

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 30, 1999.

OR

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

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 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	582,581,242	October 31, 1999

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,	
	1999	1998	1999	1998
Net sales	\$2,314.0	\$2,265.4	\$6,774.3	\$6,681.4
Cost of sales	1,060.4	1,072.8	3,133.5	3,192.7
Gross profit	1,253.6	1,192.6	3,640.8	3,488.7
Selling, general and administrative expenses	852.0	825.1	2,484.5	2,430.9
Interest expense	54.3	52.5	162.8	153.8
Interest income	(10.5)	(5.8)	(28.9)	(19.8)
Income before income taxes	357.8	320.8	1,022.4	923.8
Provision for income taxes	118.1	105.9	345.7	309.4
Net income	\$ 239.7	\$ 214.9	\$ 676.7	\$ 614.4
Earnings per common share:				
Basic	\$.40	\$.35	\$ 1.13	\$ 1.01
Diluted	\$.38	\$.33	\$ 1.06	\$.94
Dividends declared per common share	\$.16	\$.14	\$.43	\$.41

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

ASSETS -----	September 30, 1999 -----	December 31, 1998 -----
Current Assets:		
Cash and cash equivalents	\$ 262.5	\$ 181.7
Marketable securities	9.8	12.8
Receivables (net of allowances of \$36.7 and \$35.9)	1,154.9	1,085.6
Inventories	791.1	746.0
Other current assets	212.2	218.8
	-----	-----
	2,430.5	2,244.9
Property, plant and equipment, at cost:	4,094.9	4,127.3
Less: Accumulated depreciation	1,617.2	1,538.1
	-----	-----
	2,477.7	2,589.2
Goodwill and other intangible assets (net of accumulated amortization of \$559.9 and \$556.7)	2,184.7	2,524.1
Other assets	348.3	327.0
	-----	-----
	\$7,441.2	\$7,685.2
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 1999	December 31, 1998
	-----	-----
Current Liabilities:		
Notes and loans payable	\$ 199.1	\$ 175.3
Current portion of long-term debt	423.0	281.6
Accounts payable	744.1	726.1
Accrued income taxes	67.4	74.2
Other accruals	927.8	857.2
	-----	-----
	2,361.4	2,114.4
Long-term debt	2,187.1	2,300.6
Deferred income taxes	515.7	448.0
Other liabilities	678.5	736.6
Shareholders' Equity:		
Preferred stock	368.9	376.2
Common stock	732.9	732.9
Additional paid-in capital	865.1	824.6
Retained earnings	4,053.2	3,641.0
Cumulative foreign currency translation adjustments	(1,129.5)	(799.8)
	-----	-----
	4,890.6	4,774.9
Unearned compensation	(348.7)	(355.5)
Treasury stock, at cost	(2,843.4)	(2,333.8)
	-----	-----
	1,698.5	2,085.6
	-----	-----
	\$ 7,441.2	\$ 7,685.2
	=====	=====

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,	
	1999	1998
<hr/>		
Operating Activities: -----		
Net cash provided by operating activities	\$ 964.1	\$ 835.5
Investing Activities: -----		
Capital expenditures	(225.1)	(237.9)
Payments for acquisitions, net of cash acquired	(44.1)	(0.7)
Sale of non-core product lines	91.5	50.3
Investments in marketable securities and other investments	17.2	14.0
Other	(23.5)	(13.8)
	(184.0)	(188.1)
Net cash used for investing activities		
Financing Activities: -----		
Principal payments on debt	(370.3)	(372.1)
Proceeds from issuance of debt	408.5	452.4
Purchase of common stock	(466.8)	(423.2)
Dividends paid	(264.5)	(256.5)
Other	(4.4)	(22.8)
	(697.5)	(622.2)
Net cash used for financing activities		
Effect of exchange rate changes on cash and cash equivalents	(1.8)	1.7
	80.8	26.9
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	181.7	183.1
	\$ 262.5	\$ 210.0
Cash and cash equivalents at end of period	=====	=====

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

- 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.
- 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.
- Inventories by major classes were as follows:

	September 30, 1999	December 31, 1998
	-----	-----
Raw material and supplies	\$242.1	\$257.9
Work-in-process	37.8	32.9
Finished goods	511.2	455.2
	-----	-----
	\$791.1	\$746.0
	=====	=====

4. Earnings Per Share:

	Three Months Ended					
	September 30, 1999			September 30, 1998		
	Income	Shares	Per Share	Income	Shares	Per Share
	-----	-----	-----	-----	-----	-----
Net income	\$239.7			\$214.9		
Preferred dividends	(5.3)			(5.3)		
	-----			-----		
Basic EPS	234.4	582.8	\$.40	209.6	590.6	\$.35
			=====			=====
Stock options		11.9			12.8	
ESOP conversion	5.2	43.8		4.7	44.9	
	----	-----		----	-----	
Diluted EPS	\$239.6	638.5	\$.38	\$214.3	648.3	\$.33
	=====	=====	=====	=====	=====	=====

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Nine Months Ended

	September 30, 1999			September 30, 1998		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	\$676.7			\$614.4		
Preferred dividends	(15.7)			(15.7)		
Basic EPS	661.0	583.5	\$1.13	598.7	591.3	\$1.01
Stock options		12.3			14.0	
ESOP conversion	14.3	44.2		13.8	44.8	
Diluted EPS	\$675.3	640.0	\$1.06	\$612.5	650.1	\$.94

5. Comprehensive income

Comprehensive income is comprised primarily of net earnings and currency translation gains and losses. Total comprehensive income for the three months and nine months ended September 30, 1999 and 1998 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
Net income	\$239.7	\$214.9	\$ 676.7	\$614.4
Foreign currency translation adjustment due to devaluation of Brazilian Real	(41.5)	-	(278.0)	-
Other foreign currency translation adjustments	(10.8)	8.1	(51.7)	(10.4)
Total comprehensive income	\$187.4	\$223.0	\$ 347.0	\$604.0

The charge to cumulative translation adjustment resulting from the devaluation of the Brazilian Real in the three months and nine months ended September 30, 1999 related to foreign currency denominated goodwill and property, plant and equipment and did not include economic losses on monetary assets.

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

6. Segment Information -

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
Net Sales				
North America	\$ 538.1	\$ 530.8	\$1,606.3	\$1,540.5
Latin America	593.8	595.6	1,741.9	1,782.7
Europe	529.0	532.6	1,525.9	1,553.7
Asia/Africa	386.8	360.6	1,125.6	1,084.6
Total Oral, Personal and Household Care	2,047.7	2,019.6	5,999.7	5,961.5
Total Pet Nutrition	266.3	245.8	774.6	719.9
Net Sales	\$2,314.0	\$2,265.4	\$6,774.3	\$6,681.4
Earnings by Business Segment				
North America	\$ 100.9	\$ 100.0	\$ 317.0	\$ 289.7
Latin America	135.8	113.7	393.8	374.4
Europe	97.0	80.5	269.0	235.5
Asia/Africa	41.1	36.6	126.4	119.7
Total Oral, Personal and Household Care	374.8	330.8	1,106.2	1,019.3
Total Pet Nutrition	56.2	43.5	151.7	122.6
Corporate	(29.4)	(6.8)	(101.6)	(84.1)
Earnings before interest and taxes	401.6	367.5	1,156.3	1,057.8
Interest expense, net	(43.8)	(46.7)	(133.9)	(134.0)
Income before income taxes	\$ 357.8	\$ 320.8	\$1,022.4	\$ 923.8

7. On May 5, 1999, the Company's Board of Directors approved a two-for-one common stock split effected in the form of a 100% stock dividend. As a result of the split, shareholders received one additional share of common stock for each share they held as of May 19, 1999, which was distributed June 30, 1999. Par value remained at \$1 per share. All share and per share amounts contained in the Condensed Consolidated Financial Statements and Exhibits have been restated to give effect to the stock split.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

8. In June 1999, the Financial Accounting Standards Board deferred the effective date of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" to fiscal years beginning after June 15, 2000. 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. The statement is not expected to have a material impact on the Company's financial position, results of operations or cash flows.
9. Reference is made to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year 1998 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 \$2,314.0 in the third quarter of 1999, a 2% increase from the 1998 third quarter, reflecting unit volume gains of 6% offset by a decline in foreign currencies. Sales in the Oral, Personal and Household Care segment were \$2,047.7, up 1% from 1998 on volume growth of 5%.

Colgate-Latin America sales were level at \$593.8 on volume increases of 5%, offset by foreign currency negatives. Mexico, Venezuela, Colombia and Central America led the region with strong volume gains. The success of products such as Colgate Double Cool Stripe toothpaste and Colgate Sensation whitening toothpaste, as well as the rollout of new products such as Lady Speed Stick gel and Palmolive liquid hand soap contributed to volume growth throughout the region.

Colgate-North America sales reached \$538.1 in the third quarter of 1999. Sales and volume, excluding divested businesses, grew 4% and 6%, respectively. Contributing to strong growth is the continued marketing success of Colgate Total and Colgate Total Fresh Stripe toothpaste coupled with the launch of Speedstick Clear antiperspirant and Colgate Navigator toothbrush in the third quarter.

Colgate-Europe third quarter sales decreased less than 1% to \$529.0 on unit volume increases of 6% offset by foreign exchange declines. Italy, Germany, United Kingdom and France were among the countries delivering strong volume during the quarter as a result of increased sales of new Ajax cleaning products and Palmolive shower gels.

Colgate-Asia/Africa third quarter sales increased 7% to \$386.8. The strong performance is attributed to rebounding economies in the ASEAN countries and strong growth in China and India. Volume increased 9% with the strongest gain in China as a result of continued geographic expansion and new product launches in Oral Care.

Hill's Pet Nutrition segment sales increased 8% to \$266.3 on unit volume gains of 9%. Hill's has experienced new product momentum particularly with the continued success of Science Diet Hairball Control for cats and new Prescription Diet formulas for the dietary management of pets with liver and renal disease. Hill's-International benefited from new products, increased advertising in Japan, expanded selling activities in key European markets and significant cost savings projects.

For the nine months of 1999, sales increased 2% to \$6,774.3 on 4% unit volume growth. Sales in the Oral, Personal and Household Care segment for the nine months ended September 30, 1999 were \$5,999.7, up 1% from the comparable period in 1998 on volume growth of 3%. Within this segment, Colgate-Latin America sales decreased 2% on volume growth of 2%, Colgate-North America sales excluding divested businesses increased 6% on volume growth of 8%, Colgate-Europe sales decreased 2% on volume growth of 1% and Colgate-Asia/Africa sales increased 4% as unit volume increased 6%. Hill's sales increased 8% on 8% volume growth.

COLGATE-PALMOLIVE COMPANY
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 1999 increased to 54.2% from 52.6% in 1998 as the Company continued to benefit from streamlining manufacturing costs, global sourcing and other cost reduction programs. Gross profit margin for the first nine months of 1999 increased to 53.7% from 52.2% in 1998.

Selling, general and administrative (SG&A) expenses as a percentage of sales, rose slightly compared with prior periods, increasing to 36.8% in the third quarter of 1999 from 36.4% in 1998, and increasing to 36.7% in the first nine months of 1999 from 36.4% for the comparable period in 1998, due to increased Year 2000, restructuring and SAP implementation costs.

Earnings before interest and taxes (EBIT) increased 9% to \$401.6 in the 1999 third quarter, and reached a level of 17.4% of sales versus 16.2% in the third quarter of 1998. For the first nine months of 1999 EBIT increased 9% to \$1,156.3, a level of 17.1% of sales as compared to 15.8% in 1998.

Interest expense, net of interest income, decreased to \$43.8 in the 1999 third quarter as compared with \$46.7 in 1998 due to increased cash generation. For the first nine months of 1999, interest expense remained level at \$133.9 compared with \$134.0 in 1998.

The effective tax rate for the third quarter of 1999 and 1998 remained level at 33.0%. The effective rate for the first nine months of 1999 was 33.8% versus 33.5% for the same period in 1998. The 33.8% rate reflects the Company's current estimate of its full year effective income tax rate which is slightly higher than the 1998 full year rate. The rate in both 1999 and 1998 benefited from global tax planning strategies, including the realization of tax credits.

Net income for the third quarter of 1999 increased 12% to \$239.7 or \$0.40 per share compared with \$214.9 or \$0.35 per share in the prior year. For the first nine months of 1999, net income increased 10% to \$676.7 or \$1.13 per share compared with \$614.4 or \$1.01 per share in the prior year. Fully diluted earnings per share increased 15% in the third quarter and 13% in the nine months of 1999.

Liquidity and Capital Resources

Net cash provided by operations increased 15.4% to \$964.1 in the first nine months of 1999 compared with \$835.5 in the comparable period of 1998. The improvement was generated by the increase in operating profit and working capital management. At September 30, 1999, \$610.4 of commercial paper was classified as long-term debt in accordance with the Company's intent and ability to refinance these obligations on a long-term basis.

Reference should be made to the 1998 Annual Report on Form 10-K for additional information regarding liquidity and capital resources.

COLGATE-PALMOLIVE COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Year 2000 Update

The Company's plans developed to address the possible exposures related to the year 2000 on the Company's operations were outlined in the 1998 Form 10-K. The Company has completed its conversions to SAP, which is year 2000 compliant. Furthermore, the Company's computer systems supporting all of the Company's operations have either been converted to SAP (or other year 2000 compliant software) or remediated to be year 2000 compliant.

The year 2000 project plan has not been materially changed and has progressed in accordance with previously identified time schedules outlined in the 1998 Form 10-K. Specifically, all five phases of the plan are complete with respect to the system testing, remediation, certification and contingency plans for critical internal systems. In addition, we have been working closely with our business critical suppliers to ensure that we can continue to meet consumer demand. Progress against project plan timelines was and continues to be monitored through a system of internal reporting and is presented, along with the implementation of year 2000 transition plans, to senior management and the Audit Committee of the Board of Directors or the full Board on a frequent basis.

The Company currently estimates 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 over 90% has been spent to date. These costs are charged to expense as incurred and are incremental to the investment in SAP systems.

Readers are cautioned that forward-looking statements made in Management's Discussion and Analysis 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

For information regarding legal matters refer to Note 16 to the consolidated financial statements on page 37 of the registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

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 12, 1999

/s/ Stephen C. Patrick

Stephen C. Patrick
Chief Financial Officer

Principal Accounting Officer:

November 12, 1999

/s/ Dennis J. Hickey

Dennis J. Hickey
Vice President and
Corporate Controller

COLGATE-PALMOLIVE COMPANY

 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Dollars in Millions (Unaudited)

	Nine Months Ended September 30, 1999
Income before income taxes	\$1,022.4
Add:	
Interest on indebtedness and amortization of debt expense and discount or premium	162.8
Portion of rents representative of interest factor	25.7
Interest on ESOP debt, net of dividends	2.3
Less:	
Income of less than fifty-percent-owned subsidiaries	(4.0)

Income as adjusted	\$1,209.2 =====
Fixed Charges:	
Interest on indebtedness and amortization of debt expense and discount or premium	162.8
Portion of rents representative of interest factor	25.7
Interest on ESOP debt, net of dividends	2.3
Capitalized interest	5.3

Total fixed charges	\$ 196.1 =====
Ratio of earnings to fixed charges	6.2 =====

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 8.7%. These notes are guaranteed by the Company. Interest incurred on the ESOP's notes for the nine months ended was \$24.0. 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, 1999 and is qualified in its entirety by reference to such financial statements.

1,000,000

9-MOS	DEC-31-1999	
	JAN-01-1999	
	SEP-30-1999	263
		10
		1,192
		37
		791
	2,431	4,095
	1,617	
	7,441	
2,361		
		2,187
0		369
		733
		597
7,441		6,774
	6,774	3,134
	2,485	
	0	
	0	
	134	
	1,022	
		346
677		
	0	
	0	
		0
	677	
	1.13	
	1.06	