FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 1998.

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[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________________ to _____________________

COMMISSION FILE NUMBER 1-644

COLGATE-PALMOLIVE COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	13-1815595
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

300 PARK AVENUE, NEW YORK, NEW YORK	10022
(Address of principal executive offices)	(Zip Code)

(212) 310-2000
(Registrant's telephone number, including area code)

NO CHANGES
(Former name, former address, and former fiscal year, if changed since last report).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ________

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of the latest practical date:

Class	Shares Outstanding	Date
Common, $1.00 par value	292,808,029	October 31, 1998

Total number of sequentially numbered pages in this filing, including exhibits thereto:

PART I. FINANCIAL INFORMATION

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Net sales	$2,265.4	$2,297.2	$6,681.4	$6,745.2
Cost of sales	1,072.8	1,130.5	3,192.7	3,329.8
Gross profit	1,192.6	1,166.7	3,488.7	3,415.4
Selling, general and administrative expenses	825.1	832.6	2,430.9	2,461.3
Interest expense	52.5	59.9	153.8	176.2
Interest income	(5.8)	(13.3)	(19.8)	(36.9)
Income before income taxes	320.8	287.5	923.8	814.8
Provision for income taxes	105.9	98.9	309.4	280.8
Net income	$ 214.9	$ 188.6	$ 614.4	$ 534.0
Earnings per common share:				
Basic	$ .71	$ .62	$ 2.03	$ 1.76
Diluted	$ .66	$ .58	$ 1.88	$ 1.64
Dividends declared per common share	$ .28	$ .28	$ .83	$ .79

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

ASSETS

	September 30, 1998	December 31, 1997
Current Assets:		
Cash and cash equivalents	$ 210.0	$ 183.1
Marketable securities	16.1	22.2
Receivables (net of allowances of $39.4 and $35.8)	1,107.0	1,037.4
Inventories	775.3	728.4
Other current assets	224.8	225.4
	2,333.2	2,196.5
Property, plant and equipment, at cost:	4,017.0	3,798.4
Less: Accumulated depreciation	1,518.5	1,357.4
	2,498.5	2,441.0
Goodwill and other intangible assets (net of accumulated amortization of $536.2 and $475.0)	2,536.4	2,585.3
Other assets	331.2	315.9
	$7,699.3	$7,538.7

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 1998	December 31, 1997
Current Liabilities:		
Notes and loans payable	$ 176.4	$ 158.4
Current portion of long-term debt	244.6	178.3
Accounts payable	738.4	716.9
Accrued income taxes	165.0	67.0
Other accruals	872.9	838.9
	2,197.3	1,959.5
Long-term debt	2,361.5	2,340.3
Deferred income taxes	282.7	284.5
Other liabilities	781.2	775.8
Shareholders' equity:		
Preferred stock	377.3	385.3
Common stock	366.4	366.4
Additional paid-in capital	1,097.1	1,027.4
Retained earnings	3,495.9	3,138.0
Cumulative foreign currency translation adjustments	(704.1)	(693.7)
	4,632.6	4,223.4
Unearned compensation	(356.2)	(364.5)
Treasury stock, at cost	(2,199.8)	(1,680.3)
	2,076.6	2,178.6
	$ 7,699.3	$ 7,538.7

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND CUMULATIVE TRANSLATION ADJUSTMENT

(Dollars in Millions)
(Unaudited)

	Three Months Ended September 30, 1998			Three Months Ended September 30, 1997		
	Retained Earnings	Cumulative Translation Adjustment	Total	Retained Earnings	Cumulative Translation Adjustment	Total
Beginning balance, July 1	$3,362.9	$(712.2)	$2,650.7	$2,915.9	$(555.1)	$2,360.8
Net income	214.9		214.9	188.6		188.6
Effect of balance sheet translation		8.1	8.1		(63.1)	(63.1)
Total comprehensive income			223.0			125.5
Dividends	(81.9)		(81.9)	(81.8)		(81.8)
Ending balance, September 30	$3,495.9	$(704.1)	$2,791.8	$3,022.7	$(618.2)	$2,404.5

	Nine Months Ended September 30, 1998			Nine Months Ended September 30, 1997		
	Retained Earnings	Cumulative Translation Adjustment	Total	Retained Earnings	Cumulative Translation Adjustment	Total
Beginning balance, January 1	$3,138.0	$(693.7)	$2,444.3	$2,731.0	$(534.7)	$2,196.3
Net income	614.4		614.4	534.0		534.0
Effect of balance sheet translation		(10.4)	(10.4)		(83.5)	(83.5)
Total comprehensive income			604.0			450.5
Dividends	(256.5)		(256.5)	(242.3)		(242.3)
Ending balance, September 30	$3,495.9	$(704.1)	$2,791.8	$3,022.7	$(618.2)	$2,404.5

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions)
(Unaudited)

	Nine Months Ended September 30, 1998	1997
OPERATING ACTIVITIES:		
Net cash provided by operating activities	$ 835.5	$ 760.7
INVESTING ACTIVITIES:		
Capital expenditures	(237.9)	(320.3)
Payments for acquisitions, net of cash acquired	(.7)	(31.0)
Sale of non-core product lines	58.9	61.1
Proceeds from sale of marketable securities, net	5.4	26.0
Other, net	(13.8)	3.9
Net cash used for investing activities	(188.1)	(260.3)
FINANCING ACTIVITIES:		
Principal payments on debt	(372.1)	(300.7)
Proceeds from issuance of debt, net	452.4	117.3
Purchase of common stock	(423.2)	(108.3)
Dividends paid	(256.5)	(242.3)
Other, net	(22.8)	16.0
Net cash used for financing activities	(622.2)	(518.0)
Effect of exchange rate changes on cash and cash equivalents	1.7	(3.2)
Net increase/(decrease)in cash and cash equivalents	26.9	(20.8)
Cash and cash equivalents at beginning of period	183.1	248.2
Cash and cash equivalents at end of period	$ 210.0	$ 227.4

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions Except Per Share Amounts)
(Unaudited)

1. The condensed consolidated financial statements reflect all normal recurring adjustments which, in management's opinion, are necessary for a fair presentation of the results for interim periods. Results of operations for the interim periods may not be representative of results to be expected for a full year.

2. Provision for certain expenses, including income taxes, media advertising, consumer promotion and new product introductory costs, are based on full year assumptions. Such expenses are charged to operations in the year incurred and are included in the accompanying condensed consolidated financial statements in proportion with the passage of time or with estimated annual tax rates or annual sales.

3. Inventories by major classes were as follows:

	September 30, 1998	December 31, 1997
Raw material and supplies	$279.3	$261.0
Work-in-process	33.6	33.5
Finished goods	462.4	433.9
	$775.3	$728.4

4. Earnings Per Share:

	Three Months Ended					
	September 30, 1998			September 30, 1997		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	$214.9			$188.6		
Preferred dividends	(5.2)			(5.2)		
Basic EPS	209.7	295.3	$ .71	183.4	295.9	$ .62
Stock options		6.4			7.2	
ESOP conversion	4.6	22.5		4.6	23.0	
DILUTED EPS	$214.3	324.2	$ .66	$188.0	326.1	$ .58

(Dollars in Millions Except Per Share Amounts)
(Unaudited)

	Nine Months Ended					
	September 30, 1998			September 30, 1997		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	$614.4			$534.0		
Preferred dividends	(15.7)			(15.7)		
Basic EPS	598.7	295.7	$2.03	518.3	295.3	$1.76
Stock options		6.9			6.8	
ESOP conversion	13.8	22.4		13.8	23.0	
DILUTED EPS	$612.5	325.0	$1.88	$532.1	325.1	$1.64

5. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The statement establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Statement 133 is effective, prospectively, for fiscal years beginning after June 15, 1999. The Company is currently evaluating the effect of adopting Statement 133 on the Company's financial statements.

6. On September 8, 1998, one of the Company's Brazilian subsidiaries, Kolynos do Brasil Ltda. ("Kolynos"), received notice of an administrative proceeding from the Central Bank of Brazil. The notice primarily takes issue with certain filings made with the Central Bank in connection with financing arrangements related to the acquisition of Kolynos in January 1995. The Central Bank seeks to impose fines prescribed by statute, and it, in no way, challenges or seeks to unwind the acquisition.

   Management believes, based on the opinion of its Brazilian legal counsel, that the filings challenged by the Central Bank fully complied with Brazilian law and that the issues raised in the notice are without merit. While the outcome of this proceeding is not currently predictable, management does not believe that it will result in a material adverse effect on the Company's financial condition or ongoing cash flows and results of operations.

7. Reference is made to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year 1997 for a complete set of financial notes including the Company's significant accounting policies.

COLGATE-PALMOLIVE COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

RESULTS OF OPERATIONS

Worldwide sales reached $2,265.4 in the third quarter of 1998, a 1% decrease from the 1997 third quarter, reflecting a decline in foreign currencies offset by unit volume gains of 3%. Excluding the negative effect of foreign exchange, sales would have increased 6%.

Sales in the Oral, Personal and Household Care segment were $2,019.6 down 2% from 1997 on volume growth of 2%.

Colgate-Latin America sales remained flat at $595.6 as volume increases of 7% were offset by foreign currency negatives. Mexico, Brazil, Colombia, and Central America led the region with strong volume gains. The continued marketing success of Colgate Double Cool Stripe toothpaste, Colgate Sensation whitening toothpaste, Caprice Naturals and Palmolive Botanicals hair care products and consumption-building programs all contributed to volume growth.

Colgate-North America sales reached $530.8 in the third quarter of 1998. Sales and volume, excluding divested businesses, grew 6%. Contributing to strong growth are the continued marketing success of Colgate Total toothpaste, Softsoap antibacterial hand gel, Speed Stick Ultimate odor-fighting antiperspirant, and Lady Speed Stick gel.

Colgate-Europe third quarter sales were level at $520.6. Unit volume declined 1% reflecting economic contraction in Russia. United Kingdom, Italy, Portugal, Holland and the Nordic group were among the countries delivering strong volume. Excluding Russia's volume decline, volume in Europe would have been up approximately 1%.

Colgate-Asia/Africa third quarter sales decreased 13% to $372.6, reflecting devalued local currencies and widespread economic contraction in this region. Overall unit volume, excluding divested business, decreased 2%, partially offset by healthy volume growth in China, Taiwan, Philippines, Vietnam and Australia.

Hill's Pet Nutrition segment sales increased 6% to $245.8 on unit volume gains of 7%. Hill's-International benefited from new products, increased advertising in Japan and expanded selling activities in key European markets and the South Pacific. Hill's has experienced new product momentum particularly with Science Diet Savory Recipes, Feline Savory Cuts and new Prescription Diet Canine n/d formulas through increased consumer awareness.

Sales in the Oral, Personal and Household Care segment for the nine months ended September 30, 1998 were $5,961.5, down 1% from the comparable period in 1997 on volume growth of 3%. Within this segment, Colgate-Latin America sales increased 3% on volume growth of 8%, Colgate-North America sales excluding divested businesses increased 7% on volume growth of 6%. Colgate-Europe sales decreased 1% on volume growth of 2% and Colgate-Asia/Africa sales declined 14% as unit volume decreased 2%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Worldwide gross profit margin for the third quarter of 1998 increased to 52.6% from 50.8% as the Company continued to benefit from product mix, streamlining manufacturing costs, global sourcing and other cost reduction programs. Gross profit margin for the first nine months increased to 52.2% from 50.6%.

Selling, general and administrative (SG&A) expenses were generally level with prior periods as a percentage of sales, increasing to 36.4% in the third quarter of 1998 from 36.2% in 1997, and decreasing to 36.4% in the first nine months of 1998 from 36.5% for the comparable period in 1997.

During the quarter the Company recorded a one-time charge, primarily covering a writedown of assets in Russia, which was offset by a one-time gain of $26 million on the sale of the U.S. HandiWipes brand.

Earnings before interest and taxes (EBIT) increased 10% to $367.5 in the 1998 third quarter, and reached a level of 16.2% of sales versus 14.5% in the third quarter of 1997. For the first nine months of 1998 EBIT increased 11% to $1,057.8, a level of 15.8% of sales as compared to 14.1% in 1997.

Interest expense, net of interest income, remained level at $46.7 in the 1998 third quarter as compared with $46.6 in 1997. For the first nine months of 1998, interest expense decreased to $134.0 compared with $139.3 in 1997 primarily as a result of strong operating cash flows which helped to lower debt levels.

The effective tax rate for the third quarter of 1998 was 33% versus 34.4% for the third quarter of 1997. The effective rate for the first nine months of 1998 was 33.5% versus 34.5% for the same period in 1997. The rate in 1998 reflects continued benefits from the Company's tax planning strategies.

Net income for the third quarter of 1998 increased 14% to $214.9 or $.71 per share compared with $188.6 or $.62 per share in the prior year. For the first nine months of 1998, net income increased 15% to $614.4 or $2.03 per share compared with $534.0 or $1.76 per share in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operations increased 10% to $835.5 in the first nine months of 1998 compared with $760.7 in the comparable period of 1997. The improvement was generated by the increase in operating profit and working capital management. At September 30, 1998, commercial paper outstanding was $793.9, which was classified as long-term debt due to the Company's intent and ability to refinance these obligations on a long-term basis. The ratio of net debt to total capitalization (defined as the ratio of the book values of debt less cash and marketable securities ["net debt"] to net debt plus equity) increased to 55% as compared to December 31, 1997, at 53%.

Reference should be made to the 1997 Annual Report on Form 10-K for additional information regarding liquidity and capital resources.

YEAR 2000 UPDATE

The Company has developed plans to address the possible exposures related to the year 2000 on the Company's internal systems and equipment. In the critical area of internal operating systems, in 1994 the Company decided to convert its worldwide business systems to SAP which is year 2000 compliant. The Company's conversion to SAP is progressing on schedule, with conversion in operations representing 70% of the Company's global business to be complete by the first quarter of 1999. When completed, the Company's investment in SAP systems will cumulatively total approximately $430 million, half of which will be capitalized and the remainder expensed as incurred. The computer systems and embedded microprocessors and control systems in all operations are planned to be made compliant by June 30, 1999.

The Company is also in discussions with suppliers and customers to assess the potential impact on operations in the event their systems are not made compliant.

The first two phases of the year 2000 project plan -- forming teams at the corporate, division and subsidiary levels worldwide, and the inventory of systems and equipment -- were complete at July 31, 1998. The third phase, risk assessment and contingency planning, is substantially complete with respect to all internal computing systems and embedded chips and is underway with respect to critical external business partners.

The fourth phase, planned to be substantially completed by the end of the first quarter 1999, will be to accomplish systems testing, remediation, and contingency plans regarding critical systems, equipment and business partners with a high risk assessment. Contingency planning for suppliers will include backup procedures, alternative suppliers and possibly increases in inventory levels. All remaining testing and plan implementation is scheduled to be substantially completed by mid-year 1999 in the fifth phase of the project. Progress against project plan timelines is monitored through a system of internal reporting and is presented to senior management and the Audit Committee of the Board of Directors or the full Board on a frequent basis.

The Company currently estimates that the total incremental cost, including external contractor costs, costs to modify existing systems and costs of internal resources dedicated to preparing for the year 2000 to be approximately $30 million, of which 30% has been spent to date. These costs are charged to expense as incurred and are incremental to the above noted investment in SAP systems which were previously planned and in the process of being implemented.

The Company is taking steps to prevent major interruptions in the business related to year 2000 issues. The effect, if any, if the Company, its suppliers or the public sector are not fully year 2000 compliant is not reasonably estimable. The Company believes, however, that the successful completion of its year 2000 project will significantly reduce the risk of a major business interruption due to year 2000 failures.

YEAR 2000 UPDATE (CONTINUED)

Readers are cautioned that forward-looking statements made in the Year 2000 Update are based on management's estimates, assumptions and projections. Some of the factors that could cause actual results to differ materially from expectations expressed in the Company's forward-looking statements are described in the Company's Form 8-K filed with the Securities and Exchange Commission on November 13, 1998 under the caption "Cautionary Statement on Forward-Looking Statements". These factors include, but are not limited to, the risks associated with international operations, the activities of competitors, retail trade practices, the success of new product introductions, cost pressures and manufacturing and environmental matters.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On September 8, 1998, one of the Company's Brazilian subsidiaries, Kolynos do Brasil Ltda. ("Kolynos"), received notice of an administrative proceeding from the Central Bank of Brazil, citing Articles 1,3,9,23 and 58 of Law No. 4131 dated September 3, 1962 and related circular letters, which address foreign capital registration and foreign exchange transactions. The notice primarily takes issue with certain filings made with the Central Bank in connection with financing arrangements related to the acquisition of Kolynos in January 1995, which is described in the Company's Form 8-K dated January 10, 1995. The Central Bank's sole remedy is to seek to impose fines prescribed in the above-referenced statutes, and it, in no way, challenges or seeks to unwind the acquisition.

Management believes, based on the opinion of its Brazilian legal counsel, that the filings challenged by the Central Bank fully complied with Brazilian law and that the issues raised in the notice are without merit. The Company intends to defend its position and cooperate with the Brazilian banking authorities to seek a satisfactory resolution of this matter.

For information regarding other legal matters refer to Note 17 to the consolidated financial statements on page 35 of the registrant's Annual Report on Form 10-K for the year ended December 31, 1997.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 12 Ratio of Earnings to Fixed Charges.

Exhibit 27 Financial Data Schedule.

(b) Reports on Form 8-K.

None.

The exhibits indicated above which are not included with the Form 10-Q are available upon request and payment of a reasonable fee approximating the registrant's cost of providing and mailing the exhibits. Inquiries should be directed to:

Colgate-Palmolive Company
Office of the Secretary (10-Q Exhibits)
300 Park Avenue
New York, NY 10022-7499

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLGATE-PALMOLIVE COMPANY
(Registrant)

Principal Financial Officer:

November 13, 1998 /s/ Stephen C. Patrick

Stephen C. Patrick
Chief Financial Officer

Principal Accounting Officer:

November 13, 1998 /s/ Dennis J. Hickey

Dennis J. Hickey
Vice President and
Corporate Controller

EXHIBIT 12

COLGATE-PALMOLIVE COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

DOLLARS IN MILLIONS (Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30, 1998
Income before income taxes	$ 923.8
ADD:	
Interest on indebtedness and amortization of debt expense and discount or premium	153.9
Portion of rents representative of interest factor	23.6
Interest on ESOP debt, net of dividends	2.4
LESS:	
Income of less than fifty-percent-owned subsidiaries	(3.8)
Income as adjusted	$1,099.9
FIXED CHARGES:	
Interest on indebtedness and amortization of debt expense and discount or premium	153.9
Portion of rents representative of interest factor	23.6
Interest on ESOP debt, net of dividends	2.4
Capitalized interest	7.4
Total fixed charges	$ 187.3
Ratio of earnings to fixed charges	5.9

In June 1989, the Company's leveraged employee stock ownership plan ("ESOP") issued $410.0 of long-term notes due through 2009 bearing an average interest rate of 8.6%. These notes are guaranteed by the Company. Interest incurred on the ESOP's notes for the nine months ended was $24.6. This interest is funded through preferred and common stock dividends. The fixed charges presented above include interest on ESOP indebtedness to the extent it is not funded through preferred and common stock dividends.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
QUARTERLY REPORT ON FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
210
16
1,146
39
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1,519
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614
2.03
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