and other valuation methodologies in assessing the fair value of financial instruments and retirement plan assets. Judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, changes in assumptions or the estimation methodologies may affect the fair value estimates. Actual results could ultimately differ from those estimates.

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 sales returns and the cost of current and continuing promotional programs. Current promotional programs, such as product listing allowances and co-operative advertising arrangements, are recorded in the period incurred. Continuing promotional programs are predominantly consumer coupons and volume-based sales incentive arrangements with trade customers. The redemption cost of consumer coupons is based on historical redemption experience and is recorded when coupons are distributed. Volume-based incentives offered to trade customers are based on the estimated cost of the program and are recorded as products are sold.

Shipping and Handling Costs

Shipping and handling costs are classified as Selling, general and administrative expenses and were $1,140, $1,235 and $1,326 for the years ended December 31, 2016, 2015 and 2014, respectively.

Marketing Costs

The Company markets its products through advertising and other promotional activities. Advertising costs are included in Selling, general and administrative expenses and are expensed as incurred. Certain consumer and trade promotional programs, such as consumer coupons, are recorded as a reduction of sales.

Cash and Cash Equivalents

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

Inventories

Inventories are stated at the lower of cost or market. The cost of approximately 75% of inventories is determined using the first-in, first-out (“FIFO”) method. The cost of all other inventories, in the U.S. and Mexico, 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 15 years for machinery and equipment and up to 40 years for buildings. Depreciation attributable to manufacturing operations is included in Cost of sales. The remaining component of depreciation is included in Selling, general and administrative expenses.

64

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

Goodwill and Other Intangibles

Goodwill and indefinite life intangible assets, such as the Company's global brands, are subject to impairment tests at least annually. These tests were performed and did not result in an impairment charge. Other intangible assets with finite lives, such as local brands and trademarks, customer relationships and non-compete agreements, are amortized over their estimated useful lives, generally ranging from 5 to 40 years. Amortization expense related to intangible assets is included in Other (income) expense, net, which is included in Operating profit.

Income Taxes

The provision for income taxes is determined using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based upon the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates that will be in effect at the time such differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. 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 indefinitely reinvested.

The Company uses a comprehensive model to recognize, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on an income tax return. The Company recognizes interest expense and penalties related to unrecognized tax benefits within Provision for income taxes.

Financial Instruments

Derivative instruments are recorded as assets and liabilities at estimated fair value based on available market information. The Company's derivative instruments that qualify for hedge accounting are designated as either fair value hedges, cash flow hedges or net investment hedges. For fair value hedges, changes in the fair value of the derivative, as well as the offsetting changes in the fair value of the hedged item, are recognized in earnings each period. For cash flow hedges, changes in the fair value of the derivative are recorded in Other comprehensive income (loss) and are recognized in earnings when the offsetting effect of the hedged item is also recognized in earnings. For hedges of the net investment in foreign subsidiaries, changes in the fair value of the derivative are recorded in Other comprehensive income (loss) to offset the change in the value of the net investment being hedged. Cash flows related to hedges are classified in the same category as the cash flows from the hedged item in the Consolidated Statements of Cash Flows.

The Company may also enter into certain foreign currency and interest rate instruments that economically hedge certain of its risks but do not qualify for hedge accounting. Changes in fair value of these derivative instruments, based on quoted market prices, are recognized in earnings each period. The Company's derivative instruments and other financial instruments are more fully described in Note 7, Fair Value Measurements and Financial Instruments along with the related fair value measurement considerations.

Stock-Based Compensation

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock units, based on the fair value of those awards at the date of grant over the requisite service period. The Company uses the Black-Scholes-Merton ("Black-Scholes") option pricing model to determine the fair value of stock option awards. Stock-based compensation plans, related expenses and assumptions used in the Black-Scholes option pricing model are more fully described in Note 8, Capital Stock and Stock-Based Compensation Plans.

Currency Translation

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

65

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

For subsidiaries operating in highly inflationary environments, local currency-denominated non-monetary assets, including inventories, goodwill and property, plant and equipment, are remeasured at their historical exchange rates, while local currency-denominated monetary assets and liabilities are remeasured at year-end exchange rates. Remeasurement adjustments for these operations are included in Net income attributable to Colgate-Palmolive Company. Prior to the deconsolidation of the Company's Venezuelan operations, CP Venezuela was designated as hyper-inflationary and the functional currency for CP Venezuela was the U.S. dollar. See Note 14, Venezuela for further information.

Recent Accounting Pronouncements

On October 24, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory," which eliminates the requirement to defer recognition of income taxes on intra-entity transfers until the asset is sold to an outside party. The new guidance requires the recognition of current and deferred income taxes on intra-entity transfers of assets other than inventory, such as intellectual property and property, plant and equipment, when the transfer occurs. The guidance is effective for the Company on January 1, 2018 and early adoption is permitted. The standard requires a "modified retrospective" adoption, meaning the standard is applied through a cumulative adjustment in retained earnings as of the beginning of the period of adoption. This new guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

On August 26, 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which clarifies how certain cash receipts and payments are to be presented in the statement of cash flows. The guidance is effective for the Company on January 1, 2018 and early adoption is permitted. This new guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

On March 30, 2016, the FASB issued ASU No. 2016-09, "Compensation–Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," which amends accounting for income taxes related to share-based compensation, the related classification in the statement of cash flows and share award forfeiture accounting. This guidance requires recognition of excess tax benefits and deficiencies (resulting from an increase or decrease in the fair value of an award from grant date to the vesting or exercise date) in the provision for income taxes as a discrete item in the quarterly period in which they occur. Currently, excess tax benefits are recognized in equity. In addition, these amounts will be classified as an operating activity in the Statement of Cash Flows instead of as a financing activity.

For the years 2014 to 2016, the Company recognized excess tax benefits in equity in the range of $55 to $63 per year. These amounts may not necessarily be indicative of future amounts that may be recognized subsequent to the adoption of this new standard, as any excess tax benefits recognized would be dependent on future stock prices, employee exercise behavior and applicable tax rates. The new guidance was effective for the Company beginning on January 1, 2017.

On March 15, 2016, the FASB issued ASU No. 2016-07, "Investments–Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting," which eliminates the requirement to retroactively adjust an investment that subsequently qualifies for equity method accounting (as a result of an increase in level of ownership interest or degree of influence) as if the equity method of accounting had been applied during all prior periods that the investment was held. The new standard requires that the investor add the cost of acquiring additional ownership interest in the investee to its current basis and prospectively adopt the equity method of accounting. Any unrealized gains or losses in an available-for-sale investment that subsequently qualifies as an equity method investment should be recognized in earnings at the date the investment qualifies as an equity method investment. The new guidance was effective for the Company beginning on January 1, 2017. This new guidance is not expected to have a material impact on the Company’s Consolidated Financial Statements.

66

On February 25, 2016, the FASB issued its final standard on lease accounting, ASU No. 2016-02, “Leases (Topic 842),” which supersedes Topic 840, “Leases.” The new accounting standard requires the recognition of right-of-use assets and lease liabilities for all long-term leases, including operating leases, on the balance sheet. The new standard also provides additional guidance on the measurement of the right-of-use assets and lease liabilities and will require enhanced disclosures about the Company’s leasing arrangements. Under current accounting standards, substantially all of the Company’s leases are considered operating leases and, as such, are not recognized on the Consolidated Balance Sheet. This new standard is effective for the Company beginning on January 1, 2019, with early adoption permitted. The standard requires a “modified retrospective” adoption, meaning the standard is applied to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently assessing the impact of the new standard on its Consolidated Financial Statements.

On January 5, 2016, the FASB issued ASU No. 2016-01, “Financial Instruments–Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The updated guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The amendment to the standard is effective for the Company beginning on January 1, 2018. While the Company is currently assessing the impact of the new standard, it does not expect this new guidance to have a material impact on its Consolidated Financial Statements.

On November 20, 2015, the FASB issued ASU No. 2015-17, “Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes,” which simplifies the presentation of deferred income taxes. Under the new accounting standard, deferred tax assets and liabilities are required to be classified as noncurrent, eliminating the prior requirement to separate deferred tax assets and liabilities into current and noncurrent. As permitted, the Company early-adopted the new standard on March 31, 2016, on a prospective basis, and did not retrospectively adjust prior periods.

On July 22, 2015, the FASB issued ASU No. 2015-11, “Inventory (Topic 330): Simplifying the Measurement of Inventory,” which simplifies the subsequent measurement of inventories by replacing the lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than LIFO and the retail inventory method. The new guidance was effective for the Company beginning on January 1, 2017. This new guidance is not expected to have a material impact on the Company’s Consolidated Financial Statements.

On May 28, 2014, the FASB and the International Accounting Standards Board issued their final converged standard on revenue recognition. The standard, issued as ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” by the FASB, provides a single, comprehensive revenue recognition model for all contracts with customers and supersedes current revenue recognition guidance. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The new standard also includes enhanced disclosures which are significantly more comprehensive than those in existing revenue standards. This new guidance is effective for the Company beginning on January 1, 2018. During 2016, the FASB issued several accounting updates (ASU No. 2016-08, 2016-10 and 2016-12) to clarify implementation guidance and correct unintended application of the guidance. The standard allows for either “full retrospective” adoption, meaning the standard is applied to all of the periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Company continues to make progress in its implementation and assessment of the new standard and while the completion of this assessment is still ongoing, based on the progress to date, the Company does not expect the new standard will have a material impact on its revenue recognition accounting policy or its Consolidated Financial Statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The Company adopted ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs,” on January 1, 2016. To conform to the current year’s presentation, debt issuance costs have been reclassified from Other assets and are now presented as a direct deduction to the carrying amount of the related debt balance at December 31, 2015. The reclassification had no further effect on the Company’s Consolidated Financial Statements.

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

3. Acquisitions and Divestitures

Sale of Land in Mexico

In September 2016, the Company's Mexican subsidiary completed the sale to the United States of America of the Mexico City site on which its commercial operations, technology center and soap production facility were previously located and received $60 as the third and final installment of the sale price. The total sale price (including the third installment and the previously received first and second installments) was $120. The Company recognized a pretax gain of $97 ($63 aftertax or $0.07 per diluted share) in the third quarter of 2016, net of costs primarily related to site preparation.

Sale of Laundry Detergent Business in the South Pacific

In August 2015, the Company completed the sale of its laundry detergent business in the South Pacific to Henkel AG & Co. KGaA for an aggregate purchase price of approximately 310 Australian dollars ($221) and recorded a pretax gain of $187 ($120 aftertax or $0.13 per diluted share) in Other (income) expense, net. The gain is net of charges related to the right-sizing of the Company's South Pacific business, asset write-offs related to the divested laundry detergent business and other costs related to the sale. The funds from the sale were reinvested to expand the 2012 Restructuring Program (see Note 4, Restructuring and Related Implementation Changes).

Myanmar Acquisition

On October 3, 2014, the Company acquired an oral care business in Myanmar for $62 in cash plus additional consideration contingent upon achievement of performance targets under a distribution services agreement.

4. Restructuring and Related Implementation Charges

In the fourth quarter of 2012, the Company commenced a Global Growth and Efficiency Program (as expanded in 2014 and 2015 as described below, the "2012 Restructuring Program") for sustained growth. The program's initiatives are expected to help Colgate ensure sustained solid worldwide growth in unit volume, organic sales and earnings per share and enhance its global leadership positions in its core businesses.

On October 23, 2014, the Company's Board of Directors (the "Board") approved an expansion of the 2012 Restructuring Program to take advantage of additional savings opportunities.

Recognizing the macroeconomic challenges around the world and the successful implementation of the 2012 Restructuring Program, on October 29, 2015, the Board approved the reinvestment of the funds from the sale of the Company's laundry detergent business in the South Pacific to expand the 2012 Restructuring Program and extend it for one year through December 31, 2017. The Board approved the implementation plan for this expansion on March 10, 2016. Initiatives under the 2012 Restructuring Program will continue to fit within the program's three focus areas of expanding commercial hubs, extending shared business services and streamlining global functions and optimizing the global supply chain and facilities. Cumulative pretax charges resulting from the 2012 Restructuring Program, once all phases are approved and implemented, are estimated to be $1,405 to $1,585 ($1,050 to $1,170 aftertax).

The pretax charges resulting from the 2012 Restructuring Program are currently estimated to be comprised of the following categories: Employee-Related Costs, including severance, pension and other termination benefits (50%);

asset-related costs, primarily Incremental Depreciation and Asset Impairments (10%); and Other charges, which include contract termination costs, consisting primarily of related implementation charges resulting directly from exit activities (20%) and the implementation of new strategies (20%). Over the course of the 2012 Restructuring Program, it is currently estimated that approximately 75% of the charges will result in cash expenditures. Anticipated pretax charges for 2017 are expected to approximate $180 to $360 ($140 to $260 aftertax). It is expected that substantially all charges resulting from the 2012 Restructuring Program will be incurred by December 31, 2017.

68

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

It is expected that the cumulative pretax charges, once all projects are approved and implemented, will relate to initiatives undertaken in North America (15%), Europe (20%), Latin America (5%), Asia Pacific (5%), Africa/Eurasia (5%), Hill's Pet Nutrition (10%) and Corporate (40%), which includes substantially all of the costs related to the implementation of new strategies, noted above, on a global basis. It is expected that, when it has been fully implemented, the 2012 Restructuring Program will contribute a net reduction of approximately 3,300 to 3,800 positions from the Company's global employee workforce.

For the years ended December 31, 2016, 2015 and 2014, restructuring and related implementation charges are reflected in the Consolidated Statements of Income as follows:

	2016	2015	2014
Cost of sales	$46	$20	$29
Selling, general and administrative expenses	77	64	62
Other (income) expense, net	105	170	195
Total 2012 Restructuring Program charges, pretax	$228	$254	$286
Total 2012 Restructuring Program charges, aftertax	$168	$183	$208

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

Total charges incurred for the 2012 Restructuring Program relate to initiatives undertaken by the following reportable operating segments:

	2016	2015	2014	Program-to-date Accumulated Charges
North America	35 %	21 %	11 %	17 %
Latin America	5 %	3 %	4 %	4 %
Europe [(1)]	12 %	14 %	20 %	22 %
Asia Pacific [(1)]	4 %	4 %	3 %	3 %
Africa/Eurasia	14 %	5 %	3 %	7 %
Hill's Pet Nutrition	7 %	5 %	10 %	7 %
Corporate	23 %	48 %	49 %	40 %

[(1)] The Company has recast its historical geographic segment information to conform to the reporting structure effective as of April 1, 2016. See Note 15, Segment Information for additional details.

Since the inception of the 2012 Restructuring Program in the fourth quarter of 2012, the Company has incurred cumulative pretax charges of $1,228 ($907 aftertax) in connection with the implementation of various projects as follows:

	Cumulative Charges as of December 31, 2016
Employee-Related Costs	$ 465
Incremental Depreciation	80

Asset Impairments	27
Other	656
Total	$ 1,228

69

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

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

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

	Employee-Related Costs	Incremental Depreciation	Asset Impairments	Other	Total
Balance at January 1, 2014	$ 116	$ —	$ —	$42	$158
Charges	73	25	1	187	286
Cash payments	(95)	—	—	(117)	(212)
Charges against assets	(5)	(25)	(1)	—	(31)
Foreign exchange	(4)	—	—	(5)	(9)
Other	—	—	—	—	—
Balance at December 31, 2014	$ 85	$ —	$ —	$107	$192
Charges	109	20	5	120	254
Cash payments	(85)	—	—	(94)	(179)
Charges against assets	(17)	(20)	(5)	—	(42)
Foreign exchange	(8)	—	—	(2)	(10)
Other	—	—	—	—	—
Balance at December 31, 2015	$ 84	$ —	$ —	$131	$215
Charges	61	9	20	138	228
Cash payments	(84)	—	—	(153)	(237)
Charges against assets	(4)	(9)	(20)	—	(33)
Foreign exchange	(1)	—	—	—	(1)
Other	—	—	—	9	9
Balance at December 31, 2016	$ 56	$ —	$ —	$125	$181

Employee-Related Costs primarily include severance and other termination benefits and are calculated based on long-standing benefit practices, local statutory requirements and, in certain cases, voluntary termination arrangements. Employee-Related Costs also include pension and other retiree benefit enhancements amounting to $4, $17 and $5 for the years ended December 31, 2016, 2015 and 2014, respectively, which are reflected as Charges against assets within Employee-Related Costs in the preceding table as the corresponding balance sheet amounts are reflected as a reduction of pension assets or an increase in pension and other retiree benefit liabilities (see Note 10, Retirement Plans and Other Retiree Benefits).

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

Explanation of Responses:

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

Other charges consist primarily of charges resulting directly from exit activities and the implementation of new strategies as a result of the 2012 Restructuring Program. These charges for the years ended December 31, 2016, 2015 and 2014 include third-party incremental costs related to the development and implementation of new business and strategic initiatives of $116, $65 and $65, respectively, and contract termination costs and charges resulting directly from exit activities of $21, $8 and $40, respectively, directly related to the 2012 Restructuring Program. These charges were expensed as incurred. Also included in Other charges for the years ended December 31, 2016, 2015 and 2014 are other exit costs of $1, $47 and $82, respectively, related to the consolidation of facilities.

5. Goodwill and Other Intangible Assets

The net carrying value of Goodwill as of December 31, 2016 and 2015, by segment was as follows:

	2016	2015
Oral, Personal and Home Care		
North America	$336	$333
Latin America	260	224
Europe [(1)]	1,233	1,268
Asia Pacific [(1)]	187	188
Africa/Eurasia	76	75
Total Oral, Personal and Home Care	2,092	2,088
Pet Nutrition	15	15
Total Goodwill	$2,107	$2,103

[(1)] The Company has recast its historical geographic segment information to conform to the reporting structure effective as of April 1, 2016. See Note 15, Segment Information for additional details.

The change in the amount of Goodwill in each year is primarily due to the impact of foreign currency translation.

Other intangible assets as of December 31, 2016 and 2015 were comprised of the following:

	2016			2015		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks	$539	$ (317)	$222	$545	$ (302)	$243
Other finite life intangible assets	231	(78)	153	216	(64)	152
Indefinite life intangible assets	938	—	938	951	—	951
Total Other intangible assets	$1,708	$ (395)	$1,313	$1,712	$ (366)	$1,346

The changes in the net carrying amounts of Other intangible assets during 2016, 2015 and 2014 were primarily due to amortization expense of $33, $33 and $32, respectively, as well as the impact of foreign currency translation. Annual estimated amortization expense for each of the next five years is expected to be approximately $30.

71

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

6. Long-Term Debt and Credit Facilities

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

	Weighted Average Interest Rate	Maturities	2016	2015
Notes	2.0%	2017-2078	$6,225	$6,539
Commercial paper	(0.3)%	2017	295	5
			6,520	6,544
Less: Current portion of long-term debt			—	298
Total			$6,520	$6,246

The weighted-average interest rate on short-term borrowings of $13 in 2016 and $4 in 2015 included in Notes and loans payable in the Consolidated Balance Sheets as of December 31, 2016 and 2015 was 1.6% and 1.8%, respectively.

The Company classifies commercial paper and notes maturing within the next twelve months as long-term debt when it has the intent and ability to refinance such obligations on a long-term basis. Excluding such obligations, scheduled maturities of long-term debt and capitalized leases outstanding as of December 31, 2016, were as follows:

Years Ended December 31,	
2017	$ —
2018	698
2019	1,025
2020	248
2021	297
Thereafter	3,307

The Company has entered into interest rate swap agreements and foreign exchange contracts related to certain of these debt instruments. See Note 7, Fair Value Measurements and Financial Instruments for further information about the Company’s financial instruments.

During the third quarter of 2015, the Company issued $600 of thirty-year notes at a fixed rate of 4.00%. During the second quarter of 2015, the Company issued €500 of euro-denominated four-year notes at a variable rate.

The Company’s debt issuances support its capital structure strategy objectives of funding its business and growth initiatives while minimizing its risk-adjusted cost of capital. The debt issuances in 2015 were under the Company’s shelf registration statement. The debt issuance during the third quarter of 2015 was U.S. dollar-denominated. Proceeds from the debt issuances in the second and third quarters of 2015 were used for general corporate purposes which included the retirement of commercial paper borrowings.

At December 31, 2016, the Company had access to unused domestic and foreign lines of credit of $2,927 (including under the facilities discussed below) and could also issue medium-term notes pursuant to an effective shelf registration statement. In November 2011, the Company entered into a five-year revolving credit facility with a capacity of $1,850 with a syndicate of banks. This facility was extended for an additional year in 2012 and again in 2013. In 2014, the Company entered into an amendment of this facility whereby the facility was extended for an additional year to November 2019 and the capacity of the facility was increased to $2,370. In 2016, the facility was extended for an additional year to November 2020. The Company also has the ability to draw $165 from a revolving credit facility that expires in November 2017. Commitment fees related to the credit facilities are not material.

72

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

Certain agreements with respect to the Company's bank borrowings contain financial and other covenants as well as cross-default provisions. Noncompliance with these requirements could ultimately result in the acceleration of amounts owed. The Company is in full compliance with all such requirements and believes the likelihood of noncompliance is remote.

7. Fair Value Measurements and Financial Instruments

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

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

Valuation Considerations

Assets and liabilities carried at fair value are classified as follows:

Level 1: Based upon quoted market prices in active markets for identical assets or liabilities.
Level 2: Based upon observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Based upon unobservable inputs reflecting the reporting entity's own assumptions.

Foreign Exchange Risk

As the Company markets its products in over 200 countries and territories, it is exposed to currency fluctuations related to manufacturing and selling its products in currencies other than the U.S. dollar. The Company manages its foreign currency exposures through a combination of cost containment measures, sourcing strategies, selling price increases and the hedging of certain costs in an effort to minimize the impact on earnings of foreign currency rate movements.

The Company primarily utilizes foreign currency contracts, including forward and swap contracts, option contracts, foreign and local currency deposits and local currency borrowings to hedge portions of its foreign currency purchases, assets and liabilities arising in the normal course of business and the net investment in certain foreign subsidiaries. The duration of foreign currency contracts generally does not exceed 12 months and the contracts are valued using observable market rates (Level 2 valuation).

Interest Rate Risk

The Company manages its targeted mix of fixed and floating rate debt with debt issuances and by entering into interest rate swaps in order to mitigate fluctuations in earnings and cash flows that may result from interest rate volatility. The notional amount, interest payment and maturity date of the swaps generally match the principal, interest payment and maturity date of the related debt, and the swaps are valued using observable benchmark rates (Level 2 valuation).

73

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

Commodity Price Risk

The Company is exposed to price volatility related to raw materials used in production, such as resins, pulp, essential oils, tropical oils, tallow, poultry, corn and soybeans. The Company manages its raw material exposures through a combination of cost containment measures, sourcing strategies, ongoing productivity initiatives and the limited use of commodity hedging contracts. Futures contracts are used on a limited basis, primarily in the Hill’s Pet Nutrition segment, to manage volatility related to raw material inventory purchases of certain traded commodities, and these contracts are measured using quoted commodity exchange prices (Level 1 valuation). The duration of the commodity contracts generally does not exceed 12 months.

Credit Risk

The Company is exposed to the risk of credit loss in the event of nonperformance by counterparties to financial instrument contracts; however, nonperformance is considered unlikely and any nonperformance is unlikely to be material as it is the Company’s policy to contract with diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

The following table summarizes the fair value of the Company’s derivative instruments and other financial instruments at December 31, 2016 and December 31, 2015:

	Assets			Liabilities		
	Account	Fair Value		Account	Fair Value	
Designated derivative instruments		12/31/16	12/31/15		12/31/16	12/31/15
Interest rate swap contracts	Other current assets	$1	$ —	Other accruals	$ —	$ —
Interest rate swap contracts	Other assets	1	7	Other liabilities	—	—
Foreign currency contracts	Other current assets	29	131	Other accruals	4	5
Foreign currency contracts	Other assets	5	—	Other liabilities	—	—
Commodity contracts	Other current assets	—	—	Other accruals	—	—
Total designated		$36	$ 138		$ 4	$ 5
Derivatives not designated						
Foreign currency contracts	Other assets	—	13	Other liabilities	—	—
Total not designated		$—	$ 13		$ —	$ —
Total derivative instruments		$36	$ 151		$ 4	$ 5
Other financial instruments						
Marketable securities	Other current assets	$23	$ 61			
Total other financial instruments		$23	$ 61			

74

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

The carrying amount of cash, cash equivalents, accounts receivable and short-term debt approximated fair value as of December 31, 2016 and 2015. The estimated fair value of the Company's long-term debt, including the current portion, as of December 31, 2016 and 2015, was $6,717 and $6,767, respectively, and the related carrying value was $6,520 and $6,544, respectively. The estimated fair value of long-term debt was derived principally from quoted prices on the Company's outstanding fixed-term notes (Level 2 valuation).

Fair Value Hedges

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

Activity related to fair value hedges recorded during each period presented was as follows:

	2016			2015		
	Foreign Currency Contracts	Interest Rate Swaps	Total	Foreign Currency Contracts	Interest Rate Swaps	Total
Notional Value at December 31,	$204	$1,250	$1,454	$573	$1,250	$1,823
Gain (loss) on derivatives	5	(5)	—	(3)	(4)	(7)
Gain (loss) on hedged items	(5)	5	—	3	4	7

Cash Flow Hedges

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

Activity related to cash flow hedges recorded during each period presented was as follows:

	2016			2015		
	Foreign Currency Contracts	Commodity Contracts	Total	Foreign Currency Contracts	Commodity Contracts	Total
Notional Value at December 31,	$643	$ 7	$650	$745	$ 9	$754
Gain (loss) recognized in OCI	12	(1)	11	19	(1)	18
Gain (loss) reclassified into Cost of sales	4	—	4	17	(1)	16

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

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

Net Investment Hedges

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

Activity related to net investment hedges recorded during each period presented was as follows:

	2016 Foreign Currency Contracts	2016 Foreign Currency Debt	2016 Total	2015 Foreign Currency Contracts	2015 Foreign Currency Debt	2015 Total
Notional Value at December 31,	$498	$ 1,118	$1,616	$645	$ 800	$1,445
Gain (loss) on instruments	22	35	57	73	48	121
Gain (loss) on hedged items	(25)	(35)	(60)	(73)	(48)	(121)

Derivatives Not Designated as Hedging Instruments

Derivatives not designated as hedging instruments for each period consist of a cross-currency swap that serves as an economic hedge of a foreign currency deposit, for which the gain or loss on the instrument and the offsetting gain or loss on the hedged item are recognized in Other (income) expense, net for each period. Derivatives not designated as hedging instruments also include foreign currency contracts for which the gain or loss on the instrument is recognized in Other (income) expense, net for the twelve months ended December 31, 2016.

Activity related to these contracts during each period presented was as follows:

	2016 Foreign Currency Contracts	2015 Foreign Currency Contracts
Notional Value at December 31,	$ 4	$ 102
Gain (loss) on instruments	5	11
Gain (loss) on hedged items	(5)	(4)

Other Financial Instruments

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

Included in Other current assets at December 31, 2016 are marketable securities, which consist of bank deposits of $23 with original maturities greater than 90 days carried at fair value (Level 1 valuation) and the current portion of bonds issued by the Argentinian government in the amount of $48 classified as held-to-maturity and carried at amortized cost. The long-term portion of these bonds in the amount of $4 is included in Other assets.

Through its subsidiary in Argentina, the Company has invested in U.S. dollar-linked devaluation-protected bonds and Argentinian peso-denominated bonds issued by the Argentinian government. As of December 31, 2016 and 2015, the amortized cost of these bonds was $52 and $61, respectively, and their approximate fair value was $64 and $77, respectively (Level 2 valuation).

76

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

At December 31, 2014, Other current assets included marketable securities and the current portion of bonds issued by the Venezuelan government. Effective December 31, 2015, the Company began accounting for CP Venezuela using the cost method of accounting and as a result its Consolidated Balance Sheet as of December 31, 2015 no longer includes the assets and liabilities of CP Venezuela.

The following table presents a reconciliation of the Venezuelan bonds at fair value for the twelve months ended December 31, 2015 and 2014:

	2015	2014
Beginning balance as of January 1	$399	$685
Unrealized gain (loss) on investment	(17)	(341)
Purchases and sales during the period	12	55
Venezuela deconsolidation	(394)	—
Ending balance as of December 31	$—	$399

Unrealized loss on investment for the years ended December 31, 2015 and 2014 consisted primarily of a loss in the amount of $50 and $324, respectively, related to the remeasurement of the bolivar-denominated fixed interest rate bonds and the devaluation-protected bonds in Venezuela as a result of the effective devaluations in the those periods. For further information regarding Venezuela, refer to Note 14, Venezuela.

8. Capital Stock and Stock-Based Compensation Plans

Preference Stock

The Company has the authority to issue 50,262,150 shares of preference stock.

Stock Repurchases

On February 19, 2015, the Board authorized the repurchase of shares of the Company’s common stock having an aggregate purchase price of up to $5,000 under a share repurchase program (the “2015 Program”), which replaced a previously authorized share repurchase program. The Company commenced repurchase of shares of the Company’s common stock under the 2015 Program beginning February 19, 2015. The Board also has authorized share repurchases on an ongoing basis to fulfill certain requirements of the Company’s compensation and benefit programs. The shares are repurchased from time to time in open market or privately negotiated transactions at the Company’s discretion, subject to market conditions, customary blackout periods and other factors. The Company repurchased its common stock at a cost of $1,335 during 2016 under the 2015 Program.

The Company may use either authorized and unissued shares or treasury shares to meet share requirements resulting from the exercise of stock options and the vesting of restricted stock unit awards.

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

A summary of common stock and treasury stock activity for the three years ended December 31, is as follows:

	Common Stock Outstanding	Treasury Stock
Balance, January 1, 2014	919,946,575	545,759,785
Common stock acquired	(23,131,081)	23,131,081
Shares issued for stock options	7,977,124	(7,977,124)
Shares issued for restricted stock units and other	1,919,527	(1,919,527)
Balance, December 31, 2014	906,712,145	558,994,215
Common stock acquired	(22,802,784)	22,802,784
Shares issued for stock options	7,394,839	(7,394,839)
Shares issued for restricted stock units and other	1,434,318	(1,434,318)
Balance, December 31, 2015	892,738,518	572,967,842
Common stock acquired	(19,271,304)	19,271,304
Shares issued for stock options	8,536,639	(8,536,639)
Shares issued for restricted stock units and other	1,105,110	(1,105,110)
Balance, December 31, 2016	883,108,963	582,597,397

Stock-Based Compensation

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock units, based on the fair value of those awards at the date of grant. The fair value of restricted stock units, generally based on market prices, is amortized on a straight-line basis over the requisite service period. The estimated fair value of stock options on the date of grant is amortized on a straight-line basis over the requisite service period for each separately vesting portion of the award. Awards to employees eligible for retirement prior to the award becoming fully vested are recognized as compensation cost from the grant date through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award.

The Company has one incentive compensation plan, which was approved by the Company’s stockholders on May 10, 2013, pursuant to which it issues restricted stock units and stock options to employees and shares of common stock and stock options to non-employee directors. The Personnel and Organization Committee of the Board of Directors, which is comprised entirely of independent directors, administers the incentive compensation plan. Previously, the Company issued these awards pursuant to four different stockholder-approved plans. The total stock-based compensation expense charged against pretax income for these plans was $123, $125 and $131 for the years ended December 31, 2016, 2015 and 2014, respectively. The total income tax benefit recognized on stock-based compensation was approximately $40, $39 and $42 for the years ended December 31, 2016, 2015 and 2014, respectively.

Stock-based compensation expense is recorded within Selling, general and administrative expenses in the Corporate segment as these amounts are not included in internal measures of segment operating performance.

78

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

The Company uses the Black-Scholes option pricing model to determine the fair value of stock option awards. The weighted-average estimated fair value of stock options granted in the years ended December 31, 2016, 2015 and 2014 was $8.10, $7.25 and $7.60, respectively. Fair value is estimated using the Black-Scholes option pricing model with the assumptions summarized in the following table:

	2016	2015	2014
Expected term of options	4.5 years	4.5 years	4.5 years
Expected volatility rate	16.7 %	17.6 %	17.1 %
Risk-free interest rate	1.2 %	1.5 %	1.6 %
Expected dividend yield	2.1 %	2.5 %	2.3 %

The weighted-average expected term of options granted each year was determined with reference to historical exercise and post-vesting cancellation experience, the vesting period of the awards and contractual term of the awards, among other factors. Expected volatility incorporates implied share-price volatility derived from exchange traded options on the Company's common stock. The risk-free interest rate for the expected term of the option is based on the yield of a zero-coupon U.S. Treasury bond with a maturity period equal to the option's expected term.

Restricted Stock Units

The Company grants restricted stock unit awards to officers and other employees. Awards vest at the end of the restriction period, which is generally three years. As of December 31, 2016, approximately 10,750,000 shares of common stock were available for future restricted stock unit awards.

A summary of restricted stock unit activity during 2016 is presented below:

	Shares (in thousands)	Weighted Average Grant Date Fair Value Per Award
Restricted stock units as of January 1, 2016	3,166	$ 61
Activity:		
Granted	933	70
Vested	(1,048)	58
Forfeited	(106)	59
Restricted stock units as of December 31, 2016	2,945	$ 66

As of December 31, 2016, there was $56 of total unrecognized compensation expense related to nonvested restricted stock unit awards, which will be recognized over a weighted-average period of 2.1 years. The total fair value of shares vested during the years ended December 31, 2016, 2015 and 2014 was $61, $70 and $71, respectively.

Stock Options

The Company issues non-qualified stock options to non-employee directors, officers and other employees. Stock options generally have a contractual term of six years and vest over three years. As of December 31, 2016, 28,401,438 shares of common stock were available for future stock option grants.

79

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

A summary of stock option activity during 2016 is presented below:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Intrinsic Value of Unexercised In-the-Money Options
Options outstanding, January 1, 2016	43,920	$ 56		
Granted	9,163	73		
Exercised	(8,903)	46		
Forfeited or expired	(488)	60		
Options outstanding, December 31, 2016	43,692	61	4	$ 261
Options exercisable, December 31, 2016	26,396	$ 57	3	$ 236

As of December 31, 2016, there was $49 of total unrecognized compensation expense related to options, which will be recognized over a weighted-average period of 1.7 years. The total intrinsic value of options exercised during the years ended December 31, 2016, 2015 and 2014 was $221, $200 and $211, respectively.

The benefits of tax deductions in excess of grant date fair value resulting from the exercise of stock options and vesting of restricted stock unit awards for the years ended December 31, 2016, 2015 and 2014 was $59, $55 and $63, respectively. Through December 31, 2016 these amounts were recognized in equity and were reported as a financing cash flow. Effective January 1, 2017, as a result of the required adoption of ASU No. 2016-09, excess tax benefits will be recognized in the provision for income taxes as a discrete item in the quarterly period in which they occur and classified as an operating cash flow. Cash proceeds received from options exercised for the years ended December 31, 2016, 2015 and 2014 were $386, $299 and $314, respectively.

9. Employee Stock Ownership Plan

In 1989, the Company expanded its Employee Stock Ownership Plan (“ESOP”) through the introduction of a leveraged ESOP that funds certain benefits for employees who have met eligibility requirements. As of December 31, 2016 and 2015, there were 21,082,162 and 23,636,184 shares of common stock, respectively, outstanding and issued to the Company’s ESOP.

During 2000, the ESOP entered into a loan agreement with the Company under which the benefits of the ESOP may be extended through 2035. As of December 31, 2016, the ESOP had outstanding borrowings from the Company of $7, which represents unearned compensation shown as a reduction in Shareholders’ equity.

Dividends on stock held by the ESOP are paid to the ESOP trust and, together with cash contributions from the Company, are (a) used by the ESOP to repay principal and interest, (b) credited to participant accounts or (c) used for contributions to the Company’s defined contribution plans. Stock is allocated to participants based upon the ratio of the current year’s debt service to the sum of total outstanding principal and interest payments over the life of the debt. As of December 31, 2016, 16,409,918 shares of common stock had been released and allocated to participant accounts and 4,672,244 shares of common stock were available for future allocation to participant accounts.

Dividends on the stock used to repay principal and interest or credited to participant accounts are deductible for income tax purposes and, accordingly, are reflected net of their tax benefit in the Consolidated Statements of Changes in Shareholders' Equity.

Annual expense related to the ESOP was $0, $0, and $2 in 2016, 2015 and 2014, respectively.

The Company paid dividends on the shares held by the ESOP of $35 in 2016, $38 in 2015 and $40 in 2014. The Company contributed to the ESOP $0, $0 and $2 in 2016, 2015 and 2014, respectively.

80

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

10. Retirement Plans and Other Retiree Benefits

Retirement Plans

The Company and certain of its U.S. and overseas subsidiaries maintain defined benefit retirement plans. Benefits under these plans are based primarily on years of service and employees' career earnings.

Effective January 1, 2014, the Company provides all future retirement benefits through the Company's defined contribution plan. As a result, service after December 31, 2013 is not considered for participants in the Company's U.S. defined benefit retirement plan. Participants in the Company's U.S. defined benefit retirement plan whose retirement benefit was determined under the cash balance formula continue to earn interest credits on their vested balances as of December 31, 2013 but no longer receive pay credits. Participants whose retirement benefit was determined under the final average earnings formula continue to have their final average earnings adjusted for pay increases until termination of employment.

In the Company's principal U.S. plans and certain funded overseas plans, funds are contributed to trusts in accordance with regulatory limits to provide for current service and for any unfunded projected benefit obligation over a reasonable period. The target asset allocation for the Company's defined benefit plans is as follows:

	United States	International
Asset Category		
Equity securities	27 %	41 %
Fixed income securities	53 %	40 %
Real estate and other investments	20 %	19 %
Total	100 %	100 %

81

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

At December 31, 2016 the allocation of the Company’s plan assets and the level of valuation input, as applicable, for each major asset category were as follows:

	Level of Valuation Input	Pension Plans United States	Pension Plans International	Other Retiree Benefit Plans
Cash and cash equivalents	Level 1	$27	$ 13	$ —
U.S. common stocks	Level 1	127	3	—
International common stocks	Level 1	—	3	—
Pooled funds[(1)]	Level 1	134	84	—
Fixed income securities[(2)]	Level 2	767	22	—
Guaranteed investment contracts[(3)]	Level 2	1	49	—
		1,056	174	—
Investments valued using NAV per share[(4)]				
Domestic, developed and emerging markets equity funds		323	155	—
Fixed income funds[(5)]		118	155	—
Hedge funds[(6)]		96	3	—
Multi-Asset funds[(7)]		52	3	—
Real estate funds[(8)]		43	19	—
		632	335	—
Other assets and liabilities, net[(9)]		(42)	—	—
Total Investments		$1,646	$ 509	$ —

82

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

At December 31, 2015 the allocation of the Company’s plan assets and the level of valuation input, as applicable, for each major asset category were as follows:

	Level of Valuation Input	Pension Plans		Other Retiree Benefit Plans
		United States	International	
Cash and cash equivalents	Level 1	$16	$ 13	$ —
U.S. common stocks	Level 1	126	3	1
Pooled funds(1)	Level 1	112	76	1
Fixed income securities(2)	Level 2	718	24	6
Guaranteed investment contracts(3)	Level 2	1	52	—
		973	168	8
Investments valued using NAV per share(4)				
Domestic, developed and emerging markets equity funds		309	158	3
Fixed income funds(5)		123	165	1
Hedge funds(6)		131	6	1
Multi-Asset funds(7)		49	4	—
Real estate funds(8)		39	19	1
		651	352	6
Other assets and liabilities, net(9)		—	—	—
Total Investments		$1,624	$ 520	$ 14

(1) Pooled funds primarily invest in U.S. and foreign equity securities, debt and money market securities.

(2) The fixed income securities are traded over the counter and certain of these securities lack daily pricing or liquidity and as such are classified as Level 2. As of December 31, 2016 and 2015, approximately 50% of the U.S. pension plan fixed income portfolio was invested in U.S. treasury or agency securities, with the remainder invested in other government bonds and corporate bonds.

(3) The guaranteed investment contracts (“GICs”) represent contracts with insurance companies measured at the cash surrender value of each contract. The Level 2 valuation reflects that the cash surrender value is based principally on a referenced pool of investment funds with active redemption.

(4) In accordance with ASU 2015-07, investments that are measured at fair value using net asset value (“NAV”) per share as a practical expedient have not been classified in the fair value hierarchy. The Company has applied ASU 2015-07 retrospectively for the year ended December 31, 2016. The NAV is based on the value of the underlying investments owned, minus its liabilities, divided by the number of shares outstanding. There are no unfunded commitments related to these investments. Redemption notice period primarily ranges from 0-3 months and redemption frequency windows range from daily to quarterly.

(5) Fixed income funds primarily invest in U.S. government and investment grade corporate bonds.

(6) Consists of investments in underlying hedge fund strategies that are primarily implemented through the use of long and short equity and fixed income securities and derivative instruments such as futures and options.

(7) Multi-Asset funds primarily invest across a variety of asset classes, including global stocks and bonds, as well as alternative strategies.

(8) Real estate is valued using the NAV per unit of funds that are invested in real estate property. The investment value of the real estate property is determined quarterly using independent market appraisals as determined by the

investment manager.

(9) This category primarily includes unsettled trades for investments purchased and sold and dividend receivables.

83

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

Equity securities in the U.S. plans include investments in the Company's common stock representing 7% of U.S. plan assets at December 31, 2016 and December 31, 2015. No shares of the Company's common stock were purchased or sold by the U.S. plans in 2016 or 2015. The plans received dividends on the Company's common stock of $3 in 2016 and 2015.

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 uses a December 31 measurement date for its defined benefit and other retiree benefit plans. Summarized information for the Company's defined benefit and other retiree benefit plans is as follows:

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

	Pension Plans				Other Retiree Benefit Plans	
	2016	2015	2016	2015	2016	2015
	United States		International			
Change in Benefit Obligations						
Benefit obligations at beginning of year	$2,201	$2,406	$802	$916	$862	$1,011
Service cost	1	2	16	20	13	14
Interest cost	105	100	25	28	43	44
Participants' contributions	—	—	2	2	—	—
Acquisitions/plan amendments	—	—	1	3	—	—
Actuarial loss (gain)	129	(189)	76	(3)	39	(154)
Foreign exchange impact	—	—	(47)	(75)	1	(14)
Termination benefits (1)	3	16	—	—	1	1
Curtailments and settlements	—	—	(37)	(16)	—	—
Benefit payments	(141)	(134)	(36)	(38)	(36)	(40)
Other (2)	—	—	(2)	(35)	—	—
Benefit obligations at end of year	$2,298	$2,201	$800	$802	$923	$862
Change in Plan Assets						
Fair value of plan assets at beginning of year	$1,624	$1,771	$520	$552	$14	$41
Actual return on plan assets	88	(33)	46	20	1	—
Company contributions	75	20	54	35	21	13
Participants' contributions	—	—	2	2	—	—
Foreign exchange impact	—	—	(43)	(35)	—	—
Settlements and acquisitions	—	—	(33)	(14)	—	—
Benefit payments	(141)	(134)	(36)	(38)	(36)	(40)
Other	—	—	(1)	(2)	—	—
Fair value of plan assets at end of year	$1,646	$1,624	$509	$520	$—	$14
Funded Status						
Benefit obligations at end of year	$2,298	$2,201	$800	$802	$923	$862
Fair value of plan assets at end of year	1,646	1,624	509	520	—	14
Net amount recognized	$(652)	$(577)	$(291)	$(282)	$(923)	$(848)
Amounts Recognized in Balance Sheet						
Noncurrent assets	$—	$—	$8	$17	$—	$—
Current liabilities	(24)	(21)	(12)	(12)	(44)	(41)
Noncurrent liabilities	(628)	(556)	(287)	(287)	(879)	(807)
Net amount recognized	$(652)	$(577)	$(291)	$(282)	$(923)	$(848)
Amounts Recognized in Accumulated Other Comprehensive Income (Loss)						
Actuarial loss	$962	$852	$254	$219	$330	$305
Transition/prior service cost	2	2	5	7	(2)	(2)
	$964	$854	$259	$226	$328	$303
Accumulated benefit obligation	$2,230	$2,100	$739	$739	$—	$—

85

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

	Pension Plans				Other Retiree Benefit Plans	
	2016	2015	2016	2015	2016	2015
	United States		International			
Weighted-Average Assumptions Used to Determine Benefit Obligations						
Discount rate	4.27%	4.93%	2.59%	3.17%	4.41 %	4.97 %
Long-term rate of return on plan assets	6.80%	6.80%	4.14%	4.62%	6.80 %	6.80 %
Long-term rate of compensation increase	3.50%	3.50%	2.58%	2.78%	— %	— %
ESOP growth rate	— %	— %	— %	— %	10.00%	10.00%
Medical cost trend rate of increase	— %	— %	— %	— %	6.33 %	6.67 %

---

(1) Represents pension and other retiree benefit enhancements incurred in 2016 and 2015 pursuant to the 2012 Restructuring Program.

(2) Other in International Pension Plans for 2015 includes a $33 impact related to the deconsolidation of the Company’s Venezuelan operations. See Note 14, Venezuela.

The overall investment objective of the plans is to balance risk and return so that obligations to employees are met. The Company evaluates its long-term rate of return on plan assets on an annual basis. In determining the long-term rate of return, the Company considers the nature of the plans’ investments and the historical rates of return. The assumed rate of return as of December 31, 2016 for the U.S. plans was 6.80%. Average annual rates of return for the U.S. plans for the most recent 1-year, 5-year, 10-year, 15-year and 25-year periods were 6%, 8%, 5%, 6%, and 8%, respectively. Similar assessments were performed in determining rates of return on international pension plan assets to arrive at the Company’s 2016 weighted-average rate of return of 4.14%.

The medical cost trend rate of increase assumed in measuring the expected cost of benefits is projected to decrease from 6.33% in 2017 to 4.75% by 2022, remaining at 4.75% for the years thereafter. Changes in the assumed rate can have a significant effect on amounts reported. A 1% change in the assumed medical cost trend rate would have the following approximate effect:

	One percentage point	
	Increase	Decrease
Accumulated postretirement benefit obligation	$119	$ (96)
Total of service and interest cost components	9	(7)

Expected mortality is a key assumption in the measurement for pension and other postretirement benefit obligations. For the Company’s U.S. plans, this assumption was updated as of December 31, 2016 in order to reflect the Society of Actuaries’ updated mortality improvement scale published in October 2016. This resulted in a decrease of 1% and 2% to the benefit obligations for the Company’s U.S. pension plans and other postretirement benefits, respectively. This assumption was previously updated for the Company’s U.S. plans as of December 31, 2015 in order to reflect the Society of Actuaries’ mortality tables and mortality improvement scale published in October 2015 which resulted in a decrease of 1% and 2% to the benefit obligations for the Company’s U.S. pension plans and other postretirement benefits, respectively.

86

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

Plans with projected benefit obligations in excess of plan assets and plans with accumulated benefit obligations in excess of plan assets as of December 31 consisted of the following:

	Years Ended December 31, 2016	2015
Benefit Obligation Exceeds Fair Value of Plan Assets		
Projected benefit obligation	$2,973	$2,667
Fair value of plan assets	2,024	1,792
Accumulated benefit obligation	2,840	2,499
Fair value of plan assets	2,003	1,772

Summarized information regarding the net periodic benefit costs for the Company's defined benefit and other retiree benefit plans is as follows:

	Pension Plans						Other Retiree Benefit Plans		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
	United States			International					
Components of Net Periodic Benefit Cost									
Service cost	$1	$2	$1	$16	$20	$17	$13	$14	$11
Interest cost	105	100	102	25	28	35	43	44	42
Annual ESOP allocation	—	—	—	—	—	—	—	—	(1)
Expected return on plan assets	(109)	(117)	(112)	(23)	(28)	(29)	(1)	(2)	(3)
Amortization of transition and prior service costs (credits)	—	—	1	—	2	4	—	—	3
Amortization of actuarial loss	41	44	37	8	11	6	14	25	16
Net periodic benefit cost	$38	$29	$29	$26	$33	$33	$69	$81	$68
Other postretirement charges	3	16	5	11	(1)	(8)	1	1	—
Total pension cost	$41	$45	$34	$37	$32	$25	$70	$82	$68
Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost									
Discount rate	4.93%	4.24%	4.96%	3.17%	3.06%	3.99%	4.97%	4.36%	5.24%
Long-term rate of return on plan assets	6.80%	6.80%	6.80%	4.62%	5.05%	5.50%	6.80%	6.80%	6.80%
Long-term rate of compensation increase	3.50%	3.50%	3.50%	2.78%	2.83%	3.02%	— %	— %	— %
ESOP growth rate	— %	— %	— %	— %	— %	— %	10.00%	10.00%	10.00%
Medical cost trend rate of increase	— %	— %	— %	— %	— %	— %	6.67%	7.00%	7.00%

Other postretirement charges in 2016, 2015 and 2014 include pension and other benefit enhancements amounting to $4, $17 and $5 respectively, incurred pursuant to the 2012 Restructuring Program. Other postretirement charges in 2016 also includes $11 related to pension plan settlements incurred primarily pursuant to the 2012 Restructuring Program.

87

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

The Company made voluntary contributions of $53, $0 and $2 in 2016, 2015 and 2014, respectively, to its U.S. retirement plans.

The estimated actuarial loss and the estimated transition/prior service cost for defined benefit and other retiree benefit plans that will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is as follows:

	Pension Plans	Other Retiree Benefit Plans
Net actuarial loss	$ 57	$ 17
Net transition and prior service cost	—	—

Expected Contributions and Benefit Payments

Management’s best estimate of voluntary contributions the Company will make to U.S. pension plans for the year ending December 31, 2017 is approximately $57. Actual funding may differ from current estimates depending on the variability of the market value of the assets as compared to the obligation and other market or regulatory conditions.

Total benefit payments to be paid to participants for the year ending December 31, 2017 from the Company’s assets are estimated to be approximately $81. Total benefit payments expected to be paid to participants from plan assets, or directly from the Company’s assets to participants in unfunded plans, are as follows:

	Pension Plans			
Years Ended December 31,	United States	International	Other Retiree Benefit Plans	Total
2017	$137	$ 37	$ 45	$219
2018	137	32	46	215
2019	140	32	46	218
2020	144	34	47	225
2021	150	36	48	234
2022-2026	733	202	256	1,191

11. Income Taxes

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

	2016	2015	2014
United States	$1,191	$1,118	$1,094
International	2,547	1,645	2,439
Total Income before income taxes	$3,738	$2,763	$3,533

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

	2016	2015	2014
United States	$395	$376	$348
International	757	839	846

Total Provision for income taxes	$1,152	$1,215	$1,194

88

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

Temporary differences between accounting for financial statement purposes and accounting for tax purposes result in the current provision for taxes being higher (lower) than the total Provision for income taxes as follows:

	2016	2015	2014
Goodwill and intangible assets	$18	$3	$(40)
Property, plant and equipment	(3)	(25)	(13)
Pension and other retiree benefits	—	36	19
Stock-based compensation	15	11	11
Tax loss and tax credit carryforwards	5	(4)	5
Other, net	(106)	98	(19)
Total deferred tax benefit (provision)	$(71)	$119	$(37)

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 income taxes	2016	2015	2014
Tax at United States statutory rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	0.5	1.0	0.7
Earnings taxed at other than United States statutory rate	(2.7)	(3.6)	(2.3)
(Benefit) charge for previously disclosed tax matters[1]	(0.8)	0.5	1.9
(Benefit) on Venezuela remeasurement[2]	(5.6)	—	—
Tax charge on incremental repatriation of foreign earnings[2]	5.6	—	—
Venezuela deconsolidation[3]	—	12.8	—
Other, net	(1.2)	(1.7)	(1.5)
Effective tax rate	30.8 %	44.0 %	33.8 %

---

(1) The benefit from a previously disclosed tax matter in 2016 relates to several Supreme Court and Administrative Court rulings in a foreign jurisdiction allowing certain tax deductions which had the effect of reversing prior decisions. The charge for a previously disclosed tax matter in 2015 relates to several Supreme Court rulings in a foreign jurisdiction disallowing certain tax deductions which had the effect of reversing prior decisions. The charge for a foreign tax matter in 2014 relates to a notice of an adverse decision in a foreign court regarding a tax position taken in prior years.

(2) The effective tax rate in 2016 included a $210 U.S. income tax benefit recognized in the first quarter of 2016 principally related to changes in Venezuela's foreign exchange regime implemented in March 2016. Although, effective December 31, 2015, the operating results of CP Venezuela are no longer included in the Company's Consolidated Financial Statements, under current tax rules, the Company is required to continue including CP Venezuela's results in its consolidated U.S. federal income tax return. In order to fully recognize the $210 tax benefit in 2016, the Company repatriated an incremental $1,500 of earnings of foreign subsidiaries it previously considered indefinitely reinvested outside of the U.S., and accordingly, recorded a tax charge of $210 during the first quarter of 2016.

(3) See Note 14, Venezuela.

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

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

	2016	2015
Deferred tax liabilities:		
Goodwill and intangible assets	$(451)	$(458)
Property, plant and equipment	(380)	(380)
Other	(202)	(150)
	(1,033)	(988)
Deferred tax assets:		
Pension and other retiree benefits	599	541
Tax loss and tax credit carryforwards	34	30
Accrued liabilities	246	235
Stock-based compensation	127	123
Other	82	151
	1,088	1,080
Net deferred income taxes	$55	$92

	2016	2015
Deferred taxes included within:		
Assets:		
Other current assets[(1)]	$—	$258
Deferred income taxes	301	67
Liabilities:		
Deferred income taxes	(246)	(233)
Net deferred income taxes	$55	$92

____

[(1)] As permitted, the Company early adopted ASU 2015-17 on March 31, 2016 on a prospective basis. The new guidance eliminated the requirement to separate deferred income taxes into current and noncurrent. See Note 2, Summary of Significant Accounting Policies for additional details.

Applicable U.S. income and foreign withholding taxes have not been provided on approximately $3,400 of undistributed earnings of foreign subsidiaries at December 31, 2016. These earnings have been and currently are considered to be indefinitely reinvested outside of the U.S. and currently are not subject to such taxes. As the Company operates in over 200 countries and territories throughout the world and due to the complexities in the tax laws and the assumptions that would have to be made, it is not practicable to determine the tax liability that would arise if these earnings were repatriated.

In addition, net tax benefit of $85 in 2016, net tax expense of $78 in 2015, and net tax benefit of $251 in 2014 recorded directly through equity predominantly include current and future tax impacts related to employee equity compensation and benefit plans.

The Company uses a comprehensive model to recognize, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on an income tax return.

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

Unrecognized tax benefits activity for the years ended December 31, 2016, 2015 and 2014 is summarized below:

	2016	2015	2014
Unrecognized tax benefits:			
Balance, January 1	$186	$218	$199
Increases as a result of tax positions taken during the current year	9	20	23
Decreases of tax positions taken during prior years	(45)	(25)	(11)
Increases of tax positions taken during prior years	71	61	32
Decreases as a result of settlements with taxing authorities and the expiration of statutes of limitations	(18)	(79)	(10)
Effect of foreign currency rate movements	(2)	(9)	(15)
Balance, December 31	$201	$186	$218

If all of the unrecognized tax benefits for 2016 above were recognized, approximately $180 would impact the effective tax rate and would result in a cash outflow of approximately $175. Although it is possible that the amount of unrecognized benefits with respect to our uncertain tax positions will increase or decrease in the next 12 months, the Company does not expect material changes.

The Company recognized approximately $2, $2 and $4 of interest expense related to the above unrecognized tax benefits within income tax expense in 2016, 2015 and 2014, respectively. The Company had accrued interest of approximately $17, $16 and $24 as of December 31, 2016, 2015 and 2014, respectively.

The Company and its subsidiaries file U.S. federal income tax returns as well as income tax returns in many state and foreign jurisdictions. All U.S. federal income tax returns through December 31, 2011 have been audited by the IRS and there are limited matters which the Company plans to appeal for years 2010 through 2011, the settlement of which is not expected to have a material adverse effect on the Company’s results of operations, cash flows or financial condition. With a few exceptions, the Company is no longer subject to U.S. state and local income tax examinations for income tax returns through December 31, 2011. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitations for tax audits generally ranging from three to six years.

12. Earnings Per Share

For the years ended December 31, 2016, 2015 and 2014, earnings per share were as follows:

	2016			2015			2014		
	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share
Basic EPS	$2,441	891.8	$2.74	$1,384	902.2	$1.53	$2,180	915.1	$2.38
Stock options and restricted stock units		6.6			7.5			9.2	
Diluted EPS	$2,441	898.4	$2.72	$1,384	909.7	$1.52	$2,180	924.3	$2.36

Basic earnings per common share is computed by dividing net income available for common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted earnings per common share is computed using the treasury stock method on the basis of the weighted-average number of shares of common stock plus the dilutive effect of potential common shares outstanding during the period. Dilutive potential common shares include outstanding stock options and restricted stock units.

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

As of December 31, 2016, 2015 and 2014, the average number of stock options that were anti-dilutive and not included in diluted earnings per share calculations were 3,187,485, 3,228,359 and 1,729,511, respectively. As of December 31, 2016, 2015 and 2014, the average number of restricted stock units that were anti-dilutive and not included in diluted earnings per share calculations were 2,693, 120 and 2,311, respectively.

13. Commitments and Contingencies

Minimum rental commitments under noncancellable operating leases, primarily for office and warehouse facilities, are $178 in 2017, $160 in 2018, $143 in 2019, $130 in 2020, $104 in 2021 and $145 thereafter. Rental expense amounted to $204 in 2016, $214 in 2015 and $234 in 2014. Capital leases included in fixed assets, contingent rentals and sublease income are not significant. The Company has various contractual commitments to purchase raw, packaging and other materials totaling approximately $820 at December 31, 2016.

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

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

The Company also determines estimates of reasonably possible losses or ranges of reasonably possible losses in excess of related accrued liabilities, if any, when it has determined that a loss is reasonably possible and it is able to determine such estimates. For those matters disclosed below, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is $0 to approximately $225 (based on current exchange rates). The estimates included in this amount are based on the Company’s analysis of currently available information and, as new information is obtained, these estimates may change. Due to the inherent subjectivity of the assessments and the unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company. Thus, the Company’s exposure and ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued or the range disclosed above.

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

Brazilian Matters

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

The Brazilian internal revenue authority has disallowed interest deductions and foreign exchange losses taken by the Company's Brazilian subsidiary for certain years in connection with the financing of the Kolynos acquisition. The tax assessments with interest, at the current exchange rate, are approximately $143. This amount includes additional assessments received from the Brazilian internal revenue authority in April 2016 relating to net operating loss carryforwards used by the Company's Brazilian subsidiary to offset taxable income that had also been deducted from the authority's original assessments. The Company has been disputing the disallowances by appealing the assessments since October 2001. Numerous appeals are currently pending at the administrative level. In the event the Company is ultimately unsuccessful in its administrative appeals, further appeals are available within the Brazilian federal courts.

92

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

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

In July 2002, the Brazilian Federal Public Attorney filed a civil action against the federal government of Brazil, Laboratorios Wyeth-Whitehall Ltda. (the Brazilian subsidiary of the Seller) and the Company, as represented by its Brazilian subsidiary, in the 6th. Lower Federal Court in the City of São Paulo, seeking to annul an April 2000 decision by the Brazilian Board of Tax Appeals that found in favor of the Seller's Brazilian subsidiary on the issue of whether it had incurred taxable capital gains as a result of the divestiture of Kolynos. The action seeks to make the Company's Brazilian subsidiary jointly and severally liable for any tax due from the Seller's Brazilian subsidiary. The case has been pending since 2002, and the Lower Federal Court has not issued a decision. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the Company should ultimately prevail in this action. The Company is challenging this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest and penalties of approximately $59, at the current exchange rate, based on a claim that certain purchases of U.S. Treasury bills by the subsidiary and their subsequent disposition during the period 2000 to 2001 were subject to a tax on foreign exchange transactions. The Company had been disputing the assessment within the internal revenue authority's administrative appeals process. However, in November 2015, the Superior Chamber of Administrative Tax Appeals denied the Company's final administrative appeal and the Company has filed a lawsuit in Brazilian federal court. In the event the Company is unsuccessful in this filing, further appeals are available within the Brazilian federal courts. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the tax assessment is without merit and that the Company should ultimately prevail. The Company is challenging this assessment vigorously.

Competition Matters

Certain of the Company's subsidiaries have been subject to investigations, and, in some cases, fines by governmental authorities in a number of countries related to alleged competition law violations. Substantially all of these matters also have involved other consumer goods companies and/or retail customers. These investigations often continue for several years and can result in substantial fines for violations that are found, as well as associated private actions for damages. While the Company cannot predict the final financial impact of pending competition law matters, as these matters may change, the Company evaluates developments in these matters quarterly and accrues liabilities as and when appropriate. The Company's policy is to comply with antitrust and competition laws and, if a violation of any such laws is found, to take appropriate remedial action and to cooperate fully with any related governmental inquiry. The status of the competition law matters that were pending in 2016 is set forth below.

European Competition Matters

In December 2014, the French competition law authority found that 13 consumer goods companies, including the Company's French subsidiary, exchanged competitively sensitive information related to the French home care and personal care sectors, for which the Company's French subsidiary was fined $57. In addition, as a result of the Company's acquisition of the Sanex personal care business in 2011 from Unilever N.V. and Unilever PLC (together with Unilever N.V., "Unilever") pursuant to a Business and Share Sale and Purchase Agreement (the "Sale and Purchase

Agreement"), the French competition law authority found that the Company's French subsidiary, along with Hillshire Brands Company (formerly Sara Lee Corporation ("Sara Lee")), were jointly and severally liable for fines of $25 assessed against Sara Lee's French subsidiary. The Company is entitled to indemnification for this fine from Unilever as provided in the Sale and Purchase Agreement. The fines were confirmed by the Court of Appeal in October 2016. The Company is appealing the decision of the Court of Appeal on behalf of the Company and Sara Lee in the French Supreme Court.

93

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

In July 2014, the Greek competition law authority issued a statement of objections alleging a restriction of parallel imports into Greece. The Company has responded to this statement of objections.
In December 2009, the Swiss competition law authority imposed a fine of $6 on the Company's GABA subsidiary for alleged violations of restrictions on parallel imports into Switzerland, which the Company appealed. In January 2014, this appeal was denied. The Company had appealed before the Swiss Supreme Court, but its appeal was denied in June 2016.
In December 2010, the Italian competition law authority found that 16 consumer goods companies, including the Company's Italian subsidiary, exchanged competitively sensitive information in the cosmetics sector, for which the Company's Italian subsidiary was fined $3. The Company had appealed the fine in the Italian courts, but has decided not to further pursue its appeal.

Australian Competition Matter

In December 2013, the Australian competition law authority instituted civil proceedings in the Sydney registry of the Federal Court of Australia alleging that three consumer goods companies, including the Company's Australian subsidiary, a retailer and a former employee of the Company's Australian subsidiary violated the Australian competition law by coordinating the launching and pricing of ultra-concentrated laundry detergents. In 2015, the Company recognized a charge of $14 in connection with this matter. In March 2016, the Company and the Australian competition law authority reached an agreement to settle these proceedings for a total of $14, which includes a fine and cost reimbursement to the competition law authority. The former employee of the Company also reached an agreement to settle. The settlement agreements were approved by the court in May 2016.

Talcum Powder Matters

The Company has been named as a defendant in civil actions alleging that certain talcum powder products that were sold prior to 1996 were contaminated with asbestos. Most of these actions involve a number of co-defendants from a variety of different industries, including suppliers of asbestos and manufacturers of products that, unlike the Company's products, were designed to contain asbestos. As of December 31, 2016, there were 115 individual cases pending against the Company in state and federal courts throughout the United States and a number of the pending cases are expected to go to trial in 2017. The Company believes that a significant portion of its costs incurred in defending and resolving these claims will be covered by insurance policies issued by several primary and excess insurance carriers, subject to deductibles, exclusions, retentions and policy limits.

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

N8

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

In the third quarter of 2016, the court indicated that the claims brought by N8 Pharma would be dismissed in their entirety; N8 Pharma requested that the Court reconsider that decision, but that request was denied. Also in the third quarter of 2016, the Company and BYU agreed to resolve BYU’s claims and in December 2016, the Company and N8 Medical agreed to resolve N8 Medical’s claims. These claims were resolved in an amount that is not material to the Company’s results of operations.

94

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

14. Venezuela

Effective December 31, 2015, the Company concluded it no longer met the accounting criteria for consolidation of CP Venezuela and began accounting for CP Venezuela using the cost method of accounting. As such, effective December 31, 2015, the Company's Consolidated Balance Sheet no longer includes the assets and liabilities of CP Venezuela. As a result of this change in accounting, the Company recorded an aftertax charge of $1,058 ($1,084 pretax) or $1.16 per diluted share in 2015. The charge primarily consists of an impairment of the Company's investment in CP Venezuela of $952, which includes intercompany receivables from CP Venezuela, and $111 related to the reclassification of cumulative translation losses. Prior periods have not been restated and CP Venezuela's Net sales, Operating profit and Net income are included in the Company's Consolidated Statements of Income through December 31, 2015.

Since January 1, 2016, under the cost method of accounting, the Company no longer includes the local operating results of CP Venezuela in its Consolidated Financial Statements and includes income relating to CP Venezuela only to the extent it receives cash for sales of inventory to CP Venezuela or for dividends or royalties remitted by CP Venezuela, all of which have been immaterial. Although CP Venezuela's local operating results are no longer included in the Company's Consolidated Financial Statements for accounting purposes, under current tax rules, the Company is required to continue including CP Venezuela in its consolidated U.S. federal income tax return. In the first quarter of 2016, provision for income taxes included a $210 U.S. income tax benefit principally related to changes in Venezuela's foreign exchange regime implemented in March 2016. See Note 11, Income Taxes for additional details.

Prior to the change in accounting, which was effective December 31, 2015, CP Venezuela's functional currency was the U.S. dollar since Venezuela had been designated hyper-inflationary and, as such, Venezuelan currency fluctuations were reported in income. The Company remeasured the financial statements of CP Venezuela at the end of each month at the rate at which it expected to remit future dividends which, based on the advice of legal counsel, was the SICAD rate (formerly known as the SICAD I rate). During the year ended December 31, 2015, the Company incurred pretax losses of $34 ($22 aftertax or $0.02 per diluted common share) related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets at the quarter-end SICAD rate for the second and third quarters of 2015. The SICAD rate did not revalue during the fourth quarter of 2015 and was 13.50 bolivares per dollar as of December 31, 2015.

During the year ended December 31, 2014, the Company incurred net pretax losses of $327 ($214 aftertax or $0.23 per diluted common share) related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets at the quarter-end SICAD I rate for each of the first three quarters of 2014. The SICAD I rate did not revalue during the fourth quarter of 2014 and was 12.00 bolivares per dollar as of December 31, 2014.

Included in the remeasurement losses during 2015 and 2014 were charges related to the devaluation-protected bonds issued by the Venezuelan government and held by CP Venezuela. Because the official exchange rate remained at 6.30 bolivares per dollar, the devaluation-protected bonds did not revalue at the SICAD rate but remained at the official exchange rate, resulting in an impairment in the fair value of the bonds.

15. Segment Information

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

Effective April 1, 2016, the operations of the Oral, Personal and Home Care product segment are managed geographically in five reportable operating segments: North America, Latin America, Europe, Asia Pacific and

Africa/Eurasia.

Through March 31, 2016, the Oral, Personal and Home Care product segment included the North America, Latin America, Europe/South Pacific, Asia and Africa/Eurasia geographic operating segments. As a result of management changes effective April 1, 2016, the Company realigned the geographic structure of its Europe/South Pacific and Asia reportable operating segments. Management responsibility for the South Pacific operations was transferred from Europe/South Pacific management to Asia management. Accordingly, commencing with the Company's financial reporting for the quarter ended June 30, 2016, the results of the South Pacific operations are reported in the Asia Pacific reportable operating segment. The Company has recast its historical geographic segment information to conform to the new reporting structure.

95

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

These changes have no impact on the Company’s historical consolidated financial position, results of operations or cash flows.

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

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

Approximately 75% of the Company’s Net sales are generated from markets outside the U.S., with approximately 50% of the Company’s Net sales coming from emerging markets (which consist of Latin America, Asia (excluding Japan), Africa/Eurasia and Central Europe). Oral, Personal and Home Care sales to Wal-Mart Stores, Inc. and its affiliates represent approximately 11% of the Company's Net sales in 2016. No other customer represents more than 10% of Net sales.

In 2016, Corporate Operating profit (loss) includes charges of $228 resulting from the 2012 Restructuring Program, $17 for a previously disclosed litigation matter and a gain of $97 on the sale of land in Mexico. In 2015, Corporate Operating profit (loss) included a charge of $1,084 related to the deconsolidation of the Company’s Venezuelan operations, $254 related to the 2012 Restructuring Program, $34 related to the remeasurement of CP Venezuela’s local currency-denominated net monetary assets as a result of effective devaluations and $14 for a previously disclosed litigation matter and a gain of $187 on the sale of the Company’s laundry detergent business in the South Pacific. In 2014, Corporate Operating profit (loss) included charges of $286 related to the 2012 Restructuring Program, $327 related to the remeasurement of CP Venezuela’s local currency-denominated net monetary assets as a result of a devaluation and $41 for a previously disclosed litigation matter and costs of $4 related to the sale of land in Mexico.

	2016	2015	2014
Net sales			
Oral, Personal and Home Care			
North America[1]	$3,183	$3,149	$3,124
Latin America	3,650	4,327	4,769
Europe	2,342	2,411	2,840
Asia Pacific	2,796	2,937	3,081
Africa/Eurasia	960	998	1,208
Total Oral, Personal and Home Care	12,931	13,822	15,022
Pet Nutrition[2]	2,264	2,212	2,255
Total Net sales	$15,195	$16,034	$17,277

(1) Net sales in the U.S. for Oral, Personal and Home Care were $2,932, $2,896 and $2,835 in 2016, 2015 and 2014, respectively.
(2) Net sales in the U.S. for Pet Nutrition were $1,243, $1,223 and $1,149 in 2016, 2015 and 2014, respectively.

96

Explanation of Responses:

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

	2016	2015	2014
Operating profit			
Oral, Personal and Home Care			
North America	$1,030	$974	$926
Latin America	1,132	1,209	1,279
Europe	579	615	712
Asia Pacific	887	888	901
Africa/Eurasia	186	178	235
Total Oral, Personal and Home Care	3,814	3,864	4,053
Pet Nutrition	653	612	592
Corporate	(630)	(1,687)	(1,088)
Total Operating profit	$3,837	$2,789	$3,557

	2016	2015	2014
Capital expenditures			
Oral, Personal and Home Care			
North America	$151	$207	$136
Latin America	94	110	205
Europe	51	40	74
Asia Pacific	120	121	151
Africa/Eurasia	17	12	14
Total Oral, Personal and Home Care	433	490	580
Pet Nutrition	38	34	40
Corporate	122	167	137
Total Capital expenditures	$593	$691	$757

	2016	2015	2014
Depreciation and amortization			
Oral, Personal and Home Care			
North America	$54	$47	$43
Latin America	76	88	93
Europe	64	67	77
Asia Pacific	96	99	85
Africa/Eurasia	7	8	10
Total Oral, Personal and Home Care	297	309	308
Pet Nutrition	53	52	52
Corporate	93	88	82
Total Depreciation and amortization	$443	$449	$442

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

	2016	2015	2014
Identifiable assets[1]			
Oral, Personal and Home Care			
North America	$2,685	$2,622	$2,326
Latin America	2,314	2,314	3,693
Europe	3,554	3,308	3,669
Asia Pacific	2,006	2,031	2,070
Africa/Eurasia	499	476	510
Total Oral, Personal and Home Care	11,058	10,751	12,268
Pet Nutrition	1,009	1,006	1,051
Corporate[2]	56	178	121
Total Identifiable assets[3]	$12,123	$11,935	$13,440

(1) Prior year amounts have been reclassified to conform to the current year presentation of debt issuance costs required by ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs.” See Note 2 to the Consolidated Financial Statements for additional information.

(2) In 2016, Corporate identifiable assets primarily consist of derivative instruments (24%) and investments in equity securities (68%). In 2015, Corporate identifiable assets primarily consist of derivative instruments (76%) and investments in equity securities (23%). In 2014, Corporate identifiable assets primarily consist of derivative instruments (72%) and investments in equity securities (25%).

(3) Long-lived assets in the U.S., primarily property, plant and equipment and goodwill and other intangibles represented approximately one-third of total long-lived assets of $7,642, $7,420 and $8,086 in 2016, 2015 and 2014, respectively.

16. Supplemental Income Statement Information

Other (income) expense, net	2016	2015	2014
2012 Restructuring Program	$105	$170	$195
Amortization of intangible assets	33	33	32
Gain on sale of land in Mexico	(97)	—	—
Charges for previously disclosed litigation matters	17	14	41
Venezuela remeasurement charges	—	34	327
Gain on sale of South Pacific laundry detergent business	—	(187)	—
Equity (income)	(10)	(8)	(7)
Other, net	(11)	6	(18)
Total Other (income) expense, net	$37	$62	$570

Interest (income) expense, net	2016	2015	2014
Interest incurred	$155	$139	$134
Interest capitalized	(6)	(6)	(4)
Interest income	(50)	(107)	(106)
Total Interest (income) expense, net	$99	$26	$24

	2016	2015	2014
Research and development	$289	$274	$277
Advertising	$1,428	$1,491	$1,784

98

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

17. Supplemental Balance Sheet Information

Inventories by major class are as follows at December 31:

Inventories	2016	2015
Raw materials and supplies	$266	$261
Work-in-process	42	45
Finished goods	863	874
Total Inventories	$1,171	$1,180

Inventories valued under LIFO amounted to $278 and $268 at December 31, 2016 and 2015, respectively. The excess of current cost over LIFO cost at the end of each year was $30 and $6, respectively. The liquidations of LIFO inventory quantities had no material effect on income in 2016, 2015 and 2014.

Property, plant and equipment, net	2016	2015
Land	$147	$153
Buildings	1,544	1,492
Manufacturing machinery and equipment	4,971	5,166
Other equipment	1,280	1,248
	7,942	8,059
Accumulated depreciation	(4,102)	(4,263)
Total Property, plant and equipment, net	$3,840	$3,796

Other accruals	2016	2015
Accrued advertising and coupon redemption	$491	$512
Accrued payroll and employee benefits	309	322
Accrued taxes other than income taxes	112	121
Restructuring accrual	112	119
Pension and other retiree benefits	80	74
Accrued interest	29	36
Derivatives	4	5
Other	590	656
Total Other accruals	$1,727	$1,845

Other liabilities	2016	2015
Pension and other retiree benefits	$1,794	$1,650
Restructuring accrual	69	96
Other	172	220
Total Other liabilities	$2,035	$1,966

99

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

18. Supplemental Other Comprehensive Income (Loss) Information

Other comprehensive income (loss) components attributable to Colgate-Palmolive Company before tax and net of tax during the years ended December 31 were as follows:

	2016		2015		2014	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Cumulative translation adjustments	$(97)	$(125)	$(721)	$(745)	$(663)	$(681)
Reclassification due to Venezuela deconsolidation[1]	—	—	111	111	—	—
Cumulative translation adjustments	(97)	(125)	(610)	(634)	(663)	(681)
Pension and other benefits:						
Net actuarial gain (loss), prior service costs and settlements during the period	(231)	(152)	182	115	(580)	(374)
Amortization of net actuarial loss, transition and prior service costs[2]	63	43	82	52	67	45
Reclassification due to Venezuela deconsolidation[1]	—	—	44	29	—	—
Retirement Plan and other retiree benefit adjustments	(168)	(109)	308	196	(513)	(329)
Available-for-sale securities:						
Unrealized gains (losses) on available-for-sale securities[3]	—	—	(18)	(12)	(341)	(222)
Reclassification of (gains) losses into net earnings on available-for-sale securities[4]	(1)	(1)	14	11	267	174
Reclassification due to Venezuela deconsolidation[1]	—	—	(10)	(6)	—	—
Gains (losses) on available-for-sale securities	(1)	(1)	(14)	(7)	(74)	(48)
Cash flow hedges:						
Unrealized gains (losses) on cash flow hedges	11	8	18	12	9	6
Reclassification of (gains) losses into net earnings on cash flow hedges[5]	(4)	(3)	(16)	(10)	(5)	(4)
Gains (losses) on cash flow hedges	7	5	2	2	4	2
Total Other comprehensive income (loss)	$(259)	$(230)	$(314)	$(443)	$(1,246)	$(1,056)

---

(1) Represents reclassifications from Accumulated other comprehensive income (loss) due to the deconsolidation of the Company's Venezuelan operations. Cumulative translation, net actuarial gain (loss) and unrealized gains (losses) on available-for-sale securities were reclassified into the Charge for Venezuela accounting change on the Consolidated Statement of Income.

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

(3) For the year ended December 31, 2015, these amounts included pretax net losses of $50 related to the remeasurement of the bolivar-denominated fixed interest rate bonds and the devaluation-protected bonds in

Venezuela.

For the year ended December 31, 2014, these amounts included pretax losses of $324 related to the remeasurement of the bolivar-denominated fixed interest rate bonds and the devaluation-protected bonds in Venezuela.

100

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

(4) Represents reclassification of losses on the Venezuela bonds into Other (income) expense, net due to an impairment in the fair value of the bonds as a result of the effective devaluations in the second and third quarters of 2015 and the first and third quarters of 2014.

(5) These (gains) losses are reclassified into Cost of sales. See Note 7, Fair Value Measurements and Financial Instruments for additional details.

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

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is comprised of cumulative foreign currency translation gains and losses, unrecognized pension and other retiree benefit costs, unrealized gains and losses from derivative instruments designated as cash flow hedges and unrealized gains and losses on available-for-sale securities. At December 31, 2016 and 2015, Accumulated other comprehensive income (loss) consisted primarily of aftertax unrecognized pension and other retiree benefit costs of $977 and $868, respectively, and cumulative foreign currency translation adjustments of $3,212 and $3,087, respectively. Foreign currency translation adjustments in 2016 primarily reflect losses from the Mexican peso and the Euro, partially offset by gains from the Brazilian real. In 2015, foreign currency translation adjustments primarily reflect losses from the Euro, the Brazilian real, the Mexican peso and the Swiss franc.

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

19. Quarterly Financial Data (Unaudited)

	Total		First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
2016										
Net sales	$15,195		$3,762		$3,845		$3,867		$3,721	
Gross profit	9,123	(1)	2,248	(3)	2,304	(6)	2,324	(8)	2,247	(10)
Net income including noncontrolling interests	2,586	(2)	574	(4)	638	(7)	746	(9)	628	(11)
Net income attributable to Colgate-Palmolive Company	2,441	(2)	533	(4) (5)	600	(7)	702	(9)	606	(11)
Earnings per common share:										
Basic	2.74	(2)	0.60	(4)	0.67	(7)	0.79	(9)	0.68	(11)
Diluted	2.72	(2)	0.59	(4)	0.67	(7)	0.78	(9)	0.68	(11)
2015										
Net sales	$16,034		$4,070		$4,066		$3,999		$3,899	
Gross profit	9,399	(12)	2,392	(14)	2,367	(16)	2,347	(18)	2,293	(20)
Net income (loss) including noncontrolling interests	1,548	(13)	583	(15)	616	(17)	770	(19)	(421)	(21)
Net income (loss) attributable to Colgate-Palmolive Company	1,384	(13)	542	(15)	574	(17)	726	(19)	(458)	(21)
Earnings (loss) per common share:										
Basic	1.53	(13)	0.60	(15)	0.63	(17)	0.81	(19)	(0.51)	(21)
Diluted	1.52	(13)	0.59	(15)	0.63	(17)	0.80	(19)	(0.51)	(21) (22)

Note: Basic and diluted earnings (loss) per share are computed independently for each quarter and the year-to-date period presented. Accordingly, the sum of the quarterly earnings (loss) per common share may not necessarily equal the earnings (loss) per share for the year-to-date period.

(1) Gross profit for the full year of 2016 includes $46 of charges related to the 2012 Restructuring Program.

(2) Net income including noncontrolling interests for the full year of 2016 includes $169 of aftertax charges related to the 2012 Restructuring Program. Net income attributable to Colgate-Palmolive Company and earnings per common share for the full year of 2016 include $168 of aftertax charges related to the 2012 Restructuring Program, a $63 aftertax gain on the sale of land in Mexico, $11 of aftertax charges for a previously disclosed litigation matter and $35 of benefits from previously disclosed tax matters.

(3) Gross profit for the first quarter of 2016 includes $8 of charges related to the 2012 Restructuring Program.

(4) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share for the first quarter of 2016 include $38 of aftertax charges related to the 2012 Restructuring Program.

(5) In the first quarter of 2016, provision for income taxes included a $210 U.S. income tax benefit principally related to changes in Venezuela's foreign exchange regime implemented in March 2016. In order to fully recognize the $210 tax benefit in 2016, the Company repatriated an incremental $1,500 of earnings of foreign subsidiaries it previously considered indefinitely reinvested outside of the U.S., and accordingly, recorded a tax charge of $210 during the first quarter of 2016. See Note 11, Income Taxes.

(6) Gross profit for the second quarter of 2016 includes $12 of charges related to the 2012 Restructuring Program.

(7) Net income including noncontrolling interests for the second quarter of 2016 includes $45 of aftertax charges related to the 2012 Restructuring Program and a $13 benefit from a previously disclosed tax matter. Net income

attributable to Colgate-Palmolive Company and earnings per common share include $44 of aftertax charges related to the 2012 Restructuring Program and a $13 benefit from a previously disclosed tax matter.

(8) Gross profit for the third quarter of 2016 includes $11 of charges related to the 2012 Restructuring Program.

102

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

(9) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share for the third quarter of 2016 include $32 of aftertax charges related to the 2012 Restructuring Program, a $63 aftertax gain on the sale of land in Mexico, a $4 aftertax charge for a previously disclosed litigation matter and $22 of benefits from previously disclosed tax matters.

(10) Gross profit for the fourth quarter of 2016 includes $15 of charges related to the 2012 Restructuring Program.

(11) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share for the fourth quarter of 2016 include $54 of aftertax charges related to the 2012 Restructuring Program and a $7 aftertax charge for a previously disclosed litigation matter.

(12) Gross profit for the full year of 2015 includes $20 of charges related to the 2012 Restructuring Program.

(13) Net income (loss) including noncontrolling interests for the full year of 2015 includes $185 of aftertax charges related to the 2012 Restructuring Program. Net income (loss) attributable to Colgate-Palmolive Company and earnings (loss) per common share for the full year of 2015 include a $1,058 aftertax charge related to the deconsolidation of the Company’s Venezuelan operations, $183 of aftertax charges related to the 2012 Restructuring Program, $22 of aftertax charges related to the remeasurement of CP Venezuela’s local currency-denominated net monetary assets as a result of effective devaluations, a $120 aftertax gain on the sale of the Company’s laundry detergent business in the South Pacific, a $15 charge for a previously disclosed tax matter and a $14 aftertax charge for a previously disclosed litigation matter.

(14) Gross profit for the first quarter of 2015 includes $4 of charges related to the 2012 Restructuring Program.

(15) Net income (loss) including noncontrolling interests for the first quarter of 2015 includes $69 of aftertax charges related to the 2012 Restructuring Program. Net income (loss) attributable to Colgate-Palmolive Company and earnings (loss) per common share include $67 of aftertax charges related to the 2012 Restructuring Program.

(16) Gross profit for the second quarter of 2015 includes $4 of charges related to the 2012 Restructuring Program.

(17) Net income (loss) including noncontrolling interests, Net income (loss) attributable to Colgate-Palmolive Company and earnings (loss) per common share for the second quarter of 2015 include $40 of aftertax charges related to the 2012 Restructuring Program, $10 of aftertax charges related to the remeasurement of CP Venezuela’s local currency-denominated net monetary assets as a result of an effective devaluation and a $15 charge for a previously disclosed tax matter.

(18) Gross profit for the third quarter of 2015 includes $3 of charges related to the 2012 Restructuring Program.

(19) Net income (loss) including noncontrolling interests, Net income (loss) attributable to Colgate-Palmolive Company and earnings (loss)per common share for the third quarter of 2015 include $35 of aftertax charges related to the 2012 Restructuring Program, $12 of aftertax charges related to the remeasurement of CP Venezuela’s local currency-denominated net monetary assets as a result of an effective devaluation and a $120 aftertax gain on sale of the Company’s laundry detergent business in the South Pacific.

(20) Gross profit for the fourth quarter of 2015 includes $9 of charges related to the 2012 Restructuring Program.

(21) Net income (loss) including noncontrolling interests, Net income (loss) attributable to Colgate-Palmolive Company and earnings (loss) per common share for the fourth quarter of 2015 include a $1,058 aftertax charge related to the deconsolidation of the Company’s Venezuelan operations, $41 of aftertax charges related to the 2012 Restructuring Program and a $14 aftertax charge for a previously disclosed litigation matter.

(22) The computation for Diluted (loss) per common share for the fourth quarter of 2015 excludes 6.6 million of incremental common shares outstanding during the period as they were anti-dilutive.

COLGATE-PALMOLIVE COMPANY
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Millions)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Other	Deductions	Balance at End of Period
Year Ended December 31, 2016					
Allowance for doubtful accounts and estimated returns	$ 59	$ 18	$ —	$ 4	$ 73
Valuation allowance for deferred tax assets	$ —	$ —	$ —	$ —	$ —
Year Ended December 31, 2015					
Allowance for doubtful accounts and estimated returns	$ 54	$ 7	$ —	$ 2	$ 59
Valuation allowance for deferred tax assets	$ —	$ —	$ —	$ —	$ —
Year Ended December 31, 2014					
Allowance for doubtful accounts and estimated returns	$ 67	$ —	$ —	$ 13	$ 54
Valuation allowance for deferred tax assets	$ 6	$ —	$ —	$ 6	$ —

104

COLGATE-PALMOLIVE COMPANY

Market and Dividend Information

The Company's common stock is listed on the New York Stock Exchange and its trading symbol is CL. Dividends on the common stock have been paid every year since 1895, and the Company's regular common stock dividend payments have increased for 54 consecutive years.

Market Price of Common Stock

	2016		2015	
Quarter Ended	High	Low	High	Low
March 31	$70.72	$62.45	$71.46	$65.12
June 30	73.20	68.96	70.08	65.34
September 30	75.27	70.86	69.08	60.37
December 31	73.62	64.63	69.23	63.72
Year-end Closing Price	$65.44		$66.62	

Dividends Paid Per Common Share

Quarter Ended	2016	2015
March 31	$0.38	$0.36
June 30	0.39	0.38
September 30	0.39	0.38
December 31	0.39	0.38
Total	$1.55	$1.50

105

COLGATE-PALMOLIVE COMPANY

Market and Dividend Information

Stock Price Performance Graphs

The following graphs compare cumulative total shareholder returns on Colgate-Palmolive Company common stock against the S&P Composite-500 Stock Index and two peer company indices for the twenty-year, ten-year and five-year periods each ended December 31, 2016. The peer company indices are comprised of consumer products companies that have both domestic and international businesses. In 2016, to ensure more accurate and useful comparisons for investors, the Company determined to increase the size of the peer group to lessen the likelihood of the performance of a single company distorting the results. For 2016, the peer company index consisted of Avon Products, Inc., Campbell Soup Company, The Clorox Company, The Coca-Cola Company, ConAgra Foods, Inc., The Estee Lauder Companies, Inc., General Mills, Inc., Johnson & Johnson, Kellogg Company, Kimberly-Clark Corporation, The Kraft Heinz Company, Mondelez International, Inc., PepsiCo, Inc., The Procter & Gamble Company, Reckitt Benckiser Group plc and Unilever N.V. This index is identified as the “New Peer Group” on the graphs. Last year, the peer company index consisted of Avon Products, Inc., Beiersdorf AG, The Clorox Company, Kimberly-Clark Corporation, The Procter & Gamble Company, Reckitt Benckiser Group plc and Unilever N.V. The prior year index is identified as the “Old Peer Group” on the graphs.

These performance graphs do not constitute soliciting material, are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any of the Company’s filings under the Securities Act of 1933 or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in any such filing, except to the extent the Company specifically incorporates these performance graphs by reference therein.

COLGATE-PALMOLIVE COMPANY

Historical Financial Summary
For the years ended December 31,
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2
Continuing Operations										
Net sales	$15,195	$16,034	$17,277	$17,420	$17,085	$16,734	$15,564	$15,327	$15,330	$
Results of operations:										
Net income attributable to Colgate-Palmolive Company	2,441 (1)	1,384 (2)	2,180 (3)	2,241 (4)	2,472 (5)	2,431 (6)	2,203 (7)	2,291	1,957 (8)	1
Per common share, basic	2.74 (1)	1.53 (2)	2.38 (3)	2.41 (4)	2.60 (5)	2.49 (6)	2.22 (7)	2.26	1.91 (8)	1
Per common share, diluted	2.72 (1)	1.52 (2)	2.36 (3)	2.38 (4)	2.57 (5)	2.47 (6)	2.16 (7)	2.18	1.83 (8)	1
Depreciation and amortization expense	443	449	442	439	425	421	376	351	348	3
Financial Position										
Current ratio	1.3	1.2	1.2	1.1	1.2	1.2	1.0	1.1	1.3	1
Property, plant and equipment, net	3,840	3,796	4,080	4,083	3,842	3,668	3,693	3,516	3,119	3
Capital expenditures	593	691	757	670	565	537	550	575	684	5
Total assets(10)	12,123	11,935	13,440	13,859	13,379	12,711	11,163	11,125	9,970	1
Long-term debt(10)	6,520	6,246	5,625	4,732	4,911	4,417	2,806	2,812	3,576	3
Colgate-Palmolive Company shareholders' equity	(243)	(299)	1,145	2,305	2,189	2,375	2,675	3,116	1,923	2
Share and Other										
Book value per common share	0.03	(0.04)	1.55	2.79	2.6	2.71	2.95	3.26	2.04	2
Cash dividends declared and paid per common share	1.55	1.50	1.42	1.33	1.22	1.14	1.02	0.86	0.78	0
Closing price	65.44	66.62	69.19	65.21	52.27	46.20	40.19	41.08	34.27	3
Number of common shares outstanding (in millions)	883.1	892.7	906.7	919.9	935.8	960.0	989.8	988.4	1,002.8	1
	23,600	24,400	25,400	26,900	27,600	28,900	29,900	30,600	31,400	3

Explanation of Responses:

Number of common shareholders of record										
Number of employees	36,700	37,900	37,700	37,400	37,700	38,600	39,200	38,100	36,600	3

Note: All per share amounts and numbers of shares outstanding were adjusted for the two-for-one stock split of the Company's common stock in 2013.

(1) Net income including noncontrolling interests for the full year of 2016 includes $169 of aftertax charges related to the 2012 Restructuring Program. Net income attributable to Colgate-Palmolive Company and earnings per common share for the full year of 2016 include $168 of aftertax charges related to the 2012 Restructuring Program, a $63 aftertax gain on the sale of land in Mexico, $11 of aftertax charges for a previously disclosed litigation matter and $35 of benefits from previously disclosed tax matters.

COLGATE-PALMOLIVE COMPANY

Historical Financial Summary
For the years ended December 31,
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

(2) Net income (loss) including noncontrolling interests for the full year of 2015 includes $185 of aftertax charges related to the 2012 Restructuring Program. Net income (loss) attributable to Colgate-Palmolive Company and earnings (loss) per common share for the full year of 2015 include a $1,058 aftertax charge related to the change in accounting for the Company's Venezuelan operations, $183 of aftertax charges related to the 2012 Restructuring Program, $22 of aftertax charges related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets as a result of effective devaluations, $120 aftertax gain on the sale of the South Pacific laundry detergent business, a $14 aftertax charge for a previously disclosed litigation matter and a $15 charge for a previously disclosed tax matter.

(3) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2014 include $208 of aftertax charges related to the 2012 Restructuring Program, $214 of aftertax charges related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets as a result of effective devaluations, $41 of charges for previously disclosed litigation matters, $3 of aftertax costs related to the sale of land in Mexico and a $66 charge for a previously disclosed tax matter.

(4) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2013 include $278 of aftertax charges related to the 2012 Restructuring Program, a $111 aftertax charge related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets as a result of a devaluation, a $23 charge for a previously disclosed litigation matter and $12 of aftertax costs related to the sale of land in Mexico.

(5) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2012 include $70 of aftertax charges related to the 2012 Restructuring Program, $18 of aftertax costs related to the sale of land in Mexico and $14 of aftertax costs associated with various business realignment and other cost-saving initiatives.

(6) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2011 include an aftertax gain of $135 on the sale of the non-core laundry detergent business in Colombia, offset by $147 of aftertax costs associated with various business realignment and other cost-saving initiatives, $9 of aftertax costs related to the sale of land in Mexico and a $21 charge for a previously disclosed litigation matter.

(7) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2010 include a $271 one-time charge related to the transition to hyperinflationary accounting in Venezuela, $61 of aftertax charges for termination benefits related to overhead reduction initiatives, a $30 aftertax gain on sales of non-core product lines and a $31 benefit related to the reorganization of an overseas subsidiary.

(8) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2008 include $113 of aftertax charges related to the 2004 Restructuring Program.

(9) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per common share in 2007 include a $29 aftertax gain for the sale of the Company's household bleach business in Latin America and an income tax benefit of $74 related to the reduction of a tax loss carryforward valuation allowance in Brazil, partially offset by tax provisions for the recapitalization of certain overseas subsidiaries. These gains were more than offset by $184 of aftertax charges related to the 2004 Restructuring Program, $10 of pension settlement charges and $8 of charges related to the limited voluntary recall of certain Hill's Pet Nutrition feline products.

(10) Prior year amounts have been reclassified to conform to the current year presentation of debt issuance costs required by Accounting Standards Update ("ASU") No. 2015-03, "Simplifying the Presentation of Debt Issuance

Costs." See Note 2 to the Consolidated Financial Statements for additional information.

108

COLGATE-PALMOLIVE COMPANY

EXHIBITS TO FORM 10-K

YEAR ENDED DECEMBER 31, 2016

Commission File No. 1-644

Exhibit No.		Description
3-A		Restated Certificate of Incorporation, as amended. (Registrant hereby incorporates by reference Exhibit 3-A to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, File No. 1-644.)
3-B		By-laws, as amended. (Registrant hereby incorporates by reference Exhibit 3.1 to its Current Report on Form 8-K filed on January 15, 2016, File No. 1-644.)
4	a)	Indenture, dated as of November 15, 1992, between the Company and The Bank of New York Mellon (formerly known as The Bank of New York) as Trustee. (Registrant hereby incorporates by reference Exhibit 4.1 to its Registration Statement on Form S-3 and Post-Effective Amendment No. 1 filed on June 26, 1992, Registration No. 33-48840.)*
	b)	Colgate-Palmolive Company Employee Stock Ownership Trust Agreement dated as of June 1, 1989, as amended. (Registrant hereby incorporates by reference Exhibit 4-B (b) to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, File No. 1-644.)
10-A	a)	Colgate-Palmolive Company 2013 Incentive Compensation Plan. (Registrant hereby incorporates by reference Annex B to its 2013 Notice of Annual Meeting and Proxy Statement.)
	b)	Form of Nonqualified Stock Option Agreement used in connection with grants under the 2013 Incentive Compensation Plan. (Registrant hereby incorporates by reference Exhibit 10 to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.)
	c)	Form of Restricted Stock Unit Award Agreement used in connection with grants under the 2013 Incentive Compensation Plan. (Registrant hereby incorporates by reference Exhibit 10-A (c) to its Annual Report on Form 10-K for the year ended December 31, 2013.)
10-B	a)	Colgate-Palmolive Company 2009 Executive Incentive Compensation Plan. (Registrant hereby incorporates by reference Appendix A to its 2009 Notice of Meeting and Proxy Statement.)
	b)	Colgate-Palmolive Company Executive Incentive Compensation Plan Trust, as amended. (Registrant hereby incorporates by reference Exhibit 10-B (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644.)
	c)	Amendment, dated as of October 29, 2007, to the Colgate-Palmolive Company Executive Incentive Compensation Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-A (b) to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
	d)	Form of Restricted Stock Award Agreement used in connection with grants to employees under the 2009 Colgate-Palmolive Company Executive Incentive Compensation Plan. (Registrant hereby incorporates by

	reference Exhibit 10-P to its Annual Report on Form 10-K for the year ended December 31, 2009, File No. 1-644.)
10-C a)	Colgate-Palmolive Company Supplemental Salaried Employees’ Retirement Plan, amended and restated as of September 1, 2010. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, File No. 1-644.)

109

Exhibit No.		Description
	b)	Amended and Restated Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan Trust, dated August 2, 1990. (Registrant hereby incorporates by reference Exhibit 10-B (b) to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
	c)	Amendment, dated as of October 29, 2007, to the Amended and Restated Colgate-Palmolive Company Supplemental Salaried Employee Trust. (Registrant hereby incorporates by reference Exhibit 10-B (c) to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
	d)	Amendment, dated as of December 31, 2013, to the Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan. (Registrant hereby incorporates by reference Exhibit 10-C (d) to its Annual Report on Form 10-K for the year ended December 31, 2013.)
	e)	Amendment, dated as of January 1, 2016 to the Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan.**
10-D	a)	Colgate-Palmolive Company Executive Severance Plan, as amended and restated through September 12, 2013. (Registrant hereby incorporates by reference Exhibit 10-A to its Current Report on Form 8-K filed on September 16, 2013, File No. 1-644.)
	b)	Colgate-Palmolive Company Executive Severance Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-E (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644.)
10-E		Colgate-Palmolive Company Pension Plan for Outside Directors, as amended and restated. (Registrant hereby incorporates by reference Exhibit 10-D to its Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-644.)
10-F	a)	Colgate-Palmolive Company Restated and Amended Deferred Compensation Plan for Non-Employee Directors, as amended. (Registrant hereby incorporates by reference Exhibit 10-H to its Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-644.)
	b)	Amendment, dated as of September 12, 2007, to the Colgate-Palmolive Company Restated and Amended Deferred Compensation Plan for Non-Employee Directors. (Registrant hereby incorporates by reference Exhibit 10-F to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-G		Colgate-Palmolive Company Deferred Compensation Plan, amended and restated as of September 12, 2007. (Registrant hereby incorporates by reference Exhibit 10-G to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-H		Colgate-Palmolive Company Above and Beyond Plan – Officer Level. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File No. 1-644.)
10-I	a)	Five Year Credit Agreement dated as of November 4, 2011, Amended and Restated as of July 27, 2015 by Amendment Number 2 thereto (the "Amended and Restated Credit Agreement"), among Colgate-Palmolive Company as Borrower, Citibank, N.A. as Administrative Agent and the Lenders party thereto. (Registrant hereby incorporates by reference Exhibit 10 to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, File No. 1-644.)

b) Amendment No. 1 dated as of November 4, 2016 to the Amended and Restated Credit Agreement, among Colgate-Palmolive Company, as Borrower, Citibank, N.A., as Administrative Agent, and the Lenders party thereto.**

110

Exhibit No.		Description
10-J		Colgate-Palmolive Company Supplemental Savings and Investment Plan, amended and restated as of September 1, 2010. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, File No. 1-644.)
10-K		Form of Indemnification Agreement between Colgate-Palmolive Company and its directors, executive officers and certain key employees. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 1-644.)
10-L	a)	Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Appendix C to its 2005 Notice of Meeting and Proxy Statement.)
	b)	Form of Award Agreement used in connection with grants to non-employee directors under the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Current Report on Form 8-K dated May 4, 2005, File No. 1-644.)
	c)	Amendment, dated as of September 7, 2006, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-644.)
	d)	Amendment, dated as of December 7, 2006, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-S (d) to its Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-644.)
	e)	Amendment, dated as of October 29, 2007, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-J to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
	f)	Amendment, dated as of January 13, 2011, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, File No. 1-644.)
	g)	Amendment, dated as of July 14, 2011, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, File No. 1-644.)
	h)	Amendment, dated as of May 11, 2012, to the Colgate-Palmolive Company 2005 Stock Plan for Non-Employee Directors. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, File No. 1-644.)
10-M	a)	Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Appendix B to its 2005 Notice of Meeting and Proxy Statement.)
	b)	Form of Award Agreement used in connection with grants to employees under the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-A to its Current Report on Form 8-K dated May 4, 2005, File No. 1-644.)
	c)	

Amendment, dated as of September 7, 2006, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-644.)

d) Amendment, dated as of December 7, 2006, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-T (d) to its Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-644.)

111

Exhibit No.	Description
e)	Action, dated as of October 29, 2007, taken pursuant to the Colgate-Palmolive Company 2005 Employee Stock Option Plan and Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-I to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
f)	Amendment, dated as of February 26, 2009, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-S (f) to its Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-644.)
g)	Amendment, dated as of July 14, 2011, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, File No. 1-644.)
10-N	Business and Share Sale and Purchase Agreement dated as of March 22, 2011 among Unilever N.V., Unilever plc, Colgate-Palmolive Company Sarl and Colgate-Palmolive Company relating to the Sanex personal care business. (Registrant hereby incorporates by reference Exhibit 10-C to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, File No. 1-644.)
12	Computation of Ratio of Earnings to Fixed Charges.**
21	Subsidiaries of the Registrant.**
23	Consent of Independent Registered Public Accounting Firm.**
24	Powers of Attorney.**
31-A	Certificate of the Chairman of the Board, President and Chief Executive Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.**
31-B	Certificate of the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.**
32	Certificate of the Chairman of the Board, President and Chief Executive Officer and the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.**
101	The following materials from Colgate-Palmolive Company's Annual Report on Form 10-K for the year ended December 31, 2016, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Changes in Shareholders' Equity, (iv) the Consolidated Statements of Comprehensive Income, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements, and (vii) Financial Statement Schedule.

---

* Registrant hereby undertakes to furnish the Commission, upon request, with a copy of any instrument with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis.

**Filed herewith.

112

The exhibits indicated above that are not included with the Form 10-K are available upon request and payment of a reasonable fee approximating the registrant's cost of providing and mailing the exhibits. Inquiries should be directed to:

Colgate-Palmolive
Company
Office of the
Secretary (10-K
Exhibits)
300 Park Avenue
New York, NY
10022-7499

113