

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 June 30, 1996.

OR

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
No.)
incorporation or organization)

(I.R.S. Employer Identification

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	----- ----- 146,858,912	----- ----- July 31, 1996

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 June 30, -----		Six Months Ended June 30, -----	
	1996 ----	1995 ----	1996 ----	1995 ----
Net sales	\$2,167.3	\$2,090.7	\$4,221.0	\$4,071.0
Cost of sales	1,106.3	1,110.6	2,156.7	2,121.0
Gross profit	1,061.0	980.1	2,064.3	1,950.0
Selling, general and administrative expenses	780.5	714.5	1,514.3	1,399.7
Interest expense	58.3	57.5	114.7	110.6
Interest income	(5.2)	(8.8)	(14.5)	(17.9)
Income before income taxes	227.4	216.9	449.8	457.6
Provision for income taxes	78.5	73.7	157.4	157.9
Net income	\$ 148.9	\$ 143.2	\$ 292.4	\$ 299.7
Earnings per common share:				
Primary	\$.98	\$.95	\$ 1.93	\$ 2.00
Assuming full dilution	\$.92	\$.88	\$ 1.80	\$ 1.85
Dividends declared per common share*	\$ -	\$ -	\$.94	\$.82

* Includes two dividend declarations in the six month periods.

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

ASSETS

31,	June 30, 1996 -----	December 1995 -----
Current Assets:		
Cash and cash equivalents	\$ 189.8	\$ 208.8
Marketable securities	69.7	47.8
Receivables (net of allowances of \$31.2 and \$31.9)	1,164.7	1,116.9
Inventories	817.8	774.8
Other current assets	256.8	211.9
	2,498.8	2,360.2
	-----	-----
Property, Plant and Equipment:		
Cost	3,766.5	3,599.4
Less: Accumulated depreciation	1,508.6	1,444.2
	2,257.9	2,155.2
	-----	-----
Goodwill and other intangible assets (net of accumulated amortization of \$341.2 and \$295.3)	2,753.7	2,741.7
Other assets	381.6	385.2
	\$7,892.0	\$ 7,642.3
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

31,	June 30,	December
-----	1996	1995
-----	-----	-----
Current Liabilities:		
Notes and loans payable	\$ 272.5	\$ 204.4
Current portion of long-term debt	90.3	37.0
Accounts payable	771.9	738.7
Accrued income taxes	71.9	76.7
Other accruals	685.1	696.3
	-----	-----
	1,891.7	1,753.1
	-----	-----
Long-term debt	2,970.6	2,992.0
Deferred income taxes	230.9	237.3
Other liabilities	969.6	980.1
Shareholders' Equity:		
Preferred Stock	399.9	403.5
Common Stock	183.2	183.2
Additional paid-in capital	1,054.3	1,033.7
Retained earnings	2,536.9	2,392.2
Cumulative foreign currency translation adjustments	(531.1)	(513.0)
	-----	-----
	3,643.2	3,499.6
Unearned compensation	(374.6)	(378.0)
Treasury stock, at cost	(1,439.4)	(1,441.8)
	-----	-----
	1,829.2	1,679.8
	-----	-----
	\$7,892.0	\$7,642.3
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions)
(Unaudited)

	Six Months Ended	
	June 30,	
	1996	1995
	-----	-----
<u>Operating Activities:</u>		
Net cash provided by operating activities	\$ 264.5	\$ 218.8
	-----	-----
<u>Investing Activities:</u>		
Capital expenditures	(223.4)	(187.7)
Payments for acquisitions, net of cash acquired	(23.7)	(1,239.6)
Purchase of marketable securities, net	(21.9)	(13.4)
Other, net	5.2	(36.8)
	-----	-----
Net cash used for investing activities	(263.8)	(1,477.5)
	-----	-----
<u>Financing Activities:</u>		
Repayment of debt	(7.6)	(7.7)
Proceeds from issuance of debt	119.8	1,355.5
Repurchase of common stock	-	(8.6)
Dividends paid	(147.7)	(129.2)
Other, net	15.3	43.7
	-----	-----
Net cash (used for) provided by financing activities	(20.2)	1,253.7
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	.5	.5
	-----	-----
Net decrease in cash and cash equivalents	(19.0)	(4.5)
Cash and cash equivalents at beginning of period	208.8	169.9
	-----	-----
Cash and cash equivalents at end of period	\$ 189.8	\$ 165.4
	=====	=====

COLGATE-PALMOLIVE COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in Millions)
(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:

	June 30, 1996	December 31, 1995

Raw material and supplies	\$318.2	\$313.8
Work-in-process	41.3	38.3
Finished goods	458.3	422.7
	-----	-----
	\$817.8	\$774.8
	=====	=====

4. Primary earnings per share are determined by dividing net income, after deducting dividends on preferred stock, net of related tax benefits, by the weighted average number of common shares outstanding. Fully diluted earnings per common share are calculated assuming the conversion of all potentially dilutive securities, including convertible preferred stock and outstanding options. This calculation also assumes reduction of available income by pro forma ESOP replacement funding, net of income taxes.

5. As described in Note 3 to the Company's consolidated financial statements included in its Annual Report on Form 10-K, Colgate-Palmolive acquired the worldwide Kolynos oral care business from American Home Products in January 1995. The acquisition is currently being reviewed by antitrust regulatory authorities in Brazil. While it is not yet possible to definitively determine whether or not approval will be obtained, management believes the acquisition, or some variation thereof, will eventually be approved. It is anticipated that the Brazilian authorities could render their decision during the third quarter of 1996.

6. As described in Note 4 to the Company's consolidated financial statements included in its Annual Report on Form 10-K, Colgate-Palmolive recorded a charge for restructuring its worldwide manufacturing and administrative operations in September 1995. Reserves relating to this program totaled approximately \$365.5 and \$435.6 at June 30, 1996 and December 31, 1995, respectively. Management believes that the costs of the restructuring program will be financed through cash from operations and does not anticipate any significant impact on its liquidity as a result of the restructuring program.

7. Reference is made to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year 1995 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 \$2,167.3 in the second quarter of 1996, a 4% increase over the 1995 second quarter, reflecting overall unit volume gains of 6%.

Sales in the Oral, Personal and Household Care segment were \$1,959.4 up 3% from \$1,901.1 in 1995 on volume growth of 5%. Sales increases across all geographic regions contributed to the growth.

Colgate-Asia/Africa sales increased 6% to \$435.6 on volume gains of 8%. Excluding the effect of acquisitions, sales increased 3% on unit volume gains of 6%. Contributing to this region's growth were excellent results in China, the Philippines and India.

Colgate-Europe sales decreased 3% to \$534.4 as currency losses offset the 2% increase in volume. The United Kingdom, Austria, and Spain had the strongest sales increases in the region.

Colgate-Latin America sales grew 6% to \$522.3 on volume gains of 7%. Brazil, Argentina, Chile, Ecuador and Dominican Republic achieved healthy increases in sales and volume which offset the declines in Mexico and Venezuela where recession negatively impacted sales. Excluding the Mexico and Venezuela results, sales increased 17% on volume gains of 15%.

Colgate-North America sales grew 5% to \$467.1 on volume gains 7%. Market success of several new products, including Palmolive Dishwashing Liquid & Antibacterial Hand Soap and Mennen Speed Stick gel, contributed to the strong performance.

The Pet Nutrition segment experienced a 10% increase in sales on unit volume increases of 4% as compared to the prior year.

Worldwide sales for the first half of 1996 increased 4% to \$4,221.0 from \$4,071.0 in the same period of 1995, on 5% volume growth.

Oral, Personal and Household Care sales increased 3% to \$3,829.3 in the 1996 first half, on volume gains of 4%. Within this segment, Colgate-Asia/Africa sales increased 6% on volume growth of 8%, including a 2% increase in sales from acquisitions. Colgate-Europe sales decreased 1% despite a volume increase of 1% due to the effects of foreign exchange. Colgate-Latin America sales grew 3% on volume gains of 4%. Colgate-North America sales and volume grew 5%.

Pet Nutrition sales for the first half of 1996 increased 12% on volume increases of 8%.

Worldwide gross profit margin for the 1996 second quarter increased to 49.0% from 46.9% as the Company continues to focus on cost reduction and shifting product mix towards high-margin oral and personal care products. Gross profit for the first half increased to 48.9% from 47.9%.

COLGATE-PALMOLIVE COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

(Dollars in Millions Except Per Share Amounts)

Selling, general and administrative expenses increased as a percentage of sales to 36.0% in 1996 from 34.2% in 1995 in the second quarter and to 35.9% from 34.4% in the first half. This increase primarily was due to increased freight and warehousing costs and higher levels of goodwill amortization from recent acquisitions.

Earnings before interest and taxes (EBIT) increased 6% to \$280.5 in the 1996 second quarter, and remained relatively consistent at \$550.0 for the 1996 first half versus the comparable periods in 1995.

Interest expense, net of interest income, increased to \$53.1 in the 1996 second quarter from \$48.7 in 1995, and to \$100.2 in the 1996 first half from \$92.7 in 1995, primarily reflecting the full period of the increased level of debt incurred in connection with the acquisition of Kolynos.

The effective tax rate for the second quarter 1996 was 34.5% versus 34.0% in 1995. The effective rate for the first half of 1995 was 35.0% versus 34.5% for the same period in 1995.

Net income for the 1996 second quarter of \$148.9 was 4% higher than 1995 results. Earnings per share for the 1996 second quarter increased 3% to \$.98. For the first half, net income decreased 2% to \$292.4 and earnings per share decreased 4% to \$1.93.

Liquidity and Capital Resources

Working capital at both June 30, 1996 and December 31, 1995 was \$607.1 as compared to \$804.8 at June 30, 1995. Net cash provided by operations increased to \$264.5 in the first half of 1996 compared with \$218.8 in the first half of 1995 due to the lower investment in working capital compared to the prior year. At June 30, 1996 commercial paper outstanding was \$925.8 which is classified as long-term due to the Company's intent and ability to refinance these obligations on a long-term basis.

Reference should be made to the 1995 Annual Report on Form 10-K for additional information regarding liquidity and capital resources.

COLGATE-PALMOLIVE COMPANY

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Note 14 to the consolidated financial statements on page 35 of the registrant's Annual Report on Form 10-K for the year ended December 31, 1995.

Item 4. Submission of Matters to a Vote of Security Holders

The Company's annual meeting of stockholders was held on May 2, 1996. The matters voted on and the results of the vote are as follows:

(a) Vernon R. Alden, Jill K. Conway, Ronald E. Ferguson, Ellen M.

Hancock, David W. Johnson, John P. Kendall, Richard J. Kogan, Delano E. Lewis, Reuben Mark and Howard B. Wentz, Jr. were elected directors of the Company. The results of the vote are as follows:

Withheld	Votes Received	Votes
-----	-----	
Vernon R. Alden	127,859,940	1,297,813
Jill K. Conway	127,993,887	1,163,866
Ronald E. Ferguson	128,024,331	1,133,422
Ellen M. Hancock	128,020,361	1,137,392
David W. Johnson	128,059,456	1,098,297
John P. Kendall	128,022,980	1,134,773
Richard J. Kogan	128,009,052	1,148,701
Delano E. Lewis	128,017,714	1,140,039
Reuben Mark	128,029,727	1,128,026
Howard B. Wentz, Jr.	128,039,298	1,118,455

(b) The selection of Arthur Andersen LLP as auditors for the year ending December 31, 1996 was approved. The results of the vote are as follows:

Votes For Abstentions	Votes Against	
-----	-----	
127,206,950	1,374,677	576,126

(c) The adoption of the Stock Plan for Non-Employee Directors was passed. The results of the vote are as follows:

Votes For Abstentions	Votes Against	
-----	-----	
119,297,458	5,933,831	3,926,464

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 10.F. Colgate-Palmolive Company Pension Plan for Outside Directors.

Exhibit 10.G. Colgate-Palmolive Company Stock Plan for Non-Employee Directors.

Exhibit 11. Computation of Earnings per Common Share.

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)

August 14, 1996

/s/ Stephen C. Patrick

Stephen C. Patrick
Chief Financial Officer

Exhibit 10.F

**COLGATE-PALMOLIVE COMPANY
PENSION PLAN FOR OUTSIDE DIRECTORS
AS AMENDED AND RESTATED
Effective May 2, 1996**

Article I

PURPOSE

The purpose of the Plan, which was first adopted effective April 1, 1983, is to assist the Company in attracting and retaining qualified individuals to serve as Outside Directors by providing such individuals with a competitive level of pension benefits.

**Article II
DEFINITIONS**

As used in the Plan, the following terms shall have the meanings set forth below:

2.1 "Board" shall mean the Board of Directors of the Company.

2.2 "Change of Control" shall mean the happening of any of the following events:

(a) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then outstanding shares of the common stock, par value \$1.00 per share of the Company (the "Outstanding Company Common Stock"), or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (i) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (c) of this Section 2.2; or

(b) A change in the composition of the Board such that the individuals who, as of February 17, 1994, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section

2.2, that any individual who becomes a member of the Board subsequent to February 17, 1994, whose election, or nomination for election by the Company's stockholders, was

approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(c) The approval by the stockholders of the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company ("Corporate Transaction"); excluding; however, such a Corporate Transaction pursuant to which (1) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the outstanding Common Stock and outstanding Company voting securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the outstanding Common Stock and outstanding Company voting securities, as the case may be, (2) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Corporate Transaction) will beneficially own, directly or indirectly, 20% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Corporate Transaction and (3) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(d) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

2.3 "Committee" shall mean the committee referred to in Article V.

2.4 "Company" shall mean Colgate-Palmolive Company and any person, firm or corporation which may hereafter succeed to the interests of the Company by merger consolidation or otherwise.

2.5 "Disability" shall mean an illness or other incapacity which qualifies an Outside Director for disability benefits under the Social Security Act or which the Board or Committee determines precludes such Outside Director from fully discharging his or her responsibilities as a member of the Board.

2.6 "Electing Outside Director" shall mean an Outside Director who is eligible to elect to have the terms of this Plan continue to apply to him or her after December 31, 1996, and who so elects, according to the terms of Section 4.1(a).

2.7 "Non-Electing Outside Director" shall mean an Outside Director who is not eligible to make the election pursuant to Section 4.1(a) or if eligible, does not so elect.

2.8 "Outside Director" shall mean a member of the Board who is not, nor at any time has been, an employee of the Company or any of its subsidiaries.

2.9 "Pension Benefit" shall mean the pension benefit determined in accordance with Section 4.3.

2.10 "Pension Replacement Account" shall mean the account established for the benefit of a Non-Electing Outside Director pursuant to Section 4.3(c) upon termination of this Plan with respect to such Non-Electing Outside Director in accordance with Article III.

2.11 "Plan" shall mean the Colgate-Palmolive Company Pension Plan for Outside Directors, as amended from time to time.

2.12 "Retainer" shall mean the retainer determined in accordance with Section 4.3(a).

2.13 "Retired Outside Director" shall mean an Outside Director who retired and began receiving a Pension Benefit prior to June 30, 1996, an Electing Outside Director who has satisfied the eligibility requirements of Section 4.1 for a Pension Benefit, or a Non-Electing Outside Director who has satisfied the eligibility requirements of Section 4.1 for a Pension Replacement Account.

2.14 "Service" shall mean all periods of service as an Outside Director (including any such periods prior to April 1, 1983) whether or not such service is continuous.

Article III PARTICIPATION

Each Outside Director who has joined the Board on or prior to January 1, 1996, shall participate in the Plan, subject to its termination as of December 31, 1996 with respect to any Non-Electing Outside Director.

Article IV
PENSION BENEFITS

4.1 Eligibility for Pension Benefits or Pension Replacement Account

(a) Each Outside Director who as of May 1, 1997, is within five years of the stipulated retirement age set forth in Section 13(A) of the Company's By-Laws may elect to remain covered by the terms of this Plan beyond December 31, 1996, and through the date of his or her retirement from the Board, in accordance with this Section 4.1. Such election must be made no later than June 30, 1996, by written notice to the Committee. Each Outside Director who is eligible to make such election and who so elects hereafter shall be referred to as an "Electing Outside Director" and shall be eligible to receive a Pension Benefit under this Plan pursuant to the terms of Sections 4.1 (b) through (e) below.

Each Outside Director who is not eligible to make such an election or if eligible, does not so elect, hereafter shall be referred to as a "Non-Electing Outside Director" and, shall be eligible to have a Pension Replacement Account eligible on his or her behalf upon termination of this Plan with respect to him or her and shall be eligible ultimately to receive the balance in such account, in accordance with the terms of this Section 4.1 and Section 4.3 below.

(b) Each Outside Director who has completed nine years of Service and who retires from the Board by reason of age in accordance with the provisions of the Company's By-Laws, as amended from time to time, shall be eligible upon such retirement for a Pension Benefit, if an Electing Outside Director, or to receive the balance credited to a Pension Replacement Account, if a Non-Electing Outside Director.

(c) Each Outside Director who has completed five years of Service and who retires from the Board by reason of Disability shall be eligible upon such retirement for a Pension Benefit, if an Electing Outside Director, or for the balance credited to a Pension Replacement Account, if a Non-Electing Outside Director.

(d) If a Non-Electing Outside Director who has completed five years of Service dies before he or she retires from the Board, the balance credited to his or her Pension Replacement Account shall be payable to the beneficiary he or she has designated prior to the Non-Electing Outside Director's death.

(e) Each Outside Director who has completed nine years of Service and who retires from the Board other than by reason of age or Disability, but with the written approval of the Committee, shall be eligible for a Pension Benefit, if an Electing Outside Director, or the balance credited to a Pension Replacement Account, if a Non-Electing Outside Director, upon attaining the age at which his or her

retirement from the Board would have been required in accordance with the Company's By-Laws in effect at the time of his or her retirement.

4.2 Commencement of Pension Benefits or Payments from Pension Replacement

Account

(a) A Retired Outside Director's Pension Benefit (if an Electing Outside Director) or the payment of the balance credited to the Pension Replacement Account (if a Non-Electing Outside Director) shall commence as of the first day of the calendar quarter next following the date he or she becomes a Retired Outside Director. The balance credited in the Pension Replacement Account shall be paid in accordance with Section 4.3.

(b) If a former Outside Director returns to membership on the Board, the Pension Benefit (if a former Electing Outside Director) or the remaining unpaid balance credited to his or her Pension Replacement Account (if a former Non-Electing Outside Director) that is or may become payable to him or her shall cease to be payable for so long as he or she continues to be a member of the Board. Upon subsequent retirement, the Pension Benefits to which a former Electing Outside Director is or may become entitled shall be redetermined pursuant to this Article IV on the basis of the Company's By-Laws and a Retainer not exceeding that described in Section 4.3(a). If a former Non-Electing Outside Director, the remaining unpaid balance of his or her Pension Replacement Account, if any, shall be payable.

4.3 Amount and Form of Pension Benefit; Pension Replacement Account

(a) A Retired Outside Director's Pension Benefit, if a former Electing Outside Director or an Outside Director who retired prior to June 30, 1996, shall be an annual cash benefit equal to 100% of the Retainer paid to him or her while an Outside Director for the twelve months immediately preceding his or her retirement from the Board; provided, however, that for purposes of determining the size of the Pension Benefit of an Electing Outside Director who retires on or after May 1, 1997, the Retainer shall be deemed not to exceed the sum of \$18,000 plus 275 shares of Company common stock.

"Retainer" shall mean all cash and property paid to an Outside Director for services as an Outside Director, other than stock options granted and gains realized in cash or property upon the exercise of such options, fees for attendance at meetings of the Board and any committees thereof, fees for service on any committee of the Board and reimbursement of expenses.

All property paid as part of the Retainer shall be valued by the Committee at fair market value on the date of payment. In the case of Company common stock, fair market value shall be the average of the high and low prices per share of the

Company's common stock as listed in the New York Stock Exchange Composite Tape or, if not listed on such exchange, on any other national securities exchange on which the Company's common stock is listed or on NASDAQ, for the day on which the Outside Director is deemed to have received such stock. In the absence of a reported sale, the average between the high and the low prices on the most recent date on which a sale was reported shall be used.

(b) The Pension Benefit of a Retired Electing Outside Director shall be payable in equal quarterly installments for his or her lifetime only. No death or other survivor benefits are payable under the Plan.

(c) In connection with the termination of this Plan as of December 31, 1996 with respect to any Non-Electing Outside Director according to the terms of Article III above, there shall be established a Pension Replacement Account as of such date. The opening balance credited to the Pension Replacement Account shall be based upon a cash amount necessary to provide a stream of future payments to the Retired Non-Electing Outside Director that is substantially equivalent to the Pension Benefit accrued under this Plan through December 31, 1996 (the "Accrued Amount"). The Accrued Amount shall be determined according to a procedure developed by the Plan's outside advisors and approved by the Committee, as set forth on Appendix A hereto.

The Pension Replacement Account shall be denominated in shares of Company common stock. The opening balance shall be a credit equal to the number of shares of such stock that could have been purchased with the Accrued Amount at the average of the closing prices thereof on each business day during the immediately preceding month. As of any dividend record date for the Company common stock, the Pension Replacement Account will be credited with additional shares equal to the number of shares of Company common stock that could have been purchased, at the closing price of such shares on such date, with the amount that would have been paid as dividends on that number of shares (including fractions of a share) then attributed to the participant's Pension Replacement Account. In the case of dividends paid in property other than cash, the amount of the dividend shall be deemed to be the fair market value of the property at the time of the payment of the dividend, as determined in good faith by the Committee.

At the Committee's option, a "rabbi trust" may be established with an independent trustee, and shares of Company common stock transferred thereto on behalf of each Non-Electing Outside Director in an amount corresponding to the balance in his or her Pension Replacement Account at the time of transfer. Thereafter, any dividends paid on shares of Company common stock held in the rabbi trust will also be deposited to the trust account and will be reinvested by the trustee in Company common stock and held there until the date for payment of each of the one or more remaining equal annual installments of the balance in the Pension Replacement Account, as the Non-Electing Outside Director shall have specified by his election pursuant to this Section 4.3(c). At the time of each such payment, the required number

of shares of Company common stock to make such payment will be converted to cash by the trustee. If in order to equalize such installments, fractional shares would have to be converted to cash, then such installments shall be adjusted by rounding to the nearest whole share prior to conversion to cash.

Commencing the first day of the quarter following the Retired Non-Electing Outside Director's retirement, the Pension Replacement Account shall be payable in cash in up to ten (10) equal annual installments or, at his or her election made before June 30, 1996, in a lump sum payable as soon as feasible following retirement. If the Retired Non-Electing Outside Director dies prior to having received all annual installments, then the balance in the Pension Replacement Account shall be payable to the beneficiary designated by the Retired Non-Electing Outside Director prior to his or her death in accordance with procedures established by the Committee.

Article V ADMINISTRATION

5.1 Except as provided in Section 5.2, the Committee shall mean the Committee on Directors of the Board or any successor committee of the Board. The Committee shall have full power and authority to administer the Plan, including the power to (i) promulgate forms to be used with respect to the Plan, (ii) promulgate rules of Plan administration, (iii) settle any disputes as to rights or benefits arising from the Plan, (iv) interpret the Plan and (v) make such decisions or take such action as the Committee, in its sole discretion, deems necessary or advisable to aid in the proper administration of the Plan. Any decision made by the Committee shall be final and binding on all persons.

5.2 Following a Change of Control, the Committee shall be the Committee as constituted immediately prior to the Change of Control with such changes in the membership thereof as may be approved from time to time following the Change of Control by a majority of the members of such Committee as constituted at the applicable time. The Company shall have no right to appoint members to or to remove members from the Committee following a Change of Control.

Article VI FINANCING

The obligation to pay pension benefits or the balance in a Pension Replacement Account under the Plan shall constitute a general obligation of the Company in accordance with the terms of the Plan. A Director shall have only an unsecured right to payment thereof out of the general assets of the Company.

Article VII
MISCELLANEOUS

7.1 Right to Amend or Terminate. The Board reserves the right at any time and from time to time to modify, suspend, amend, or terminate the Plan in whole or in part; provided, however, that no such action shall adversely affect the rights under the Plan of any Outside Director or former Outside Director who has nine or more years of Service, or any Retired Outside Director.

7.2 Board Member Relationships. Nothing in the Plan shall give or be deemed to give any Board member the right to be continued as a member of the Board, to modify or affect the terms of Board membership or to interfere with the right of stockholders of the Company to elect members of the Board.

7.3 Nonalienation of Benefits. To the extent permitted by law, no Pension Benefits or Pension Replacement Account balance payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, garnishment, pledge or encumbrance. Any attempt to anticipate, alienate, sell, transfer, assign, attach, pledge or encumber the same shall be void, and no Pension Benefits or Pension Replacement Account balance payable under the Plan shall be in any manner liable or subject to the debts, contracts, liabilities, engagements or torts of any Outside Director or former Outside Director, including any Retired Outside Director.

7.4 Payments to Incompetents. If a Retired Outside Director is deemed by the Committee or is adjudged to be legally incapable of giving valid receipt and discharge for the Pension Benefit or Pension Replacement Account balance to which he or she is entitled, such Pension Benefit or Pension Replacement Account balance shall be paid to such person(s) as the Committee may designate or to a duly appointed guardian. Any such payment shall be in complete discharge of the liability of the Plan and the Company to the Retired Outside Director.

7.5 Benefit of Plan. The Plan shall be binding upon and shall inure to the benefit of the Outside Directors, their heirs and legal representatives and the Company and its successors. The term "successor" shall mean any person, firm, corporation or other business entity that, at any time, whether by merger, acquisition or otherwise, acquires all or substantially all of the stock, assets or business of the Company.

7.6 Applicable Law. The Plan shall be subject to and construed in accordance with the laws of the State of Delaware, without regard to the conflict of law principles thereof.

Exhibit 10.G

COLGATE-PALMOLIVE COMPANY

STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

Effective January 1, 1997

1. **PURPOSE.** The purpose of the Colgate-Palmolive Company Stock Plan for Non-Employee Directors (the "Plan") is to attract and retain qualified persons to serve as directors, to enhance the equity interest of directors in the Company, to solidify the common interests of its directors and stockholders, and to encourage the highest level of director performance by providing them with a proprietary interest in the Company's performance and progress, by crediting them annually with shares of the Company's Common Stock, par value \$1.00 per share (the "Common Stock"). This Plan shall supersede the Company's Stock Purchase Plan for Non-Employee Directors and the Stock Compensation Plan for Non-Employee Directors, both of which shall terminate on the effective date of this Plan.
2. **EFFECTIVE DATE AND TERM.** The Plan shall be effective as of January 1, 1997, provided that it is approved by the stockholders at the Annual Meeting that occurs in 1996. The Plan shall remain in effect until terminated by action of the Board of Directors of the Company (the "Board").
3. **PARTICIPATION.** All Non-Employee Directors shall participate in the Plan. The term "Non-Employee Director" means any individual who is a member of the Board as of January 1, 1997, or who becomes a member of the Board thereafter during the term of the Plan and in each case during such periods as he or she is not a full-time employee of the Company or any of its subsidiaries.
4. **ADMINISTRATION; AMENDMENT.** (a) The Plan will be administered by the Employee Relations Committee of the Company (the "Committee"), the members of which are appointed from time to time by the Board, which shall have full power and authority to interpret and construe the Plan, to establish, amend and rescind rules and regulations relating to the Plan, and to take all such actions and make all such determinations in connection with the Plan as it may deem necessary or desirable.

(b) The Board may from time to time make such amendments to the Plan as it may deem proper and in the best interest of the Company without further approval of the Company's stockholders, provided that to the extent required to qualify transactions under the Plan for exemption under Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended from time to time ("Rule 16b-3"), no amendment to the Plan shall be adopted without further approval of the Company's stockholders and, provided further, that if and to the extent required for the Plan to comply with Rule 16b-3, no amendment to the Plan shall be made more than once in any six-month period that would change the amount, price or timing of the grants of Common Stock hereunder other than to comport with changes in the Internal Revenue Code of 1986, as amended from time to time and any successor thereto, the

Employee Retirement Income Security Act of 1974, as amended from time to time and any successor thereto, or the regulations thereunder.

(c) Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in law and tax and accounting rules as well as other developments, including without limitation, new rules which may be promulgated under Section 16 of the Exchange Act of 1934, as amended from time to time, and to grant awards which qualify for beneficial treatment under such rules without stockholder approval.

5. SHARES. (a) Each Non-Employee Director shall receive (a) compensation at the rate of 650 shares of Common Stock per year. However, each Non-Employee Director who has elected, prior to the effective date hereof, to continue to participate in the Colgate-Palmolive Company Pension Plan for Outside Directors as Amended and Restated effective May 2, 1996, shall receive compensation at the rate of 525 shares of Common Stock of the Company per year. Payments shall be made annually on the third business day following the date of the public announcement of a summary statement of the Company's annual sales and earnings. Either authorized but unissued or Treasury shares shall be used for this purpose. The shares paid pursuant to this Plan shall be in addition to any other compensation to which a Non-Employee Director may be entitled. Each Non-Employee Director will be required to represent that the shares are to be held for investment purposes and not with a view to or for resale or distribution except in compliance with the Securities Act of 1933, as amended from time to time (the "Securities Act") and to give a written undertaking, in form and substance satisfactory to the Company, that he or she will not publicly offer or sell or otherwise distribute the shares other than (i) in the manner and to the extent permitted by Rule 144 of the Securities and Exchange Commission under the Securities Act, (ii) pursuant to any other exemption from the registration provisions of the Securities Act or (iii) pursuant to an effective registration statement.

(b) If an individual becomes a Non-Employee Director during a calendar year, he or she shall receive for that year the number of shares equal to the product of (i) the number of shares to which he or she would have been entitled to under Section 5 (a) had he or she been a Non-Employee Director for the full calendar year, and (ii) the fraction obtained by dividing (x) the number of calendar months during such calendar year that such person was a Non-Employee Director by (y) 12; provided, that for purposes of the foregoing a partial calendar month shall be treated as a whole month.

6. ADJUSTMENTS. In the event of any change in the Common Stock of the Company, through the declaration of stock dividends, through recapitalization resulting in stock split-ups or combinations or shares, or as the result of similar events, appropriate adjustments shall be made by the Committee in the number and kind of shares to be paid pursuant to the Plan.

7. ELECTION TO DEFER SHARES. (a) Subject to Section 7(b), each Non-Employee Director may make an irrevocable election to defer receipt of all or part of the shares granted under this Plan (the "Deferral Election"). In order to make a Deferral Election pursuant to this Section 7(a), a Non-Employee Director must deliver to the Secretary of the Company a written notice of the Deferral Election setting forth the number of shares to be deferred on such form as may be prescribed by the Committee. The Deferral Election may also specify that the Non-Employee Director elects to receive distribution of his or her Director's Trust Account (as defined below) in accordance with Section 7(d) in a lump sum (a "Lump Sum Delivery Election"), or in installments over a period of less than ten years (a "Specific Installment Election"). In the case of individuals who are Non-Employee Directors on June 30, 1996, this notice must be delivered no later than the last business day before June 30, 1996, except as specified in Section 7(b); in the case of individuals who become Non-Employee Directors after June 30, 1996 during the term of the Plan, this notice must be delivered within thirty days after the date on which the Non-Employee Director becomes a Non-Employee Director.

(b) It is the intention of this Plan that Non-Employee Directors shall have the ability to make a Deferral Election on an annual basis provided that such annual Deferral Elections would not cause the Plan to fail to comply with Rule 16b-3. Subject to the preceding limitation, a Non-Employee Director may make a Deferral Election on an annual basis on or before the June 30 prior to the commencement of the first calendar year to which the Deferral Election relates. The Deferral Election made pursuant to Section 7(a), or any subsequent Deferral Election permitted and made pursuant to this Section 7(b), as the case may be, shall remain in effect for subsequent years unless a subsequent different Deferral Election is permitted and made in accordance with this Section 7(b).

(c) The Committee may establish a trust for the benefit of the Non-Employee Directors on such terms and conditions as the Committee shall determine (the "Plan Trust"), the assets of which shall be subject to the claims of the Company's creditors. All shares deferred pursuant to this Section 7 shall be delivered to the Plan Trust and shall be credited to the account of each Non-Employee Director in accordance with his or her Deferral Election (the "Director's Trust Account"), and held for delivery in accordance with the terms of this Plan; and all earnings of a Director's Trust Account (including without limitation dividends on shares held therein) shall be reinvested by the trustee in Common Stock.

(d) All distributions from a Non-Employee Director's Trust Account under the Plan Trust shall be made to such Non-Employee Director (or, in the event of an eligible Non-Employee Director's death, his or her designated beneficiary) in installments of ten years payable commencing as soon as practicable following the cessation of his or her services as a Non-Employee Director. However, if the Non-Employee Director has in effect a valid Lump Sum Delivery Election, or a Specific

Installment Election, such distributions shall be made in a lump sum, or in the specified number of installments, as the case may be, commencing as soon as practicable following the cessation of his or her services as a Non-Employee Director. Distributions will be made in shares unless the Committee otherwise determines, in accordance with the terms of the Plan Trust. Unless the Non-Employee Director has in effect a valid Lump Sum Delivery Election pursuant to Section 7(b), then such shares shall be distributed in equal yearly installments over the ten-year period or the shorter period specified in such Election, provided, that if in order to equalize such installments, fractional shares would have to be delivered, such installments shall be adjusted by rounding to the nearest whole share. If any such shares are to be delivered after the Non-Employee Director has died or become legally incompetent, they shall be delivered to the Non-Employee Director's estate or legal guardian, as the case may be, in accordance with the foregoing; provided, that if the Non-Employee Director dies with a valid Installment Delivery Election in effect, the Committee shall deliver all remaining undelivered shares to the Non-Employee Director's estate promptly. References to a Non-Employee Director in this Plan shall be deemed to refer to the Non-Employee Director's estate or legal guardian, where appropriate.

(e) Nothing in the Plan or the Plan Trust shall confer on any individual any right to continue as a director of the Company or interfere in any way with the right of the Company to terminate the individual's service as a director at any time.

(f) a Non-Employee Director shall be entitled to early distribution of all or part of his or her Trust Account in the event of an Unforeseeable Emergency, in accordance with this paragraph. An "Unforeseeable Emergency" means severe financial hardship to the Non-Employee Director resulting from a sudden and unexpected illness or accident of the Non-Employee Director or a dependent of the Non-Employee Director, loss of the Non-Employee Director's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Non-Employee Director. A distribution pursuant to this paragraph may only be made to the extent reasonably needed to satisfy the emergency need, and may not be made if such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Non-Employee Director's assets to the extent such liquidation would not itself cause severe financial hardship, or (iii) by cessation of participation in the Plan. The determination of whether and to what extent a distribution is permitted pursuant to this paragraph shall be made by the Committee.

8. PURCHASE OF SHARES. (a) Subject to Section 8(b), each Non-Employee Director may make an irrevocable election to use all or a stated percentage (in increments of 25%) of his or her non-deferred cash compensation as a Non-Employee Director (including non-deferred retainer fees as a committee chairman, if applicable, to be earned during the forthcoming calendar year and attendance fees earned during the current year) to have purchased Common Stock on his or her behalf (the "Share Purchase Election"). The maximum amount of compensation that may be used by a Non-Employee Director in

any year to purchase shares under this Plan shall not exceed \$100,000.00. In order to make a Share Purchase Election pursuant to this Section 8(a), a Non-Employee Director must deliver to the Secretary of the Company a written notice setting forth the percentage (in increments of 25%) of the Non-Employee Director's total non-deferred cash compensation to be used to purchase Common Stock of the Company. In the case of individuals who are Non-Employee Directors on June 30, 1996, this notice must be delivered no later than the last business day before June 30, 1996; in the case of individuals who become Non-Employee Directors after June 30, 1996 during the term of the Plan, this notice must be delivered within thirty days after the date on which the individual becomes a Non-Employee Director.

(b) It is the intention of this Plan that Non-Employee Directors shall have the ability to make a Stock Purchase Election on an annual basis provided that such annual Stock Purchase Election would not cause the Plan to fail to comply with Rule 16b-3. Subject to the preceding limitation, a Non-Employee Directors may make a Stock Purchase Election on an annual basis no later than the June 30 prior to the commencement of the calendar year to which the Stock Purchase Election relates. Any Stock Purchase Election made pursuant to Section 8(a), or any subsequent Stock Purchase Election permitted and made pursuant to this Section 8(b), as the case may be, shall remain in effect for subsequent calendar years unless a subsequent different Stock Purchase Election is permitted and made in accordance with this Section, which subsequent Stock Purchase Election shall then be applied to subsequent calendar years.

(c) All purchases of Common Stock under the Plan shall be made on the open market during a period beginning on the third business day following the date of release of the Company's annual summary statements of sales and earning and ending on the twelfth business day following such date. Brokerage fees and any other transaction-related costs shall be paid by the Company. Shares so purchased shall be registered in the name of and delivered to the Non-Employee Director. Adjustments will be paid in cash for any fractional shares.

COLGATE-PALMOLIVE COMPANY

COMPUTATION OF EARNINGS PER COMMON SHARE

Dollars in Millions Except Per Share Amounts
(Unaudited)

PRIMARY	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Earnings:				
Net income	\$ 148.9	\$ 143.2	\$ 292.4	\$ 299.7
Deduct: Dividends on preferred shares, net of income taxes	5.3	5.4	10.7	10.8
Net income applicable to common shares	\$ 143.6	\$ 137.8	\$ 281.7	\$ 288.9
Shares (in millions):				
Weighted average shares outstanding	146.5	145.1	146.3	144.8
Earnings per common share, primary	\$.98	\$.95	\$ 1.93	\$ 2.00

COLGATE-PALMOLIVE COMPANY

COMPUTATION OF EARNINGS PER COMMON SHARE

Dollars in Millions Except Per Share Amounts
(Unaudited)

	Three Months Ended June 30, -----		Six Months Ended June 30, -----	
	1996 ----	1995 ----	1996 ----	1995 ----

ASSUMING FULL DILUTION				
Earnings:				
Net income	\$ 148.9	\$ 143.2	\$ 292.4	\$ 299.7
Deduct:				
Dividends on preferred shares	.1	.1	.3	.3
Replacement funding resulting from assumed conversion of Series B Convertible Preference Stock, net of tax	1.3	1.7	2.5	3.4
	-----	-----	-----	-----
Net income applicable to common shares	\$ 147.5	\$ 141.4	\$ 289.6	\$ 296.0
	=====	=====	=====	=====
Shares (in millions):				
Weighted average number of common shares outstanding	146.5	145.1	146.3	144.8
Assumed conversion of options reduced by the number of shares which could have been purchased with the proceeds from the exercise of such options	2.6	2.6	2.6	2.5
Assumed conversion of Series B Convertible Preference Stock	12.1	12.1	12.1	12.1
	-----	-----	-----	-----
Weighted average number of common shares outstanding, as adjusted	161.2	159.8	161.0	159.4
	=====	=====	=====	=====
Earnings per common share, assuming full dilution	\$.92	\$.88	\$ 1.80	\$ 1.85
	=====	=====	=====	=====

Exhibit 12

COLGATE-PALMOLIVE COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Dollars in Millions (Unaudited)

	Six Months Ended June 30, 1996 -----
Income before income taxes	\$ 449.8
Add:	
Interest on indebtedness and amortization of debt expense and discount or premium	114.7
Portion of rents representative of interest factor	15.4
Interest on ESOP debt, net of dividends	1.1
Less:	
Income of less than fifty-percent-owned subsidiaries	(3.8) -----
Income as adjusted	\$ 577.2 =====
Fixed Charges:	
Interest on indebtedness and amortization of debt expense and discount or premium	\$114.7
Portion of rents representative of interest factor	15.4
Interest on ESOP debt, net of dividends	1.1
Capitalized interest	6.8 -----
Total fixed charges	\$ 138.0 =====
Ratio of earnings to fixed charges	4.2 =====

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 8.6%. These notes are guaranteed by the Company. Interest incurred on the ESOP's notes was \$16.8. 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.

ARTICLE 5
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE QUARTERLY REPORT ON FORM 10-Q FOR THE SIX MONTHS ENDED JUNE 30, 1996
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
MULTIPLIER: 1,000,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	JUN 30 1996
CASH	190
SECURITIES	70
RECEIVABLES	1,164
ALLOWANCES	31
INVENTORY	818
CURRENT ASSETS	2,499
PP&E	3,767
DEPRECIATION	1,509
TOTAL ASSETS	7,892
CURRENT LIABILITIES	1,892
BONDS	2,971
PREFERRED MANDATORY	0
PREFERRED COMMON	400
OTHER SE	183
TOTAL LIABILITY ANDEQUITY	1,309
SALES	7,892
TOTAL REVENUES	4,221
CGS	4,221
TOTAL COSTS	2,157
OTHER EXPENSES	1,514
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	100
INCOME TAX	450
INCOME CONTINUING DISCONTINUED	157
EXTRAORDINARY CHANGES	292
NET INCOME	0
EPS PRIMARY	0
EPS DILUTED	1.93
	1.80

End of Filing