

Colgate To Acquire Kolynos Expanding Its #1 Position In Global Oral Care

New York, New York, January 9, 1995 ... Colgate-Palmolive announced that it has agreed to purchase the Kolynos business from American Home Products for \$1.04 billion. Kolynos is a long-established multinational Oral Care business, marketing toothpaste, toothbrushes, mouth rinse and dental floss, with strong market shares in South America. Current-year sales of Kolynos are approximately \$300 million, and have grown at a compound rate of 18% over the last three years.

The acquisition will increase Colgate's worldwide leadership from above 40% to almost 50% market share in its global toothpaste markets, and will increase Colgate worldwide Oral Care sales to almost \$2.5 billion. With Kolynos, Colgate's market share of the overall Latin American toothpaste market will increase significantly above its current level of 54%.

Reuben Mark, Chairman and CEO, said, Kolynos will create significant value for Colgate shareholders; it is a very important strategic acquisition, consistent with our emphasis on further strengthening Colgate's global leadership in Oral Care through increased advertising, innovative new products and acquisitions such as this. The fit is excellent, combining Colgate's powerful Latin American presence with Kolynos' strong business in South America. Kolynos is the Number One toothpaste in Brazil, Latin America's largest economy, and is also Number One in Argentina, Peru and Paraguay. Kolynos also is a leadership brand behind Colgate in Uruguay, Ecuador, Colombia and Bolivia. It was recently introduced in Venezuela, but does not compete in Mexico. In addition, our own Colgate brand is Number One in 34 of the 39 countries in our Latin American Division.

The acquisition of Kolynos will further build our already strong position in Latin America, where toothpaste markets are growing many times faster than they are in the U.S. or Europe. Also, the Kolynos business enjoys gross profit margins higher than the rest of Colgate's businesses, and therefore fits perfectly with our long-standing program of worldwide margin improvement. The incorporation of Colgate's world-class Oral Care technology will provide significant additional benefits to Kolynos as well. "Colgate's business in Latin America has been very strong over the last decade, through good economic times and bad. Company sales in Latin America before Kolynos are \$1.7 billion and have been growing at a compound annual rate of 17% in recent years, with profits growing at an even faster rate.

"The purchase price of \$1.04 billion, to be paid in cash, is expected to have a first-year dilutive effect of less than 5% of total Company earnings. This estimated first-year dilution does not include any synergy or savings that might be available. Shortly thereafter, we expect Kolynos to be an important profit contributor and major growth vehicle.

Kolynos is especially well-established in Brazil, a country of 160 million people with improving economic conditions, declining inflation and an economy which is by far the largest in Latin America. Kolynos, which was established in South America in the 1920s, also has a presence in Greece, Taiwan and Hungary.

Financing is being provided by commercial banks, led by Citibank. Over time, total debt will be reduced from Colgate's ongoing generation of strong cash flow. It is expected that Colgate's purchase will be reviewed by regulatory authorities in certain individual countries, including Brazil and Colombia.

Colgate-Palmolive is a leading global consumer products company, focusing on the core businesses of Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Dietary Care. Colgate markets its products in 194 countries and territories under such strong global brand names as Colgate, Palmolive, Mennen, Ajax, Fab and Softsoap, as well as Hill's Science Diet and Hill's Prescription Diet pet foods.