

Colgate EPS Up +17% on Strong Worldwide Sales and Volume Growth, Gross Margin, Operating Margin, Return on Capital UP, CEO Anticipates Another Year of Double-Digit EPS Increase

New York, New York, July 23, 2002...Colgate-Palmolive Company (NYSE:CL) today announced record net income and earnings per share in the second quarter. At the same time, the Company also reconfirmed external estimates for both 3rd quarter and full year 2002 earnings per share. Worldwide unit volume increased 4.0% with every operating division growing. Gross profit margin increased 110 basis points to 54.2%, again exceeding the top end of the Company's target range. Operating profit margin increased 150 basis points to 22.5%, a new all time record, while net profit margin rose to 14.2% to sales, also a new record. Dollar sales grew 3% in the quarter, the largest dollar sales growth in over four years. Operating profit increased more than 10% to another record.

Net income increased 14% to \$327.0 million and earnings per share increased 17% to \$0.55 per share versus \$0.47 per share in the second quarter 2001. As previously announced, second quarter 2002 results reflect the Company's adoption of SFAS 142 effective January 1, 2002, which eliminates the amortization of goodwill. The non-cash benefit of \$.02 per share in the second quarter from the goodwill elimination was offset by increases in non-cash pension and benefit expenses.

Reuben Mark, Colgate's Chairman and CEO said, "We are pleased that our expectations for continued improvement in unit volume and profitability throughout the year are indeed happening. Every operating division contributed solid volume gains and this should continue. This volume coupled with our excellent gross profit margin improvement enabled us to increase our total marketing spending here in the U.S. and worldwide, while still exceeding our profit target for the quarter. Advertising globally increased both absolutely and as a percent to sales, and market shares in key categories around the globe are up nicely.

"It is especially encouraging that our powerful Latin American division exceeded expectations with unit volume and dollar operating profit for the region rising despite currency declines.

"With the current global economic uncertainties, I am pleased that we can face the future with a very strong balance sheet, tight worldwide controls and procedures, and a stable, proven, highly talented worldwide management group. The scope of our worldwide business should provide the balance and stability to maintain good results in the future as it has in the past.

"Our balance sheet continues to strengthen with operating cash flow up a robust 12%, after-tax return on capital reaching a record 32.1% versus 27.7% in 2nd quarter 2001 and all interest coverage ratios continue to improve.

"Our new product process is better than ever and we are optimistic about our extremely full new product pipeline for the balance of this year. Gross profit margin should expand at the high end of our target range of 50-100 basis points and we anticipate another year of growing unit volume and good quality double-digit earnings per share growth in 2002."

Second quarter 2002 net profits as reported are after absorbing a one-time \$2 million aftertax loss comprised of a \$13 million aftertax gain related to the settlement of a legal matter, offset by \$15 million aftertax of charges associated with unrelated legal proceedings and certain rationalization programs. The quarter also includes a net \$6 million aftertax foreign exchange gain related to the strong Euro, partially offset by other exchange negatives, primarily in Latin America.

At 11:00 a.m. EDT today, Colgate will host a conference call to further elaborate on second quarter results and to discuss the Company's ongoing expectations. To access this call as a webcast, please go to Colgate's web site on the Internet at www.colgate.com.

The following are comments about divisional performance:

Colgate North America (24% of Company sales)

North American unit volume increased 2.5% during the quarter with the U.S. up 3%. Volume growth in this division is expected

to increase more sharply in the balance of the year with a new product schedule heavily weighted to the second half. Dollar sales in North America were down slightly from a record sales level in 2nd quarter 2001 due to modest foreign exchange devaluations in Canada and the Caribbean, and increased promotional spending. Colgate's consumer takeaway in the second quarter, as measured by ACNielsen, exceeded Company shipments as the level of trade inventories again decreased nationwide. Operating profit and operating profit margin were essentially flat with the record high levels achieved in the year ago period. Operating profit in North America was unaffected by the combination of the goodwill elimination and increased benefit expenses.

In the U.S., Colgate's leadership of the toothpaste market continues with a national ACNielsen market share of 34.2% year to date. Innovative new products gaining share across categories include Colgate Total Plus Whitening and Colgate Fresh Confidence toothpastes, Colgate 2in1 toothpaste and mouthwash, Palmolive Spring Sensations dishwashing liquid, Irish Spring Vitamins bar soap, Mennen Speed Stick Power of Nature deodorant and Softsoap Vitamins body wash.

The new product pipeline in the U.S. is strongly weighted with innovative entrants for the second half of 2002. Recent introductions to the trade for launch in the second half include Colgate Simply White, the first major at home tooth whitener that is easy to use, affordable and effective, Softsoap Aromatherapy body wash and liquid hand soap, Palmolive Aromatherapy dishwashing liquid, Colgate 2in1 toothpaste and mouthwash for kids and Colgate Motion battery-powered toothbrush for kids.

Colgate Europe (21% of Company Sales)

European unit volume rose 4.5% and sales increased 8.0% as innovative new products drove strong top-line growth throughout the region. Led by double-digit volume growth in the United Kingdom, strong volume gains were achieved in France, Italy, Greece, the Nordic group, Hungary, Russia and Turkey. Dollar-operating profit increased 15%. (Dollar-operating profit increased 11% excluding the goodwill accounting change.) In local currencies, sales increased 2% and operating profit increased 9%.

In Western Europe, Colgate Total Plus Whitening, Colgate Herbal and Colgate Tartar Control Plus Whitening toothpastes and Colgate 2in1 toothpaste and mouthwash contributed to gains in Oral Care. New products succeeding in other categories include Palmolive Aromatherapy shower gel and bath foam, Soupline Lily of the Valley fabric conditioner and Ajax glass and all purpose cleaner wipes.

Excellent volume growth throughout Central Europe and Russia was fueled by the success of Colgate Herbal, Colgate Herbal Plus Whitening and Colgate Total Plus Whitening toothpastes, Palmolive Aromatherapy shower gel, Palmolive Fruit Essentials bar soap and Mennen Speed Stick deodorants.

Colgate Latin America (26% of Company Sales)

Latin America achieved 3.5% volume growth from continuing businesses in the second quarter with nearly every country contributing volume gains. Volume increased in Mexico, Brazil, Colombia, Venezuela, Ecuador, Central America, Chile, the Dominican Republic and Peru. Dollar sales from continuing businesses were flat versus 2nd quarter 2001 due to previously disclosed local currency weakness. Dollar-operating profit increased 6%. (Dollar-operating profit increased 3% excluding the goodwill accounting change.) In local currencies, sales rose 10% and operating profit was up 16%.

Recent introductions driving growth in Oral Care include Colgate Total Plus Whitening, Colgate Herbal, Colgate Herbal Plus Whitening, and Colgate Fresh Confidence Xtreme Red Gel toothpastes, and Colgate Active Flexible and Colgate Premier Ultra toothbrushes. Leading growth in Personal Care are Palmolive Naturals and Caprice hair care lines, Mennen Power of Nature deodorants and Lady Speed Stick boutique scented deodorants. Fabuloso Vibrante Naturaleza liquid cleaner and Axion Powder Cinnamon Fantasy dishwashing powder are standouts in Surface Care.

Colgate Asia/Africa (16% of Company Sales)

Unit volume in Asia/Africa grew 4.5% in the second quarter on top of a very strong performance in the year ago period. Positive volume gains were achieved by Australia, Fiji, New Zealand, China, Taiwan, Malaysia, the Philippines, Thailand, Vietnam, South Africa and Senegal. Dollar sales rose 3.0% during the quarter and dollar-operating profit increased 17%.

Successful new products spurring growth in Oral Care throughout the region include Colgate Herbal, Colgate Herbal Plus Whitening and Colgate Triple Action toothpastes and Colgate 2in1 toothpaste and mouthwash. In China, for example, Colgate's market leadership in toothpaste continues with its national ACNielsen market share now at 29.2% year to date.

Palmolive Naturals shampoo, Protex Herbal soap, talc and shower gel, and Palmolive Naturals bar soap performed well in other categories across the region.

Hill's Pet Nutrition (13% of Company Sales)

Innovative new products and veterinary endorsements continue to drive growth at Hill's, which had strong results both domestically and internationally. Unit volume grew 6.0% and dollar sales rose 8.5% versus 2nd quarter 2001. Dollar-operating profit increased 15%.

Hill's U.S. increased consumer takeaway of Science Diet in the specialty retail channel, where its growth continues to outpace category growth. Increased promotional activities and television advertising featuring antioxidant benefits helped drive higher sales of Science Diet. Sales of Prescription Diet also grew during the quarter, reflecting new weight management and geriatric focused programs supported by print media and in-clinic materials. Science Diet Oral Care for cats and dogs and Prescription Diet b/d are among the successes driving this growth.

Internationally, Hill's strong volume growth was led by Japan, Australia, New Zealand, Thailand, the Netherlands, Spain, Germany, the Nordic group, Russia and Poland. The recent introduction of Science Diet Oral Care for cats and dogs contributed to gains across these regions.

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About Colgate-Palmolive: Colgate-Palmolive is a leading global consumer products company, tightly focused on Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Nutrition. Colgate sells its products in over 200 countries and territories around the world under such internationally recognized brand names as Colgate, Palmolive, Mennen, Softsoap, Irish Spring, Protex, Sorriso, Kolynos, Ajax, Axion, Soupline, Suavitel and Fab, as well as Hill's Science Diet and Hill's Prescription Diet pet foods. For more information about Colgate's global business, visit the Company's web site on the Internet at www.colgate.com.

This press release (other than historical information) contains forward-looking statements. Actual events or results may differ materially from those statements. Investors should consult the Company's filings with the Securities and Exchange Commission (including the Company's Form 10-K for the year ended December 31, 2001 under the caption "Cautionary Statement on Forward-Looking Statements") for information about factors that could cause such differences. Copies of these filings may be obtained upon request from the Company's Investor Relations Department.

(See attached table for second quarter results.)

Colgate-Palmolive Company Summary of Consolidated Results

Three Months and Six Months Ended June 30, 2002 and 2001

(In Millions Except Per Share Amounts) (Unaudited)

	Second Quarter		First Half	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net Sales	\$2,297.0	\$2,238.7	\$4,492.2	\$4,450.9
Cost of Sales	1,053.0	1,050.5	2,045.4	2,082.3
Gross Profit	1,244.0	1,188.2	2,446.8	2,368.6
Gross Profit Margin	54.2%	53.1%	54.5%	53.2%
Selling, General & Administrative Expenses	726.2	718.6	1,468.3	1,457.5
Earnings before Interest & Taxes (EBIT)	517.8	469.6	978.5	911.1
Operating Profit Margin	22.5%	21.0%	21.8%	20.5%
Net Interest Expense	37.1	42.9	72.0	86.5
Income Before Income Taxes	480.7	426.7	906.5	824.6
Provision for Income Taxes	153.7	139.5	289.8	269.5

Tax Rate	32.0%	32.7%	32.0%	32.7%
Net Income	327.0	287.2	616.7	555.1
Net Earnings Per Common Share				
Basic	\$.59	\$.50	\$ 1.11	\$.97
Diluted	\$.55	\$.47	\$ 1.04	\$.91
Average Common Shares Outstanding				
Basic	545.0	560.6	547.1	562.6
Diluted	591.8	610.7	594.5	613.1

SFAS 142, which was adopted on January 1, 2002, resulted in the discontinuance of amortization of goodwill and indefinite life intangible assets. If 2001 had been restated for the impact of SFAS 142, EBIT, net income, and diluted earnings per share would have been \$483.2, \$298.2, and \$.49, respectively, for the quarter ended June 30, 2001 and \$938.7, \$577.3, and \$.94, respectively, for the six months ended June 30, 2001.