

Colgate Announces Strong 3rd Quarter, Exceeding Expectations - Broad Organic Top-Line Growth - Gross, Operating and Net Margins Improve, Ex-Restructuring Charges

New York, New York, October 25, 2006... Colgate-Palmolive Company (NYSE:CL) today announced excellent worldwide sales and unit volume growth for third quarter 2006, with all five operating divisions reporting sales and profit increases. Worldwide sales and unit volume, as reported, grew 8.0% and 5.5%, respectively. Excluding divestments, worldwide sales and unit volume grew 9.5% and 7.0%, respectively. Global pricing increased 1.5%, and foreign exchange added 1.0%. The very strong top-line growth was supported by record advertising spending, which increased absolutely and as a percent of sales.

Third quarter 2006 results include \$58.5 million of aftertax charges related to the 2004 Restructuring Program. As previously disclosed, effective January 1, 2006, the Company adopted SFAS 123R related to stock-based compensation, which resulted in an incremental \$18.9 million non-cash, aftertax charge in the current quarter or approximately \$.04 per share, with no such charge in 2005. In the year-ago quarter, restructuring charges and Other Items totaled \$22.5 million aftertax (see Table 3 for 2005 details).

As reported, gross profit margin was 55.0%. Excluding restructuring charges, gross profit margin was 56.5%, an all-time record and a 140 basis point improvement versus the year ago period.

Reported net income and diluted earnings per share in third quarter 2006 were \$344.1 million and \$.63, respectively, including the restructuring and incremental stock-based compensation charges noted above. Excluding the above noted items in both periods, net income in the quarter increased 14% versus third quarter 2005 to an all-time record \$421.5 million, and diluted earnings per share increased 15% to \$.77, also an all-time record.

In third quarter 2005, reported net income and diluted earnings per share were \$347.2 million and \$.63, respectively, and net income and diluted earnings per share excluding the above noted items were \$369.7 million and \$.67, respectively.

Operating profit as reported declined 9% versus third quarter 2005. Excluding the above noted items in both periods, operating profit rose 15% to an all-time record level, the largest quarterly increase in more than four years. On the same basis, operating profit margin grew from 19.8% to 21.0% of sales.

Net cash provided by operations year to date increased by 5% and increased in the third quarter by 17% versus the comparable periods of 2005. End of third quarter working capital was unchanged from the prior year at 2.6% of sales.

Reuben Mark, Chairman and CEO said, "We are very pleased with the excellent top and bottom line growth, exceeding expectations and building on the strong growth momentum we saw in the first half. Colgate's fundamentals are strong and getting stronger.

"We are particularly pleased by the 140 basis point improvement in gross profit margin, ex-restructuring charges, the largest quarterly gross profit increase in more than four years. The gross profit increase funded a record level of advertising spending behind Colgate brands worldwide while still generating an all-time record level of operating profit, ex-restructuring and stock-based compensation charges, with every division contributing to the strong results."

Ian Cook, President and COO further commented, "I'm delighted that our brand investment spending continues to pay off. Toothpaste market shares are at a record high here in the U.S. and continue to strengthen in other key countries around the world including Mexico, Brazil, the United Kingdom, Russia, Australia and India. Colgate's share of the manual toothbrush market worldwide also increased during the quarter to another record high."

Mr. Mark continued, "Looking ahead, our global new product pipeline is full for both the balance of the year and throughout 2007. We expect our gross profit margin, before restructuring charges, to be up nicely for the fourth quarter, full year 2006 and next year as well.

"All this adds to our confidence that Colgate will deliver excellent quality double-digit E.P.S. growth for this year, excluding restructuring and stock-based compensation charges, and for 2007 also."

At 11:00 a.m. ET today, Colgate will host a conference call to elaborate on third quarter results. To access this call as a webcast, please go to Colgate's web site at <http://www.colgate.com>.

The following are comments about divisional performance. See attached Geographic Sales Analysis and Segment Information

schedules for additional information on divisional sales and operating profit. The information regarding Europe/South Pacific and Greater Asia/Africa reflects the modified geographic reporting structure implemented by Colgate effective January 1, 2006, as previously disclosed.

North America (21% of Company Sales)

Positive growth continued in North America, fueled by new product sales and market share gains. Sales as reported rose 2.0%, on 2.5% volume growth during the quarter. Sales and unit volume, excluding the divestment of the North American detergent business, grew 5.0% and 5.5%, respectively, to a record level, on top of very strong growth in the year ago period. Positive foreign exchange added 0.5% while pricing declined 1.0%. North American operating profit increased 2% even after the negative profit impact of the detergent divestment and strong commercial spending. Excluding the divestment, operating profit for North America was up 6%.

Colgate's leadership of the U.S. toothpaste market continues to grow, with its ACNielsen market share reaching 37.4% year to date, up 40 basis points versus the year ago period and over three share points ahead of the nearest competitor. The strong growth was led by Colgate Total toothpaste which reached an all-time record high market share of 15.2% during the quarter. Tom's of Maine toothpaste strengthened its leadership in the Naturals market and increased its market share year to date. Colgate's share of the manual toothbrush market is also at a record high at 23.6% year to date, up 100 basis points versus year ago.

In the U.S., new product activity is contributing to growth across categories. Successful new products include Colgate Luminous toothpaste, Colgate 360° manual toothbrush, Palmolive Oxy Plus Odor Eliminator dish liquid, Irish Spring MicroClean bar soap, Softsoap Brand Pure Cashmere moisturizing body wash and liquid hand soap, Fabuloso multi-purpose spray cleaner and Suavitel Ultra fabric conditioner.

Positive growth momentum in the U.S. is expected to continue throughout the year and into 2007 driven by a full pipeline of new product launches. Recent introductions include Softsoap Brand Decorative Collection liquid hand soap with upscale packaging and fragrances and Palmolive Scrub Buster with Micro Beads dish liquid.

Latin America (25% of Company Sales)

Latin American sales grew 15.0% in the third quarter to an all-time record level. Unit volume for the region grew 12.0%. Every country in the region contributed to the strong volume gains, led by Brazil, Mexico, Venezuela, Central America, Colombia and Argentina. Higher pricing contributed 4.0%, partially offset by negative foreign exchange of 1.0%. Latin American operating profit increased 28%, to an all-time record level even after a strong double-digit increase in advertising behind Colgate brands during the quarter.

Colgate continues to build its strong leadership in oral care throughout Latin America with its regional toothpaste market share at a record 73.8% year to date. Toothpaste share gains were achieved in nearly every country and reached record highs in Venezuela, Colombia, Ecuador and Chile. Colgate's regional share of the manual toothbrush market also expanded during the quarter led by strong growth in Mexico, Brazil, Chile and Ecuador.

Colgate Max Fresh toothpaste, Colgate 360° manual toothbrush, Colgate Total and Colgate Anti-Cavity toothpastes, Protex Oats and Protex Propolis bar soaps, Palmolive Nutri-Milk shower gel, Lady Speed Stick Double Defense deodorant, Palmolive Naturals expanded line of hair care products and Palmolive Hydra Natura ActiFirm and Extra Dry body lotions contributed to market share gains in the region.

Europe/South Pacific (25% of Company Sales)

As reported, Europe/South Pacific sales increased 7.0% versus year ago, and unit volume grew 3.0%. Excluding divestments, Europe/South Pacific sales grew 8.0% on volume growth of 4.0%. Pricing was flat and foreign exchange added 4.0%. Volume gains were achieved in Australia, United Kingdom, the Nordic countries, Spain, Italy, France, Greece, Poland, the Czech Republic, Romania, Adria, Hungary and the GABA business. Operating profit for the region grew 13% to an all-time record level even after a significant increase in advertising during the quarter.

Colgate maintained its oral care leadership in Europe led by toothpaste market share gains in the United Kingdom, Spain, Greece, and Ireland. Successful new products driving these gains include Colgate Time Control, Colgate Max Fresh and Colgate Sensitive Multi-Protection toothpastes. Recent innovations contributing to gains in other categories include Colgate 360° manual toothbrush, Colgate Plax Sensitive Gentle Care mouth rinse, Palmolive Naturals with Olive Milk and Palmolive BodYogurt shower gels, Soupline Aromatherapy fabric conditioner and Ajax Professional Degreaser and Ajax Professional Double Power spray cleaners.

New products driving strong market share gains throughout the South Pacific region include Colgate Max Fresh and Colgate Sensitive Multi-Protection toothpastes, Palmolive Naturals with Shea Butter and Palmolive Naturals with Olive Milk shower gels, and Ajax Professional Degreaser and Ajax Double Power spray cleaners.

Greater Asia/Africa (16% of Company Sales)

Greater Asia/Africa sales and unit volume, as reported, increased 5.5% and 2.5%, respectively. Excluding the divestment of the detergent business in Southeast Asia, sales and unit volume for the division grew 10.0% and 7.0%, respectively. Strong volume gains were achieved in nearly every country in the region led by Hong Kong, Malaysia, Thailand, Vietnam, India, Russia, Ukraine, Turkey, the Gulf States, Kenya and South Africa. Colgate sales in Greater China increased 4% with volume up slightly during the quarter, excluding divestments. For the division as a whole, pricing increased 3.0% and foreign exchange was flat. Operating profit for the region increased 13% to a record level, despite a record level of advertising supporting Colgate brands during the quarter.

Colgate strengthened its oral care leadership in the Greater Asia region with 9 out of 14 countries reporting toothpaste market share gains led by India and Russia. Colgate's share of the manual toothbrush market also strengthened throughout the region with nearly every country achieving record high shares in the category. Successful new products driving the oral care growth include Colgate Max Fresh, Colgate Propolis Fresh, Colgate Total Propolis and Darlie Tea Care Mint toothpastes, Colgate 360° manual toothbrush and Colgate MicroSonic battery-powered toothbrush.

New products contributing to growth in other categories in the region include Palmolive Aromatherapy with Propolis shower gel and liquid hand soap, Palmolive Naturals shampoo and conditioner, and Protex Deo 12 bar soap and shower gel.

Hill's (13% of Company Sales)

Innovative new products and veterinary endorsements continue to drive growth at Hill's, a world leader in specialty pet food. Hill's sales and unit volume grew 10.5% and 5.5%, respectively, to a third quarter record level. Pricing increased 5.5% while foreign exchange was relatively flat with the year ago period. Operating profit increased 8% to a record level during the quarter after a strong double-digit increase in advertising.

Innovative new products contributing to growth in the U.S. specialty retail channel during the quarter include Science Diet Lamb Meal & Rice Recipe Large Breed dog food, Science Diet Lamb Meal & Rice Recipe Small Bites dog food and Science Diet Indoor Cat food. In the U.S. veterinary channel, Prescription Diet j/d Canine, a food clinically proven to improve mobility in dogs with arthritis, and the relaunch of Prescription Diet d/d Canine and Feline, which addresses a range of inflammatory skin conditions, continue to succeed.

Internationally, growth was strong led by Belgium, Germany, Denmark, South Africa, Australia, Brazil, Taiwan and Russia. New products contributing to the international growth include Prescription Diet j/d Canine, Prescription Diet Chunks in Gravy pouches and Science Plan Neutered Cat, a new veterinary exclusive diet.

About Colgate-Palmolive: Colgate-Palmolive is a leading global consumer products company, tightly focused on Oral Care, Personal Care, Home 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, Elmex, Tom's of Maine, Ajax, Axion, Soupline, and Suavitel, 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 at <http://www.colgate.com>.

This press release and the related webcast (other than historical information) 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 information set forth under the captions "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" in the Company's Form 10-K for the year ended December 31, 2005) 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 at <http://www.colgate.com>.

Non-GAAP Financial Measures

The following provides information regarding the non-GAAP measures used in this earnings release:

To supplement Colgate's condensed consolidated financial statements presented in accordance with accounting principles generally accepted in the United States of America (GAAP), the Company has disclosed non-GAAP measures of operating results that exclude certain items. Gross profit margin, operating profit, operating profit margin, effective tax rate, net income, and earnings per share are discussed in this release both as reported (on a GAAP basis) and excluding the impact of certain items, which are composed of charges related to the restructuring program that began in the fourth quarter of 2004 and is expected to be substantially completed by 2008 (the "2004 Restructuring Program"), incremental stock-based compensation charges and three "Other Items" pertaining to 2005, as explained below:

- The restructuring charges, which are reported in the corporate segment, include separation-related costs, incremental depreciation and asset write-downs and other costs related to the implementation of the 2004 Restructuring Program. In light of their nature and magnitude, the Company believes these items should be presented separately to enhance an investor's overall understanding of its ongoing operations.

- The incremental stock-based compensation charge, which pertains only to 2006, reflects an incremental non-cash charge associated with the Company's adoption of Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 123R, "Share-Based Payment" (SFAS 123R). The Company adopted SFAS 123R effective January 1, 2006 using the modified prospective transition method and therefore has not restated prior periods' results. However, as required by SFAS 123R, the Company recorded an incremental stock-based compensation charge related to the expensing of stock options and the accelerated expense recognition of restricted stock awards granted to retirement eligible individuals in the results for the three and nine months ended September 30, 2006. To enhance an investor's ability to make period over period comparisons, the Company believes this item should be presented separately for as long as the prior period does not include the charge.
- The three Other Items, which pertain only to 2005, are comprised of the gain on sale of the Company's heavy-duty laundry detergent business in North America, an income tax charge for incremental repatriation of foreign earnings related to the American Jobs Creation Act and a pension charge associated with the remeasurement of certain pension obligations as required by SFAS No. 88, "Employers' Accounting for Settlement and Curtailments of Defined Benefit Pension Plans and for Termination Benefits". The pension charge was a result of the conversion of one of the Company's international pension plans to a defined contribution plan for all eligible participants and a lump sum payment of normal retirement benefits associated with a retirement plan in the United States. The amount of each such excluded item for the three and nine months ended September 30, 2005 is set forth in the table entitled "Supplemental Consolidated Income Statement Information – Components of 2004 Restructuring Program and Other Items" included with this release. In light of their nature and magnitude, the Company believes that these three Other Items should be presented separately to enhance an investor's overall understanding of its ongoing operations.

Management believes these non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of the Company's ongoing operations and are useful for period over period comparisons of such operations. The Company uses these financial measures internally in its budgeting process and as factors in determining compensation. While the Company believes that these financial measures are useful in evaluating the Company's business, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies. See "Consolidated Income Statement and Supplemental Information — Reconciliation Excluding the 2004 Restructuring Program and Other Items" for the three months ended September 30, 2006 and 2005 and the nine months ended September 30, 2006 and 2005 included with this release for a reconciliation of these financial measures to the related GAAP measures.

Sales and unit volume growth, both worldwide and in relevant geographic divisions, and operating profit in certain geographic divisions are discussed in this release both as reported and excluding divestments. Management believes this provides useful information to investors as it allows comparisons of sales growth and volume growth and operating profit from ongoing operations. See "Geographic Sales Analysis, Percentage Changes – Third Quarter 2006 vs. 2005" for a comparison of sales excluding divestments to sales as reported in accordance with GAAP.

The Company defines free cash flow before dividends as net cash provided by operations less capital expenditures. As management uses this measure to evaluate the Company's ability to satisfy current and future obligations, repurchase stock, pay dividends and fund future business opportunities, the Company believes that it provides useful information to investors. Free cash flow before dividends is not a measure of cash available for discretionary expenditures since the Company has certain non-discretionary obligations such as debt service that are not deducted from the measure. Free cash flow before dividends is not a GAAP measurement and may not be comparable to similarly titled measures reported by other companies.

See attached tables for third quarter results:

[Income Statement Reconciliation ex. Restructuring 3 Months](#)

[Income Statement Reconciliation ex. Restructuring 9 Months](#)

[Income Statement Components of the Restructuring](#)

[Balance Sheet](#)

[Cash Flow Statement](#)

[Company Segment Info](#)

[Geographic Sales Analysis](#)