

Colgate Announces Record Earnings Strong 4th Quarter and Year Results 4th Q. EPS up 15% to \$.78 vs. \$.68 --- Year Also up 15%, to \$2.81 vs. \$2.44

New York, New York, February 4th, 1999 ... - Colgate-Palmolive Company (NYSE: CL) reported record earnings for both the fourth quarter and year 1998. Profitability improved sharply in both reporting periods.

Net income in the fourth quarter increased to \$234.2 million, a record for any quarter and up 13% from 1997. Basic earnings per share increased 15% to \$.78, also a new record, while diluted earnings per share hit a record as well, up 16% to \$.73 vs. \$.63.

Unit volume grew 1.5% worldwide in the quarter. North American unit volume rose 3% despite comparison with the year-ago pipeline period of best-selling Colgate Total toothpaste. Latin American volume rose 5%, and Hill's Pet Nutrition volume increased 3%. Overall sales declined about 1% to \$2.3 billion due to foreign exchange translation. Sales would have increased 3% excluding exchange.

Gross profit margin improved more than one full percentage point to 52.1% in the quarter, operating profit margin was up 1.6 points to 15.9% and pretax margin rose 1.8 points to 14.2%.

Reuben Mark, Colgate Chairman and CEO, said: "We are pleased with the strong earnings growth in the fourth quarter and for the full year. Colgate people can be justly proud of achieving strong market shares here and abroad while driving down costs sharply in a disciplined fashion. This powerful combination leads to strong and consistent growth in profitability even with economic uncertainty in many areas of the world. We are looking forward to another good year in 1999."

Net income for the year increased 15% to a record \$848.6 million. Basic earnings per share were up 15%, to \$2.81. Diluted earnings were also up 15%. Sales were \$9.0 billion, a decrease of less than 1% (up 6% excluding foreign currency and divestments). Unit volume rose 3.5% worldwide, driven by strong performance in North America, Latin America and Hill's Pet Nutrition.

Globally, growth was strongest in Oral Care, Personal Care and Hill's Pet Nutrition, Colgate's most profitable core categories. Such new products as multi-benefit therapeutic toothpastes, fragranced shower gels and body washes, odor-fighting antiperspirants, botanical shampoos and pet food for dogs with cancer are strengthening Colgate's market leadership positions. A record \$3 billion of 1998 sales, or 33% of the total, came from new products introduced during the most recent five years.

Colgate's financial strategy to improve efficiencies through all aspects of its supply chain helped increase cash flow from operations to a record \$1.2 billion. During 1998, the Company repurchased 7.1 million shares at a cost of \$542.5 million, as part of its previously announced share buyback programs.

Following are comments about the Divisions:

Colgate-North America (23% of Company sales)

Full-year unit volume increased 5% and sales were up 6% for Colgate-North America from continuing businesses. It was Colgate's fourth consecutive year of strong, profitable growth domestically, with market share increases achieved across major categories. North American growth continued through the fourth quarter: unit volume rose 3% and sales increased 2%, despite comparison with the very successful sell-in of Colgate Total toothpaste in the fourth quarter of 1997.

Profitability also improved significantly as Colgate-North America continues to lower its total delivered costs of goods sold, in what is a worldwide initiative for the Company. Gross profit margin improved by three full percentage points for the year. Colgate initiated its strategic profitability improvement programs in North America, which as a result now leads Colgate geographic divisions in gross profit margin. The same programs, fine tuned by North American experience, are being expanded to regions worldwide.

Current U.S. market shares increased for Colgate's core categories vs. the year-ago quarter. In Oral Care, Colgate has decisively gained leadership in the \$1.6 billion domestic toothpaste market, benefiting not only from Colgate Total, now the most recommended toothpaste by dentists and hygienists, but also Colgate tartar control whitening. Toothbrush market shares have moved up with launches of the premium Colgate Total Professional and Colgate Wave brushes.

Strong growth in Personal Care resulted from the launch of three new fragrance varieties of Softsoap body wash, bringing the line to five, Speed Stick Ultimate odor-fighting antiperspirant, Lady Speed Stick gel, Softsoap hand gel and continued growth for the Irish Spring brand. Also adding new market share were Palmolive lemon dishwashing liquid & antibacterial hand soap and Ajax dishwashing liquid & antibacterial hand soap.

Colgate enters 1999 having just announced exciting new oral care products to be launched in the first half of the year. Early reaction from the trade is excellent. Colgate Total Fresh Stripe, a striped gel, is the second variant of the Colgate Total line to receive U.S. Food and Drug Administration approval – the only toothpastes cleared to make claims for gingivitis and plaque reduction. Targeting the fast-growing market for premium toothbrushes, the new Colgate Navigator has a flexible head to better position its bristles between the teeth. And for youngsters, Colgate's Star Wars toothpaste and toothbrushes are being introduced. (Star Wars is a trademark of Lucasfilms Ltd.)

Colgate-Latin America (26% of Company sales)

Latin American unit volume continued brisk in the fourth quarter at 5% growth. Impacted by currency translation, dollar sales were flat. Both Mexico and Brazil contributed strongly to the volume growth, as did Central America. Market shares remain healthy throughout the region and have increased in a number of countries. Dollar sales rose 2% for the year, on 7% volume growth.

Contributing to strong Oral Care growth through the region were Colgate Sensation whitening and Colgate Double Cool Stripe toothpastes, plus new herbal variants for Sorriso in Brazil. Innovations in toothbrushes and rinses, for example the Colgate Sensation and Colgate Twister brushes and Sorriso herbal mouthwash, drove Oral Care growth as well.

In fast-growing Personal Care, Palmolive Botanicals shampoo, Lady Speed Stick gel deodorant and Optims & Caprice antidandruff hair care products have added market share. Global initiatives in home care also helped drive Latin America business growth, most notably Ajax Fete des Fleurs fragranced cleaner and Suavitel vanilla fabric softener.

Colgate-Europe (23% of Company sales)

European sales rose 2% in the final quarter; unit volume was level with the year-ago record and, excluding Russia and surrounding countries in Eastern Europe, was up 2%. For all of 1998, sales were unchanged, due to currency declines earlier in the year. Unit volume rose 2% and excluding Russia, was up a healthy 3%.

Colgate greatly improved the profitability of its European operations for both the quarter and full year, as measured by its gross profit and operating profit margins. Colgate continues to improve all aspects of its European supply chain -- lowering logistics and distribution costs, streamlining regional manufacturing, and adopting regional purchasing. SAP integrated software went live in four more countries in the final quarter; all Western Europe operations are expected to be fully on SAP in June 1999.

Colgate's strong brands continue to gain market share in Europe. In a major campaign, Colgate Total toothpaste has been relaunched across 16 countries, with strong new clinical support and advertising, gaining additional market share for the Colgate Total franchise. New whitening and liquid gel toothpastes are also adding share.

The strong market leader in liquid cleaners, Colgate-Europe is growing with Ajax Fete des Fleurs, now available in three different fragrances. Also excelling in Europe are two new dishwashing products that Colgate originated in the United States-- Palmolive antibacterial dishwashing liquid and Palmolive Pots & Pans. Soupline peach fabric softener, and new varieties of Palmolive shower gel and Palmolive liquid soap boosted growth as well.

Colgate Asia/Africa (17% of Company sales)

Strong unit volume growth in greater China, as well as gains in Australia, Taiwan, Vietnam, and Senegal partially offset weakness in other parts of the region in the fourth quarter. Asia/Africa unit volume declined 4.5% and sales decreased 6%, the smallest quarterly decline since the Asian crisis began. Full-year sales decreased 12% on 2% lower volume, reflecting negative currency.

With increasing signs of recovery in the ASEAN countries, Colgate has taken steps to further enhance its strong market shares and improve profitability. In December, Colgate established a regional research center in the Philippines. Regional sourcing of toothpaste and soap will begin in Spring 1999.

Colgate-China continues to aggressively expand through wider distribution of Colgate toothpaste, the launch of Colgate Total, and a new affordable Colgate toothbrush. Distribution now extends to 250 major cities, over 200 of which have populations exceeding one million people.

In the Philippines, where consumption is beginning to rebound, Colgate has added market share in shampoo and toothpaste.

Market shares also rose significantly in key categories in Malaysia and Australia.

Hill's Pet Nutrition (11% of Company sales)

Hill's continued year-to-date good performances in the fourth quarter. Sales and unit volume each rose 3%, capping a strong year in which units were up 4% and sales increased 3%.

Record new products and record advertising drove growth. Hill's-U.S. has won tremendous veterinarian acceptance of Prescription Diet n/d, the first product clinically proven to improve the quality of life and life expectancy of dogs undergoing cancer treatment. The Hill's Science Diet brand is benefiting from Science Diet Savory Recipes with real meat, Feline Savory Cuts and the national "What Vets Feed Their Pets" ad campaign.

Hill's-International again posted strong gains in the fourth quarter, driven by excellent market share growth in Japan and Europe. New products, higher advertising levels and capacity expansion at the European manufacturing center fueled the growth.

Colgate-Palmolive is a leading global consumer products company, tightly focused on Oral Care, Personal Care, Household Care, Fabric Care and Pet Nutrition. The Company's annual meeting of shareholders is currently scheduled for May 5, 1999. Colgate sells its products in over 200 countries and territories around the world under such internationally recognized brand names as Colgate, Palmolive, Mennen, Softsoap, Protex, Sorriso, Kolynos, Ajax, Axion, Soupline, Suavitel and Fab, as well as Hill's Science Diet and Hill's Prescription Diet pet foods.

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 most recent 8-K) for information about factors which could cause such differences. Copies of these filings may be obtained upon request from the Company's Investor Relations Department.

Colgate-Palmolive Company Summary of Consolidated Results

Three Months and Years Ended December 31, 1998 and 1997 (Dollars in Millions Except Per Share Amounts)

	Fourth Quarter	Fourth Quarter	Years	Years
	1998	1997	1998	1997
Net Sales	\$2,290.2	\$2,311.5	\$8,971.6	\$9,056.7
Cost of Sales	1,097.6	1,131.7	4,290.3	4,461.5
Gross Profit	1,192.6	1,179.8	4,681.3	4,595.2
Selling, General and Administrative Expenses	827.4	848.1	3,258.3	3,309.4
Earnings Before Interest and Taxes	365.2	331.7	1,423.0	1,285.8
Net Interest Expense	38.9	44.2	172.9	183.5
Income Before Income Taxes	326.3	287.5	1,250.1	1,102.3
Provision for Income Taxes	92.1	81.1	401.5	361.9
Net Income	234.2	206.4	848.6	740.4
Preferred Dividends,	5.2	5.3	20.9	21.1
Basic Earnings Per Common Share	\$.78	\$.68	\$2.81	\$2.44
Average Common Shares Outstanding (in millions)	293.1	295.7	295.0	295.3

Diluted earnings per common share were

\$.73 vs. \$.63 in the fourth quarter and \$2.61 vs. \$2.27 in the full year. Average common shares used in the diluted computation were 321.8 vs. 325.6 for the fourth quarter and 324.2 vs. 325.1 in the full year.

The full text of Colgate releases is available: Internet Address: <http://www.colgatepalmolive.com> Shareholder Direct: 1-800-850-2654 E-mail: Investor_Relations@Colpal.com