

Colgate Announces Strong 3Q - EPS up +16% on 6% Worldwide Unit Volume Growth, Gross Profit, Operating Profit & Net Profit Margins Reach Record Highs

New York, New York, October 17, 2002...Colgate-Palmolive Company (NYSE: CL) achieved record sales, net income and earnings per share in the third quarter 2002. Worldwide unit volume rose a better than expected 6.0% and earnings per share grew 16%. Every operating division contributed strong volume gains. Dollar sales rose 3.5%, the largest dollar sales growth in several years. Gross profit margin increased 120 basis points to 54.7%, again exceeding the top end of the Company's target growth range. Operating profit margin increased to a record 21.6% to sales with increases achieved by every operating division. Worldwide dollar-operating profit increased 8%. Excluding the impact of exchange, worldwide sales grew 6% and operating profit increased 13%.

Net income increased 12% to \$330.7 million and earnings per share increased 16% to \$0.57 per diluted share versus \$0.49 per diluted share in third quarter 2001. As previously announced, third quarter 2002 results reflect the Company's adoption of SFAS 142 effective January 1, 2002, which eliminates the amortization of goodwill. Also as previously announced, the non-cash benefit of \$.02 per share in the third quarter from the goodwill elimination was largely offset by increases in non-cash pension and benefit expenses.

Reuben Mark, Colgate's Chairman and CEO said, "Market share gains and new product launches around the world generated even stronger top-line volume growth than expected. Our volume has accelerated sequentially in each quarter of 2002 and this strength should continue into the fourth quarter, driven by our very full new product pipeline around the globe.

"Excellent top-line growth combined with strong gross margin improvement enabled us to again increase worldwide advertising spending, both absolutely and as a percent to sales, while still delivering record profitability and another quarter of double-digit increase in earnings per share. We are delighted that virtually every P&L, balance sheet and cash flow ratio improved during the quarter versus the year ago period.

"Cash profitability continues to increase. Cash flow was up 16% in the third quarter and up 14% for the first nine months to another record. After-tax return on capital set a new all-time record at 34.0% year to date versus 28.7% in the year ago period. Interest coverage ratios have improved even further, and net working capital was reduced to an all-time low during the quarter."

For the first nine months of 2002, diluted earnings per share were \$1.60 versus \$1.40 in the year ago period, up 14%. Net income rose 11% to \$947.4 million. Worldwide unit volume grew 4.0% and sales rose 4%, excluding foreign exchange. After accounting for the strong dollar, sales increased 2.0% to \$6.9 billion.

Mr. Mark said further, "With this excellent momentum we continue to be comfortable with the external sales and earnings per share estimates for fourth quarter 2002, and the outlook for 2003 also appears strong for both the top and bottom lines."

At 11:00 a.m. EDT today, Colgate will host a conference call to further elaborate on third 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:

North America (26% of Company Sales)

Positive growth momentum continued in North America fueled by strong new product activity across categories. Divisional unit volume grew 8.5% with the U.S. up 10% in volume by itself. North American dollar sales increased 5.0% to an all-time high, lower than the rate of volume growth due to a combination of growth-oriented promotional activities including trial-generation devices and new product expenses. In the U.S., consumer takeaway of Colgate brands continued to grow, with retail consumption reaching a record high during the quarter. North American operating profit increased 11% and is largely unaffected by the combination of the goodwill and benefit changes.

Just one month after launch in the U.S., Colgate Simply White achieved over 30% value share of the at-home whitening segment based on ACNielsen national market shares. Colgate's leadership of the U.S. toothpaste market continues with a national ACNielsen value share of 34.4% year to date, with the latest period up to 34.6%. Other innovative new products gaining share across categories include Colgate Total Plus Whitening toothpaste, Colgate 2 in 1 toothpaste and mouthwash, Colgate Motion battery-powered toothbrush for kids, and Softsoap Aromatherapy body wash and liquid hand soap.

The Company's very full new product pipeline in the U.S. will continue to drive growth in the balance of this year and in 2003.

Introductions to the trade for launch in the fourth quarter include Colgate Herbal White toothpaste, Colgate Massager manual toothbrush, Irish Spring Icy Blast deodorant bar soap, Softsoap Floral Essentials body wash, Softsoap Foam Works liquid hand soap for kids, and Mennen Speed Stick 24/7 deodorant, offering non-stop protection for young men's busy lifestyles.

Europe (22% of Company Sales)

Colgate-Europe delivered strong 7.0% unit volume growth in third quarter 2002 driven by the widespread success of new products throughout the region. The United Kingdom, Greece, Russia, Turkey, the Czech Republic and Adria led the way with double-digit volume gains. Healthy increases were also achieved in Italy, Germany, the Nordic group, Spain and Portugal. Dollar sales rose 14.0% versus third quarter 2001 and dollar-operating profit increased 26%. (Dollar-operating profit increased 23% excluding the goodwill change.) In local currencies, sales and operating profit increased 4% and 16%, respectively.

In Western Europe, successful new products gaining market share include Colgate Total Plus Whitening and Colgate Herbal White toothpastes, Colgate 2 in 1 toothpaste and mouthwash, Palmolive Aromatherapy shower gel and bath foam, Palmolive Naturals shampoo, Palmolive Aromatherapy liquid hand soap, Palmolive Soft & Gentle deodorant, Ajax floor wipes and Soupline Lily of the Valley fabric conditioner.

Excellent volume growth throughout Central Europe and Russia was driven by the success of Colgate Total Plus Whitening and Colgate Herbal White toothpastes, Colgate Extra Clean and Colgate Navigator manual toothbrushes, Palmolive Fruit Essentials translucent bar soap, Palmolive Aromatherapy liquid hand soap, Lady Speed Stick boutique scented deodorants and Ajax Fete des Fleurs all-purpose cleaner.

Latin America (22% of Company Sales)

Latin America achieved stronger than expected 3.5% unit volume growth in the third quarter even in the face of challenging economic conditions in the region. Mexico, Venezuela, Ecuador, Central America, Peru, Chile and the Dominican Republic each contributed healthy volume gains. Brazil's volume was greater than expected and was equal to last year's very strong third quarter. Due to currency translation, dollar sales from continuing businesses in Latin America were down 10% versus the year ago period and dollar-operating profit declined 7%. (Dollar-operating profit declined 10% excluding the goodwill accounting change.) In local currencies, continuing sales rose 7% and operating profit increased 9%.

Colgate continues to expand its Oral Care leadership in the region. Recent toothpaste introductions driving growth include Colgate Fresh Confidence Xtreme Red Gel, Colgate Total Plus Whitening, Colgate Triple Action and Colgate Herbal White toothpastes. Other recent oral care introductions contributing to the region's success include Colgate Plus for kids, Colgate Premier Ultra and Colgate Active Flexible manual toothbrushes, and Colgate Motion battery-powered toothbrush. Recent introductions increasing growth in Personal Care are Protex Herbal and Palmolive Naturals bar soaps, Caprice and Palmolive Naturals hair care lines, and Mennen Speed Stick Power of Nature. Highlights in Household Surface Care include Ajax Fiesta de Flores Energy Flowers and Fabuloso Vibrante Naturaleza liquid cleaners.

Asia/Africa (17% of Company Sales)

Unit volume grew 4.5% in Asia/Africa in the third quarter. China, the Philippines, Thailand, Vietnam, Taiwan, Australia, Fiji, New Zealand, South Africa and Morocco each contributed strong volume gains. Dollar sales rose 6.0% versus the year ago period and dollar-operating profit increased 32%. (Dollar-operating profit increased 29% excluding the goodwill accounting change.)

Successful new products driving Oral Care growth in the region include Colgate Total Plus Whitening, Colgate Triple Action, Colgate Herbal and Colgate Herbal White toothpastes, and Colgate Premier Ultra and Colgate Extra Clean manual toothbrushes. In China, for example, Colgate expanded its market leadership in toothpaste with national ACNielsen market share now at 29.5% year to date. In Personal Care, Protex Herbal antibacterial soap and talc drove volume growth throughout the region.

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

Innovative 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 6.5% unit volume growth in the third quarter. This growth is on top of a very strong volume increase of 8.0% in the year ago period. Dollar sales rose 8.0% versus third quarter 2001 and dollar-operating profit increased 14%.

Hill's robust growth in the U.S. specialty retail channel continues to outpace category growth. Off to a great start in the U.S. is Science Diet Nature's Best, an all-natural line of cat and dog food that is being supported with trial-building promotions and in-store activity. Early sell-in of this innovative new product has exceeded expectations, and this success should continue into the

fourth quarter as media support begins.

Hill's International growth was driven by Japan, Australia, New Zealand, Korea, Taiwan, Malaysia, France, the Nordic group, the Netherlands and Eastern Europe. The strong results reflect the continuing success of innovative new products, strong veterinary endorsement and merchandising activities.

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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 and the above-mentioned webcast may contain 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 or the Company's web site on the Internet at www.colgate.com.

Colgate-Palmolive Company Summary of Consolidated Results

Three Months and Nine Months Ended September 30, 2002 and 2001

(In Millions Except Per Share Amounts) (Unaudited)

	Third Quarter		Nine Months	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net Sales	\$2,381.7	\$2,304.9	\$6,873.9	\$6,755.8
Cost of Sales	1,079.1	1,072.5	3,124.5	3,154.8
Gross Profit	1,302.6	1,232.4	3,749.4	3,601.0
Gross Profit Margin	54.7%	53.5%	54.5%	53.3%
Selling, General & Administrative Expenses	788.5	757.0	2,256.8	2,214.5
Operating Profit	514.1	475.4	1,492.6	1,386.5
Operating Profit Margin	21.6%	20.6%	21.7%	20.5%
Net Interest Expense	38.7	43.5	110.7	130.0
Income Before Income Taxes	475.4	431.9	1,381.9	1,256.5
Provision for Income Taxes	144.7	135.7	434.5	405.2
Tax Rate	30.4%	31.4%	31.4%	32.2%
Net Income	330.7	296.2	947.4	851.3
Net Earnings Per Common Share				
Basic	\$.60	\$.52	\$ 1.71	\$ 1.49
Diluted	\$.57	\$.49	\$ 1.60	\$ 1.40
Average Common Shares Outstanding				
Basic	539.4	554.5	544.5	559.9

Diluted	585.0	603.8	591.3	610.0
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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:

- Operating profit, net income, and diluted earnings per share would have been \$488.7, \$307.0, and \$.51, respectively, for the quarter ended September 30, 2001 and \$1,427.4, \$884.3, and \$1.45, respectively, for the nine months ended September 30, 2001.
- Tax rate for third quarter 2001 would have been 31.0% as compared to 30.4% in 2002, and tax rate for the nine months 2001 would have been 31.8% as compared to 31.4% in 2002.