

Colgate Announces Strong 4th Quarter and Year Results, 23rd Consecutive Quarter with Increased EPS

Colgate-Palmolive Company (NYSE:CL) announced the successful completion of a strong year in 2001, with E.P.S. reaching \$.52 per diluted share in the fourth quarter, an increase of 13% versus the year ago period, excluding a one-time charge in the quarter of \$15 million. After the one-time charge, earnings per share rose 7% in the quarter to \$.49 per diluted share. The one-time charge incorporates several items including a write down due to the bankruptcy of a major U.S. retail account and a write down in the value of the Company's Argentinean operation. This is Colgate's 23rd consecutive quarter of increased E.P.S., net earnings and gross profit margin. Unit volume and gross profit margin increased in every operating division worldwide during the quarter.

In the fourth quarter, worldwide unit volume rose 4.0% and global gross profit margin increased 100 basis points, at the top end of the Company's target range. Due to the strength of the U.S. dollar during the quarter, worldwide dollar sales increased only slightly from the all time high year ago fourth quarter. Net income increased 8% versus the fourth quarter 2000, excluding the one-time charge noted above. After the one-time charge, net income rose 3% in the quarter to \$295.3 million.

Colgate's global unit volume increased 5.0% for the full year 2001, with each operating division contributing strong unit growth. During the year, unit volume, operating profit and operating profit margin increased in every operating division worldwide. Diluted earnings per share rose 12% to \$1.91 versus \$1.70 in 2000 before the one-time charge in the fourth quarter previously discussed. After the one-time charge, diluted earnings per share increased 11% to \$1.89. Full year dollar sales from continuing businesses increased 1.5% to an all time high of \$9.4 billion and would have increased 5.5% excluding foreign exchange. Net income increased 9% versus 2000, excluding the one-time charge. After the one-time charge, net income rose 8% for the year to \$1,146.6 million.

Reuben Mark, Chairman and CEO, said: "With weak economic conditions around the world, this was a strong finish to a strong year. The combination of sharply higher gross margin and excellent overhead control allowed us to provide a healthy increase in total marketing spending worldwide while also meeting our profit expectations. In addition, a special fourth quarter overseas income tax benefit allowed us to provide even more brand marketing support than we would have done otherwise. Market shares in our core categories are growing in the U.S. and abroad, so we enter 2002 with excellent momentum.

"Our efficiency gains continue to exceed our expectations as the next generation of SAP applications and other productivity programs are implemented around the globe. Cash generation remains strong reaching \$1.6 billion in 2001, another all time record. After-tax return on capital was also a record at 29.7% versus 26.4% in 2000.

"In each of the last six years Colgate has delivered double-digit earnings per share increases in conjunction with strong worldwide volume growth and gross profit margin improvement. In the year 2002 we again expect excellent volume growth and gross profit margin increases which will support another double digit improvement in E.P.S."

Global market shares increased across key categories including toothpaste, toothbrushes, dishwashing liquid, deodorants, bar and liquid soap, body wash, all purpose cleaners, fabric softeners and pet nutrition. Colgate Total Plus Whitening and Colgate Herbal toothpastes, Colgate Navigator toothbrush, Palmolive Fresh Green Apple dishwashing liquid, Lady Speed Stick Ultra Dry deodorant, Palmolive Vitamins body wash and liquid hand soap and Science Diet Canine and Feline Oral Care are among the innovative new products strengthening Colgate's market leadership positions worldwide.

During 2001, Colgate purchased 21.7 million common shares at a cost of \$1.2 billion as part of its ongoing share repurchase program.

At 11:00 a.m. EST today, Colgate will host a conference call to further elaborate on fourth quarter and year 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-palmolive.com.

The following are comments about divisional performance:

Colgate-North America (25% of Company Sales)

Fueled by broad-based new product momentum, unit volume grew 4.0% and sales increased 2.0% in the fourth quarter. This growth is on top of very strong volume and sales growth in the year ago period. Further, consumer takeaway exceeded Company shipments as the level of trade inventories dropped nationwide. Divisional operating profits in the fourth quarter were flat with the year ago period due to the one-time charge noted above brought about by the bankruptcy of a major U.S. retail account. Excluding this one-time charge, North American operating profit rose 5% against record operating profit in the year ago period. For the year, unit volume grew 4.5%, sales rose 3.5% and operating profit increased 6%.

In the U.S., consumer takeaway of Colgate's products grew more than three times faster than the aggregate category growth for 2001 as a result of strong market share gains. The positive growth momentum continued in the most recent quarter with retail consumption of Colgate's products reaching an all time high during the month of December. Impressive share gains were achieved broadly across categories including toothpaste, deodorants, body wash, bar and liquid soaps, fabric softeners, all purpose cleaners and automatic dishwasher detergents. Colgate's leadership of the U.S. toothpaste market increased to a national A.C. Nielsen market share of 34.8% for the year, up 2.4 share points versus 2000. In Oral Care, new Colgate Total Plus Whitening toothpaste, Colgate 2in1 toothpaste and mouthwash and Colgate Motion battery powered toothbrush each contributed incremental share. Standouts in other categories include Softsoap Vitamins body wash and liquid hand soap, Palmolive Spring Sensations dishwashing liquid, Mennen Speed Stick Power of Nature deodorants and Suavitel fabric softener.

Aggressive new product activity continued in 2001 with a record 21 new introductions. Keeping with its fast launch pace, Colgate U.S. has already announced several new products for early 2002 including Softsoap Naturals moisturizing body wash enriched with pure milk proteins and natural milk extracts, Colgate Active Angle toothbrush, Lady Speed Stick Clean Glide deodorant and new Softsoap Rainforest Series liquid hand soap.

Colgate-Latin America (26% of Company Sales)

Latin America achieved 3.5% volume growth from continuing businesses in the fourth quarter led by robust gains in Mexico, Venezuela, Colombia, Central America, Chile and Jamaica. Brazil, which enjoyed increased volume for the full year, had lower fourth quarter volume when compared to an extremely strong year ago period. Brazil is budgeted up in volume in 2002 as well. Continuing sales for the Division declined 2.0% in the quarter due to exchange while fourth quarter dollar operating profits increased 3% to another quarterly record. For the year, volume and sales from ongoing businesses grew 5.0% and 0.5%, respectively. Excluding foreign exchange, continuing sales rose 4% in the quarter and 6% for the year. Dollar operating profits for the year increased 11% versus 2000.

Colgate continues to strengthen its Oral Care leadership throughout Latin America. Toothpaste market shares in Mexico, Venezuela and Central America reached all time highs during the quarter driven by the widespread success of Colgate Fresh Confidence, Colgate Triple Action and Colgate Herbal toothpastes. In toothbrushes, Colgate Navigator, Colgate Replace and new Colgate Active Flexible toothbrushes strengthened shares throughout the region. Contributing to gains in Personal Care were Lady Speed Stick Ultra Dry deodorant, and Palmolive Naturals and Caprice shampoos. Axion Spring Sensations dishwashing liquid and Suavitel Fresca Primavera fabric softener were standout performers in other categories.

Colgate-Europe (20% of Company Sales)

European unit volume grew 4.0% in the fourth quarter with especially strong performance in the United Kingdom, Belgium, Switzerland, Holland, Greece, the Nordic group, Russia, Poland and the Czech Republic. Dollar sales rose 4.5% versus the fourth quarter 2000 and dollar operating profits were up 18%. For the year, volume growth was 5.5% and dollar sales increased 1.0%, reflecting more difficult currency comparisons earlier in the year. Dollar operating profits increased 7% for the year.

Product innovation and well-executed pan-European new product rollouts are driving growth across categories in Western Europe. Gains in Oral Care were driven by the broad based success of Colgate Herbal and Colgate Total Plus Whitening toothpastes, Actibrush Bzzz for kids battery powered toothbrushes and a new line of children's toothbrushes adorned with characters from the Warner Bros. movie Harry Potter and the Sorcerer's Stone. Palmolive Aromatherapy shower gel and bath foam, and Palmolive Vitamins shower gel and liquid hand soap boosted shares in Personal Care while new Ajax wipes contributed incremental share in Surface Care.

New products spurring growth throughout the high growth regions of Central Europe and Russia include Colgate Herbal Plus Whitening toothpaste, Colgate Navigator toothbrush, Palmolive Aromatherapy shower gel and bath foam, Palmolive Milk and Honey bar soap and Ajax Floral Fiesta cream cleanser.

Colgate-Asia/Africa (16% of Company Sales)

Unit volume in Asia/Africa grew 4.0% in the quarter reflecting successful new product activity throughout the region. Excellent volume gains were achieved in China, Malaysia, Thailand, Australia, New Zealand, Fiji, Vietnam and South Africa. These strong results contributed to the Division's 6.0% volume growth for the full year. Dollar sales declined 2.0% for the quarter and 1.0% for the year due to currency translation. Excluding exchange, sales rose 2% and 6% for the quarter and year, respectively. Dollar operating profits declined 4% in the fourth quarter and increased 1% for the year.

Colgate's market leadership in toothpaste continues to expand in China where our national A.C. Nielsen market share now stands at a record 29.1%, up over three share points from the year ago period. Expanded distribution, now in 524 cities, and winning new products including Colgate Herbal and Colgate Triple Action toothpastes, contributed to China's double-digit volume growth in the quarter.

Innovative new products fueling growth elsewhere in the region include Colgate Fresh Confidence toothpaste, Colgate Active Flexible toothbrush, Palmolive Fruit Essentials shower gel and bar soap, Protex Herbal bar soap, Axion Orange Fantasy dishwashing paste and Softlan fabric softener.

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

Technology-based new products and veterinary endorsements are driving growth at Hill's, the world leader in specialty pet food. Strong results both domestically and internationally contributed to fourth quarter sales and volume growth of 4.5%. Operating profits increased 11% in the quarter reflecting logistics optimization programs worldwide and continued productivity improvements at Hill's Etten Leur manufacturing facility in the Netherlands and elsewhere. Sales and unit volume each rose 5.5% for the year and operating profits increased 16% versus 2000.

Hill's U.S. increased consumption of Science Diet in the specialty retail channel, where its growth continues to outpace category growth, and also enjoyed higher sales of Prescription Diet in the veterinary channel. Recent introductions gaining wide acceptance are Science Diet Canine and Feline Oral Care, Science Diet Canine Light Small Bites and new Prescription Diet Canine b/d, a clinically proven product that reduces the effects of canine aging.

Hill's international growth was strong across Europe, South Pacific and Latin America. Science Diet Canine and Feline Oral Care and Prescription Diet Canine and Feline z/d for allergic animals contributed to gains, as did enhanced merchandising programs.

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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-palmolive.com.

The Company's annual meeting of shareholders is currently scheduled for May 8, 2002.

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 8-K dated November 13, 1998) 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 fourth quarter and year results.)

Colgate-Palmolive Company Summary of Consolidated Results

Three Months and Years Ended December 31, 2001 and 2000

(Dollars in Millions Except Per Share Amounts) (Unaudited)

	Fourth Quarter		Year	
	2001	2000	2001	2000
Net Sales	\$2,414.4	\$2,412.9	\$9,427.8	\$9,357.9
Cost of Sales	1,081.1	1,106.1	4,236.9	4,265.5
Gross Profit	1,333.3	1,306.8	5,190.9	5,092.4
Gross Profit				
Margin	55.2%	54.2%	55.1%	54.4%

Selling, General
and Administrative

Expenses	885.0	850.5	3,356.1	3,351.9
Earnings Before				
Interest and Taxes	448.3 *	456.3	1,834.8 *	1,740.5
Operating Profit				
Margin	18.6%	18.9%	19.5%	18.6%
Net Interest				
Expense	36.1	39.7	166.1	173.3
Income Before				
Income Taxes	412.2	416.6	1,668.7	1,567.2
Provision for				
Income Taxes	116.9	129.9	522.1	503.4
Tax Rate	28.4%**	31.2%	31.3%**	32.1%
Net Income	295.3 *	286.7	1,146.6 *	1,063.8
Net Earnings Per				
Common Share				
- Basic	\$.53	\$.49	\$2.02	\$1.81
- Diluted	\$.49 *	\$.46	\$1.89 *	\$1.70
Average Common				
Shares Outstanding				
- Basic	551.6	571.5	557.8	574.9
- Diluted	600.8	623.2	607.7	627.3

*Excluding the one-time charge described in the release, fourth quarter earnings before interest and taxes would have been \$464.3 (+2%), net income \$309.8 (+8%) and diluted earnings per share \$.52 (+13%). For the full year, earnings before interest and taxes would have been \$1,850.8 (+6%), net income \$1,161.1 (+9%) and diluted earnings per share \$1.91 (+12%).

**Excluding the special fourth quarter overseas tax benefit described in the release, the tax rate would have been 31.4% in the quarter and 32.0% in the year.

The full text of Colgate releases is available: Internet Address: <http://www.colgatepalmolive.com>

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