

Colgate-Palmolive Enhances Its Global Advertising Effectiveness and Efficiency Through the Largest Agency Consolidation in Industry History - All Worldwide Advertising Assigned to Young & Rubicam

New York, N.Y., November 30, 1995 . . . In a major realignment of its global advertising, Colgate-Palmolive today announced the assignment of all of its worldwide media billings to Young & Rubicam, and introduced a new cost-and-performance based compensation structure to enhance creative effectiveness and generate savings which will be invested in additional media.

Reuben Mark, Colgate Chairman and Chief Executive Officer, said, "In September, we announced a worldwide restructuring in manufacturing and administration to improve our ability to operate with greater efficiency and profitability in the global marketplace. The savings generated will not only increase profitability, but will also allow us to invest even more in core brand advertising, which has grown at a compound rate of 10% over the past five years. This agency consolidation, affecting spending of well over a half billion dollars, and the attendant change in agency compensation, is a further step to achieve increased efficiency, agency accountability and ever-improving creativity, while freeing up additional funds for brand-building media."

"To continue our market share growth, we must execute our best advertising strategies and ideas simultaneously around the world. This can best be accomplished by having one truly global and highly motivated partner to serve us everywhere. Y&R is unique in having their own operations in virtually every country," Mr. Mark added.

Consolidation Integral to Corporate Strategy

During the last decade, Colgate implemented a four-pronged corporate strategy, focusing on core categories, operating efficiencies, high margin new products, and innovative approaches to improving advertising effectiveness. This resulted in Colgate trimming their agency roster from numerous local and regional firms to three and then later to two truly global agencies, Young & Rubicam and Foote, Cone & Belding.

During this same period, the company achieved outstanding results: gross margin improved by over 9 percentage points as a percent of sales, earnings per share grew at a compounded annual rate of over 15%, and the value of Colgate stock has appreciated well over 500%.

Mr. Mark added, "Going forward, we expect the very highest level of inspired creativity and total commitment to increased market share and volume. And through an innovative cost and performance based compensation system, the agency will be rewarded for delivering superior in-market results."

"Our excitement is tempered only by the fact that we will lose the services of a world class agency, Foote, Cone & Belding. FCB has been a long-term and valued partner who we respect enormously. We are very grateful for all their excellent work, which has helped build our business around the world over the last decade. This decision is a strategic one, based on our desire for greater efficiencies and the unique geographic fit between Y & R's network and our extensive worldwide locations in over 90 countries. We express our heartfelt thanks to FCB and to their talented people for all they have contributed."

Young & Rubicam Chairman, Peter Georgescu, said, "We are very proud that a company as visionary as Colgate has such confidence in our creative talent and our global organization. We have formed a true partnership with them that will give us added incentive to meet their high expectations."

Advertising for the recently acquired Kolynos line of oral care products in Latin America, which is being run independently of Colgate, will remain with McCann Erickson; Siboney, a subsidiary of True North Communications, will continue as the U.S. Hispanic agency.

Colgate-Palmolive is a leading global consumer products company tightly focused on Oral Care, Personal Care, Household Care, Fabric Care and Pet Nutrition. With on-the-ground operations in over 90 countries around the world, Colgate sells its products in 202 countries and territories under such internationally recognized brand names as Colgate, Palmolive, Mennen, Ajax, Soupline, Suavitel and Fab, as well as Hill's Science Diet and Hill's Prescription Diet pet foods.