

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

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



(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

300 Park Avenue, New York, New York

(Address of principal executive offices)

13-1815595

(I.R.S. Employer Identification No.)

10022

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1.00 par value	New York Stock Exchange
4.75% Notes due 2014	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of Colgate-Palmolive Company Common Stock held by non-affiliates as of June 30, 2011 (the last business day of its most recently completed second quarter) was approximately \$42.4 billion.

There were 479,577,590 shares of Colgate-Palmolive Company Common Stock outstanding as of January 31, 2012.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents

Portions of Proxy Statement for the 2012 Annual Meeting of Stockholders

Form 10-K Reference

Part III, Items 10 through 14

**Colgate-Palmolive Company**  
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## PART I

### ITEM 1. BUSINESS

#### (a) General Development of the Business

Colgate-Palmolive Company (together with its subsidiaries, the “Company” or “Colgate”) is a leading consumer products company whose products are marketed in over 200 countries and territories throughout the world. Colgate was founded in 1806 and incorporated under the laws of the State of Delaware in 1923.

For recent business developments and other information, refer to the information set forth under the captions “Executive Overview and Outlook,” “Results of Operations” and “Liquidity and Capital Resources” in Part II, Item 7 of this report.

#### (b) Financial Information about Segments

Worldwide Net sales and Operating profit by business segment and geographic region during the last three years appear under the caption “Results of Operations” in Part II, Item 7 of this report and in Note 14 to the Consolidated Financial Statements.

#### (c) Narrative Description of the Business

The Company manages its business in two product segments: Oral, Personal and Home Care; and Pet Nutrition. Colgate is a global leader in Oral Care with the leading toothpaste and manual toothbrush brands throughout many parts of the world according to value share data provided by ACNielsen. Colgate’s Oral Care products include Colgate Total, Colgate Sensitive Pro-Relief and Colgate Max Fresh toothpastes, Colgate 360° manual toothbrushes and Colgate and Colgate Plax mouth rinses. Colgate’s Oral Care business also includes dental floss and pharmaceutical products for dentists and other oral health professionals.

Colgate is a leader in many product categories of the Personal Care market with global leadership in liquid hand soap, which it sells under the Palmolive, Protex and Softsoap brands. Colgate’s Personal Care products also include Palmolive, Softsoap and Sanex brand shower gels, Palmolive, Irish Spring and Protex bar soaps and Speed Stick, Lady Speed Stick and Sanex deodorants and antiperspirants. Colgate is the market leader in liquid hand soap in the U.S. with its line of Softsoap brand products according to value share data provided by ACNielsen. Colgate’s Personal Care business outside the U.S. also includes Palmolive and Caprice shampoo and conditioners.

Colgate manufactures and markets a wide array of products for Home Care, including Palmolive and Ajax dishwashing liquids, Fabuloso and Ajax household cleaners and Murphy’s Oil Soap. Colgate is a market leader in fabric conditioners with leading brands including Suavitel in Latin America and Soupline in Europe.

Sales of Oral, Personal and Home Care products accounted for 43%, 22% and 22%, respectively, of the Company’s total worldwide sales in 2011. Geographically, Oral Care is a significant part of the Company’s business in Greater Asia/Africa, comprising approximately 73% of sales in that region for 2011.

Colgate, through its Hill’s Pet Nutrition segment (Hill’s), is a world leader in specialty pet nutrition products for dogs and cats with products marketed in over 95 countries around the world. Hill’s markets pet foods primarily under two trademarks: Hill’s Science Diet, which is sold by authorized pet supply retailers and veterinarians for everyday nutritional needs; and Hill’s Prescription Diet, a range of therapeutic products sold by veterinarians and authorized pet supply retailers to help nutritionally manage disease conditions in dogs and cats. Sales of Pet Nutrition products accounted for 13% of the Company’s total worldwide sales in 2011.

For more information regarding the Company’s worldwide sales by product categories, refer to Notes 1 and 14 to the Consolidated Financial Statements.

## **Research and Development**

Strong research and development capabilities and alliances enable Colgate to support its many brands with technologically sophisticated products to meet consumers' oral, personal, home care and pet nutrition needs. The Company's spending related to research and development activities was \$262 million in 2011 and \$256 million in each of 2010 and 2009.

## **Distribution; Raw Materials; Competition; Trademarks and Patents**

The Company's products are marketed by a direct sales force at individual operating subsidiaries or business units and by distributors or brokers. No single customer accounts for 10% or more of the Company's sales.

Most raw and packaging materials are purchased from other companies and are available from several sources. No single raw or packaging material represents, and no single supplier provides, a significant portion of the Company's total material requirements. For certain materials, however, new suppliers may have to be qualified under industry, government and Colgate standards, which can require additional investment and take some period of time. Raw and packaging material commodities such as resins, tropical oils, essential oils, tallow, corn and soybeans are subject to market price variations.

The Company's products are sold in a highly competitive global marketplace, which has experienced increased trade concentration and the growing presence of large-format retailers and discounters. Products similar to those produced and sold by the Company are available from competitors in the U.S. and overseas. Certain of the Company's competitors are larger and have greater resources than the Company. In addition, private label brands sold by retail trade chains are a source of competition for certain product lines of the Company. Product quality and innovation, brand recognition, marketing capability and acceptance of new products largely determine success in the Company's business segments.

Trademarks are considered to be of material importance to the Company's business. The Company follows a practice of seeking trademark protection in the U.S. and throughout the world where the Company's products are sold. Principal global and regional trademarks include Colgate, Palmolive, Mennen, Speed Stick, Lady Speed Stick, Softsoap, Irish Spring, Protex, Sorriso, Kolynos, elmex, Tom's of Maine, Ajax, Axion, Fabuloso, Soupline, Suavitel, Sanex, Hill's Science Diet and Hill's Prescription Diet. The Company's rights in these trademarks endure for as long as they are used and/or registered. Although the Company actively develops and maintains a portfolio of patents, no single patent is considered significant to the business as a whole.

## **Environmental Matters**

The Company has programs that are designed to ensure that its operations and facilities meet or exceed standards established by applicable environmental rules and regulations. Capital expenditures for environmental control facilities totaled \$21 million for 2011. For future years, expenditures are currently expected to be of a similar magnitude. For additional information regarding environmental matters refer to Note 12 to the Consolidated Financial Statements.

## **Employees**

As of December 31, 2011, the Company employed approximately 38,600 employees.

## Executive Officers of the Registrant

The following is a list of executive officers as of February 23, 2012:

Name	Age	Date First Elected Officer	Present Title
Ian Cook	59	1996	Chairman of the Board President and Chief Executive Officer
Fabian T. Garcia	52	2003	Chief Operating Officer Global Innovation & Growth/Europe
Franck J. Moison	58	2002	Chief Operating Officer Emerging Markets
Dennis J. Hickey	63	1998	Chief Financial Officer
Andrew D. Hendry	64	1991	Chief Legal Officer and Secretary
Victoria L. Dolan	52	2011	Vice President and Corporate Controller
Elaine C. Paik	47	2010	Vice President and Corporate Treasurer
Ronald T. Martin	63	2001	Vice President Global Sustainability and Social Responsibility
John J. Huston	57	2002	Senior Vice President Office of the Chairman
Delia H. Thompson	62	2002	Senior Vice President Investor Relations
Hector I. Erezuma	67	2005	Vice President Taxation
Daniel B. Marsili	51	2005	Senior Vice President Global Human Resources
Gregory P. Woodson	60	2007	Vice President Chief Ethics and Compliance Officer
Alexandre de Guillenchmidt	66	2008	President Colgate – Europe
Rosemary Nelson	64	2008	Vice President Deputy General Counsel, Operations and South Pacific
P. Justin Skala	52	2008	President Colgate – Latin America
Noel R. Wallace	47	2009	President Colgate North America and Global Sustainability
Neil Thompson	56	2009	President and Chief Executive Officer Hill's Pet Nutrition, Inc.
Francis M. Williamson	64	2010	Vice President Finance and Strategic Planning Latin America
Katherine Hargrove Ramundo	44	2011	Vice President Deputy General Counsel, Specialty Groups and North America and Assistant Secretary
Thomas W. Greene	45	2011	Vice President Chief Information Officer
Patricia Verduin	52	2011	Vice President Chief Technology Officer

Each of the executive officers listed above has served the registrant or its subsidiaries in various executive capacities for the past five years with the exception of Victoria L. Dolan, who joined the Company in 2008 as Vice President, Finance and Strategic Planning, Colgate Europe. Ms. Dolan joined Colgate from Marriott International, Inc. (“Marriott”), where she served as Executive Vice President, Finance and Chief Financial Officer of its vacation ownership division. Prior to joining Marriott

in 2000, Ms. Dolan spent nine years at The Coca-Cola Company in several leadership positions that included Chief Financial Officer and Executive Vice President for the Japan division.

Under the Company's By-Laws, the officers of the corporation hold office until their respective successors are chosen and qualified or until they have resigned, retired or been removed by the affirmative vote of a majority of the Board of Directors. There are no family relationships between any of the executive officers, and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was elected.

(d) Financial Information about Geographic Areas

For financial data by geographic region, refer to the information set forth under the caption "Results of Operations" in Part II, Item 7, of this report and in Note 14 to the Consolidated Financial Statements. For a discussion of risks associated with our international operations, see Item 1A, "Risk Factors."

(e) Available Information

The Company's web site address is [www.colgatepalmolive.com](http://www.colgatepalmolive.com). The information contained on the Company's web site is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K. The Company makes available, free of charge, on its web site its annual reports on Form 10-K, its quarterly reports on Form 10-Q, its interactive data files posted pursuant to Rule 405 of Regulation S-T, its current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) as soon as reasonably practicable after the Company has electronically filed such material with, or furnished it to, the United States Securities and Exchange Commission (the SEC). Also available on the Company's web site are the Company's Code of Conduct and Corporate Governance Guidelines, the charters of the Committees of the Board of Directors, reports under Section 16 of the Exchange Act of transactions in Company stock by directors and officers and its proxy statements.

## ITEM 1A. RISK FACTORS

Set forth below is a summary of the material risks to an investment in our securities. These risks are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of the below risks actually occur, our business, results of operations, cash flows or financial condition could suffer, which might cause the value of our securities to decline.

### **We face risks associated with significant international operations, including exposure to foreign currency fluctuations.**

We operate on a global basis with approximately 80% of our net sales coming from markets outside the U.S. While geographic diversity helps to reduce the Company's exposure to risks in any one country or part of the world, it also means that we are subject to the full range of risks associated with significant international operations, including, but not limited to:

- changes in exchange rates for foreign currencies, which may reduce the U.S. dollar value of revenues, profits and cash flows we receive from non-U.S. markets or increase our supply costs, as measured in U.S. dollars, in those markets,
- exchange controls and other limits on our ability to repatriate earnings from overseas,
- political or economic instability or changing macroeconomic conditions in our major markets,
- lack of well-established or reliable legal systems in certain countries where the Company operates,
- foreign ownership restrictions and the potential for nationalization or expropriation of property or other resources, and
- foreign or domestic legal and regulatory requirements, including those resulting in potentially adverse tax consequences or the imposition of onerous trade restrictions, price controls or other government controls.

These risks could have a significant impact on our ability to sell our products on a competitive basis in international markets and may have a material adverse effect on our results of operations, cash flows and financial condition.

In an effort to minimize the impact on earnings of foreign currency rate movements, the Company engages in a combination of cost-containment measures, selling price increases and selective hedging of foreign currency transactions. However, these measures may not succeed in offsetting any negative impact of foreign currency rate movements on our business and results of operations.

For example, in 2010 our results of operations were adversely impacted by the designation of Venezuela as hyperinflationary and the subsequent currency devaluations in Venezuela. Also, in November 2011, a new price control law came into effect in Venezuela. While it is not yet clear how the new law will be implemented, it could adversely affect the Company's current pricing strategies in Venezuela. Going forward, additional currency devaluations or continued or worsening foreign exchange or price controls in Venezuela could have an adverse impact on our business and results of operations. For additional information regarding the risks associated with our operations in Venezuela, refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Executive Overview and Outlook" and Note 13 to the Consolidated Financial Statements.

**Uncertain global economic conditions and disruptions in the credit markets may adversely affect our business.**

Uncertain global economic conditions could adversely affect our business. Recent global economic trends pose challenges to our business and could result in declining revenues, profitability and cash flow. Although we continue to devote significant resources to support our brands, during periods of economic uncertainty consumers may switch to economy brands, which could reduce sales volumes of our products or result in a shift in our product mix from higher margin to lower margin product offerings. Additionally, retailers may increase pressure on our selling prices or increase promotional activity for lower-priced or value offerings as they seek to maintain sales volumes and margins. For example, continuing economic uncertainty in Europe, and a worsening of the debt crisis there, could negatively affect consumer confidence globally.

While we currently generate significant cash flows from our ongoing operations and have access to global credit markets through our various financing activities, any disruption in the credit markets, including in Europe, could limit the availability of credit or the ability or willingness of financial institutions to extend credit, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital. If any financial institutions that are parties to our revolving credit facility supporting our commercial paper program or other financing arrangements, such as interest rate or foreign exchange hedging instruments, were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with us. This could leave us with reduced borrowing capacity or unhedged against certain interest rate or foreign currency exposures. In addition, tighter credit markets may lead to business disruptions for certain of our suppliers, contract manufacturers or trade customers which could, in turn, adversely impact our business.

**Significant competition in our industry could adversely affect our business.**

We face vigorous competition around the world, including from other large, multinational companies, some of which have greater resources than we do. We face this competition in several aspects of our business, including, but not limited to, the pricing of products, promotional activities and new product introductions. Such competition also extends to administrative and legal challenges of product claims and advertising. Our ability to compete also depends on the strength of our brands and on our ability to defend our patent, trademark and trade dress rights against legal challenges brought by competitors.

We may be unable to anticipate the timing and scale of such initiatives or challenges by competitors or to successfully counteract them, which could harm our business. In addition, the cost of responding to such initiatives and challenges, both in terms of management time and out-of-pocket expenses, may affect our performance in the relevant period. A failure to compete effectively could adversely affect our growth and profitability.

**Changes in the policies of our retail trade customers and increasing dependence on key retailers in developed markets may adversely affect our business.**

Our products are sold in a highly competitive global marketplace which has experienced increased trade concentration and the growing presence of large-format retailers and discounters. With the growing trend toward retail trade consolidation, we are increasingly dependent on key retailers, and some of these retailers, including large-format retailers, may have greater bargaining strength than we do. They may use this leverage to demand higher trade discounts, allowances or slotting fees, which could lead to reduced sales or profitability. Also, tighter credit or capital markets could negatively affect our retail customers and as a result, affect our working capital. We may also be negatively affected by changes in the policies of our retail trade customers, such as inventory de-stocking, limitations on access to shelf space, delisting of our products, environmental or sustainability initiatives and other conditions. In addition, private label products sold by retail trade chains, which are typically sold at lower prices than branded products, are a source of competition for certain of our product lines, including liquid hand soaps and shower gels.

**The growth of our business depends on the successful development and introduction of innovative new products.**

Our growth depends on the continued success of existing products as well as the successful development and introduction of innovative new products and line extensions, which face the uncertainty of retail and consumer acceptance and reaction from competitors. In addition, our ability to create new products and line extensions and to sustain existing products is affected by whether we can successfully:

- develop and fund technological innovations,
- obtain and maintain necessary patent and trademark protection and avoid infringing intellectual property rights of others,
- obtain approvals and registrations of regulated products, including from the U.S. Food and Drug Administration (FDA) and other regulatory bodies in the U.S. and abroad, and
- anticipate consumer needs and preferences.

The failure to develop and launch successful new products could hinder the growth of our business and any delay in the development or launch of a new product could result in the Company not being the first to market, which could compromise our competitive position.

**Volatility in material and other costs and our increasing dependence on key suppliers could adversely impact our profitability.**

Raw and packaging material commodities such as resins, tropical oils, essential oils, tallow, corn and soybeans are subject to wide price variations. Increases in the costs and availability of these commodities and the costs of energy, transportation and other necessary services may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies such as in manufacturing and distribution. In addition, our move to global suppliers for materials and other services in order to achieve cost reductions and simplify our business has resulted in an increasing dependence on key suppliers. For certain materials, new suppliers may have to be qualified under industry, government and Colgate standards, which can require additional investment and take some period of time. While we believe that the supplies of raw materials needed to manufacture our products are adequate, global economic conditions, supplier capacity constraints and other factors could affect the availability of, or prices for, those raw materials.

**Damage to our reputation could have an adverse effect on our business.**

Maintaining our strong reputation with consumers and our trade partners globally is critical to selling our branded products. Accordingly, we devote significant time and resources to programs designed to protect and preserve our reputation, such as our Ethics and Compliance, Sustainability, Brand Protection and Product Safety, Regulatory and Quality initiatives.

In addition, from time to time, third parties sell counterfeit versions of our products, which are inferior or may pose safety risks. As a result, consumers of our brands could confuse our products with these counterfeit products, which could cause them to refrain from purchasing our brands in the future and in turn could impair our brand equity and adversely affect our business.

Similarly, adverse publicity regarding our responses to health concerns, our environmental impacts, including packaging, energy and water use and waste management, or other sustainability issues, whether or not deserved, could jeopardize our reputation. Damage to our reputation or loss of consumer confidence in our products for any of these reasons could have a material adverse effect on our business, as well as require resources to rebuild our reputation.

**Our business is subject to product liability claims.**

From time to time the Company may be subject to product liability claims alleging, among other things, that its products cause damage to property or persons, provide inadequate instructions or warnings regarding their use or contain design or manufacturing defects or contaminants. For example, the Company has been named in product liability actions alleging that certain talc products it sold prior to 1996 were contaminated with asbestos, causing harm to consumers. In addition, if one of the Company's products, or a raw material contained in our products, is perceived or found to be defective or unsafe, we may need to recall some of our products. Whether or not a product liability claim is successful, or a recall required, such assertions could have an adverse effect on our business and the negative publicity surrounding them could harm our reputation and brand image.



## **Our business is subject to regulation in the U.S. and abroad.**

Our business is subject to extensive regulation in the U.S. and abroad. Such regulation applies to most aspects of our products, including their development, ingredients, manufacture, packaging, labeling, storage, transportation, distribution, export, import, advertising and sale. Also, our selling practices are regulated by competition law authorities in the U.S. and abroad. U.S. federal authorities, including the Food and Drug Administration (FDA), the Federal Trade Commission, the Consumer Product Safety Commission and the Environmental Protection Agency (EPA), regulate different aspects of our business, along with parallel authorities at the state and local level and comparable authorities overseas.

While it is our policy and practice to comply with all regulatory requirements applicable to our business, a finding that we are in violation of, or out of compliance with, applicable laws or regulations could subject us to civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions, any of which could have a material adverse effect on our business. Even if a claim is unsuccessful, is without merit or is not fully pursued, the negative publicity surrounding such assertions regarding our products, processes or business practices could adversely affect our reputation and brand image. For information regarding our European competition matters, see Item 3, “Legal Proceedings” and Note 12 to the Consolidated Financial Statements.

In addition, new or more stringent regulations, or more restrictive interpretations of existing regulations, could have a material adverse impact on our business. For example, from time to time, various regulatory authorities and consumer groups in Europe, the U.S. and other countries request or conduct reviews of the use of various ingredients in consumer products. Triclosan, an ingredient used primarily in Colgate Total toothpaste as well as certain other oral care products and soaps, is an example of an ingredient that has undergone reviews by various regulatory authorities around the world. A finding by a regulatory authority that triclosan, or any other of our ingredients, should not be used in certain consumer products or should otherwise be newly regulated, could have a material adverse impact on our business, as could negative reactions by our consumers, trade customers or non-governmental organizations to our use of such ingredients. Additionally, an inability to timely obtain regulatory approval of new or reformulated products containing alternative ingredients could likewise have a material adverse effect on our business.

## **Our business is subject to the risks inherent in global manufacturing and sourcing activities.**

The Company is engaged in manufacturing and sourcing of products and materials on a global scale. We are subject to the risks inherent in such activities, including, but not limited to:

- industrial accidents or other occupational health and safety issues,
- environmental events,
- strikes and other labor disputes,
- disruptions in logistics,
- loss or impairment of key manufacturing sites,
- raw material and product quality or safety issues,
- the impact on our suppliers of tighter credit or capital markets, and
- natural disasters, acts of war or terrorism and other external factors over which we have no control.

While we have business continuity and contingency plans for key manufacturing sites and the supply of raw materials, significant disruption of manufacturing for any of the above reasons could interrupt product supply and, if not remedied, have an adverse impact on our business.

## **A failure of a key information technology system could adversely impact the Company’s ability to conduct business.**

The Company relies extensively on information technology systems, including some which rely on third-party service providers, in order to conduct its business. These systems include, but are not limited to, programs and processes relating to communicating within the Company and with other parties, ordering and managing materials from suppliers, converting materials to finished products, shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory legal or tax requirements and other processes involved in managing the business. Although the Company has network security measures in place, the systems may be vulnerable to computer viruses,

security breaches and other similar disruptions from unauthorized users. While the Company has business continuity plans in place, if the systems are damaged or cease to function properly due to any number of causes, including the poor performance or failure of third-party service providers, catastrophic events, power outages, security breaches, network outages, failed upgrades or other similar events, and if the business continuity plans do not effectively resolve such issues on a timely basis, the Company may suffer interruptions in the ability to manage or conduct business which may adversely impact the Company's business.

**Our success depends upon our ability to attract and retain key employees and the succession of senior management.**

Our success largely depends on the performance of our management team and other key employees. If we are unable to attract and retain talented, highly qualified senior management and other key people, our future operations could be adversely affected. In addition, if we are unable to effectively provide for the succession of senior management, including our Chief Executive Officer, our business may be materially adversely affected. While we follow a disciplined, ongoing succession planning process and have succession plans in place for senior management and other key executives, these do not guarantee that the services of qualified senior executives will continue to be available to us at particular moments in time.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The Company owns or leases approximately 330 properties which include manufacturing, distribution, research and office facilities worldwide. Our corporate headquarters is located in leased property at 300 Park Avenue, New York, New York.

In the U.S., the Company operates approximately 60 properties, of which 15 are owned. Major U.S. manufacturing and warehousing facilities used by the Oral, Personal and Home Care segment of our business are located in Morristown, New Jersey; Morristown, Tennessee; and Cambridge, Ohio. The Pet Nutrition segment has major facilities in Bowling Green, Kentucky; Topeka, Kansas; Emporia, Kansas; and Richmond, Indiana. The primary research center for Oral, Personal and Home Care products is located in Piscataway, New Jersey and the primary research center for Pet Nutrition products is located in Topeka, Kansas. Our global data center is also located in Piscataway, New Jersey.

Overseas, the Company operates approximately 270 properties, of which 73 are owned, in over 70 countries. Major overseas facilities used by the Oral, Personal and Home Care segment of our business are located in Australia, Brazil, China, Colombia, France, Italy, Mexico, Poland, South Africa, Thailand, Venezuela, Vietnam and elsewhere throughout the world. The Pet Nutrition segment has a major facility in the Czech Republic.

All of the facilities we operate are well maintained and adequate for the purpose for which they are intended.

**ITEM 3. LEGAL PROCEEDINGS**

As a global company serving consumers in more than 200 countries and territories, the Company is routinely subject to a wide variety of legal proceedings. These include disputes relating to intellectual property, contracts, product liability, marketing, advertising, foreign exchange controls, antitrust and trade regulation, as well as labor and employment, environmental and tax matters. Management proactively reviews and monitors the Company's exposure to, and the impact of, environmental matters. The Company is party to various environmental matters and, as such, may be responsible for all or a portion of the cleanup, restoration and post-closure monitoring of several sites.

As a matter of course, the Company is regularly audited by the Internal Revenue Service (IRS) and other tax authorities around the world in countries where it conducts business. In this regard, all U.S. federal income tax returns through December 31, 2007 have been audited by the IRS and there are limited matters in administrative appeals for years 2002 through 2007, the settlement of which is not expected to have a material adverse effect on the Company's results of operations, cash flows or financial condition. With a few exceptions, the Company is no longer subject to U.S., state and local income tax examinations for the years prior to 2007. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitations for tax audits generally ranging from three to six years. Estimated incremental tax payments related to potential disallowances for subsequent periods are not expected to be material.

The Company establishes accruals for loss contingencies when it has determined that a loss is probable and that the amount of loss, or range of loss, can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changes in circumstances.

The Company also determines estimates of reasonably possible losses or ranges of reasonably possible losses in excess of related accrued liabilities, if any, when it has determined that a loss is reasonably possible and it is able to determine such estimates. For those matters disclosed below, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is \$0 to approximately \$200 million (based on current exchange rates). The estimates included in this amount are based on the Company's analysis of currently available information and, as new information is obtained, these estimates may change. Due to the inherent subjectivity of the assessments and the unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company from the matters in question. Thus, the Company's exposure and ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued or the range disclosed above.

Based on current knowledge, management does not believe that the ultimate resolution of loss contingencies arising from the matters discussed herein will have a material effect on the Company's consolidated financial position or its ongoing results of operations or cash flows. However, in light of the inherent uncertainties noted above, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular quarter or year.

### **Brazilian Matters**

In 2001, the Central Bank of Brazil sought to impose a substantial fine on the Company's Brazilian subsidiary based on alleged foreign exchange violations in connection with the financing of the Company's 1995 acquisition of the Kolynos oral care business from Wyeth (formerly American Home Products) (the Seller), as described in the Company's Form 8-K dated January 10, 1995. The Company appealed the imposition of the fine to the Brazilian Monetary System Appeals Council (the Council), and on January 30, 2007, the Council decided the appeal in the Company's favor, dismissing the fine entirely. However, certain tax and civil proceedings that began as a result of this Central Bank matter are still outstanding as described below.

The Brazilian internal revenue authority has disallowed interest deductions and foreign exchange losses taken by the Company's Brazilian subsidiary for certain years in connection with the financing of the Kolynos acquisition. The tax assessments with interest, at the current exchange rate, approximate \$113 million. The Company has been disputing the disallowances by appealing the assessments within the internal revenue authority's appellate process with the following results to date:

- In June 2005, the First Board of Taxpayers ruled in the Company's favor and allowed all of the previously claimed deductions for 1996 through 1998. In March 2007, the First Board of Taxpayers ruled in the Company's favor and allowed all of the previously claimed deductions for 1999 through 2001. The tax authorities appealed these decisions to the next administrative level.
- In August 2009, the First Taxpayers' Council (the next and final administrative level of appeal) overruled the decisions of the First Board of Taxpayers, upholding the majority of the assessments, disallowing a portion of the assessments and remanding a portion of the assessments for further consideration by the First Board of Taxpayers.

The Company has filed a motion for clarification with a special appeals chamber of the Taxpayers' Council and further appeals are available within the Brazilian federal courts. The Company intends to challenge these assessments vigorously. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel and other advisors, that the disallowances are without merit and that the Company should ultimately prevail on appeal, if necessary, in the Brazilian federal courts.

In 2002, the Brazilian Federal Public Attorney filed a civil action against the federal government of Brazil, Laboratorios Wyeth-Whitehall Ltda. (the Brazilian subsidiary of the Seller) and the Company, as represented by its Brazilian subsidiary, seeking to annul an April 2000 decision by the Brazilian Board of Tax Appeals that found in favor of the Seller's Brazilian subsidiary on the issue of whether it had incurred taxable capital gains as a result of the divestiture of Kolynos. The action seeks to make the Company's Brazilian subsidiary jointly and severally liable for any tax due from the Seller's Brazilian subsidiary. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the Company should ultimately prevail in this action. The Company intends to challenge this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest and penalties of approximately \$67 million, at the current exchange rate, based on a claim that certain purchases of U.S. Treasury bills by the subsidiary and their subsequent disposition during the period 2000 to 2001 were subject to a tax on foreign exchange transactions. The Company is disputing the assessment within the internal revenue authority's administrative appeals process. In October 2007, the Second Board of Taxpayers, which has jurisdiction over these matters, ruled in favor of the internal revenue authority. In January 2008, the Company appealed this decision, and in January 2012, a special appeals chamber of the Taxpayers' Council denied the Company's appeal. Although there can be no assurances, management believes, based on the advice of its Brazilian legal counsel, that the tax assessment is without merit and that the Company should prevail on appeal, if not at the administrative level, in the Brazilian federal courts. The Company intends to challenge this assessment vigorously.

### **European Competition Matters**

Since February 2006, the Company has learned that investigations relating to potential competition law violations involving the Company's subsidiaries had been commenced by governmental authorities in a number of European countries and by the European Commission. The Company understands that substantially all of these investigations also involve other consumer goods companies and/or retail customers. The status of the various pending matters is discussed below.

Fines have been imposed on the Company in the following matters, although the Company is appealing these fines:

- In December 2009, the Swiss competition law authority imposed a fine of \$5 million on the Company's GABA subsidiary for alleged violations of restrictions on parallel imports into Switzerland. The Company is appealing the fine in the Swiss courts.
- In January 2010, the Spanish competition law authority found that four suppliers of shower gel had entered into an agreement regarding product down-sizing, for which Colgate's Spanish subsidiary was fined \$3 million. The Company is appealing the fine in the Spanish courts.
- In December 2010, the Italian competition law authority found that 16 consumer goods companies, including the Company's Italian subsidiary, exchanged competitively sensitive information in the cosmetics sector, for which the Company's Italian subsidiary was fined \$3 million. The Company is appealing the fine in the Italian courts.
- In December 2011, the French competition law authority found that four consumer goods companies had entered into agreements on pricing and promotion of heavy duty detergents for which Colgate's French subsidiary was fined \$46 million in connection with a divested business. The Company is appealing the fine in the French courts.

Currently, formal claims of violations, or statements of objections, are pending against the Company as follows:

- The French competition law authority alleges violations of competition law by three pet food producers, including the Company's Hill's France subsidiary, focusing on exclusivity arrangements and parallel trade restrictions.
- The German competition law authority alleges that 17 branded goods companies, including the Company's German subsidiary, exchanged sensitive information related to the German market.

The Company has responded to each of these formal claims of violations. Investigations are ongoing in Belgium, France and Greece, but no formal claims of violations have been filed in these jurisdictions except in France as noted above.

During 2011, the following matters have been resolved:

- In April 2011, the investigation by the European Commission was resolved with no formal claims of violations or decisions made against the Company. To the Company's knowledge, there are no other investigations by the European Commission relating to potential competition law violations involving the Company or its subsidiaries.

- In May 2011, the Dutch competition authority closed its investigation and no decision was made against the Company or its Dutch subsidiary.

The Company's policy is to comply with antitrust and competition laws and, if a violation of any such laws is found, to take appropriate remedial action and to cooperate fully with any related governmental inquiry. The Company has undertaken a comprehensive review of its selling practices and related competition law compliance in Europe and elsewhere and, where the Company has identified a lack of compliance, it has undertaken remedial action. Competition and antitrust law investigations often continue for several years and can result in substantial fines for violations that are found. While the Company cannot predict the final financial impact of these competition law issues as these matters may change, the Company evaluates developments in these matters quarterly and accrues liabilities as and when appropriate.

### **ERISA Matters**

In October 2007, a putative class action claiming that certain aspects of the cash balance portion of the Colgate-Palmolive Company Employees' Retirement Income Plan (the Plan) do not comply with the Employee Retirement Income Security Act was filed against the Plan and the Company in the United States District Court for the Southern District of New York. Specifically, Proesel, et al. v. Colgate-Palmolive Company Employees' Retirement Income Plan, et al. alleges improper calculation of lump sum distributions, age discrimination and failure to satisfy minimum accrual requirements, thereby resulting in the underpayment of benefits to Plan participants. Two other putative class actions filed earlier in 2007, Abelman, et al. v. Colgate-Palmolive Company Employees' Retirement Income Plan, et al., in the United States District Court for the Southern District of Ohio, and Caufield v. Colgate-Palmolive Company Employees' Retirement Income Plan, in the United States District Court for the Southern District of Indiana, both alleging improper calculation of lump sum distributions and, in the case of Abelman, claims for failure to satisfy minimum accrual requirements, were transferred to the Southern District of New York and consolidated with Proesel into one action, In re Colgate-Palmolive ERISA Litigation. The complaint in the consolidated action alleges improper calculation of lump sum distributions and failure to satisfy minimum accrual requirements, but does not include a claim for age discrimination. The relief sought includes recalculation of benefits in unspecified amounts, pre- and post-judgment interest, injunctive relief and attorneys' fees. This action has not been certified as a class action as yet. The parties are in discussions via non-binding mediation to determine whether the action can be settled. The Company and the Plan intend to contest this action vigorously should the parties be unable to reach a settlement.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

For information regarding the market for the Company's common stock, including quarterly market prices and dividends, refer to "Market and Dividend Information." For information regarding the number of common shareholders of record refer to "Historical Financial Summary." For information regarding the securities authorized for issuance under our equity compensation plans, refer to "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" included in Item 12 of this report.

#### Issuer Purchases of Equity Securities

On September 8, 2011, the Company's Board of Directors authorized a new share repurchase program (the 2011 Program) that replaced the Company's previous share repurchase program which had been approved in 2010. The 2011 Program authorizes the repurchase of up to 50 million shares of the Company's common stock. The Board also has authorized share repurchases on an on-going basis to fulfill certain requirements of the Company's compensation and benefit programs. The shares will be repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion, subject to market conditions, customary blackout periods and other factors.

The following table shows the stock repurchase activity for each of the three months in the quarter ended December 31, 2011:

Month	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 through 31, 2011	556,000	\$ 90.00	520,000	48,179,489
November 1 through 30, 2011	2,047,281	\$ 88.45	2,030,000	46,149,489
December 1 through 31, 2011	2,123,388	\$ 91.21	2,100,000	44,049,489
<b>Total</b>	<b>4,726,669</b>	<b>\$ 89.87</b>	<b>4,650,000</b>	

<sup>(1)</sup> Includes share repurchases under the 2011 Program and those associated with certain employee elections under the Company's compensation and benefit programs.

<sup>(2)</sup> The difference between the total number of shares purchased and the total number of shares purchased as part of publicly announced plans or programs is 76,669 shares, all of which relate to shares deemed surrendered to the Company to satisfy certain employee elections under its compensation and benefit programs.

### ITEM 6. SELECTED FINANCIAL DATA

Refer to the information set forth under the caption "Historical Financial Summary."

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Executive Overview and Outlook

Colgate-Palmolive Company seeks to deliver strong, consistent business results and superior shareholder returns by providing consumers globally with products that make their lives healthier and more enjoyable.

To this end, the Company is tightly focused on two product segments: Oral, Personal and Home Care; and Pet Nutrition. Within these segments, the Company follows a closely defined business strategy to develop and increase market leadership positions in key product categories. These product categories are prioritized based on their capacity to maximize the use of the organization's core competencies and strong global equities and to deliver sustainable long-term growth.

Operationally, the Company is organized along geographic lines with management teams having responsibility for the business and financial results in each region. The Company competes in more than 200 countries and territories worldwide with established businesses in all regions contributing to the Company's sales and profitability. Approximately 80% of our net sales are generated from markets outside the U.S., with approximately 50% of our net sales coming from emerging markets (which consist of Latin America, Greater Asia/Africa (excluding Japan) and Central Europe). This geographic diversity and balance help to reduce the Company's exposure to business and other risks in any one country or part of the world.

The Oral, Personal and Home Care segment is operated through four reportable operating segments: North America, Latin America, Europe/South Pacific and Greater Asia/Africa, all of which sell to a variety of retail and wholesale customers and distributors. The Company, through Hill's Pet Nutrition, also competes on a worldwide basis in the pet nutrition market, selling its products principally through specialty pet retailers and the veterinary profession.

On an ongoing basis, management focuses on a variety of key indicators to monitor business health and performance. These indicators include market share, sales (including volume, pricing and foreign exchange components), organic sales growth (Net sales growth excluding the impact of foreign exchange, acquisitions and divestments), gross profit margin, operating profit, net income and earnings per share, as well as measures used to optimize the management of working capital, capital expenditures, cash flow and return on capital. The monitoring of these indicators, and the Company's corporate governance practices (including the Company's Code of Conduct), help to maintain business health and strong internal controls.

To achieve its business and financial objectives, the Company focuses the organization on initiatives to drive and fund growth. The Company seeks to capture significant opportunities for growth by identifying and meeting consumer needs within its core categories, through its focus on innovation and the deployment of valuable consumer and shopper insights in the development of successful new products regionally, which are then rolled out on a global basis. To enhance these efforts, the Company has developed key initiatives to build strong relationships with consumers, dental and veterinary professionals and retail customers. Growth opportunities are greater in those areas of the world in which economic development and rising consumer incomes expand the size and number of markets for the Company's products.

The investments needed to support this growth are developed through continuous, Company-wide initiatives to lower costs and increase effective asset utilization through which the Company seeks to become even more effective and efficient throughout its businesses, which are referred to as the Company's funding-the-growth initiatives. The Company also continues to prioritize its investments toward its higher margin businesses, specifically Oral Care, Personal Care and Pet Nutrition.

On June 20, 2011, the Company, Colgate-Palmolive Europe Sàrl, Unilever N.V. and Unilever PLC (together with Unilever N.V., "Unilever") finalized the Company's acquisition from Unilever of the Sanex personal care business in accordance with a Business and Share Sale and Purchase Agreement for an aggregate purchase price of €676 (\$966), subject to certain post-closing purchase price adjustments. The acquisition was financed with available cash, proceeds from the sale of the Company's Euro-denominated investment portfolio and the issuance of commercial paper.

On July 29, 2011, in connection with the Sanex acquisition, Colgate sold its laundry detergent business in Colombia to Unilever for \$215 resulting in a pretax gain of \$207 (\$135 aftertax gain). This gain was more than offset by pretax costs of \$224 (\$177 aftertax costs) associated with the implementation of various business realignment and other cost-saving initiatives, the sale of land in Mexico and a competition law matter in France related to a divested detergent business, as discussed further below.

The various business realignment and other cost-saving initiatives include the integration of Sanex, the right-sizing of the Colombia business and the closing of an oral care facility in Mississauga, Canada and a Hill's facility in Los Angeles, CA.

On September 13, 2011, the Company's Mexican subsidiary entered into an agreement to sell to the United States of America the Mexico City site on which its commercial operations, technology center and soap production facility are located. The sale price is payable in three installments, with the final installment due upon the transfer of the property, which is expected to occur in 2014. The Company intends to re-invest these payments to relocate its soap production to a new state-of-the-art facility to be constructed at its Mission Hills, Mexico site, to relocate its commercial and technology operations within Mexico City and to prepare the existing site for transfer. As a result, over the next three years, the Company expects to make capital improvements and incur costs to exit the site. These exit costs will primarily be related to staff leaving indemnities, accelerated depreciation and demolition.

As disclosed in Item 1A, "Risk Factors", with over 80% of its Net sales generated outside of the United States, the Company is exposed to changes in economic conditions and foreign currency exchange rates, as well as political uncertainty in some countries, all of which could impact future operating results. For example, as discussed in detail below, the operating environment in Venezuela is challenging, with economic uncertainty fueled by currency devaluations and high inflation and governmental restrictions in the form of import authorization controls, currency exchange controls, price controls and the possibility of expropriation of property or other resources.

In particular, as a result of the devaluations of the Venezuelan bolivar fuerte described more fully in Note 13 "Venezuela" to the Consolidated Financial Statements, the local currency operations of the Company's Venezuelan subsidiary (CP Venezuela) now translate into fewer U.S. dollars. The Company has taken, and continues to take, actions to mitigate the impact of both devaluations on its operations, although its ability to do so in the future may be limited due to new price controls instituted by the Venezuelan government. As a result, the Company may be unable to implement its pricing strategy to offset the effects of inflation in Venezuela.

Additionally, the Venezuelan government continues to impose import authorization controls and currency exchange and payment controls. During 2010, a new currency market was established and the government closed the free-floating parallel market. Under existing regulations, CP Venezuela is not permitted to access the new currency market, but continues to have limited access to U.S. dollars at the official rate, and currently only for imported goods. As a result, CP Venezuela funds its requirements for imported goods through a combination of U.S. dollars obtained from the government at the official rate, intercompany borrowings and existing U.S. dollar cash balances, which were obtained previously through parallel market transactions and through the prior liquidation of its U.S. dollar-denominated bond portfolio.

The Company's business in Venezuela, and the Company's ability to repatriate its earnings, continue to be negatively affected by these difficult conditions and would be further negatively affected by additional devaluations or the imposition of additional or more stringent controls on foreign currency exchange, pricing or imports or other governmental actions. For the year ended December 31, 2011, CP Venezuela represented approximately 5% of the Company's consolidated Net sales. At December 31, 2011, CP Venezuela's local currency monetary net asset position was approximately \$311.

Looking forward, we expect global macroeconomic and market conditions to remain highly challenging. While the global marketplace in which we operate has always been highly competitive, the Company continues to experience heightened competitive activity in certain markets from other large multinational companies, some of which have greater resources than we do. Such activities have included more aggressive product claims and marketing challenges, as well as increased promotional spending. Additionally, we continue to experience volatile foreign currency fluctuations and high commodity costs. While the Company has taken, and will continue to take, measures to mitigate the effect of these conditions, should they persist, they could adversely affect the Company's future results.

The Company believes it is well prepared to meet the challenges ahead due to its strong financial condition, experience operating in challenging environments and continued focus on the Company's recently updated strategic initiatives: engaging to build our brands; innovation for growth; effectiveness and efficiency; and leading to win. This focus, together with the strength of the Company's global brand names and its broad international presence in both mature and emerging markets, should position the Company well to increase shareholder value over the long term.

## **Results of Operations**

### Net Sales

Worldwide Net sales were \$16,734 in 2011, up 7.5% from 2010, driven by volume growth of 3.5%, net selling price increases of 1.0% and a positive foreign exchange impact of 3.0%. Excluding the impact of the divestment of the non-core laundry detergent business in Colombia, volume increased 4.0%. The Sanex business contributed 1.0% to worldwide Net sales and volume growth in 2011. Organic sales (Net sales excluding foreign exchange, acquisitions and divestments) increased 4.0%, on organic volume growth of 3.0% in 2011. Organic volume growth excludes the impact of acquisitions and divestments.



Net sales in the Oral, Personal and Home Care segment were \$14,562 in 2011, up 8.0% from 2010, driven by volume growth of 4.0%, net selling price increases of 1.0% and a positive foreign exchange impact of 3.0%. Excluding the impact of the divestment of the non-core detergent business in Colombia, volume increased 4.5%. The Sanex business contributed 1.0% to sales and volume growth in 2011. Organic sales in the Oral, Personal and Home Care segment increased 4.5% on organic volume growth of 3.5% in 2011.

Net sales for Hill's Pet Nutrition increased 4.5% in 2011 to \$2,172 driven by net selling price increases of 1.5%, and a positive foreign exchange impact of 3.0%, while volume remained flat. Organic sales in Hill's Pet Nutrition increased 1.5% in 2011.

Worldwide Net sales were \$15,564 in 2010, up 1.5% from 2009 as volume growth of 3.0% and level selling prices were partially offset by a negative foreign exchange impact of 1.5%. Worldwide organic sales increased 3.0% in 2010.

### Gross Profit

Worldwide Gross profit margin decreased to 57.3% in 2011 from 59.1% in 2010. Excluding the impact of costs associated with various business realignment and other cost-saving initiatives of 30 basis points (bps), gross profit margin was 57.6% in 2011. The decrease in 2011 was primarily due to higher raw and packaging material costs driven by global commodity cost increases (390 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (190 bps) and by higher pricing (50 bps).

Worldwide Gross profit margin increased to 59.1% in 2010 from 58.8% in 2009. The increase in 2010 was primarily driven by cost savings from the Company's funding-the-growth initiatives (170 bps) and by higher pricing (10 bps), partially offset by higher raw and packaging material costs driven by global commodity cost increases (140 bps).

### Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of Net sales were 34.4% in 2011, 34.8% in 2010 and 34.5% in 2009. Excluding the impact of costs associated with various business realignment and other cost saving initiatives, Selling, general and administrative expenses were 34.3% in 2011. The 50 bps decrease in 2011 was primarily due to lower advertising spending (20 bps) and lower overhead expenses (30 bps). In 2011, advertising increased 4.7% to \$1,734 as compared with \$1,656 in 2010, but decreased as a percentage of Net sales from 10.6% in 2010 to 10.4% in 2011. The 30 bps increase in 2010 was primarily due to higher advertising spending (60 bps), partially offset by the impact of cost-saving initiatives.

### Other (Income) Expense, Net

Other (income) expense, net was (\$9), \$301 and \$111 in 2011, 2010 and 2009, respectively. The components of Other (income) expense, net are presented below:

<b>Other (income) expense, net</b>	2011	2010	2009
Amortization of intangible assets	\$ 28	\$ 22	\$ 22
Gain on sales of non-core product lines	(207)	(50)	(5)
Business realignment and other cost-saving initiatives	136	—	—
Costs related to the sale of land in Mexico	13	—	—
Charge for a French competition law matter	21	—	—
Sanex acquisition transaction costs	12	—	—
Venezuela hyperinflationary transition charge	—	271	—
Gain from remeasurement of Venezuelan balance sheet	—	(10)	—
Remeasurement of certain liabilities in Venezuela	—	—	27
Termination benefits	—	86	—
Legal and environmental matters	11	(3)	27
Asset impairments	—	5	16
Equity (income)	(6)	(5)	(5)
Other, net	(17)	(15)	29
<b>Total Other (income) expense, net</b>	<b>\$ (9)</b>	<b>\$ 301</b>	<b>\$ 111</b>

Operating Profit

In 2011, Operating profit increased 10% to \$3,841 from \$3,489 in 2010. In 2010, Operating profit decreased 3% to \$3,489 from \$3,615 in 2009.

In 2011, Operating profit was impacted by the gain on the sale of the detergent business in Colombia, costs associated with various business realignment and other cost-saving initiatives, costs related to the sale of land in Mexico and a charge for a competition law matter in France related to a divested detergent business. In 2010, Operating profit was impacted by a one-time charge related to the transition to hyperinflationary accounting in Venezuela, termination benefits and the gain on sales of non-core product lines. Excluding these items in both years, Operating profit increased 2% in 2011 and 5% in 2010 as follows:

	2011	2010	% Change	2009	% Change
Operating profit, GAAP	\$ 3,841	\$ 3,489	10%	\$ 3,615	(3)%
Gain on sales of non-core product lines	(207)	(50)	—	—	—
Business realignment and other cost-saving initiatives	190	—	—	—	—
Costs related to the sale of land in Mexico	13	—	—	—	—
Charge for a French competition law matter	21	—	—	—	—
Venezuela hyperinflationary transition charge	—	271	—	—	—
Termination benefits	—	86	—	—	—
Operating profit, non-GAAP	<u>\$ 3,858</u>	<u>\$ 3,796</u>	<u>2%</u>	<u>\$ 3,615</u>	<u>5%</u>

Interest Expense, Net

Interest expense, net was \$52 in 2011 compared with \$59 in 2010 and \$77 in 2009. The decrease in Interest expense, net from 2010 to 2011 was mainly due to lower average interest rates, partially offset by higher debt balances. The decrease in Interest expense, net from 2009 to 2010 was due to lower average interest rates.

Income Taxes

The effective income tax rate was 32.6% in 2011, 32.6% in 2010 and 32.2% in 2009 and all years benefited from global tax strategies. The impact on the Company's effective income tax rate of the items described above was as follows:

	2011	2010
Effective income tax rate, as reported	32.6 %	32.6 %
Gain on sales of non-core product lines	(0.1)%	— %
Business realignment and other cost-saving initiatives	(0.5)%	— %
Charge for a French competition law matter	(0.2)%	— %
Transition to hyperinflationary accounting in Venezuela	— %	(2.4)%
Termination benefits	— %	(0.1)%
Reorganization of an overseas subsidiary	— %	0.8 %
Effective income tax rate, Non-GAAP	<u>31.8 %</u>	<u>30.9 %</u>

The Non-GAAP effective income tax rate of 31.8% in 2011 includes a benefit of 40 bps related to a change in state tax law. The Non-GAAP effective income tax rate of 30.9% in 2010 includes a benefit of 140 bps related to the remeasurement of the Venezuelan balance sheet and lower taxes on unpaid remittances.

Net Income attributable to Colgate-Palmolive Company

Net income attributable to Colgate-Palmolive Company was \$2,431, or \$4.94 per share on a diluted basis, in 2011 compared with \$2,203, or \$4.31 per share on a diluted basis, in 2010 and \$2,291, or \$4.37 per share on a diluted basis, in 2009. In 2011, Net income attributable to Colgate-Palmolive Company included an aftertax gain on the sale of the laundry detergent business in Colombia of \$135 (\$0.27 per diluted share), which was more than offset by aftertax costs of \$177 (\$0.36 per diluted share) associated with the implementation of various business realignment and other cost-saving initiatives, the sale of land in Mexico and a competition law matter in France related to a divested detergent business.

In 2010, Net income attributable to Colgate-Palmolive Company included a one-time charge of \$271 (\$0.53 per diluted share) related to the transition to hyperinflationary accounting in Venezuela, \$61 (\$0.12 per diluted share) in aftertax charges for termination benefits, a \$30 (\$0.06 per diluted share) aftertax gain from the sale of non-core product lines in Latin America and a \$31 (\$0.06 per diluted share) aftertax gain related to the reorganization of an overseas subsidiary.

Excluding the items described above, Net income attributable to Colgate-Palmolive Company in 2011 was \$2,473 as compared to \$2,474 in 2010 and earnings per common share on a diluted basis increased 4% to \$5.03. Excluding the items described above, Net income attributable to Colgate-Palmolive Company in 2010 increased 8% to \$2,474 and earnings per share on a diluted basis increased 11% to \$4.84.

### Segment Results

The Company markets its products in over 200 countries and territories throughout the world in two distinct business segments: Oral, Personal and Home Care; and Pet Nutrition. The Company evaluates segment performance based on several factors, including Operating profit. The Company uses Operating profit as a measure of the operating segment performance because it excludes the impact of corporate-driven decisions related to interest expense and income taxes.

#### *North America*

	2011	2010	% Change	2009	% Change
Net sales	\$ 2,995	\$ 3,005	(0.5) %	\$ 2,950	2.0 %
Operating profit	\$ 791	\$ 884	(11) %	\$ 843	5 %
% of Net sales	26.4%	29.4%	(300) bps	28.6%	80 bps

Net sales in North America decreased 0.5% in 2011 to \$2,995, as volume growth of 2.0% and a positive foreign exchange impact of 0.5% were more than offset by net selling price decreases of 3.0%. Organic sales in North America decreased 1.0% in 2011.

Net sales in North America increased 2.0% in 2010 to \$3,005 as a result of 3.5% volume growth and a 1.0% positive impact of foreign exchange, partially offset by 2.5% net selling price decreases. Organic sales in North America grew 1.0% in 2010.

Operating profit in North America decreased 11% in 2011 to \$791, or 26.4% of Net sales. This decrease in Operating profit as a percentage of Net sales was driven by a decrease in Gross profit as a percentage of Net sales and by an increase in Selling, general and administrative expenses as a percentage of Net sales. The decrease in Gross profit as a percentage of Net sales was a result of lower pricing due to increased promotional investments and higher raw and packaging material costs reflecting global commodity cost increases, which were partially offset by cost savings from the Company's funding-the-growth initiatives. Selling, general and administrative expenses as a percentage of Net sales increased due to higher overhead expenses, which were partially offset by lower advertising expenses as a percentage of Net sales.

Operating profit in North America increased 5% in 2010 to \$884, or 29.4% of Net sales. The increase in Operating profit as a percentage of Net sales was driven by a decrease in Selling, general and administrative expenses as a percentage of Net sales due to lower overhead expenses and advertising expenses as a percentage of Net sales. Gross profit as a percentage of Net sales was flat as higher raw and packaging material costs and increased promotional investments were fully offset by cost savings from the Company's funding-the-growth initiatives.

#### *Latin America*

	2011	2010	% Change	2009	% Change
Net sales	\$ 4,778	\$ 4,261	12.0 %	\$ 4,319	(1.5) %
Operating profit	\$ 1,414	\$ 1,295	9 %	\$ 1,360	(5) %
% of Net sales	29.6%	30.4%	(80) bps	31.5%	(110) bps

Net sales in Latin America increased 12.0% in 2011 to \$4,778, driven by volume growth of 3.0%, net selling price increases of 7.0% and a positive foreign exchange impact of 2.0%. Organic sales in Latin America increased 11.5%. Excluding the impact of the divested detergent business in Colombia, volume increased 4.5% in 2011. Volume gains were led by Mexico, Brazil and Argentina.

Net sales in Latin America decreased 1.5% in 2010 to \$4,261, as 2.0% volume growth and net selling price increases of 5.5% were more than offset by a 9.0% negative impact of foreign exchange. Organic sales in Latin America grew 7.5% in 2010.

While Operating profit in Latin America increased 9% in 2011 to \$1,414, driven by strong sales growth, it decreased as a percentage of Net sales to 29.6%. This decrease in Operating profit as a percentage of Net sales was due to an increase in Selling, general and administrative expenses as a percentage of Net sales which was partially offset by an increase in Gross profit as a percentage of Net sales. The increase in Gross profit as a percentage of Net sales was driven by higher pricing and cost savings from the Company's funding-the-growth initiatives, partially offset by higher raw and packaging material costs reflecting global commodity cost increases. The increase in Selling, general and administrative expenses as a percentage of Net sales was primarily due to higher overhead expenses and higher advertising investments supporting volume growth.

Operating profit in Latin America decreased 5% in 2010 to \$1,295, or 30.4% as a percentage of Net sales. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit as a percentage of Net sales and an increase in Selling, general and administrative expenses as a percentage of Net sales. The decrease in Gross profit as a percentage of Net sales was driven by higher raw and packaging material costs, which were partially offset by higher pricing and cost savings from the Company's funding-the-growth initiatives. The increase in Selling, general and administrative expenses as a percentage of Net sales was due to higher advertising spending and higher overhead expenses, partially offset by cost savings from the Company's funding-the-growth initiatives.

#### Europe/South Pacific

	2011	2010	% Change	2009	% Change
Net sales	\$ 3,508	\$ 3,220	9.0 %	\$ 3,271	(1.5) %
Operating profit	\$ 715	\$ 742	(4) %	\$ 748	(1) %
% of Net sales	20.4%	23.0%	(260) bps	22.9%	10 bps

Net sales in Europe/South Pacific increased 9.0% in 2011 to \$3,508, as volume growth of 5.0% and the positive impact of foreign exchange of 7.0% were partially offset by net selling price decreases of 3.0%. The Sanex business contributed 4.0% to Europe/South Pacific sales and volume growth in 2011. Organic sales in Europe/South Pacific decreased by 2.0% as organic volume growth of 1.0% was more than offset by net selling price decreases of 3.0% in 2011. Volume gains were led by the United Kingdom, Spain, France, Denmark and the GABA business.

Net sales in Europe/South Pacific decreased 1.5% in 2010 to \$3,220 as volume growth of 2.0% was more than offset by net selling price decreases of 3.0% and a 0.5% negative impact of foreign exchange. Organic sales in Europe/South Pacific declined 1.0% in 2010.

Operating profit in Europe/South Pacific decreased 4% in 2011 to \$715, or 20.4% of Net sales. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit as a percentage of Net sales and an increase in Selling, general and administrative expenses as a percentage of Net sales. The decrease in Gross profit as a percentage of Net sales was due to lower pricing and higher raw and packaging material costs reflecting global commodity cost increases, which were partially offset by cost savings from the Company's funding-the-growth initiatives. Selling, general and administrative expenses as a percentage of Net sales increased due to higher overhead expenses and higher advertising investments.

While Operating profit in Europe/South Pacific decreased 1% in 2010 to \$742, it increased as a percentage of Net sales to 23.0%. This increase in Operating profit as a percentage of Net sales was driven by an increase in Gross profit as a percentage of Net sales due to a continued focus on cost-saving initiatives, partially offset by increased promotional investments. Selling, general and administrative expenses as a percentage of Net sales remained flat as higher advertising spending as a percentage of Net sales was offset by a reduction of overhead expenses as a percentage of Net sales.

#### Greater Asia/Africa

	2011	2010	% Change	2009	% Change
Net sales	\$ 3,281	\$ 2,998	9.5 %	\$ 2,655	13.0 %
Operating profit	\$ 807	\$ 767	5 %	\$ 631	22 %
% of Net sales	24.6%	25.6%	(100) bps	23.8%	180 bps

Net sales in Greater Asia/Africa increased 9.5% in 2011 to \$3,281, driven by volume growth of 6.5%, net selling price increases of 1.0% and a 2.0% positive impact of foreign exchange. The Sanex business contributed 0.5% to Greater Asia/Africa sales and volume growth in 2011. Organic sales in Greater Asia/Africa grew 7.0% on organic volume growth of 6.0% in 2011. Volume gains were led by India, the Greater China region, Russia, and South Africa.

Net sales in Greater Asia/Africa increased 13.0% in 2010 to \$2,998 as volume growth of 10.5% and a 4.0% positive impact of foreign exchange were partially offset by net selling price decreases of 1.5%. Organic sales in Greater Asia/Africa grew 9.0% in 2010.

While Operating profit in Greater Asia/Africa increased 5% in 2011 to \$807, driven by strong sales growth, it decreased as a percentage of Net sales to 24.6%. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit as a percentage to Net sales which was partially offset by a decrease in Selling, general and administrative expenses as a percentage of Net sales. The decrease in Gross profit as a percentage of Net sales was due to higher raw and packaging material costs reflecting global commodity cost increases, partially offset by higher pricing and cost savings from the Company's funding-the-growth initiatives. Selling, general and administrative expenses as a percentage of Net sales decreased due to lower advertising expenses and lower overhead expenses as a percentage of Net sales.

Operating profit in Greater Asia/Africa increased 22% in 2010 to \$767, or 25.6% as a percentage of Net sales. This increase in Operating profit as a percentage of Net sales was due to an increase in Gross profit as a percentage to Net sales which was partially offset by an increase in Selling, general and administrative expenses as a percentage of Net sales. The increase in Gross profit as a percentage of Net sales was due to a continued focus on cost-saving initiatives, partially offset by increased promotional investments. Selling, general and administrative expenses as a percentage of Net sales increased due to higher advertising expenses, partially offset by a reduction of overhead expenses as a percentage of Net sales.

#### Hill's Pet Nutrition

	2011	2010	% Change	2009	% Change
Net sales	\$ 2,172	\$ 2,080	4.5 %	\$ 2,132	(2.5) %
Operating profit	\$ 560	\$ 559	— %	\$ 555	1 %
% of Net sales	25.8%	26.9%	(110) bps	26.0%	90 bps

Net sales for Hill's Pet Nutrition increased 4.5% in 2011 to \$2,172. Net selling prices increased 1.5%, foreign exchange was positive 3.0% and volume was flat. Organic sales in Hill's Pet Nutrition increased 1.5% in 2011. Volume gains, driven by Russia, South Africa, Brazil and Canada, were offset by volume declines in the United States and Japan.

Net sales for Hill's Pet Nutrition decreased 2.5% in 2010 to \$2,080, as 2.0% volume declines and 1.5% net selling price decreases were partially offset by a 1.0% positive impact of foreign exchange. Organic sales in Hill's Pet Nutrition declined 3.5% in 2010.

While Operating profit in Hill's Pet Nutrition was flat in 2011 at \$560, it decreased as a percentage of Net sales to 25.8%. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit as a percentage of Net sales, which was partially offset by a decrease in Selling, general and administrative expenses as a percentage of Net sales. The decrease in Gross profit as a percentage of Net sales was due to higher raw and packaging material costs reflecting global commodity cost increases and increased manufacturing overhead expenses due to increased investments in capacity, partially offset by cost savings from the Company's funding-the-growth initiatives and higher pricing. Selling, general and administrative expenses decreased as a percentage of Net sales due to lower advertising, partially offset by an increase in overhead expenses as a percentage of Net sales.

Operating profit in Hill's Pet Nutrition increased 1% in 2010 to \$559, or 26.9% of Net sales. This increase in Operating profit as a percentage of Net sales was due to an increase in Gross profit as a percentage of Net sales and a decrease in Selling, general and administrative expenses as a percentage of Net sales. The increase in Gross profit as a percentage of Net sales was due to lower raw and packaging material costs and cost savings from the Company's funding-the-growth initiatives, partially offset by increased promotional investments. Selling, general and administrative expenses decreased as a percentage of Net sales due to lower overhead and advertising expenses.

#### Corporate

	2011	2010	% Change	2009	% Change
Operating profit	\$ (446)	\$ (758)	(41) %	\$ (522)	45 %

Corporate operations include Corporate overhead costs, research and development costs, stock-based compensation expense related to stock options and restricted stock awards, restructuring and related implementation costs and gains and losses on sales of non-core product lines and assets. The components of Operating profit (loss) for the Corporate segment are presented below:

	2011	2010	2009
Gain on sales of non-core product lines	\$ 207	\$ 50	\$ —
Business realignment and other cost-saving initiatives	(190)	—	—
Costs related to the sale of land in Mexico	(13)	—	—
Charge for a French competition law matter	(21)	—	—
Sanex acquisition transaction costs	(12)	—	—
Venezuela hyperinflationary transition charge	—	(271)	—
Termination benefits	—	(86)	—
Corporate overhead costs and other, net	(417)	(451)	(522)
<b>Total Corporate Operating profit (loss)</b>	<b>\$ (446)</b>	<b>\$ (758)</b>	<b>\$ (522)</b>

#### Non-GAAP Financial Measures

This Annual Report on Form 10-K discusses organic sales growth (Net sales growth excluding the impact of foreign exchange, acquisitions and divestments) (non-GAAP). Management believes this measure provides investors with useful supplemental information regarding the Company's underlying sales trends by presenting sales growth excluding the external factor of foreign exchange, as well as the impact of acquisitions and divestments. A reconciliation of organic sales growth to Net sales growth for the years ended December 31, 2011 and 2010 is provided below.

Worldwide Gross profit margin, Selling, general and administrative expenses, Operating profit, effective tax rate, Net income attributable to Colgate-Palmolive Company and earnings per share on a diluted basis are discussed in this Annual Report on Form 10-K both on a GAAP basis and excluding the impacts of the gains on the sales of non-core product lines, costs associated with various business realignment and other cost-saving initiatives, costs related to the sale of land in Mexico, a charge for a competition law matter in France related to a divested detergent business, the one-time charge related to the transition to hyperinflationary accounting in Venezuela, termination benefits and the gain related to the reorganization of an overseas subsidiary (non-GAAP). Management believes these non-GAAP financial measures provide investors with useful supplemental information regarding the performance of the Company's ongoing operations. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures for the years ended December 31, 2011 and 2010 is presented below.

The Company uses the above financial measures internally in its budgeting process and as a factor in determining compensation. While the Company believes that these non-GAAP financial measures are useful in evaluating the Company's business, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies.

The following table provides a quantitative reconciliation of organic sales growth to Net sales growth for each of the years ended December 31, 2011 and 2010 versus the prior year:

Year ended December 31, 2011	Organic Sales Growth (Non-GAAP)	Foreign Exchange Impact	Acquisitions and Divestments Impact	Net Sales Growth (GAAP)
<b>Oral, Personal and Home Care</b>				
North America	(1.0)%	0.5%	0.0%	(0.5)%
Latin America	11.5%	2.0%	(1.5)%	12.0%
Europe/South Pacific	(2.0)%	7.0%	4.0%	9.0%
Greater Asia/Africa	7.0%	2.0%	0.5%	9.5%
<b>Total Oral, Personal and Home Care</b>	<b>4.5%</b>	<b>3.0%</b>	<b>0.5%</b>	<b>8.0%</b>
<b>Pet Nutrition</b>	<b>1.5%</b>	<b>3.0%</b>	<b>0.0%</b>	<b>4.5%</b>
<b>Total Company</b>	<b>4.0%</b>	<b>3.0%</b>	<b>0.5%</b>	<b>7.5%</b>

Year ended December 31, 2010	Organic Sales Growth (Non-GAAP)	Foreign Exchange Impact	Acquisitions and Divestments Impact	Net Sales Growth (GAAP)
Oral, Personal and Home Care				
North America	1.0%	1.0%	0.0%	2.0%
Latin America	7.5%	(9.0)%	0.0%	(1.5)%
Europe/South Pacific	(1.0)%	(0.5)%	0.0%	(1.5)%
Greater Asia/Africa	9.0%	4.0%	0.0%	13.0%
Total Oral, Personal and Home Care	4.0%	(2.0)%	0.0%	2.0%
Pet Nutrition	(3.5)%	1.0%	0.0%	(2.5)%
<b>Total Company</b>	<b>3.0%</b>	<b>(1.5)%</b>	<b>0.0%</b>	<b>1.5%</b>

The following table provides a quantitative reconciliation of various (Non-GAAP) financial measures to the most directly comparable GAAP financial measures for the years ended December 31, 2011 and 2010:

	2011						2010					
	As Reported (GAAP)	Gain on Sale of Colombia Detergent Business	Business Realignment Initiatives	Mexico Land Sale	French Competition Law Matter	As Adjusted (Non-GAAP)	As Reported <sup>1</sup> (GAAP)	Venezuela Hyper-inflationary	Termination Benefits	Gain on Sale of Non-Core Product Lines	Tax Initiatives <sup>2</sup>	As Adjusted (Non-GAAP <sup>1</sup> )
Cost of sales	\$ 7,144		\$ 44			\$ 7,100						
Gross profit	9,590		(44)			9,634						
Gross profit margin	57.3%					57.6%						
Selling, general and administrative expenses	5,758		10			5,748						
Other (income) expense, net	(9)	\$ (207)	\$ 136	\$ 13	\$ 21	28	\$ 301	\$ 271	\$ 86	\$ (50)	\$ —	\$ (6)
Operating profit	3,841	207	(190)	(13)	(21)	3,858	3,489	(271)	(86)	50	—	3,796
Operating profit margin	23.0%					23.1%	22.4%					24.4%
Income before income taxes	3,789	207	(190)	(13)	(21)	3,806	3,430	(271)	(86)	50	—	3,737
Provision for income taxes	1,235	72	(42)	(4)	—	1,209	1,117	—	(25)	20	(31)	1,153
Effective tax rate	32.6%					31.8%	32.6%					30.9%
Net income including noncontrolling interests	2,554	135	(148)	(9)	(21)	2,597	2,313	(271)	(61)	30	31	2,584
Net income attributable to Colgate-Palmolive Company	\$ 2,431	\$ 135	\$ (147)	\$ (9)	\$ (21)	\$ 2,473	\$ 2,203	\$ (271)	\$ (61)	\$ 30	\$ 31	\$ 2,474
Earnings per common share <sup>3</sup>												
Basic	\$ 4.98	\$ 0.28	\$ (0.30)	\$ (0.02)	\$ (0.04)	\$ 5.06	\$ 4.45	\$ (0.56)	\$ (0.13)	\$ 0.06	\$ 0.06	\$ 5.00
Diluted	\$ 4.94	\$ 0.27	\$ (0.30)	\$ (0.02)	\$ (0.04)	\$ 5.03	\$ 4.31	\$ (0.53)	\$ (0.12)	\$ 0.06	\$ 0.06	\$ 4.84

<sup>1</sup> Includes a \$46 pretax gain (\$59 aftertax gain, \$0.12 diluted earnings per share) related to the remeasurement of the Venezuelan balance sheet and lower taxes on accrued but unpaid remittances resulting from the currency devaluation in January 2010 and a \$36 pretax loss (\$2 aftertax gain) related to the remeasurement of the Venezuelan balance sheet and lower taxes on accrued but unpaid remittances resulting from the currency devaluation announced in December 2010.

<sup>2</sup> Includes a gain related to a tax initiative involving the reorganization of an overseas subsidiary.

<sup>3</sup> The impact of Non-GAAP adjustments on the basic and diluted earnings per share may not necessarily equal the difference between "As Reported (GAAP)" and "As Adjusted (Non-GAAP)" as a result of rounding.

## Liquidity and Capital Resources

The Company expects cash flow from operations and debt issuances will be sufficient to meet foreseeable business operating and recurring cash needs (including for debt service, dividends, capital expenditures and stock repurchases). The Company believes its strong cash generation and financial position should continue to allow it broad access to global credit and capital markets.

### Cash Flow

Net cash provided by operations in 2011 was \$2,896 as compared with \$3,211 in 2010 and \$3,277 in 2009. The decrease in 2011 as compared to 2010 was primarily due to an increase in voluntary benefit plan contributions. The decrease in 2010 as compared to 2009 was due to increased working capital.

The Company defines working capital as the difference between current assets (excluding cash and cash equivalents and marketable securities, the latter of which is reported in Other current assets) and current liabilities (excluding short-term debt). The Company's working capital increased to 0.7% of Net sales in 2011 as compared with 0.3% in 2010. The increase in working capital as a percentage of Net sales in 2011 versus 2010 was primarily due to higher levels of accounts receivable and inventories. Although higher in absolute dollars, accounts receivable and inventory levels were in line with prior year levels of days sales outstanding for receivables and months coverage of inventory.

Investing activities used \$1,213 in 2011, compared with \$658 and \$841 during 2010 and 2009, respectively. The increase was primarily due to the purchase of the Sanex business for \$966 which was funded with available cash, including the proceeds from the sale of the Company's Euro-denominated investment portfolio, and the issuance of commercial paper, partially offset by the sale of the Company's laundry detergent business in Colombia for \$215. Additionally, in 2011, the Company's Mexican subsidiary entered into an agreement to sell the Mexico City site on which its commercial operations, technology center and soap production facility are located. The sale price is payable in three installments, with the final installment due upon the transfer of the property, which is expected to occur in 2014. During 2011, the Company received the first installment of \$24. Capital expenditures were \$537, \$550 and \$575 for 2011, 2010 and 2009, respectively. Capital expenditures continue to focus primarily on projects that are expected to yield high aftertax returns. Capital expenditures for 2012 are expected to be at an annual rate of approximately 3.5% of Net sales.

Financing activities used \$1,242 of cash during 2011 compared to \$2,624 and \$2,270 during 2010 and 2009. This difference was primarily due to higher net proceeds from the issuance of debt and a lower level of share repurchases. The increase in 2010 was primarily due to higher repurchases of common stock and dividends paid, partially offset by higher net proceeds from issuances of debt.

Long-term debt, including the current portion, increased to \$4,776 as of December 31, 2011, as compared to \$3,376 as of December 31, 2010, and total debt increased to \$4,810 as of December 31, 2011, as compared to \$3,424 as of December 31, 2010. During the fourth quarter of 2011, the Company issued \$300 of U.S. dollar-denominated three-year notes at a fixed rate of 0.6%, \$400 of U.S. dollar-denominated five-year notes at a fixed rate of 1.3% and \$300 of U.S. dollar-denominated ten-year notes at a fixed rate of 2.45% under the Company's shelf registration statement. Proceeds from the debt issuances were used to reduce commercial paper borrowings and to repay outstanding indebtedness under a €408 credit facility. During the second quarter of 2011, the Company issued \$250 of U.S. dollar-denominated three-year notes at a fixed rate of 1.250% and \$250 of U.S. dollar-denominated six-year notes at a fixed rate of 2.625% under the Company's shelf registration statement. During the fourth quarter of 2010, the Company issued \$250 of ten-year notes at a fixed rate of 2.95% and \$188 of five-year notes at a fixed rate of 1.375% under the Company's shelf registration statement. During the third quarter of 2009, the Company issued \$300 of U.S. dollar-denominated six-year notes at a fixed rate of 3.15% under the Company's shelf registration statement. Proceeds from the debt issuances in the second quarter of 2011, fourth quarter of 2010 and third quarter of 2009 were used to reduce commercial paper borrowings.

At December 31, 2011, the Company had access to unused domestic and foreign lines of credit of \$2,705 (including under the two facilities discussed below) and could also issue medium-term notes pursuant to an effective shelf registration statement. In November 2011, the Company entered into a new five-year revolving credit facility with a capacity of \$1,850 with a syndicate of banks. The facility, which expires in November 2016, replaced an existing credit facility with a capacity of \$1,600 which was due to expire in November 2012. The Company also has the ability to draw \$145 from a revolving credit facility that expires in November 2012. Commitment fees related to credit facilities are not material.

Domestic and foreign commercial paper outstanding was \$671 and \$214 as of December 31, 2011 and 2010, respectively. The average daily balances outstanding for commercial paper in 2011 and 2010 were \$1,497 and \$1,146, respectively. The



maximum daily balance outstanding for commercial paper during 2011 and 2010 was \$1,897 and \$1,628, respectively. The Company regularly classifies commercial paper and certain current maturities of notes payable as long-term debt as it has the intent and ability to refinance such obligations on a long-term basis, including, if necessary, by utilizing its line of credit that expires in 2016.

Following is a summary of the Company's commercial paper and global short-term borrowings as of December 31, 2011 and 2010:

	2011			2010		
	Weighted Average Interest Rate	Maturities	Outstanding	Weighted Average Interest Rate	Maturities	Outstanding
Payable to banks	0.9%	2012	\$ 34	3.1%	2011	\$ 48
Commercial paper	0.1%	2012	671	0.2%	2011	214
<b>Total</b>			<b>\$ 705</b>			<b>\$ 262</b>

Certain of the facilities with respect to the Company's bank borrowings contain financial and other covenants as well as cross-default provisions. Noncompliance with these requirements could ultimately result in the acceleration of amounts owed. The Company is in full compliance with all such requirements and believes the likelihood of noncompliance is remote. See Note 5 to the Consolidated Financial Statements for further information about the Company's long-term debt and credit facilities.

Dividend payments in 2011 were \$1,203, an increase from \$1,142 in 2010 and \$981 in 2009. Common stock dividend payments increased to \$2.27 per share in 2011 from \$2.03 per share in 2010 and \$1.72 per share in 2009. The Series B Preference stock dividend payments were \$16.24 per share in 2010 and \$13.76 per share in 2009. The Series B Preference Stock was converted to common stock on December 29, 2010. On February 24, 2011, the Company's Board of Directors increased the quarterly common stock cash dividend to \$0.58 per share, effective as of the second quarter 2011.

The Company repurchases shares of its common stock in the open market and in private transactions to maintain its targeted capital structure and to fulfill certain requirements of its compensation and benefit plans. On September 8, 2011 the Company's Board of Directors authorized a new share repurchase program (the 2011 Program) that replaced the Company's previous share repurchase program which had been approved in 2010 (the 2010 Program). The 2011 Program authorizes the repurchase of up to 50 million shares of the Company's common stock. The Board also has authorized share repurchases on an ongoing basis to fulfill certain requirements of the Company's compensation and benefit programs.

Aggregate repurchases in 2011 consisted of 20.4 million common shares under both the 2011 Program and the 2010 Program, and 0.9 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of \$1,806. Aggregate repurchases in 2010 consisted of 24.4 million common shares under both the 2010 Program and the 2008 Program, and 1.0 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of \$2,020. Aggregate repurchases in 2009 consisted of 13.9 million common shares under the 2008 Program and 1.0 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of \$1,063.

The following represents the scheduled maturities of the Company's contractual obligations as of December 31, 2011:

	Total	Payments Due by Period					
		2012	2013	2014	2015	2016	Thereafter
Long-term debt including current portion	\$ 4,776	\$ 1,017	\$ 264	\$ 882	\$ 493	\$ 254	\$ 1,866
Net cash interest payments on long-term debt <sup>(1)</sup>	618	86	81	72	59	49	271
Leases	1,282	201	174	153	141	123	490
Purchase obligations <sup>(2)</sup>	460	196	161	57	31	15	—
<b>Total</b>	<b>\$ 7,136</b>	<b>\$ 1,500</b>	<b>\$ 680</b>	<b>\$ 1,164</b>	<b>\$ 724</b>	<b>\$ 441</b>	<b>\$ 2,627</b>

<sup>(1)</sup> Includes the net interest payments on fixed and variable rate debt and associated interest rate swaps. Interest payments associated with floating rate instruments are based on management's best estimate of projected interest rates for the remaining term of variable rate debt.

<sup>(2)</sup> The Company had outstanding contractual obligations with suppliers at the end of 2011 for the purchase of raw, packaging and other materials and services in the normal course of business. These purchase obligation amounts represent only those items which are based on agreements that are legally binding and that specify minimum quantity, price and term and do not represent total anticipated purchases.

Long-term liabilities associated with the Company's postretirement plans are excluded from the table above due to the uncertainty of the timing of these cash disbursements. The amount and timing of cash funding related to these benefit plans will generally depend on local regulatory requirements, various economic assumptions (the most significant of which are detailed in "Critical Accounting Policies and Use of Estimates" below) and voluntary Company contributions. Based on current information, the Company does not anticipate having to make any mandatory contributions to its qualified U.S. pension plan until 2013. Management's best estimate of voluntary contributions to the U.S. pension plans for the year ending December 31, 2012 is approximately \$100. In addition, total benefit payments to be paid to participants for the year ending December 31, 2012 from the Company's assets is estimated to be approximately \$87.

Additionally, liabilities for unrecognized income tax benefits are excluded from the table above as the Company is unable to reasonably predict the ultimate amount or timing of a settlement of such liabilities. See Note 10 to the Consolidated Financial Statements for more information.

As more fully described in Note 12 to the Consolidated Financial Statements, the Company is contingently liable with respect to lawsuits, environmental matters, taxes and other matters arising in the ordinary course of business.

#### **Off-Balance Sheet Arrangements**

The Company does not have off-balance sheet financing or unconsolidated special purpose entities.

#### **Managing Foreign Currency, Interest Rate and Commodity Price Exposure**

The Company is exposed to market risk from foreign currency exchange rates, interest rates and commodity price fluctuations. Volatility relating to these exposures is managed on a global basis by utilizing a number of techniques, including working capital management, selling price increases, selective borrowings in local currencies and entering into selective derivative instrument transactions, issued with standard features, in accordance with the Company's treasury and risk management policies. The Company's treasury and risk management policies prohibit the use of derivatives for speculative purposes and leveraged derivatives for any purpose.

The sensitivity of our financial instruments to market fluctuations is discussed below. See Notes 2 and 6 to the Consolidated Financial Statements for further discussion of derivatives and hedging policies and fair value measurements.

#### *Foreign Exchange Risk*

As the Company markets its products in over 200 countries and territories, it is exposed to currency fluctuations related to manufacturing and selling its products in currencies other than the U.S. dollar. The Company manages its foreign currency exposures through a combination of cost-containment measures, selling price increases and the hedging of certain costs in an effort to minimize the impact on earnings of foreign currency rate movements. See the "Results of Operations" section above for discussion of the foreign exchange impact on Net sales in each segment.

The assets and liabilities of foreign subsidiaries, other than those operating in highly inflationary environments, are translated into U.S. dollars at year-end exchange rates with resulting translation gains and losses accumulated in a separate component of shareholders' equity. Income and expense items are translated into U.S. dollars at average rates of exchange prevailing during the year.

For subsidiaries operating in highly inflationary environments (currently, Venezuela), inventories, prepaid expenses, goodwill and property, plant and equipment are remeasured at their historical exchange rates, while other assets and liabilities are remeasured at year-end exchange rates. Remeasurement adjustments for these operations are included in Net income attributable to Colgate-Palmolive Company.

The Company primarily utilizes foreign currency contracts, including forward, option and swap contracts, local currency deposits and local currency borrowings to hedge portions of its exposures relating to foreign currency purchases, assets and liabilities created in the normal course of business and the net investment in certain foreign subsidiaries. The duration of foreign currency contracts generally does not exceed 12 months and the contracts are valued using observable market rates.

The Company's foreign currency forward contracts that qualify for cash flow hedge accounting resulted in net unrealized gains of \$1 at December 31, 2011 and net unrealized losses of \$3 at December 31, 2010. Changes in the fair value of cash flow hedges are recorded in Other comprehensive income (loss) and are reclassified into earnings in the same period or periods during which the underlying hedged transaction is recognized in earnings. At the end of 2011, an unfavorable 10% change in exchange rates would have resulted in a net unrealized loss of \$42.

#### *Interest Rate Risk*

The Company manages its mix of fixed and floating rate debt against its target with debt issuances and by entering into interest rate swaps in order to mitigate fluctuations in earnings and cash flows that may result from interest rate volatility. The notional amount, interest payment and maturity date of the swaps match the principal, interest payment and maturity date of the related debt in all cases, and the swaps are valued using observable benchmark rates.

Based on year-end 2011 variable rate debt levels, a 1-percentage-point increase in interest rates would have increased Interest expense, net by \$18 in 2011.

#### *Commodity Price Risk*

The Company is exposed to price volatility related to raw materials used in production, such as resins, tropical oils, essential oils, tallow, corn and soybeans. The Company manages its raw material exposures through a combination of cost containment measures, ongoing productivity initiatives and the limited use of commodity hedging contracts. Futures contracts are used on a limited basis, primarily in the Pet Nutrition segment, to manage volatility related to anticipated raw material inventory purchases of certain traded commodities.

The Company's open commodity derivative contracts, which qualify for cash flow hedge accounting, resulted in net unrealized losses of \$1 and net unrealized gains of \$4 for the years ended December 31, 2011 and 2010, respectively. At the end of 2011, an unfavorable 10% change in commodity futures prices would have increased the net unrealized loss to \$3.

#### *Credit Risk*

The Company is exposed to the risk of credit loss in the event of nonperformance by counterparties to financial instrument contracts; however, nonperformance is considered unlikely and any nonperformance is unlikely to be material as it is the Company's policy to contract with highly rated, diverse counterparties.

### **Recent Accounting Pronouncements**

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-05, "Presentation of Comprehensive Income" ASU No. 2011-05 eliminates the current option to disclose other comprehensive income and its components in the statement of changes in equity. As permitted under ASU No. 2011-05, the Company has elected to present items of net income and other comprehensive income in two separate consecutive statements beginning in the first quarter of 2012. This standard will not have a material impact on the Company's financial position or results of operations.

### **Critical Accounting Policies and Use of Estimates**

The preparation of financial statements requires management to use judgment and make estimates. The level of uncertainty in estimates and assumptions increases with the length of time until the underlying transactions are completed. Actual results could ultimately differ from those estimates. The accounting policies that are most critical in the preparation of the Company's Consolidated Financial Statements are those that are both important to the presentation of the Company's financial condition and results of operations and require significant or complex judgments and estimates on the part of management. The Company's critical accounting policies are reviewed periodically with the Audit Committee of the Board of Directors.

In certain instances, accounting principles generally accepted in the United States of America allow for the selection of alternative accounting methods. The Company's significant policies that involve the selection of alternative methods are accounting for shipping and handling costs and inventories.

- Shipping and handling costs may be reported as either a component of cost of sales or selling, general and administrative expenses. The Company reports such costs, primarily related to warehousing and outbound freight, in the Consolidated Statements of Income as a component of Selling, general and administrative expenses. Accordingly, the Company's gross profit margin is not comparable with the gross profit margin of those companies that include shipping and handling charges in cost of sales. If such costs had been included in cost of sales, gross profit margin as a

percent of sales would have decreased by 750 bps, from 57.3% to 49.8% in 2011 and decreased by 730 bps in 2010 and 2009, with no impact on reported earnings.

- The Company accounts for inventories using both the first-in, first-out (FIFO) method (80% of inventories) and the last-in, first-out (LIFO) method (20% of inventories). There would have been no material impact on reported earnings for 2011, 2010 and 2009 had all inventories been accounted for under the FIFO method.

The areas of accounting that involve significant or complex judgments and estimates are pensions and other postretirement benefits, stock options, asset impairments, uncertain tax positions, tax valuation allowances and legal and other contingencies.

- In pension accounting, the most significant actuarial assumptions are the discount rate and the long-term rate of return on plan assets. The discount rate for U.S. defined benefit plans was 4.90%, 5.30% and 5.75% as of December 31, 2011, 2010 and 2009, respectively. The discount rate for other U.S. postretirement plans was 5.26%, 5.30% and 5.75% as of December 31, 2011, 2010 and 2009, respectively. Discount rates used for the U.S. defined benefit and other postretirement plans are based on a yield curve constructed from a portfolio of high-quality bonds for which the timing and amount of cash outflows approximate the estimated payouts of the U.S. plans. For the Company's international plans, the discount rates are set by benchmarking against investment-grade corporate bonds rated AA. The assumed long-term rate of return on plan assets for U.S. plans was 7.75% as of December 31, 2011 and 8.00% as of December 31, 2010 and 2009. In determining the long-term rate of return, the Company considers the nature of the plans' investments, an expectation for the plans' investment strategies and the historical rate of return.

Average annual rates of return for the U.S. plans for the most recent 1-year, 5-year, 10-year, 15-year and 25-year periods were 3%, 3%, 6%, 7%, and 8%, respectively. In addition, the current rate of return assumption for the U.S. plans is based upon a targeted asset allocation of approximately 40% in fixed income securities, 52% in equity securities and 8% in real estate and alternative investments. A 1% change in the assumed rate of return on plan assets of the U.S. pension plans would impact future Net income attributable to Colgate-Palmolive Company by approximately \$9. A 1% change in the discount rate for the U.S. pension plans would impact future Net income attributable to Colgate-Palmolive Company by approximately \$5. A third assumption is the long-term rate of compensation increase, a change in which would partially offset the impact of a change in either the discount rate or the long-term rate of return. This rate was 4.0% as of December 31, 2011, 2010 and 2009. Refer to Note 9 to the Consolidated Financial Statements for further discussion of the Company's pension and other postretirement plans.

- The assumption requiring the most judgment in accounting for other postretirement benefits is the medical cost trend rate. The Company reviews external data and its own historical trends for health care costs to determine the medical cost trend rate. The assumed rate of increase is 8.0% for 2012, declining to 5.0% by 2018 and remaining at 5.0% for the years thereafter. The effect of a 1% increase in the assumed long-term medical cost trend rate would decrease Net income attributable to Colgate-Palmolive Company by \$5.
- The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock, based on the fair value of those awards at the date of grant. The Company uses the Black-Scholes-Merton (Black-Scholes) option pricing model to determine the fair value of stock-option awards. The weighted-average estimated fair value of each stock option granted for the year ended December 31, 2011 was \$11.93. The Black-Scholes model uses various assumptions to determine the fair value of options. These assumptions include the expected term of options, expected volatility, risk-free interest rate and expected dividend yield. While these assumptions do not require significant judgment, as the significant inputs are determined from historical experience or independent third-party sources, changes in these inputs could result in significant changes in fair value. A one-year change in term would result in a change in fair value of approximately 7%. A one percent change in volatility would change fair value by approximately 6%.
- The asset impairment analysis performed for goodwill and intangible assets requires several estimates, including future cash flows, growth rates and the selection of a discount rate. Except for the intangible assets acquired in the recent Sanex acquisition, the estimated fair value of the Company's intangible assets substantially exceeds the recorded book value. The estimated fair value of the Company's reporting units also substantially exceeds the recorded book value. Therefore, it is not reasonably likely that significant changes in these estimates would occur that would result in an impairment charge related to these assets.
- The recognition and measurement of uncertain tax positions involves consideration of the amounts and probabilities of various outcomes that could be realized upon ultimate resolution.

- Tax valuation allowances are established to reduce deferred tax assets such as tax loss carryforwards, to net realizable value. Factors considered in estimating net realizable value include historical results by tax jurisdiction, carryforward periods, income tax strategies and forecasted taxable income.
- Legal and other contingency reserves are based on management's assessment of the risk of potential loss, which includes consultation with outside legal counsel and advisors. Such assessments are reviewed each period and revised, based on current facts and circumstances, if necessary. While it is possible that the Company's cash flows and results of operations in a particular quarter or year could be materially affected by the impact of such contingencies, it is the opinion of management that these matters will not have a material impact on the Company's financial position, or its ongoing results of operations or cash flows. Refer to Note 12 to the Consolidated Financial Statements for further discussion of the Company's contingencies.

The Company generates revenue through the sale of well-known consumer products to trade customers under established trading terms. While the recognition of revenue and receivables requires the use of estimates, there is a short time frame (typically less than 60 days) between the shipment of product and cash receipt, thereby reducing the level of uncertainty in these estimates. Refer to Note 2 to the Consolidated Financial Statements for further description of the Company's significant accounting policies.

### **Cautionary Statement on Forward-Looking Statements**

This Annual Report on Form 10-K may contain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995 or by the SEC in its rules, regulations and releases. Such statements may relate, for example, to sales or volume growth, organic sales growth, profit or profit margin growth, earnings growth, financial goals, the impact of currency devaluations and exchange and price controls, including in Venezuela, cost-reduction plans, tax rates, new product introductions or commercial investment levels, among other matters. These statements are made on the basis of the Company's views and assumptions as of this time and the Company undertakes no obligation to update these statements. Moreover, the Company does not, nor does any other person, assume responsibility for the accuracy and completeness of those statements. The Company cautions investors that any such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from those statements. Actual events or results may differ materially because of factors that affect international businesses and global economic conditions, as well as matters specific to us and the markets we serve, including the uncertain economic environment in different countries and its effect on consumer spending habits, increased competition and evolving competitive practices, currency rate fluctuations, exchange and price controls, changes in foreign or domestic laws or regulations or their interpretation, political and fiscal developments, the availability and cost of raw and packaging materials, our ability to maintain or increase selling prices as needed, changes in the policies of retail trade customers and our ability to continue lowering costs. For information about these and other factors that could impact our business and cause actual results to differ materially from forward-looking statements, refer to Item 1A, "Risk Factors".

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

See "Managing Foreign Currency, Interest Rate and Commodity Price Exposure" in Item 7.

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

See "Index to Financial Statements."

### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

The Company's management, under the supervision and with the participation of the Company's Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2011 (the Evaluation). Based upon the Evaluation, the Company's Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) are effective.

### **Management's Annual Report on Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Management, under the supervision and with the participation of the Company's Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company's internal control over financial reporting based upon the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that it is effective as of December 31, 2011.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, and has expressed an unqualified opinion in their report, which appears in this report.

### **Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See “Executive Officers of the Registrant” in Part I of this report.

Additional information required by this Item relating to directors, executive officers and corporate governance of the registrant and information regarding compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the Company’s Proxy Statement for its 2012 Annual Meeting of Stockholders (the 2012 Proxy Statement).

#### Code of Ethics

The Company’s Code of Conduct promotes the highest ethical standards in all of the Company’s business dealings. The Code of Conduct satisfies the SEC’s requirements for a Code of Ethics for senior financial officers and applies to all Company employees, including the Chairman, President and Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer, and the Company’s directors. The Code of Conduct is available on the Company’s web site at [www.colgatepalmolive.com](http://www.colgatepalmolive.com). Any amendment to the Code of Conduct will promptly be posted on the Company’s web site. It is the Company’s policy not to grant waivers of the Code of Conduct. In the extremely unlikely event that the Company grants an executive officer a waiver from a provision of the Code of Conduct, the Company will promptly disclose such information by posting it on its web site or by using other appropriate means in accordance with SEC rules.

### ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive compensation set forth in the 2012 Proxy Statement is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

- (a) The information regarding security ownership of certain beneficial owners and management set forth in the 2012 Proxy Statement is incorporated herein by reference.
- (b) The registrant does not know of any arrangements that may at a subsequent date result in a change in control of the registrant.
- (c) Equity compensation plan information as of December 31, 2011:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (in thousands)
Equity compensation plans approved by security holders	25,331 <sup>(1)</sup>	\$ 67 <sup>(2)</sup>	18,402 <sup>(3)</sup>
Equity compensation plans not approved by security holders	Not applicable	Not applicable	Not applicable
<b>Total</b>	<b>25,331</b>	<b>\$ 67</b>	<b>18,402</b>

<sup>(1)</sup> Consists of 22,294 options outstanding and 3,037 restricted shares awarded but not yet vested under the Company’s Stock Option and Executive Incentive Compensation Plans, respectively, which are more fully described in Note 7 to the Consolidated Financial Statements.

<sup>(2)</sup> Includes the weighted-average exercise price of stock options outstanding of \$76 and restricted shares of \$0.

<sup>(3)</sup> Amount includes 9,092 options available for issuance under the Company’s Stock Option Plans and 9,310 of restricted shares available for issuance under the Company’s Executive Incentive Compensation Plan.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The information regarding certain relationships and related transactions and director independence set forth in the 2012 Proxy Statement is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information regarding auditor fees and services set forth in the 2012 Proxy Statement is incorporated herein by reference.



**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

- (a) Financial Statements and Financial Statement Schedules

See “Index to Financial Statements.”

- (b) Exhibits

See “Exhibits to Form 10-K.”



## Index to Financial Statements

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All other financial statements and schedules not listed have been omitted since the required information is included in the financial statements or the notes thereto or is not applicable or required.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of  
Colgate-Palmolive Company

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Colgate-Palmolive Company and its subsidiaries (the Company) at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York  
February 23, 2012

**COLGATE-PALMOLIVE COMPANY**  
**Consolidated Statements of Income**  
**For the years ended December 31,**  
(Dollars in Millions Except Per Share Amounts)

	2011	2010	2009
Net sales	\$ 16,734	\$ 15,564	\$ 15,327
Cost of sales	7,144	6,360	6,319
Gross profit	9,590	9,204	9,008
Selling, general and administrative expenses	5,758	5,414	5,282
Other (income) expense, net	(9)	301	111
Operating profit	3,841	3,489	3,615
Interest expense, net	52	59	77
Income before income taxes	3,789	3,430	3,538
Provision for income taxes	1,235	1,117	1,141
Net income including noncontrolling interests	2,554	2,313	2,397
Less: Net income attributable to noncontrolling interests	123	110	106
Net income attributable to Colgate-Palmolive Company	\$ 2,431	\$ 2,203	\$ 2,291
Earnings per common share, basic	\$ 4.98	\$ 4.45	\$ 4.53
Earnings per common share, diluted	\$ 4.94	\$ 4.31	\$ 4.37

See Notes to Consolidated Financial Statements.

**COLGATE-PALMOLIVE COMPANY**  
**Consolidated Balance Sheets**  
**As of December 31,**  
(Dollars in Millions Except Per Share Amounts)

	2011	2010
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 878	\$ 490
Receivables (net of allowances of \$49 and \$53, respectively)	1,675	1,610
Inventories	1,327	1,222
Other current assets	522	408
Total current assets	4,402	3,730
Property, plant and equipment, net	3,668	3,693
Goodwill, net	2,657	2,362
Other intangible assets, net	1,341	831
Deferred income taxes	115	84
Other assets	541	472
Total assets	\$ 12,724	\$ 11,172
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Notes and loans payable	\$ 34	\$ 48
Current portion of long-term debt	346	561
Accounts payable	1,244	1,165
Accrued income taxes	392	272
Other accruals	1,700	1,682
Total current liabilities	3,716	3,728
Long-term debt	4,430	2,815
Deferred income taxes	252	108
Other liabilities	1,785	1,704
Total liabilities	10,183	8,355
Commitments and contingent liabilities	—	—
Shareholders' Equity		
Common stock, \$1 par value (2,000,000,000 shares authorized, 732,853,180 shares issued)	733	733
Additional paid-in capital	1,336	1,132
Retained earnings	15,649	14,329
Accumulated other comprehensive income (loss)	(2,475)	(2,115)
	15,243	14,079
Unearned compensation	(60)	(99)
Treasury stock, at cost	(12,808)	(11,305)
Total Colgate-Palmolive Company shareholders' equity	2,375	2,675
Noncontrolling interests	166	142
Total shareholders' equity	2,541	2,817
Total liabilities and shareholders' equity	\$ 12,724	\$ 11,172

See Notes to Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Consolidated Statements of Changes in Shareholders' Equity

(Dollars in Millions)

	Colgate-Palmolive Company Shareholders' Equity							
	Preference Stock	Common Stock	Additional Paid-In Capital	Unearned Compensation	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance, January 1, 2009	\$ 181	\$ 733	\$ 1,610	\$ (187)	\$ (9,697)	\$ 11,760	\$ (2,477)	\$ 121
Net income						2,291		106
Other comprehensive income, net of tax							381	1
Dividends declared:								
Series B Convertible Preference stock, net of taxes						(30)		
Common stock						(864)		
Noncontrolling interests in Company's subsidiaries								(87)
Stock-based compensation expense			117					
Shares issued for stock options			92		175			
Shares issued for restricted stock awards			(47)		47			
Treasury stock acquired					(1,063)			
Preference stock conversion	(12)		(48)		60			
Other			40	54				
Balance, December 31, 2009	\$ 169	\$ 733	\$ 1,764	\$ (133)	\$ (10,478)	\$ 13,157	\$ (2,096)	\$ 141
Net income						2,203		110
Other comprehensive income, net of tax							(19)	2
Dividends declared:								
Series B Convertible Preference stock, net of taxes						(34)		
Common stock						(997)		
Noncontrolling interests in Company's subsidiaries								(111)
Stock-based compensation expense			121					
Shares issued for stock options			56		153			
Shares issued for restricted stock awards			(60)		60			
Treasury stock acquired					(2,020)			
Preference stock conversion	(169)		(813)		982			
Other			64	34	(2)			
Balance, December 31, 2010	\$ —	\$ 733	\$ 1,132	\$ (99)	\$ (11,305)	\$ 14,329	\$ (2,115)	\$ 142
Net income						2,431		123
Other comprehensive income, net of tax							(360)	(7)
Dividends						(1,111)		(92)
Stock-based compensation expense			122					
Shares issued for stock options			88		251			
Shares issued for restricted stock awards			(53)		53			
Treasury stock acquired					(1,806)			
Other			47	39	(1)			
<b>Balance, December 31, 2011</b>	<b>\$ —</b>	<b>\$ 733</b>	<b>\$ 1,336</b>	<b>\$ (60)</b>	<b>\$ (12,808)</b>	<b>\$ 15,649</b>	<b>\$ (2,475)</b>	<b>\$ 166</b>

See Notes to Consolidated Financial Statements.

**COLGATE-PALMOLIVE COMPANY**  
**Consolidated Statements of Comprehensive Income**  
(Dollars in Millions)

	Colgate- Palmolive Company	Noncontrolling Interests	Total
For the year ended December 31, 2009:			
Net income	\$ 2,291	\$ 106	\$ 2,397
Other comprehensive income, net of tax:			
Cumulative translation adjustment	346	1	347
Retirement Plan and other retiree benefit adjustments	8	—	8
Other	27	—	27
Total Other comprehensive income, net of tax	381	1	382
<b>Total comprehensive income</b>	<b>\$ 2,672</b>	<b>\$ 107</b>	<b>\$ 2,779</b>
For the year ended December 31, 2010:			
Net income	\$ 2,203	\$ 110	\$ 2,313
Other comprehensive income, net of tax:			
Cumulative translation adjustment	162	2	164
Retirement Plan and other retiree benefit adjustments	(143)	—	(143)
Other	(38)	—	(38)
Total Other comprehensive income, net of tax	(19)	2	(17)
<b>Total comprehensive income</b>	<b>\$ 2,184</b>	<b>\$ 112</b>	<b>\$ 2,296</b>
For the year ended December 31, 2011:			
Net income	\$ 2,431	\$ 123	\$ 2,554
Other comprehensive income, net of tax:			
Cumulative translation adjustment	(298)	(7)	(305)
Retirement Plan and other retiree benefit adjustments	(108)	—	(108)
Other	46	—	46
Total Other comprehensive income, net of tax	(360)	(7)	(367)
<b>Total comprehensive income</b>	<b>\$ 2,071</b>	<b>\$ 116</b>	<b>\$ 2,187</b>

See Notes to Consolidated Financial Statements.



**COLGATE-PALMOLIVE COMPANY**  
**Consolidated Statements of Cash Flow**  
**For the years ended December 31,**  
(Dollars in Millions Except Per Share Amounts)

	2011	2010	2009
<b>Operating Activities</b>			
Net income including noncontrolling interests	\$ 2,554	\$ 2,313	\$ 2,397
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations:			
Depreciation and amortization	421	376	351
Restructuring and termination benefits, net of cash	103	86	(18)
Venezuela hyperinflationary transition charge	—	271	—
Gain before tax on sales of non-core product lines	(207)	(50)	(5)
Voluntary benefit plan contributions	(178)	(35)	(73)
Stock-based compensation expense	122	121	117
Deferred income taxes	88	29	(23)
Cash effects of changes in:			
Receivables	(130)	40	57
Inventories	(130)	(10)	44
Accounts payable and other accruals	199	(65)	294
Other non-current assets and liabilities	54	135	136
Net cash provided by operations	<u>2,896</u>	<u>3,211</u>	<u>3,277</u>
<b>Investing Activities</b>			
Capital expenditures	(537)	(550)	(575)
Sale of property and non-core product lines	263	42	17
Purchases of marketable securities and investments	(356)	(308)	(289)
Proceeds from sale of marketable securities and investments	423	167	—
Payment for acquisitions, net of cash acquired	(966)	—	—
Other	(40)	(9)	6
Net cash used in investing activities	<u>(1,213)</u>	<u>(658)</u>	<u>(841)</u>
<b>Financing Activities</b>			
Principal payments on debt	(4,429)	(4,719)	(3,950)
Proceeds from issuance of debt	5,843	5,015	3,424
Dividends paid	(1,203)	(1,142)	(981)
Purchases of treasury shares	(1,806)	(2,020)	(1,063)
Proceeds from exercise of stock options and excess tax benefits	353	242	300
Net cash used in financing activities	<u>(1,242)</u>	<u>(2,624)</u>	<u>(2,270)</u>
Effect of exchange rate changes on Cash and cash equivalents	(53)	(39)	(121)
Net increase (decrease) in Cash and cash equivalents	<u>388</u>	<u>(110)</u>	<u>45</u>
Cash and cash equivalents at beginning of year	490	600	555
Cash and cash equivalents at end of year	<u>\$ 878</u>	<u>\$ 490</u>	<u>\$ 600</u>
<b>Supplemental Cash Flow Information</b>			
Income taxes paid	\$ 1,007	\$ 1,123	\$ 1,098
Interest paid	58	70	98
Principal payments on ESOP debt, guaranteed by the Company	—	—	74

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

(Dollars in Millions Except Share and Per Share Amounts)

**1. Nature of Operations**

The Company manufactures and markets a wide variety of products in the U.S. and around the world in two distinct business segments: Oral, Personal and Home Care; and Pet Nutrition. Oral, Personal and Home Care products include toothpaste, toothbrushes and mouth rinses, bar and liquid hand soaps, shower gels, shampoos, conditioners, deodorants and antiperspirants, laundry and dishwashing detergents, fabric conditioners, household cleaners, bleaches and other similar items. These products are sold primarily to wholesale and retail distributors worldwide. Pet Nutrition products include specialty pet nutrition products manufactured and marketed by Hill's Pet Nutrition. The principal customers for Pet Nutrition products are veterinarians and specialty pet retailers. Principal global and regional trademarks include Colgate, Palmolive, Mennen, Speed Stick, Lady Speed Stick, Softsoap, Sanex, Irish Spring, Protex, Sorriso, Kolynos, elmex, Tom's of Maine, Ajax, Axion, Fabuloso, Soupline, Suavitel, Hill's Science Diet and Hill's Prescription Diet.

The Company's principal classes of products accounted for the following percentages of worldwide sales for the past three years:

	2011	2010	2009
Oral Care	43%	43%	41%
Home Care	22%	22%	23%
Personal Care	22%	22%	22%
Pet Nutrition	13%	13%	14%
Total	100%	100%	100%

**2. Summary of Significant Accounting Policies****Principles of Consolidation**

The Consolidated Financial Statements include the accounts of Colgate-Palmolive Company and its majority-owned subsidiaries. Intercompany transactions and balances have been eliminated. The Company's investments in consumer products companies with interests ranging between 20% and 50%, where the Company has significant influence over the investee, are accounted for using the equity method. Net income (loss) from such investments is recorded in Other (income) expense, net in the Consolidated Statements of Income. As of December 31, 2011 and 2010, equity method investments included in Other assets were \$20 and \$17, respectively. Unrelated third parties hold the remaining ownership interests in these investments. Investments with less than a 20% interest are accounted for using the cost method.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to use judgment and make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The level of uncertainty in estimates and assumptions increases with the length of time until the underlying transactions are completed. As such, the most significant uncertainty in the Company's assumptions and estimates involved in preparing the financial statements includes pension and other retiree benefit cost assumptions, stock-based compensation, asset impairment, uncertain tax positions, tax valuation allowances and legal and other contingency reserves. Additionally, the Company uses available market information and other valuation methodologies in assessing the fair value of financial instruments and retirement plan assets. Judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, changes in assumptions or the estimation methodologies may affect the fair value estimates. Actual results could ultimately differ from those estimates.

**Revenue Recognition**

Sales are recorded at the time products are shipped to trade customers and when risk of ownership transfers. Net sales reflect units shipped at selling list prices reduced by sales returns and the cost of current and continuing promotional programs. Current promotional programs, such as product listing allowances and co-operative advertising arrangements, are recorded in the period incurred. Continuing promotional programs are predominantly consumer coupons and volume-based sales incentive

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

arrangements with trade customers. The redemption cost of consumer coupons is based on historical redemption experience and is recorded when coupons are distributed. Volume-based incentives offered to trade customers are based on the estimated cost of the program and are recorded as products are sold.

**Shipping and Handling Costs**

Shipping and handling costs are classified as Selling, general and administrative expenses and were \$1,250, \$1,142 and \$1,116 for the years ended December 31, 2011, 2010 and 2009, respectively.

**Marketing Costs**

The Company markets its products through advertising and other promotional activities. Advertising costs are included in Selling, general and administrative expenses and are expensed as incurred. Certain consumer and trade promotional programs, such as consumer coupons, are recorded as a reduction of sales.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Inventories**

Inventories are stated at the lower of cost or market. The cost of approximately 80% of inventories is determined using the first-in, first-out (FIFO) method. The cost of all other inventories, predominantly in the U.S. and Mexico, is determined using the last-in, first-out (LIFO) method.

**Property, Plant and Equipment**

Land, buildings and machinery and equipment are stated at cost. Depreciation is provided, primarily using the straight-line method, over estimated useful lives ranging from 3 to 15 years for machinery and equipment and up to 40 years for buildings. Depreciation attributable to manufacturing operations is included in Cost of sales. The remaining component of depreciation is included in Selling, general and administrative expenses.

**Goodwill and Other Intangibles**

Goodwill and indefinite life intangible assets, such as the Company's global brands, are subject to impairment tests at least annually. These tests were performed and did not result in an impairment charge. Other intangible assets with finite lives, such as local brands and trademarks, customer relationships and non-compete agreements, are amortized over their useful lives, ranging from 5 to 40 years. Amortization expense related to intangible assets is included in Other (income) expense, net, which is included in Operating profit.

**Income Taxes**

The provision for income taxes is determined using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based upon the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates that will be in effect at the time such differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Provision is made currently for taxes payable on remittances of overseas earnings; no provision is made for taxes on overseas retained earnings that are deemed to be permanently reinvested.

The Company uses a comprehensive model to recognize, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on an income tax return. The Company recognizes interest expense and penalties related to unrecognized tax benefits within income tax expense.

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

**Financial Instruments**

Derivative instruments are recorded as assets and liabilities at estimated fair value based on available market information. The Company's derivative instruments that qualify for hedge accounting are designated as either fair value hedges, cash flow hedges or net investment hedges. For fair value hedges, changes in fair value of the derivative, as well as the offsetting changes in fair value of the hedged item, are recognized in earnings each period. For cash flow hedges, changes in fair value of the derivative are recorded in Other comprehensive income (loss) and are recognized in earnings when the offsetting effect of the hedged item is also recognized in earnings. For hedges of the net investment in foreign subsidiaries, changes in fair value of the derivative are recorded in Other comprehensive income (loss) to offset the change in the value of the net investment being hedged. Cash flows related to hedges are classified in the same category as the cash flows from the hedged item in the Consolidated Statements of Cash Flows.

The Company may also enter into certain foreign currency and interest rate instruments that economically hedge certain of its risks but do not qualify for hedge accounting. Changes in fair value of these derivative instruments, based on quoted market prices, are recognized in earnings each period. The Company's derivative instruments and other financial instruments are more fully described in Note 6, along with the related fair value measurement considerations.

**Stock-Based Compensation**

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock, based on the fair value of those awards at the date of grant over the requisite service period. The Company uses the Black-Scholes-Merton (Black-Scholes) option pricing model to determine the fair value of stock option awards. Stock-based compensation plans, related expenses and assumptions used in the Black-Scholes option pricing model are more fully described in Note 7.

**Currency Translation**

The assets and liabilities of foreign subsidiaries, other than those operating in highly inflationary environments, are translated into U.S. dollars at year-end exchange rates with resulting translation gains and losses accumulated in a separate component of shareholders' equity. Income and expense items are translated into U.S. dollars at average rates of exchange prevailing during the year.

For subsidiaries operating in highly inflationary environments, non-monetary assets, such as inventories, prepaid expenses, goodwill and property, plant and equipment are remeasured at their historical exchange rates, while monetary assets and liabilities are remeasured at year-end exchange rates. Remeasurement adjustments for these operations are included in Net income attributable to Colgate-Palmolive Company.

**Recent Accounting Pronouncements**

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-05, "Presentation of Comprehensive Income". ASU No. 2011-05 eliminates the current option to disclose other comprehensive income and its components in the statement of changes in equity. As permitted under ASU No. 2011-05, the Company has elected to present items of net income and other comprehensive income in two separate consecutive statements beginning in the first quarter of 2012. This standard will not have a material impact on the Company's financial position or results of operations.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**3. Acquisitions and Divestitures**2011*Sanex Acquisition*

On June 20, 2011, the Company, Colgate-Palmolive Europe Sàrl, Unilever N.V. and Unilever PLC (together with Unilever

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

N.V., “Unilever”) finalized the Company’s acquisition from Unilever of the Sanex personal care business in accordance with a Business and Share Sale and Purchase Agreement (the “Purchase Agreement”) for an aggregate purchase price of €676 (\$966), subject to certain post-closing purchase price adjustments. The acquisition was financed with available cash, proceeds from the sale of the Company’s Euro-denominated investment portfolio and the issuance of commercial paper.

Sanex is a personal care brand with a distinct positioning around healthy skin with strong market share positions and net sales of \$140 in 2011 since the acquisition date, primarily in Western Europe. This strategic acquisition is expected to strengthen Colgate’s personal care business in Europe, primarily in the liquid body cleansing and deodorants businesses.

Total purchase price consideration of \$966 has been allocated to the net assets acquired based on their respective fair values at June 20, 2011, as follows:

Recognized amounts of assets acquired and liabilities assumed:

Inventories	\$ 26
Property, plant and equipment, net	3
Other intangible assets, net	596
Goodwill, net	411
Accrued income taxes	(48)
Long-term deferred income taxes	(18)
Long-term other liabilities	(4)
Fair value of net assets acquired	<u>\$ 966</u>

Other intangible assets acquired include trademarks of \$403 with an indefinite useful life and customer relationships of \$193 with useful lives ranging from 15 to 18 years.

Goodwill of \$411 was allocated between the Europe/South Pacific segment (90%) and the Greater Asia/Africa segment (10%). The Company expects that substantially all of the goodwill will be deductible for tax purposes.

Pro forma results of operations have not been presented, as the impact on the Company’s consolidated financial statements is not material. In 2011, Other (income) expense, net includes \$12 in transaction costs related to the acquisition.

#### *Sale of Detergent Business in Colombia*

In connection with the Sanex acquisition, Colgate sold its laundry detergent business in Colombia to Unilever for \$215. The detergent sale closed on July 29, 2011 and, as a result of the sale, the Company recognized a pretax gain of \$207 (\$135 aftertax gain) in the third quarter. These operations were not material to the Company’s annual Net sales, Net income or Earnings per share.

#### *Sale of Land in Mexico*

On September 13, 2011, the Company’s Mexican subsidiary entered into an agreement to sell to the United States of America the Mexico City site on which its commercial operations, technology center and soap production facility are located. The sale price is payable in three installments, with the final installment due upon the transfer of the property, which is expected to occur in 2014. During the third quarter of 2011, the Company received the first installment of \$24 upon signing the agreement. The Company intends to re-invest these payments to relocate its soap production to a new state-of-the-art facility to be constructed at its Mission Hills, Mexico site, to relocate its commercial and technology operations within Mexico City and to prepare the existing site for transfer. As a result, over the next three years, the Company expects to make capital improvements and incur costs to exit the site. These exit costs will primarily be related to staff leaving indemnities, accelerated depreciation and demolition. In 2011, the Company recorded \$13 of pretax costs (\$9 of aftertax costs) related to the sale in Other (income) expense, net.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

2010*Sale of Non-core Product Lines in Latin America*

During the fourth quarter of 2010, consistent with the Company's strategy to prioritize its higher-margin businesses, the Company sold certain non-core product lines in Latin America, resulting in a pretax gain of \$50 (\$30 aftertax gain) included in Other (income) expense, net. These operations were not material to the Company's annual Net sales, Net income or Earnings per share.

**4. Goodwill and Other Intangible Assets**

The net carrying value of Goodwill as of December 31, 2011 and 2010, by segment is as follows:

	2011	2010
Oral, Personal and Home Care		
North America	\$ 370	\$ 375
Latin America	597	655
Europe/South Pacific	1,450	1,123
Greater Asia/Africa	225	194
Total Oral, Personal and Home Care	2,642	2,347
Pet Nutrition	15	15
Total Goodwill	<u>\$ 2,657</u>	<u>\$ 2,362</u>

The change in the amount of Goodwill during 2011 is primarily due to the acquisition of Sanex (see Note 3) and the impact of foreign currency translation. The change in the amount of Goodwill during 2010 is primarily due to the impact of foreign currency translation.

Other intangible assets as of December 31, 2011 and 2010 are comprised of the following:

	2011			2010		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks	\$ 457	\$ (157)	\$ 300	\$ 545	\$ (221)	\$ 324
Other finite life intangible assets	205	(18)	187	35	(16)	19
Indefinite life intangible assets	854	—	854	488	—	488
Total Other intangible assets	<u>\$ 1,516</u>	<u>\$ (175)</u>	<u>\$ 1,341</u>	<u>\$ 1,068</u>	<u>\$ (237)</u>	<u>\$ 831</u>

The changes in the net carrying amounts of Other intangible assets during 2011, 2010 and 2009 were partially due to amortization expense of \$28, \$22 and \$22, respectively, as well as the impact of foreign currency translation. In addition, in 2011, Indefinite life intangible assets included trademarks of \$403 and Other finite life intangible assets included customer relationships of \$193 acquired in connection with the Sanex acquisition (see Note 3). Annual estimated amortization expense for each of the next five years is expected to be approximately \$29.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

## 5. Long-Term Debt and Credit Facilities

Long-term debt consists of the following at December 31:

	Weighted Average Interest Rate	Maturities	2011	2010
Notes	2.4%	2012 - 2078	\$ 4,089	\$ 2,603
Payable to banks	4.7%	2012 - 2013	16	559
Commercial paper	0.1%	2012	671	214
			4,776	3,376
Less: Current portion of long-term debt			346	561
Total			\$ 4,430	\$ 2,815

The weighted-average interest rate on short-term borrowings of \$34 in 2011 and \$48 in 2010 included in Notes and loans payable in the Consolidated Balance Sheets as of December 31, 2011 and 2010 was 0.9% and 3.1%, respectively.

Commercial paper is classified as long-term debt as the Company has the intent and ability to refinance such obligations on a long-term basis. Excluding commercial paper reclassified as long-term debt, scheduled maturities of long-term debt and capitalized leases outstanding as of December 31, 2011, are as follows:

Years Ended December 31,

2012	\$ 346
2013	264
2014	882
2015	493
2016	254
Thereafter	1,866

The Company has entered into interest rate swap agreements and foreign exchange contracts related to certain of these debt instruments. See Note 6 for further information about the Company's financial instruments.

During the fourth quarter of 2011, the Company issued \$300 of U.S. dollar-denominated three-year notes at a fixed rate of 0.6%, \$400 of U.S. dollar-denominated five-year notes at a fixed rate of 1.3% and \$300 of U.S. dollar-denominated ten-year notes at a fixed rate of 2.45% under the Company's shelf registration statement. During the second quarter of 2011, the Company issued \$250 of U.S. dollar-denominated three-year notes at a fixed rate of 1.25% and \$250 of U.S. dollar-denominated six-year notes at a fixed rate of 2.625% under the Company's shelf registration statement. Proceeds from the debt issuances were used to reduce commercial paper borrowings and, in the case of the fourth quarter 2011 debt issuance, to repay outstanding indebtedness under a €408 credit facility.

At December 31, 2011, the Company had access to unused domestic and foreign lines of credit of \$2,705 (including under the two facilities discussed below) and could also issue medium-term notes pursuant to an effective shelf registration statement. In November 2011, the Company entered into a new five-year revolving credit facility with a capacity of \$1,850 with a syndicate of banks. The facility, which expires in November 2016, replaced an existing credit facility with a capacity of \$1,600 which was due to expire in November 2012. The Company also has the ability to draw \$145 from a revolving credit facility that expires in November 2012. Commitment fees related to credit facilities are not material.

During the fourth quarter of 2010, the Company issued \$188 of five-year notes at a fixed rate of 1.375% and \$250 of ten-year notes at a fixed rate of 2.95% under the Company's shelf registration statement. Proceeds from the debt issuances were used to reduce commercial paper borrowings.

Certain of the facilities with respect to the Company's bank borrowings contain financial and other covenants as well as cross-default provisions. Noncompliance with these requirements could ultimately result in the acceleration of amounts owed. The Company is in full compliance with all such requirements and believes the likelihood of noncompliance is remote.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**6. Fair Value Measurements and Financial Instruments**

The Company is exposed to market risk from foreign currency exchange rates, interest rates and commodity price fluctuations. Volatility relating to these exposures is managed on a global basis by utilizing a number of techniques, including working capital management, selling price increases, selective borrowings in local currencies and entering into selective derivative instrument transactions, issued with standard features, in accordance with the Company's treasury and risk management policies, which prohibit the use of derivatives for speculative purposes and leveraged derivatives for any purpose. It is the Company's policy to enter into derivative instrument contracts with terms that match the underlying exposure being hedged. Hedge ineffectiveness, if any, is not material for any period presented. Provided below are details of the Company's exposures by type of risk and derivative instruments by type of hedge designation.

*Valuation Considerations*

Assets and liabilities carried at fair value are classified as follows:

Level 1: Based upon quoted market prices in active markets for identical assets or liabilities.

Level 2: Based upon observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Based upon unobservable inputs reflecting the reporting entity's own assumptions.

*Foreign Exchange Risk*

As the Company markets its products in over 200 countries and territories, it is exposed to currency fluctuations related to manufacturing and selling its products in currencies other than the U.S. dollar. The Company manages its foreign currency exposures through a combination of cost-containment measures, selling price increases and the hedging of certain costs in an effort to minimize the impact on earnings of foreign currency rate movements.

The Company primarily utilizes foreign currency contracts, including forward, option and swap contracts, local currency deposits and local currency borrowings to hedge portions of its exposures relating to foreign currency purchases, assets and liabilities created in the normal course of business and the net investment in certain foreign subsidiaries. The duration of foreign currency contracts generally does not exceed 12 months and the contracts are valued using observable market rates (Level 2 valuation).

*Interest Rate Risk*

The Company manages its targeted mix of fixed and floating rate debt with debt issuances and by entering into interest rate swaps in order to mitigate fluctuations in earnings and cash flows that may result from interest rate volatility. The notional amount, interest payment and maturity date of the swaps match the principal, interest payment and maturity date of the related debt in all cases, and the swaps are valued using observable benchmark rates (Level 2 valuation).

*Commodity Price Risk*

The Company is exposed to price volatility related to raw materials used in production, such as resins, tropical oils, essential oils, tallow, corn and soybeans. The Company manages its raw material exposures through a combination of cost containment measures, ongoing productivity initiatives and the limited use of commodity hedging contracts. Futures contracts are used on a limited basis, primarily in the Pet Nutrition segment, to manage volatility related to raw material inventory purchases of certain traded commodities, and these contracts are measured using quoted commodity exchange prices (Level 1 valuation). The duration of the commodity contracts generally does not exceed 12 months.

*Credit Risk*

The Company is exposed to the risk of credit loss in the event of nonperformance by counterparties to financial instrument contracts; however, nonperformance is considered unlikely and any nonperformance is unlikely to be material as it is the Company's policy to contract with highly rated, diverse counterparties.



COLGATE-PALMOLIVE COMPANY

Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The following summarizes the fair value of the Company's derivative instruments and other financial instruments at December 31, 2011 and December 31, 2010:

	Assets			Liabilities		
	Account	Fair Value		Account	Fair Value	
		12/31/11	12/31/10		12/31/11	12/31/10
<b>Designated derivative instruments</b>						
Interest rate swap contracts	Other current assets	\$ 2	\$ —	Other accruals	\$ —	\$ —
Interest rate swap contracts	Other assets	40	22	Other liabilities	2	7
Foreign currency contracts	Other current assets	8	10	Other accruals	6	10
Foreign currency contracts	Other assets	28	—	Other liabilities	—	—
Commodity contracts	Other current assets	—	4	Other accruals	1	—
<b>Total designated</b>		<b>\$ 78</b>	<b>\$ 36</b>		<b>\$ 9</b>	<b>\$ 17</b>
<b>Derivatives not designated</b>						
Foreign currency contracts	Other assets	\$ 3	\$ —	Other accruals	\$ —	\$ 2
<b>Total not designated</b>		<b>\$ 3</b>	<b>\$ —</b>		<b>\$ —</b>	<b>\$ 2</b>
<b>Total derivative instruments</b>		<b>\$ 81</b>	<b>\$ 36</b>		<b>\$ 9</b>	<b>\$ 19</b>
<b>Other financial instruments</b>						
Marketable securities	Other current assets	\$ 72	\$ 74			
Available-for-sale securities	Other assets	236	228			
<b>Total other financial instruments</b>		<b>\$ 308</b>	<b>\$ 302</b>			

The carrying amount of cash, cash equivalents, accounts receivable and short-term debt approximated fair value as of December 31, 2011 and 2010. The estimated fair value of the Company's long-term debt, including the current portion, as of December 31, 2011 and 2010, was \$5,121 and \$3,613, respectively, and the related carrying value was \$4,776 and \$3,376, respectively. The estimated fair value of long-term debt was derived principally from quoted prices on the Company's outstanding fixed-term notes (Level 2 valuation).

*Fair value hedges*

The Company has designated all interest rate swap contracts and certain foreign currency forward and option contracts as fair value hedges, for which the gain or loss on the derivative and the offsetting loss or gain on the hedged item are recognized in current earnings. The impact of foreign currency contracts is primarily recognized in Selling, general and administrative expenses and the impact of interest rate swap contracts is recognized in Interest expense, net. Activity related to fair value hedges recorded during each period presented was as follows:

	2011			2010		
	Foreign Currency Contracts	Interest Rate Swaps	Total	Foreign Currency Contracts	Interest Rate Swaps	Total
Notional Value at December 31,	\$ 670	\$ 1,668	\$ 2,338	\$ 769	\$ 788	\$ 1,557
Gain (loss) on derivative	5	25	30	—	(2)	(2)
Gain (loss) on hedged items	(5)	(25)	(30)	—	2	2

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

*Cash flow hedges*

All of the Company's commodity contracts and certain foreign currency forward contracts have been designated as cash flow hedges, for which the effective portion of the gain or loss is reported as a component of Other comprehensive income (OCI) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Activity related to cash flow hedges recorded during each period presented was as follows:

	2011			2010		
	Foreign Currency Contracts	Commodity Contracts	Total	Foreign Currency Contracts	Commodity Contracts	Total
Notional Value at December 31,	\$ 403	\$ 32	\$ 435	\$ 371	\$ 18	\$ 389
Gain (loss) recognized in OCI	(9)	(1)	(10)	(3)	5	2
Gain (loss) reclassified into Cost of sales	(13)	4	(9)	3	1	4

The net gain (loss) recognized in OCI for both foreign currency contracts and commodity contracts is expected to be recognized in Cost of sales within the next twelve months.

*Net investment hedges*

The Company has designated certain foreign currency forward and option contracts and certain foreign currency-denominated debt as net investment hedges, for which the gain or loss on the instrument is reported as a component of Currency translation adjustments within OCI, along with the offsetting gain or loss on the hedged items. Activity related to net investment hedges recorded during each period presented was as follows:

	2011			2010		
	Foreign Currency Contracts	Foreign Currency Debt	Total	Foreign Currency Contracts	Foreign Currency Debt	Total
Notional Value at December 31,	\$ 485	\$ 194	\$ 679	\$ 131	\$ 312	\$ 443
Gain (loss) on instruments	8	1	9	(8)	2	(6)
Gain (loss) on hedged items	(8)	(1)	(9)	8	(2)	6

*Derivatives Not Designated as Hedging Instruments*

Derivatives not designated as hedging instruments for each period consist of a cross-currency swap that serves as an economic hedge of a foreign currency deposit, for which the gain or loss on the instrument and the offsetting gain or loss on the hedged item are recognized in Other (income) expense, net for each period. The cross-currency swap outstanding at December 31, 2010 was settled during the second quarter of 2011, resulting in a realized loss of \$6 which was offset by a corresponding gain on an underlying deposit. A new cross-currency swap with similar terms and an underlying foreign currency deposit was entered into during June 2011. Activity related to these contracts during each period presented was as follows:

	2011	2010
	Cross-currency Swap	Cross-currency Swap
Notional Value at December 31,	\$ 96	\$ 90
Gain (loss) on instrument	(1)	4
Gain (loss) on hedged item	1	(4)

The cross-currency swap outstanding at December 31, 2010 replaced a swap with similar terms that settled in June 2010, resulting in a realized gain of \$9.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

*Other Financial Instruments*

Marketable securities consist of bank deposits with original maturities greater than 90 days (Level 1 valuation).

Available-for-sale securities consist of the fixed income investments discussed below.

In 2010, the Company invested in a portfolio of euro-denominated investment grade fixed income securities, including corporate bonds, with maturities generally ranging from one to three years. During the second quarter of 2011, the Company liquidated the investment portfolio as part of the cash management strategy to fund the acquisition of the Sanex business. The portfolio was considered a Level 1 investment as all of the securities had quoted prices on an active exchange with daily liquidity. At December 31, 2010, the portfolio's fair value was \$132 and was reported in Other assets in the Consolidated Balance Sheet.

Through its subsidiary in Venezuela, the Company has also invested in U.S. dollar-linked, devaluation-protected bonds issued by the Venezuelan government. As of December 31, 2010, these bonds were considered Level 3 as there was no trading activity in the market at the end of 2010 and their value was determined using unobservable inputs reflecting the Company's own assumptions. As of December 31, 2011, these bonds are actively traded and, therefore, are considered Level 2 as their value is determined based upon observable market-based inputs or unobservable inputs that are corroborated by market data. The following table presents a reconciliation of the Venezuelan investments at fair value for the years ended December 31:

	2011	2010
Beginning balance as of January 1	\$ 96	\$ 46
Unrealized gain (loss) on investment	61	(17)
Purchases and sales during the period	79	67
Ending balance as of December 31	<u>\$ 236</u>	<u>\$ 96</u>

As a result of the Venezuelan government's elimination of the two-tier exchange rate structure effective January 1, 2011, these bonds have revalued and the Company recorded an unrealized gain of \$62 in the first quarter of 2011. For further information regarding Venezuela, refer to Note 13.

**7. Capital Stock and Stock-Based Compensation Plans****Preference Stock**

The Company has the authority to issue 50,000,000 shares of Preference stock. In 1989, the Company approved the issuance of 6,315,149 shares of Series B Convertible Preference stock (the Preference stock) without par value. Each share of Preference stock, which was convertible into eight shares of common stock, had a redemption price of \$65 per share and paid cumulative dividends equal to the higher of \$2.44 or the current dividend paid on eight common shares for the comparable six-month period. As a result of rules issued by the IRS related to employer stock held in defined contribution plans, the Company issued a notice of redemption with respect to the 2,405,192 shares of Preference stock outstanding on December 29, 2010. At the direction of the Company's Employee Stock Ownership Plan trustee, the shares of Preference Stock were converted into 19,241,536 shares of common stock. The common stock for the conversion was issued from treasury shares. As of December 31, 2011 and 2010, there were 17,102,005 and 19,225,073 shares of common stock, respectively, outstanding and issued to the Company's Employee Stock Ownership Plan. See Note 8 for further information about the Company's Employee Stock Ownership Plan.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

## Stock Repurchases

The Company repurchased its common stock at a cost of \$1,806 during 2011 under share repurchase programs that were approved by the Board of Directors and publicly announced in September 2011 and February 2010 (the 2011 Program and the 2010 Program, respectively). Under the 2010 Program, the Company was authorized to purchase up to 40 million shares of the Company's common stock. The 2011 Program, which replaced the 2010 Program, authorizes the Company to repurchase up to 50 million shares of its common stock. The Board also has authorized share repurchases on an ongoing basis to fulfill certain requirements of the Company's compensation and benefit programs. The shares may be repurchased in open market or privately negotiated transactions at the Company's discretion, subject to market conditions, customary blackout periods and other factors.

The Company may use either authorized and unissued shares or treasury shares to meet share requirements resulting from the exercise of stock options and the vesting of restricted stock awards.

A summary of common stock and treasury stock activity for the three years ended December 31, is as follows:

	Common Stock Outstanding	Treasury Stock
<b>Balance, January 1, 2009</b>	501,412,580	231,440,600
Common stock acquired	(14,916,340)	14,916,340
Shares issued for stock options	5,455,317	(5,455,317)
Shares issued for restricted stock and other	800,388	(800,388)
Preference stock conversion	1,413,072	(1,413,072)
<b>Balance, December 31, 2009</b>	<u>494,165,017</u>	<u>238,688,163</u>
Common stock acquired	(25,401,785)	25,401,785
Shares issued for stock options	4,233,775	(4,233,775)
Shares issued for restricted stock and other	993,132	(993,132)
Preference stock conversion	20,860,328	(20,860,328)
<b>Balance, December 31, 2010</b>	<u>494,850,467</u>	<u>238,002,713</u>
Common stock acquired	(21,320,936)	21,320,936
Shares issued for stock options	5,758,879	(5,758,879)
Shares issued for restricted stock and other	729,665	(729,665)
<b>Balance, December 31, 2011</b>	<u>480,018,075</u>	<u>252,835,105</u>

## Stock-Based Compensation

The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock, based on the fair value of those awards at the date of grant. The value of restricted stock awards, based on market prices, is amortized on a straight-line basis over the requisite service period. The estimated fair value of stock options on the date of grant is amortized on a straight-line basis over the requisite service period for each separately vesting portion of the award. Awards to employees eligible for retirement prior to the award becoming fully vested are recognized as compensation cost over the period through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The Company has two types of stock-based compensation plans, which are described below. The total stock-based compensation expense charged against pretax income for these plans was \$122, \$121 and \$117 for the years ended December 31, 2011, 2010 and 2009, respectively. The total income tax benefit recognized on stock-based compensation was approximately \$40 for each of the years ended December 31, 2011, 2010 and 2009.

Stock-based compensation expense is recorded within Selling, general and administrative expenses in the Corporate segment as these amounts are not included in internal measures of segment operating performance.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock-option awards. The weighted-average estimated fair value of stock options granted in the years ended December 31, 2011, 2010 and 2009 was \$11.93, \$11.00 and \$12.06, respectively. Fair value is estimated using the Black-Scholes option pricing model with the assumptions summarized in the following table:

	2011	2010	2009
Expected Term of Options	4.5 years	4.5 years	4.5 years
Expected Volatility Rate	21.3%	22.5%	22.1%
Risk-Free Rate	0.8%	1.3%	2.3%
Expected Dividend Yield	2.6%	2.8%	2.4%

The weighted-average expected term of options granted each year was determined with reference to historical exercise and post-vesting cancellation experience, the vesting period of the awards and contractual term of the awards, among other factors. Expected volatility incorporates implied share-price volatility derived from exchange traded options on the Company's common stock. The risk-free rate for the expected term of the option is based on the U.S. Treasury implied yield at the time of grant.

**Incentive Stock Plan**

The Company has a plan that provides for grants of restricted stock awards for officers and other employees. The Personnel and Organization Committee of the Board of Directors, comprised entirely of independent directors, administers the plan. Awards are made in common stock and vest at the end of the restriction period, which is generally three years. As of December 31, 2011, 9,310,000 shares of common stock were available for future restricted stock awards.

A summary of restricted stock award activity during 2011 is presented below:

	Shares (in thousands)	Weighted Average Grant Date Fair Value Per Award
Restricted stock awards as of January 1, 2011	2,777	\$ 73
Activity:		
Granted	986	84
Vested	(690)	76
Forfeited	(36)	71
Restricted stock awards as of December 31, 2011	3,037	76

As of December 31, 2011, there was \$65 of total unrecognized compensation expense related to nonvested restricted stock awards, which will be recognized over a weighted-average period of 2.2 years. The total fair value of shares vested during the years ended December 31, 2011, 2010 and 2009 was \$50, \$69 and \$48, respectively.

**Stock Option Plans**

The Company's stock option plans provide for the issuance to directors, officers and other employees of non-qualified stock options that generally have a contractual term of six years and vest over three years. As of December 31, 2011, 9,092,000 shares of common stock were available for future stock option grants.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

A summary of stock option plan activity during 2011 is presented below:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Value of Unexercised In-the-Money Options
Options outstanding, January 1, 2011	24,517	\$ 69		
Granted	4,841	90		
Exercised	(6,846)	62		
Forfeited or expired	(218)	78		
Options outstanding, December 31, 2011	22,294	76	4	\$ 360
Options exercisable, December 31, 2011	13,121	\$ 71	3	\$ 276

As of December 31, 2011, there was \$40 of total unrecognized compensation expense related to options, which will be recognized over a weighted-average period of 1.5 years. The total intrinsic value of options exercised during the years ended December 31, 2011, 2010 and 2009 was \$162, \$133 and \$120, respectively.

The benefits of tax deductions in excess of grant date fair value resulting from the exercise of stock options and vesting of restricted stock awards for the years ended December 31, 2011, 2010 and 2009 was \$32, \$31 and \$16, respectively, and was reported as a financing cash flow. Cash proceeds received from options exercised for the years ended December 31, 2011, 2010 and 2009 were \$332, \$211 and \$284, respectively.

#### 8. Employee Stock Ownership Plan

In 1989, the Company expanded its Employee Stock Ownership Plan (ESOP) through the introduction of a leveraged ESOP that funds certain benefits for employees who have met eligibility requirements. The ESOP issued \$410 of long-term notes due through July 2009 bearing an average interest rate of 8.7%. The notes, which were guaranteed by the Company, were repaid in July 2009. The ESOP used the proceeds from the notes issuance to purchase 6,315,149 shares of Preference stock from the Company. The Preference stock, each share of which was convertible into eight shares of common stock, had a redemption price of \$65 per share and paid semiannual dividends equal to the higher of \$2.44 or the current dividend paid on eight common shares for the comparable six-month period. As a result of rules issued by the IRS related to employer stock held in defined contribution plans, the Company issued a notice of redemption with respect to the 2,405,192 shares of Preference stock outstanding on December 29, 2010. At the direction of the Company's ESOP trustee, the shares of Preference stock were converted into 19,241,536 shares of common stock. The common stock for the conversion was issued from treasury shares, see Note 7.

During 2000, the ESOP entered into a loan agreement with the Company under which the benefits of the ESOP may be extended through 2035. Advances from the Company of \$60 remain outstanding at December 31, 2011.

Dividends on stock held by the ESOP, are paid to the ESOP trust and, together with cash contributions and advances from the Company, are used by the ESOP to repay principal and interest. Stock is allocated to participants based upon the ratio of the current year's debt service to the sum of total principal and interest payments over the life of the debt. As of December 31, 2011, 10,304,813 common shares were released and allocated to participant accounts and 6,797,192 common shares were available for future allocation to participant accounts.

Dividends on the stock are deductible for income tax purposes and, accordingly, are reflected net of their tax benefit in the Consolidated Statements of Changes in Shareholders' Equity.

Annual expense related to the leveraged ESOP, determined as interest incurred on the original notes, plus the higher of either principal payments or the historical cost of Preference stock allocated, less dividends received on the shares held by the ESOP and advances from the Company, was \$0 in 2011, \$6 in 2010 and \$22 in 2009. Unearned compensation, which is shown as a reduction in Shareholders' equity, is the amount of ESOP debt due to the Company.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

Interest incurred on the ESOP notes was \$0 in 2011 and 2010, and \$2 in 2009. The Company paid dividends on the shares held by the ESOP of \$42 in 2011, \$41 in 2010 and \$37 in 2009. Company contributions to the ESOP were \$0 in 2011, \$6 in 2010 and \$22 in 2009.

**9. Retirement Plans and Other Retiree Benefits****Retirement Plans**

The Company and certain of its U.S. and overseas subsidiaries maintain defined benefit retirement plans. Benefits under these plans are based primarily on years of service and employees' career earnings.

Effective September 1, 2010, the Company adopted certain amendments to its retirement benefit programs in the U.S. The plan amendments provide for higher contributions to the Company's defined contribution plan while reducing future pay credits to the Company's defined benefit plan for participants, simplification of the formula for calculating monthly pay-based credits to the defined benefit plan and certain pension enhancements depending on years of service. The incremental impact to the Company's net income due to the plan amendments for 2010 was not significant. The incremental impact of \$58 to the Company's benefit obligations is reflected in the table below.

In the Company's principal U.S. plans and certain funded overseas plans, funds are contributed to trusts in accordance with regulatory limits to provide for current service and for any unfunded projected benefit obligation over a reasonable period. The target asset allocation for the Company's defined benefit plans are as follows:

Asset Category	United States	International
Equity securities	52%	43%
Debt securities	40	46
Real estate and alternative investments	8	11
Total	100%	100%

**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

At December 31, 2011 the allocation of the Company's plan assets and the level of valuation input for each major asset category was as follows:

	Level of Valuation Input	Pension Plans		Other Retiree Benefits
		United States	International	
Investments:				
Cash & cash equivalents	Level 1	\$ 67	\$ 12	\$ 2
U.S. common stocks	Level 1	209	—	5
International common stocks	Level 1	47	—	1
Fixed income securities (a)	Level 2	145	—	—
Common/collective trust funds (b):	Level 2			
Equity index funds		405	158	10
Emerging market equity index funds		54	17	1
Other common stock funds		34	28	1
Fixed income funds: U.S. or foreign government and agency securities		268	82	7
Fixed income funds: investment grade corporate bonds		58	75	1
Fixed income funds: high yield corporate bonds and other		75	1	2
Guaranteed investment contracts (c)	Level 2	2	46	—
Real estate (d)	Level 3	62	18	2
Total Investments at fair value		\$ 1,426	\$ 437	\$ 32

At December 31, 2010 the allocation of the Company's plan assets and the level of valuation input for each major asset category was as follows:

	Level of Valuation Input	Pension Plans		Other Retiree Benefits
		United States	International	
Investments:				
Cash & cash equivalents	Level 1	\$ 84	\$ 14	\$ 2
U.S. common stocks	Level 1	223	—	6
International common stocks	Level 1	55	—	1
Fixed income securities (a)	Level 2	142	—	—
Common/collective trust funds (b):	Level 2			
Equity index funds		314	166	8
Emerging market equity index funds		61	18	2
Other common stock funds		95	13	3
Fixed income funds: U.S. or foreign government and agency securities		222	88	6
Fixed income funds: investment grade corporate bonds		59	71	2
Fixed income funds: high yield corporate bonds and other		67	1	2
Guaranteed investment contracts (c)	Level 2	—	47	—
Real estate (d)	Level 3	55	16	—
Total Investments at fair value		\$ 1,377	\$ 434	\$ 32



## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

- (a) The fixed income securities are traded over the counter and a small portion of the securities lack daily pricing or liquidity and as such are classified as Level 2. As of December 31, 2011 and 2010, approximately 75% of the fixed income portfolio was invested in U.S. treasury or agency securities, with the remainder invested in corporate bonds.
- (b) Interests in common/collective trust funds are valued using the net asset value (NAV) per unit in each fund. The NAV is based on the value of the underlying investments owned by each trust, minus its liabilities, divided by the number of shares outstanding.
- (c) The guaranteed investment contracts (GICs) represent contracts with insurance companies measured at the cash surrender value of each contract. The Level 2 valuation reflects that the cash surrender value is based principally on a referenced pool of investment funds with active redemption.
- (d) Real estate is valued using the NAV per unit of funds that are invested in real property, and the real property is valued using independent market appraisals. Since the appraisals include unobservable inputs, the investments in each fund are classified as Level 3.

The following table presents a reconciliation of Level 3 plan assets measured at fair value for the year ended December 31:

	2011		2010	
	United States Real Estate Fund	International Real Estate Fund	United States Real Estate Fund	International Real Estate Fund
Beginning balance as of January 1	\$ 55	\$ 16	\$ 48	\$ 11
Earned income, net of management expenses	9	—	4	—
Unrealized gain (loss) on investment	2	1	3	1
Purchases, sales, issuances and settlements, net	(2)	1	—	4
Ending balance as of December 31	\$ 64	\$ 18	\$ 55	\$ 16

Equity securities in the U.S. plans include investments in the Company's common stock representing 11% and 9% of U.S. plan assets at December 31, 2011 and 2010, respectively. No shares of the Company's common stock were purchased or sold by the plans in 2011 or 2010. The plans received dividends on the Company's common stock of \$3 in each of 2011 and 2010.

**Other Retiree Benefits**

The Company and certain of its subsidiaries provide health care and life insurance benefits for retired employees to the extent not provided by government-sponsored plans. The Company utilizes a portion of its leveraged ESOP to reduce its obligation to provide these other retiree benefits and to offset its current service cost.

Effective September 1, 2010, the Company adopted certain amendments to its retirement benefit programs in the U.S. Effective with the plan amendments, future retirees of the Company who do not meet certain age and service requirements will begin to share in the cost of retiree medical coverage through monthly payments rather than paying a lump sum contribution at retirement. In addition, the Company will generally no longer use its leveraged ESOP to make retiree medical coverage allocations. The incremental impact to the Company's net income due to the plan amendments for 2010 was not significant. The incremental impact of \$31 to the Company's benefit obligations is reflected in the following table.

COLGATE-PALMOLIVE COMPANY

Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The Company uses a December 31 measurement date for its defined benefit and other retiree benefit plans. Summarized information for the Company's defined benefit and other retiree benefit plans are as follows:

	Pension Benefits				Other Retiree Benefits	
	2011	2010	2011	2010	2011	2010
	United States		International			
<b>Change in Benefit Obligations</b>						
Benefit obligations at beginning of year	\$ 1,952	\$ 1,703	\$ 736	\$ 706	\$ 762	\$ 603
Service cost	24	42	19	17	10	7
Interest cost	100	94	36	35	39	38
Participants' contributions	1	1	4	3	—	—
Acquisitions/plan amendments	—	58	1	2	—	31
Actuarial loss (gain)	126	150	21	24	(1)	97
Foreign exchange impact	—	—	(10)	(10)	(6)	3
Termination benefits	—	23	—	—	—	8
Curtailments and settlements	—	—	(14)	(5)	1	—
Benefit payments	(178)	(119)	(33)	(36)	(29)	(25)
Benefit obligations at end of year	\$ 2,025	\$ 1,952	\$ 760	\$ 736	\$ 776	\$ 762
<b>Change in Plan Assets</b>						
Fair value of plan assets at beginning of year	\$ 1,377	\$ 1,300	\$ 434	\$ 401	\$ 32	\$ 28
Actual return on plan assets	28	145	2	30	—	4
Company contributions	198	50	45	36	29	25
Participants' contributions	1	1	4	3	—	—
Foreign exchange impact	—	—	(3)	4	—	—
Settlements	—	—	(12)	(4)	—	—
Benefit payments	(178)	(119)	(33)	(36)	(29)	(25)
Fair value of plan assets at end of year	\$ 1,426	\$ 1,377	\$ 437	\$ 434	\$ 32	\$ 32
<b>Funded Status</b>						
Benefit obligations at end of year	\$ 2,025	\$ 1,952	\$ 760	\$ 736	\$ 776	\$ 762
Fair value of plan assets at end of year	1,426	1,377	437	434	32	32
Net amount recognized	\$ (599)	\$ (575)	\$ (323)	\$ (302)	\$ (744)	\$ (730)
<b>Amounts Recognized in Balance Sheet</b>						
Noncurrent assets	\$ —	\$ —	\$ —	\$ 4	\$ —	\$ —
Current liabilities	(15)	(13)	(29)	(13)	(40)	(41)
Noncurrent liabilities	(584)	(562)	(294)	(293)	(704)	(689)
Net amount recognized	\$ (599)	\$ (575)	\$ (323)	\$ (302)	\$ (744)	\$ (730)
<b>Amounts recognized in Accumulated other comprehensive income consist of</b>						
Actuarial loss	\$ 855	\$ 693	\$ 174	\$ 142	\$ 323	\$ 343
Transition/prior service cost	73	81	6	8	32	32
	\$ 928	\$ 774	\$ 180	\$ 150	\$ 355	\$ 375
Accumulated benefit obligation	\$ 1,892	\$ 1,808	\$ 688	\$ 654	\$ —	\$ —

COLGATE-PALMOLIVE COMPANY

Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

	Pension Benefits				Other Retiree Benefits	
	2011	2010	2011	2010	2011	2010
	United States		International			
<b>Weighted-Average Assumptions Used to Determine Benefit Obligations</b>						
Discount rate	4.90%	5.30%	4.59%	5.04%	5.26%	5.30%
Long-term rate of return on plan assets	7.75%	8.00%	5.91%	6.23%	7.75%	8.00%
Long-term rate of compensation increase	4.00%	4.00%	2.87%	3.05%	—%	—%
ESOP growth rate	—%	—%	—%	—%	10.00%	10.00%

The overall investment objective of the plans is to balance risk and return so that obligations to employees are met. The Company evaluates its long-term rate of return on plan assets on an annual basis. In determining the long-term rate of return, the Company considers the nature of the plans' investments, an expectation for the plans' investment strategies and the historical rates of return. The assumed rate of return for 2011 for the U.S. plans was 7.75%. Average annual rates of return for the U.S. plans for the most recent 1-year, 5-year, 10-year, 15-year and 25-year periods were 3%, 3%, 6%, 7%, and 8%, respectively. Similar assessments were performed in determining rates of return on international pension plan assets to arrive at the Company's 2011 weighted-average rate of return of 5.91%.

Plans with projected benefit obligations in excess of plan assets and plans with accumulated benefit obligations in excess of plan assets as of December 31 consist of the following:

	Years Ended December 31,	
	2011	2010
<b>Benefit Obligation Exceeds Fair Value of Plan Assets</b>		
Projected benefit obligation	\$ 2,770	\$ 2,664
Fair value of plan assets	1,809	1,749
Accumulated benefit obligation	2,525	2,268
Fair value of plan assets	1,773	1,571

The medical cost trend rate of increase assumed in measuring the expected cost of benefits is projected to decrease from 8.0% in 2012 to 5.0% by 2018, remaining at 5.0% for the years thereafter. Changes in the assumed rate can have a significant effect on amounts reported. A 1% change in the assumed medical cost trend rate would have the following approximate effect:

	One percentage point	
	Increase	Decrease
Accumulated postretirement benefit obligation	\$ 89	\$ (74)
Annual expense	8	(6)

**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

Summarized information regarding the net periodic benefit costs for the Company's defined benefit and other retiree benefit plans is as follows:

	Pension Benefits						Other Retiree Benefits		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	United States			International					
<b>Components of Net Periodic Benefit Cost</b>									
Service cost	\$ 24	\$ 42	\$ 42	\$ 19	\$ 17	\$ 15	\$ 12	\$ 13	\$ 10
Interest cost	100	94	95	36	35	37	39	38	36
Annual ESOP allocation	—	—	—	—	—	—	(2)	(6)	(7)
Expected return on plan assets	(110)	(99)	(89)	(27)	(26)	(23)	(3)	(2)	(2)
Amortization of transition & prior service costs (credits)	9	5	4	3	3	3	2	1	—
Amortization of actuarial loss	46	52	50	9	9	5	16	19	13
Net periodic benefit cost	\$ 69	\$ 94	\$ 102	\$ 40	\$ 38	\$ 37	\$ 64	\$ 63	\$ 50
Other postretirement charges	—	23	—	3	1	—	1	8	—
Total pension cost	\$ 69	\$ 117	\$ 102	\$ 43	\$ 39	\$ 37	\$ 65	\$ 71	\$ 50
<b>Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost</b>									
Discount rate	5.30%	5.75% <sup>(1)</sup>	6.30%	5.04%	5.41%	5.88%	5.30%	5.75% <sup>(1)</sup>	5.80%
Long-term rate of return on plan assets	8.00%	8.00%	8.00%	6.23%	6.58%	6.70%	8.00%	8.00%	8.00%
Long-term rate of compensation increase	4.00%	4.00%	4.00%	3.05%	3.35%	3.33%	—%	—%	—%
ESOP growth rate	—%	—%	—%	—%	—%	—%	10.00%	10.00%	10.00%

<sup>(1)</sup> Effective with the plan amendments on September 1, 2010, the Company was required to remeasure the benefit obligations and plan assets of the affected plans, and a new discount rate of 4.75% was used to determine net periodic benefit cost through the end of 2011.

Other postretirement charges in 2010 primarily relate to one-time termination benefits incurred pursuant to a voluntary early retirement program for selected individuals in the U.S.

The Company made voluntary contributions of \$178, \$35 and \$73 in 2011, 2010 and 2009, respectively, to its U.S. postretirement plans.

Amounts recognized in Other Comprehensive Income during the year ended December 31, 2011 were as follows:

	Before-Tax Amount	Net-of-Tax Amount
Net actuarial loss & prior service costs arising during the period	\$ 249	\$ 163
Amortization of net actuarial loss, transition & prior service costs	(85)	(55)
Total	\$ 164	\$ 108

**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

The estimated actuarial loss and the estimated transition/prior service cost for defined benefit and other retiree benefit plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is as follows:

	Pension Benefits	Other Retiree Benefits
Net actuarial loss	\$ 69	\$ 16
Net transition & prior service cost	10	2

**Expected Contributions & Benefit Payments**

Management's best estimate of voluntary contributions to U.S. pension plans for the year ending December 31, 2012 is approximately \$100. Actual funding may differ from current estimates depending on the variability of the market value of the assets as compared to the obligation and other market or regulatory conditions.

Total benefit payments to be paid to participants for the year ending December 31, 2012 from the Company's assets is estimated to be approximately \$87. Total benefit payments expected to be paid to participants from plan assets, or payments directly from the Company's assets to participants in unfunded plans, are as follows:

Years Ended December 31,	Pension Benefits		Other Retiree Benefits	Total
	United States	International		
2012	\$ 137	\$ 59	\$ 41	\$ 237
2013	125	41	42	208
2014	124	44	43	211
2015	126	45	44	215
2016	125	47	44	216
2017-2021	663	222	232	1,117

**10. Income Taxes**

The components of income before income taxes are as follows for the three years ended December 31:

	2011	2010	2009
United States	\$ 1,098	\$ 1,252	\$ 1,173
International	2,691	2,178	2,365
Total Income before income taxes	\$ 3,789	\$ 3,430	\$ 3,538

The provision for income taxes consists of the following for the three years ended December 31:

	2011	2010	2009
United States	\$ 360	\$ 427	\$ 399
International	875	690	742
Total Provision for income taxes	\$ 1,235	\$ 1,117	\$ 1,141

**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

Temporary differences between accounting for financial statement purposes and accounting for tax purposes result in the current provision for taxes being higher (lower) than the total provision for income taxes as follows:

	2011	2010	2009
Goodwill and intangible assets	\$ (1)	\$ (11)	\$ 15
Property, plant and equipment	(19)	(29)	(24)
Pension and other retiree benefits	(47)	4	27
Stock-based compensation	11	12	18
Tax loss and tax credit carryforwards	(14)	(28)	(27)
Valuation allowances	—	1	3
Other, net	32	122	7
<b>Total deferred tax provision</b>	<b>\$ (38)</b>	<b>\$ 71</b>	<b>\$ 19</b>

In 2010, Other, net includes a non-recurring tax benefit related to the reorganization of an overseas subsidiary.

The difference between the statutory U.S. federal income tax rate and the Company's global effective tax rate as reflected in the Consolidated Statements of Income is as follows:

	2011	2010	2009
Percentage of Income before income taxes			
Tax at United States statutory rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	0.4	1.1	0.5
Earnings taxed at other than United States statutory rate	(1.7)	(4.6)	(2.5)
Venezuela hyperinflationary transition charge	—	2.8	—
Other, net	(1.1)	(1.7)	(0.8)
<b>Effective tax rate</b>	<b>32.6 %</b>	<b>32.6 %</b>	<b>32.2 %</b>

The components of deferred tax assets (liabilities) are as follows at December 31:

	2011	2010
Deferred tax liabilities:		
Goodwill and intangible assets	\$ (471)	\$ (463)
Property, plant and equipment	(345)	(344)
Other	(104)	(116)
	(920)	(923)
Deferred tax assets:		
Pension and other retiree benefits	480	471
Tax loss and tax credit carryforwards	106	130
Accrued liabilities	176	145
Stock-based compensation	115	108
Other	111	163
Valuation allowance	(1)	(1)
	987	1,016
<b>Net deferred income taxes</b>	<b>\$ 67</b>	<b>\$ 93</b>

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

	2011	2010
Deferred taxes included within:		
Assets:		
Other current assets	\$ 204	\$ 117
Deferred income taxes	115	84
Liabilities:		
Deferred income taxes	(252)	(108)
Net deferred income taxes	<u>\$ 67</u>	<u>\$ 93</u>

Applicable U.S. income and foreign withholding taxes have not been provided on approximately \$3,500 of undistributed earnings of foreign subsidiaries at December 31, 2011. These earnings have been and currently are considered to be indefinitely reinvested and currently are not subject to such taxes. Determining the tax liability that would arise if these earnings were remitted is not practicable.

In addition, net tax benefits of \$79 in 2011, \$124 in 2010 and \$18 in 2009 recorded directly through equity predominantly include current and future tax benefits related to employee equity compensation and benefit plans.

The Company uses a comprehensive model to recognize, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on an income tax return.

Unrecognized tax benefits activity for the years ended December 31, 2011, 2010 and 2009 is summarized below:

	2011	2010	2009
Unrecognized tax benefits:			
Balance, January 1	\$ 171	\$ 187	\$ 171
Increases as a result of tax positions taken during the current year	76	38	30
Decreases of tax positions taken during prior years	(46)	(63)	(9)
Increases of tax positions taken during prior years	10	16	18
Decreases as a result of settlements with taxing authorities and the expiration of statutes of limitations	(30)	(3)	(24)
Effect of foreign currency rate movements	(5)	(4)	1
Balance, December 31	<u>\$ 176</u>	<u>\$ 171</u>	<u>\$ 187</u>

If all of the unrecognized tax benefits for 2011 above were recognized, approximately \$140 would impact the effective tax rate. Although it is possible that the amount of unrecognized benefits with respect to our uncertain tax positions will increase or decrease in the next 12 months, the Company does not expect material changes.

The Company recognized approximately \$0, (\$4) and (\$1) of interest (income) expense related to the above unrecognized tax benefits within income tax expense in 2011, 2010 and 2009, respectively. The Company had accrued interest of approximately \$15 and \$19 as of December 31, 2011 and 2010, respectively.

The Company and its subsidiaries file U.S. federal income tax returns as well as income tax returns in many state and foreign jurisdictions. All U.S. federal income tax returns through December 31, 2007 have been audited by the IRS and there are limited matters in administrative appeals for years 2002 through 2007, the settlement of which is not expected to have a material adverse effect on the Company's results of operations, cash flows or financial condition. With a few exceptions, the Company is no longer subject to U.S., state and local income tax examinations for the years prior to 2007. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitations for tax audits generally ranging from three to six years.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**11. Earnings Per Share**

	For the Year Ended 2011			For the Year Ended 2010			For the Year Ended 2009		
	Income	Shares (millions)	Per Share	Income	Shares (millions)	Per Share	Income	Shares (millions)	Per Share
Net income attributable to Colgate-Palmolive Company	\$ 2,431			\$ 2,203			\$ 2,291		
Preferred dividends	—			(34)			(30)		
Basic EPS	2,431	488.3	\$ 4.98	2,169	487.8	\$ 4.45	2,261	499.5	\$ 4.53
Stock options and restricted stock		3.7			3.3			3.8	
Convertible preference stock	—	—		34	19.8		30	21.3	
Diluted EPS	\$ 2,431	492.0	\$ 4.94	\$ 2,203	510.9	\$ 4.31	\$ 2,291	524.6	\$ 4.37

Basic earnings per common share is computed by dividing net income available for common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted earnings per common share is computed using the treasury stock method on the basis of the weighted-average number of shares of common stock plus the dilutive effect of potential common shares outstanding during the period. Dilutive potential common shares include outstanding stock options and restricted stock awards.

As of December 31, 2011, 2010 and 2009, the average number of stock options that were anti-dilutive and not included in diluted earnings per share calculations were 1,531,768, 67,565 and 5,794,326, respectively.

As a result of rules issued by the IRS related to employer stock held in defined contribution plans, the Company issued a notice of redemption with respect to the 2,405,192 shares of preference stock outstanding on December 29, 2010. At the direction of the Company's ESOP trustee, the shares of preference stock were converted into 19,241,536 shares of common stock.

**12. Commitments and Contingencies**

Minimum rental commitments under noncancellable operating leases, primarily for office and warehouse facilities, are \$201 in 2012, \$174 in 2013, \$153 in 2014, \$141 in 2015, \$123 in 2016 and \$490 thereafter. Rental expense amounted to \$245 in 2011, \$220 in 2010 and \$212 in 2009. Capital leases included in fixed assets, contingent rentals and sublease income are not significant. The Company has various contractual commitments to purchase raw, packaging and other materials totaling approximately \$460 at December 31, 2011.

As a global company serving consumers in more than 200 countries and territories, the Company is routinely subject to a wide variety of legal proceedings. These include disputes relating to intellectual property, contracts, product liability, marketing, advertising, foreign exchange controls, antitrust and trade regulation, as well as labor and employment, environmental and tax matters. Management proactively reviews and monitors the Company's exposure to, and the impact of, environmental matters. The Company is party to various environmental matters and, as such, may be responsible for all or a portion of the cleanup, restoration and post-closure monitoring of several sites.

As a matter of course, the Company is regularly audited by the IRS and other tax authorities around the world in countries where it conducts business. In this regard, all U.S. federal income tax returns through December 31, 2007 have been audited by the IRS and there are limited matters in administrative appeals for years 2002 through 2007, the settlement of which is not expected to have a material adverse effect on the Company's results of operations, cash flows or financial condition. With a few exceptions, the Company is no longer subject to U.S., state and local income tax examinations for the years prior to 2007. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitations for tax audits generally ranging from three to six years. Estimated incremental tax payments related to potential disallowances for subsequent periods are not expected to be material.



## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The Company establishes accruals for loss contingencies when it has determined that a loss is probable and that the amount of loss, or range of loss, can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changes in circumstances.

The Company also determines estimates of reasonably possible losses or ranges of reasonably possible losses in excess of related accrued liabilities, if any, when it has determined that a loss is reasonably possible and it is able to determine such estimates. For those matters disclosed below, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is \$0 to approximately \$200 (based on current exchange rates). The estimates included in this amount are based on the Company's analysis of currently available information and, as new information is obtained, these estimates may change. Due to the inherent subjectivity of the assessments and the unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company from the matters in question. Thus, the Company's exposure and ultimate losses may be higher or lower, and possibly significantly so, than the amounts accrued or the range disclosed above.

Based on current knowledge, management does not believe that the ultimate resolution of loss contingencies arising from the matters discussed herein will have a material effect on the Company's consolidated financial position or its ongoing results of operations or cash flows. However, in light of the inherent uncertainties noted above, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular quarter or year.

**Brazilian Matters**

In 2001, the Central Bank of Brazil sought to impose a substantial fine on the Company's Brazilian subsidiary based on alleged foreign exchange violations in connection with the financing of the Company's 1995 acquisition of the Kolynos oral care business from Wyeth (formerly American Home Products) (the Seller), as described in the Company's Form 8-K dated January 10, 1995. The Company appealed the imposition of the fine to the Brazilian Monetary System Appeals Council (the Council), and on January 30, 2007, the Council decided the appeal in the Company's favor, dismissing the fine entirely. However, certain tax and civil proceedings that began as a result of this Central Bank matter are still outstanding as described below.

The Brazilian internal revenue authority has disallowed interest deductions and foreign exchange losses taken by the Company's Brazilian subsidiary for certain years in connection with the financing of the Kolynos acquisition. The tax assessments with interest, at the current exchange rate, approximate \$113. The Company has been disputing the disallowances by appealing the assessments within the internal revenue authority's appellate process with the following results to date:

- In June 2005, the First Board of Taxpayers ruled in the Company's favor and allowed all of the previously claimed deductions for 1996 through 1998. In March 2007, the First Board of Taxpayers ruled in the Company's favor and allowed all of the previously claimed deductions for 1999 through 2001. The tax authorities appealed these decisions to the next administrative level.
- In August 2009, the First Taxpayers' Council (the next and final administrative level of appeal) overruled the decisions of the First Board of Taxpayers, upholding the majority of the assessments, disallowing a portion of the assessments and remanding a portion of the assessments for further consideration by the First Board of Taxpayers.

The Company has filed a motion for clarification with a special appeals chamber of the Taxpayers' Council and further appeals are available within the Brazilian federal courts. The Company intends to challenge these assessments vigorously. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel and other advisors, that the disallowances are without merit and that the Company should ultimately prevail on appeal, if necessary, in the Brazilian federal courts.

In 2002, the Brazilian Federal Public Attorney filed a civil action against the federal government of Brazil, Laboratorios Wyeth-Whitehall Ltda. (the Brazilian subsidiary of the Seller) and the Company, as represented by its Brazilian subsidiary, seeking to annul an April 2000 decision by the Brazilian Board of Tax Appeals that found in favor of the Seller's Brazilian subsidiary on the issue of whether it had incurred taxable capital gains as a result of the divestiture of Kolynos. The action seeks to make the Company's Brazilian subsidiary jointly and severally liable for any tax due from the Seller's Brazilian

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

subsidiary. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the Company should ultimately prevail in this action. The Company intends to challenge this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest and penalties of approximately \$67, at the current exchange rate, based on a claim that certain purchases of U.S. Treasury bills by the subsidiary and their subsequent disposition during the period 2000 to 2001 were subject to a tax on foreign exchange transactions. The Company is disputing the assessment within the internal revenue authority's administrative appeals process. In October 2007, the Second Board of Taxpayers, which has jurisdiction over these matters, ruled in favor of the internal revenue authority. In January 2008, the Company appealed this decision, and in January 2012, a special appeals chamber of the Taxpayers' Council denied the Company's appeal. Although there can be no assurances, management believes, based on the advice of its Brazilian legal counsel, that the tax assessment is without merit and that the Company should prevail on appeal, if not at the administrative level, in the Brazilian federal courts. The Company intends to challenge this assessment vigorously.

**European Competition Matters**

Since February 2006, the Company has learned that investigations relating to potential competition law violations involving the Company's subsidiaries had been commenced by governmental authorities in a number of European countries and by the European Commission. The Company understands that substantially all of these investigations also involve other consumer goods companies and/or retail customers. The status of the various pending matters is discussed below.

Fines have been imposed on the Company in the following matters, although the Company is appealing these fines:

- In December 2009, the Swiss competition law authority imposed a fine of \$5 on the Company's GABA subsidiary for alleged violations of restrictions on parallel imports into Switzerland. The Company is appealing the fine in the Swiss courts.
- In January 2010, the Spanish competition law authority found that four suppliers of shower gel had entered into an agreement regarding product down-sizing, for which Colgate's Spanish subsidiary was fined \$3. The Company is appealing the fine in the Spanish courts.
- In December 2010, the Italian competition law authority found that 16 consumer goods companies, including the Company's Italian subsidiary, exchanged competitively sensitive information in the cosmetics sector, for which the Company's Italian subsidiary was fined \$3. The Company is appealing the fine in the Italian courts.
- In December 2011, the French competition law authority found that four consumer goods companies had entered into agreements on pricing and promotion of heavy duty detergents for which Colgate's French subsidiary was fined \$46 million in connection with a divested business. The Company is appealing the fine in the French courts.

Currently, formal claims of violations, or statements of objections, are pending against the Company as follows:

- The French competition law authority alleges violations of competition law by three pet food producers, including the Company's Hill's France subsidiary, focusing on exclusivity arrangements and parallel trade restrictions.
- The German competition law authority alleges that 17 branded goods companies, including the Company's German subsidiary, exchanged sensitive information related to the German market.

The Company has responded to each of these formal claims of violations. Investigations are ongoing in Belgium, France and Greece, but no formal claims of violations have been filed in these jurisdictions except in France as noted above.

During 2011, the following matters have been resolved:

- In April 2011, the investigation by the European Commission was resolved with no formal claims of violations or decisions made against the Company. To the Company's knowledge, there are no other investigations by the European Commission relating to potential competition law violations involving the Company or its subsidiaries.
- In May 2011, the Dutch competition authority closed its investigation and no decision was made against the Company or its Dutch subsidiary.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The Company's policy is to comply with antitrust and competition laws and, if a violation of any such laws is found, to take appropriate remedial action and to cooperate fully with any related governmental inquiry. The Company has undertaken a comprehensive review of its selling practices and related competition law compliance in Europe and elsewhere and, where the Company has identified a lack of compliance, it has undertaken remedial action. Competition and antitrust law investigations often continue for several years and can result in substantial fines for violations that are found. While the Company cannot predict the final financial impact of these competition law issues as these matters may change, the Company evaluates developments in these matters quarterly and accrues liabilities as and when appropriate.

**ERISA Matters**

In October 2007, a putative class action claiming that certain aspects of the cash balance portion of the Colgate-Palmolive Company Employees' Retirement Income Plan (the Plan) do not comply with the Employee Retirement Income Security Act was filed against the Plan and the Company in the United States District Court for the Southern District of New York. Specifically, Proesel, et al. v. Colgate-Palmolive Company Employees' Retirement Income Plan, et al. alleges improper calculation of lump sum distributions, age discrimination and failure to satisfy minimum accrual requirements, thereby resulting in the underpayment of benefits to Plan participants. Two other putative class actions filed earlier in 2007, Abelman, et al. v. Colgate-Palmolive Company Employees' Retirement Income Plan, et al., in the United States District Court for the Southern District of Ohio, and Caufield v. Colgate-Palmolive Company Employees' Retirement Income Plan, in the United States District Court for the Southern District of Indiana, both alleging improper calculation of lump sum distributions and, in the case of Abelman, claims for failure to satisfy minimum accrual requirements, were transferred to the Southern District of New York and consolidated with Proesel into one action, In re Colgate-Palmolive ERISA Litigation. The complaint in the consolidated action alleges improper calculation of lump sum distributions and failure to satisfy minimum accrual requirements, but does not include a claim for age discrimination. The relief sought includes recalculation of benefits in unspecified amounts, pre- and post-judgment interest, injunctive relief and attorneys' fees. This action has not been certified as a class action as yet. The parties are in discussions via non-binding mediation to determine whether the action can be settled. The Company and the Plan intend to contest this action vigorously should the parties be unable to reach a settlement.

**13. Venezuela**

Effective January 1, 2010, Venezuela was designated as hyperinflationary and therefore the functional currency for the Company's Venezuelan subsidiary (CP Venezuela) became the U.S. dollar. As a result, the impact of Venezuelan currency fluctuations is reported in income. The change in the reporting currency from the Venezuelan bolivar fuerte to the U.S. dollar resulted in a one-time charge of \$271 recorded within Other (income) expense, net in the first quarter of 2010. This charge primarily represented the premium paid to acquire U.S. dollar-denominated cash (\$150) and bonds (\$152) at the parallel market rate, offset by \$31 for U.S. dollar-denominated payables. Previously these items had been remeasured at the parallel market rate and then translated for financial reporting purposes at the official rate of 2.15.

On January 8, 2010, the Venezuelan government announced its decision to devalue its currency and implement a two-tier exchange rate structure. As a result, the official exchange rate changed from 2.15 to 2.60 for essential goods and 4.30 for non-essential goods. The devaluation resulted in a one-time pretax gain of \$46 recorded in Other (income) expense and an aftertax gain of \$59 in the first quarter of 2010 related to the remeasurement of the local balance sheet and lower taxes on accrued but unpaid remittances from Venezuela. In December 2010, the Venezuelan government announced that, effective January 1, 2011, the 2.60 exchange rate for essential goods would be abolished. As a result, CP Venezuela incurred an aftertax loss of \$36 in the fourth quarter of 2010 related to the remeasurement of certain local balance sheet items for which the 2.60 exchange rate would no longer be received. This loss was offset by lower taxes on accrued but unpaid remittances.

The Company remeasures the financial statements of CP Venezuela at the rate at which it expects to remit future dividends, which currently is 4.30. As a result of the devaluations of the Venezuelan bolivar fuerte, the local currency operations of CP Venezuela now translate into fewer U.S. dollars. For the year ended December 31, 2011, CP Venezuela represented approximately 5% of the Company's consolidated Net sales. At December 31, 2011, CP Venezuela's bolivar fuerte-denominated monetary net asset position was approximately \$311 which does not include \$236 of devaluation-protected bonds issued by the Venezuelan government, as these bonds provide protection against devaluations by adjusting the amount of bolivares fuertes received at maturity for any devaluation subsequent to issuance. As described in Note 6, these bonds are considered a Level 2 investment.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**14. Segment Information**

The Company operates in two product segments: Oral, Personal and Home Care; and Pet Nutrition. The operations of the Oral, Personal and Home Care segment are managed geographically in four reportable operating segments: North America, Latin America, Europe/South Pacific and Greater Asia/Africa. Management evaluates segment performance based on several factors, including Operating profit. The Company uses Operating profit as a measure of the operating segment performance because it excludes the impact of corporate-driven decisions related to interest expense and income taxes.

The accounting policies of the operating segments are generally the same as those described in Note 2. Intercompany sales have been eliminated. Corporate operations include stock-based compensation related to stock options and restricted stock awards, research and development costs, Corporate overhead costs, restructuring and related implementation costs, and gains and losses on sales of non-core product lines and assets. The Company reports these items within Corporate operations as they relate to Corporate-based responsibilities and decisions and are not included in the internal measures of segment operating performance used by the Company to measure the underlying performance of the business segments.

In 2011, Corporate Operating profit includes a gain on the sale of the laundry detergent business in Colombia of \$207, costs of \$190 associated with various business realignment and other cost-saving initiatives, costs of \$13 related to the sale of land in Mexico, and a charge of \$21 for a competition law matter in France related to a divested detergent business. The various business realignment and other cost-saving initiatives include the integration of Sanex, the right-sizing of the Colombia business and the closing of an oral care facility in Mississauga, Canada and a Hill's facility in Los Angeles, California. For further information regarding the sale of land in Mexico, refer to Note 3. In 2010, Corporate Operating profit also includes the one-time \$271 charge of transitioning to hyperinflationary accounting in Venezuela as of January 1, 2010, a fourth quarter \$86 pretax charge for termination benefits and a fourth quarter \$50 pretax gain on sale of non-core product lines. For further information regarding Venezuela, refer to Note 13.

	2011	2010	2009
<b>Net sales</b>			
Oral, Personal and Home Care			
North America <sup>(1)</sup>	\$ 2,995	\$ 3,005	\$ 2,950
Latin America	4,778	4,261	4,319
Europe/South Pacific	3,508	3,220	3,271
Greater Asia/Africa	3,281	2,998	2,655
<b>Total Oral, Personal and Home Care</b>	<b>14,562</b>	<b>13,484</b>	<b>13,195</b>
Pet Nutrition <sup>(2)</sup>	2,172	2,080	2,132
<b>Total Net sales</b>	<b>\$ 16,734</b>	<b>\$ 15,564</b>	<b>\$ 15,327</b>

<sup>(1)</sup> Net sales in the U.S. for Oral, Personal and Home Care were \$2,567, \$2,591 and \$2,577 in 2011, 2010 and 2009, respectively.

<sup>(2)</sup> Net sales in the U.S. for Pet Nutrition were \$1,032, \$1,025 and \$1,071 in 2011, 2010 and 2009, respectively.

COLGATE-PALMOLIVE COMPANY

Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

	2011	2010	2009
<b>Operating profit</b>			
Oral, Personal and Home Care			
North America	\$ 791	\$ 884	\$ 843
Latin America	1,414	1,295	1,360
Europe/South Pacific	715	742	748
Greater Asia/Africa	807	767	631
Total Oral, Personal and Home Care	3,727	3,688	3,582
Pet Nutrition	560	559	555
Corporate	(446)	(758)	(522)
Total Operating profit	\$ 3,841	\$ 3,489	\$ 3,615
	2011	2010	2009
<b>Capital expenditures</b>			
Oral, Personal and Home Care			
North America	\$ 54	\$ 57	\$ 62
Latin America	194	138	105
Europe/South Pacific	64	80	86
Greater Asia/Africa	119	111	91
Total Oral, Personal and Home Care	431	386	344
Pet Nutrition	32	81	156
Corporate	74	83	75
Total Capital expenditures	\$ 537	\$ 550	\$ 575
	2011	2010	2009
<b>Depreciation and amortization</b>			
Oral, Personal and Home Care			
North America	\$ 57	\$ 57	\$ 59
Latin America	91	84	77
Europe/South Pacific	82	67	67
Greater Asia/Africa	79	69	63
Total Oral, Personal and Home Care	309	277	266
Pet Nutrition	51	45	36
Corporate	61	54	49
Total Depreciation and amortization	\$ 421	\$ 376	\$ 351
	2011	2010	2009
<b>Identifiable assets</b>			
Oral, Personal and Home Care			
North America	\$ 2,288	\$ 2,231	\$ 2,271
Latin America	3,636	3,092	3,278
Europe/South Pacific	3,555	2,775	2,647
Greater Asia/Africa	2,069	1,943	1,760
Total Oral, Personal and Home Care	11,548	10,041	9,956
Pet Nutrition	1,078	1,081	1,127
Corporate <sup>(3)</sup>	98	50	51
Total Identifiable assets <sup>(4)</sup>	\$ 12,724	\$ 11,172	\$ 11,134

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

(3) In 2011, Corporate identifiable assets primarily consist of derivative instruments (73%) and investments in equity securities (22%). In 2010, Corporate identifiable assets primarily consist of derivative instruments (44%) and investments in equity securities (48%). In 2009, Corporate identifiable assets primarily consist of derivative instruments (44%) and investments in equity securities (46%).

(4) Long-lived assets in the U.S., primarily property, plant and equipment and goodwill and other intangibles represented approximately one-third of total long-lived assets of \$7,926, \$7,116 and \$6,795 in 2011, 2010 and 2009, respectively.

**15. Supplemental Income Statement Information**

<b>Other (income) expense, net</b>	2011	2010	2009
Amortization of intangible assets	\$ 28	\$ 22	\$ 22
Gain on sales of non-core product lines	(207)	(50)	(5)
Business realignment and other cost-saving initiatives	136	—	—
Costs related to the sale of land in Mexico	13	—	—
Charge for a French competition law matter	21	—	—
Sanex acquisition transaction costs	12	—	—
Venezuela hyperinflationary transition charge	—	271	—
Gain from remeasurement of Venezuelan balance sheet	—	(10)	—
Remeasurement of certain liabilities in Venezuela	—	—	27
Termination benefits	—	86	—
Legal and environmental matters	11	(3)	27
Asset impairments	—	5	16
Equity (income)	(6)	(5)	(5)
Other, net	(17)	(15)	29
<b>Total Other (income) expense, net</b>	<b>\$ (9)</b>	<b>\$ 301</b>	<b>\$ 111</b>
<b>Interest expense, net</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Interest incurred	\$ 59	\$ 69	\$ 102
Interest capitalized	(1)	(4)	(14)
Interest income	(6)	(6)	(11)
<b>Total Interest expense, net</b>	<b>\$ 52</b>	<b>\$ 59</b>	<b>\$ 77</b>
	2011	2010	2009
Research and development	\$ 262	\$ 256	\$ 256
Advertising	\$ 1,734	\$ 1,656	\$ 1,534

**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

**Other Comprehensive Income**

Other Comprehensive Income components attributable to Colgate-Palmolive Company before tax and respective tax impacts during the years ended December 31 were as follows:

	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
For the year ended December 31, 2009:			
Cumulative translation adjustment	\$ 351	\$ (5)	\$ 346
Retirement Plan and other retiree benefit adjustments	11	(3)	8
Other	41	(14)	27
<b>Total Other comprehensive income</b>	<b>\$ 403</b>	<b>\$ (22)</b>	<b>\$ 381</b>
For the year ended December 31, 2010:			
Cumulative translation adjustment	\$ 166	\$ (4)	\$ 162
Retirement Plan and other retiree benefit adjustments	(220)	77	(143)
Other	(46)	8	(38)
<b>Total Other comprehensive income</b>	<b>\$ (100)</b>	<b>\$ 81</b>	<b>\$ (19)</b>
For the year ended December 31, 2011:			
Cumulative translation adjustment	\$ (291)	\$ (7)	\$ (298)
Retirement Plan and other retiree benefit adjustments	(164)	56	(108)
Other	59	(13)	46
<b>Total Other comprehensive income</b>	<b>\$ (396)</b>	<b>\$ 36</b>	<b>\$ (360)</b>

There were no tax impacts on other comprehensive income attributable to Noncontrolling interests.

**16. Supplemental Balance Sheet Information**

Inventories by major class are as follows:

<b>Inventories</b>	2011	2010
Raw materials and supplies	\$ 319	\$ 295
Work-in-process	54	50
Finished goods	954	877
<b>Total Inventories</b>	<b>\$ 1,327</b>	<b>\$ 1,222</b>

Inventories valued under LIFO amounted to \$271 and \$263 at December 31, 2011 and 2010, respectively. The excess of current cost over LIFO cost at the end of each year was \$30 and \$52, respectively. The liquidations of LIFO inventory quantities had no material effect on income in 2011, 2010 and 2009.

<b>Property, plant and equipment, net</b>	2011	2010
Land	\$ 240	\$ 187
Buildings	1,342	1,319
Manufacturing machinery and equipment	4,673	4,599
Other equipment	1,069	1,055
	<u>7,324</u>	<u>7,160</u>
Accumulated depreciation	(3,656)	(3,467)
<b>Total Property, plant and equipment, net</b>	<b>\$ 3,668</b>	<b>\$ 3,693</b>

**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

<b>Other accruals</b>	2011	2010
Accrued advertising and coupon redemption	\$ 555	\$ 551
Accrued payroll and employee benefits	293	381
Accrued taxes other than income taxes	35	107
Pension and other retiree benefits	84	67
Accrued interest	22	21
Derivatives	6	12
Other	705	543
<b>Total Other accruals</b>	<b>\$ 1,700</b>	<b>\$ 1,682</b>

<b>Other liabilities</b>	2011	2010
Pension and other retiree benefits	\$ 1,582	\$ 1,544
Other	203	160
<b>Total Other liabilities</b>	<b>\$ 1,785</b>	<b>\$ 1,704</b>

**Accumulated Other Comprehensive Income**

Accumulated other comprehensive income is comprised of cumulative foreign currency translation gains and losses, unrecognized pension and other retiree benefit costs, unrealized gains and losses from derivative instruments designated as cash flow hedges and unrealized gains and losses on available for sale securities. At December 31, 2011 and 2010, Accumulated other comprehensive income consisted primarily of aftertax unrecognized pension and other retiree benefit costs of \$908 and \$800, respectively, and cumulative foreign currency translation adjustments of \$1,589 and \$1,291, respectively. Foreign currency translation adjustments in 2011 primarily reflect losses due to the weakening of the Brazilian real, the Mexican peso and the Euro. Foreign currency translation adjustments in 2010 primarily reflect gains due to the strengthening of the Brazilian real and the Swiss franc.



**COLGATE-PALMOLIVE COMPANY**

**Notes to Consolidated Financial Statements (continued)**

(Dollars in Millions Except Share and Per Share Amounts)

**17. Quarterly Financial Data (Unaudited)**

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>2011</b>					
Net sales	\$ 16,734	\$ 3,994	\$ 4,185	\$ 4,383	\$ 4,172
Gross profit	9,590	2,331	2,404	2,462	2,393
Net income including noncontrolling interests	2,554 <sup>(1)</sup>	607	646	676 <sup>(2)</sup>	625 <sup>(3)</sup>
Net income attributable to Colgate-Palmolive Company	2,431 <sup>(1)</sup>	576	622	643 <sup>(2)</sup>	590 <sup>(3)</sup>
Earnings per common share:					
Basic	4.98 <sup>(1)</sup>	1.17	1.27	1.32 <sup>(2)</sup>	1.22 <sup>(3)</sup>
Diluted	4.94 <sup>(1)</sup>	1.16	1.26	1.31 <sup>(2)</sup>	1.21 <sup>(3)</sup>
<b>2010</b>					
Net sales	\$ 15,564	\$ 3,829	\$ 3,814	\$ 3,943	\$ 3,978
Gross profit	9,204	2,268	2,242	2,344	2,350
Net income including noncontrolling interests	2,313 <sup>(4)</sup>	387 <sup>(5)</sup>	630	645	651 <sup>(6)</sup>
Net income attributable to Colgate-Palmolive Company	2,203 <sup>(4)</sup>	357 <sup>(5)</sup>	603	619	624 <sup>(6)</sup>
Earnings per common share:					
Basic	4.45 <sup>(4)</sup>	0.71 <sup>(5)</sup>	1.21	1.26	1.28 <sup>(6)</sup>
Diluted	4.31 <sup>(4)</sup>	0.69 <sup>(5)</sup>	1.17	1.21	1.24 <sup>(6)</sup>

**Note:** Basic and diluted earnings per share are computed independently for each quarter presented. Accordingly, the sum of the quarterly earnings per share may not agree with the calculated full year earnings per share.

<sup>(1)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per share for the full year of 2011 include a \$135 aftertax gain resulting from the sale of the Company's laundry detergent business in Colombia, \$147 of aftertax charges for the implementation of various business realignment and other cost-saving initiatives, \$9 of aftertax charges related to the sale of land in Mexico and a \$21 charge for a competition law matter in France related to a divested detergent business.

<sup>(2)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per share for the third quarter of 2011 include a \$135 aftertax gain resulting from the sale of the Company's laundry detergent business in Colombia, \$128 of aftertax charges for the implementation of various business realignment and other cost-saving initiatives and \$5 of aftertax charges related to the sale of land in Mexico.

<sup>(3)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per share for the fourth quarter of 2011 includes \$19 of aftertax charges for the implementation of various business realignment and other cost-saving initiatives, \$4 of aftertax charges related to the sale of land in Mexico and a \$21 charge for a competition law matter in France related to a divested detergent business.

<sup>(4)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per share for the full year of 2010 include a \$271 one-time charge related to the transition to hyperinflationary accounting in Venezuela, a \$61 aftertax charge for termination benefits related to overhead reduction initiatives, a \$30 aftertax gain on sales of non-core product lines and a \$31 benefit related to the reorganization of an overseas subsidiary.

<sup>(5)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per share for the first quarter of 2010 include a \$271 one-time charge related to the transition to hyperinflationary accounting in Venezuela.

<sup>(6)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and earnings per share for the fourth quarter of 2010 include \$61 of aftertax charges for termination benefits related to overhead reduction initiatives, a \$30 aftertax gain on sales of non-core product lines and a \$31 benefit related to the reorganization of an overseas subsidiary.

## COLGATE-PALMOLIVE COMPANY

## SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(Dollars in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
	Balance at Beginning of Period	Charged to Costs and Expenses	Other	Deductions	Balance at End of Period
<b>Year Ended December 31, 2011</b>					
Allowance for doubtful accounts and estimated returns	\$ 53	\$ 6	\$ —	\$ 10	\$ 49
Valuation allowance for deferred tax assets	\$ 1	\$ —	\$ —	\$ —	\$ 1
<b>Year Ended December 31, 2010</b>					
Allowance for doubtful accounts and estimated returns	\$ 52	\$ 1	\$ —	\$ —	\$ 53
Valuation allowance for deferred tax assets	\$ 2	\$ —	\$ —	\$ 1 <sup>(1)</sup>	\$ 1
<b>Year Ended December 31, 2009</b>					
Allowance for doubtful accounts and estimated returns	\$ 47	\$ 9	\$ —	\$ 4	\$ 52
Valuation allowance for deferred tax assets	\$ 5	\$ —	\$ —	\$ 3 <sup>(1)</sup>	\$ 2

<sup>(1)</sup> Decrease in allowance due to utilization of tax loss and tax credit carryforwards.

COLGATE-PALMOLIVE COMPANY

Market and Dividend Information

The Company's common stock is listed on the New York Stock Exchange and its trading symbol is CL. Dividends on the common stock have been paid every year since 1895, and the Company's regular common stock dividend payments have increased for 49 consecutive years.

Market Price of Common Stock

Quarter Ended	2011		2010	
	High	Low	High	Low
March 31	\$ 81.21	\$ 75.93	\$ 85.46	\$ 79.07
June 30	89.11	79.90	85.81	76.93
September 30	93.96	80.18	84.59	73.84
December 31	93.92	86.48	81.18	73.75
Year-end Closing Price	\$92.39		\$80.37	

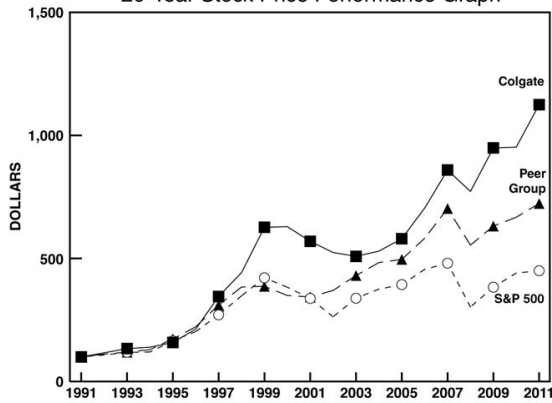
Dividends Paid Per Common Share

Quarter Ended	2011	2010
March 31	\$ 0.53	\$ 0.44
June 30	0.58	0.53
September 30	0.58	0.53
December 31	0.58	0.53
Total	\$ 2.27	\$ 2.03

Stock Price Performance Graphs

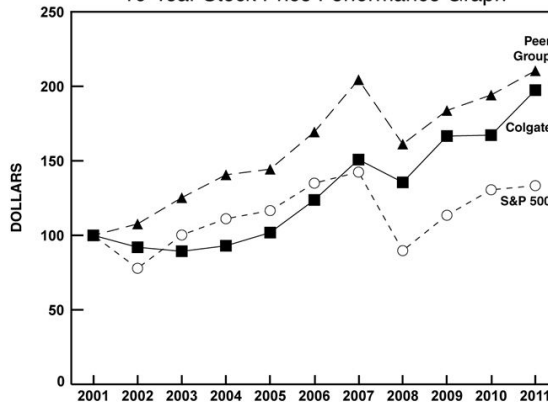
The following graphs compare cumulative total stockholder returns on Colgate-Palmolive Company common stock against the S&P Composite-500 Stock Index and a peer company index for the twenty-year, ten-year and five-year periods each ending December 31, 2011. The peer company index is comprised of consumer products companies that have both domestic and international businesses. These companies are: Avon Products, Inc., The Clorox Company, Kimberly-Clark Corporation, The Procter & Gamble Company and Unilever (N.V. and plc).

20-Year Stock Price Performance Graph



Colgate	■	100	134	159	346	627	570	509	580	859	949	1125
S&P 500	○	100	118	165	271	421	338	338	394	481	383	450
Peer Group	▲	100	119	173	311	387	344	431	496	703	632	723

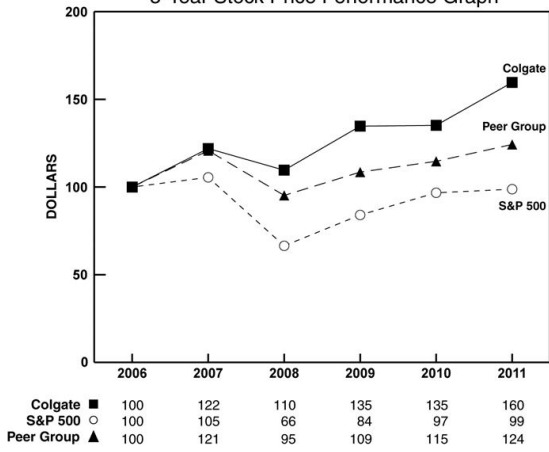
10-Year Stock Price Performance Graph



Colgate	■	100	92	89	93	102	124	151	136	167	167	197
S&P 500	○	100	78	100	111	117	135	142	90	114	131	133
Peer Group	▲	100	108	125	141	144	169	205	161	184	194	210

Market and Dividend Information

5-Year Stock Price Performance Graph



These performance graphs do not constitute soliciting material, are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any of the Company’s filings under the Securities Act of 1933 or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in any such filing, except to the extent the Company specifically incorporates these performance graphs by reference therein.

COLGATE-PALMOLIVE COMPANY

Historical Financial Summary  
For the years ended December 31,

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Continuing Operations</b>										
Net sales	\$ 16,734	\$ 15,564	\$ 15,327	\$ 15,330	\$ 13,790	\$ 12,238	\$ 11,397	\$ 10,584	\$ 9,903	\$ 9,294
Results of operations:										
Net income attributable to Colgate-Palmolive Company	2,431 <sup>(1)</sup>	2,203 <sup>(2)</sup>	2,291	1,957 <sup>(3)</sup>	1,737 <sup>(4)</sup>	1,353 <sup>(5)</sup>	1,351 <sup>(6)</sup>	1,327 <sup>(7)</sup>	1,421	1,288
Per share, basic	4.98 <sup>(1)</sup>	4.45 <sup>(2)</sup>	4.53	3.81 <sup>(3)</sup>	3.35 <sup>(4)</sup>	2.57 <sup>(5)</sup>	2.54 <sup>(6)</sup>	2.45 <sup>(7)</sup>	2.60	2.33
Per share, diluted	4.94 <sup>(1)</sup>	4.31 <sup>(2)</sup>	4.37	3.66 <sup>(3)</sup>	3.20 <sup>(4)</sup>	2.46 <sup>(5)</sup>	2.43 <sup>(6)</sup>	2.33 <sup>(7)</sup>	2.46	2.19
Depreciation and amortization expense	421	376	351	348	334	329	329	328	316	297
<b>Financial Position</b>										
Current ratio	1.2	1.0	1.1	1.3	1.1	1.0	1.0	1.0	1.0	1.0
Property, plant and equipment, net	3,668	3,693	3,516	3,119	3,015	2,696	2,544	2,648	2,542	2,491
Capital expenditures	537	550	575	684	583	476	389	348	302	344
Total assets	12,724	11,172	11,134	9,979	10,112	9,138	8,507	8,673	7,479	7,087
Long-term debt	4,430	2,815	2,821	3,585	3,222	2,720	2,918	3,089	2,685	3,211
Colgate-Palmolive Company shareholders' equity	2,375	2,675	3,116	1,923	2,286	1,411	1,350	1,245	887	350
<b>Share and Other</b>										
Book value per common share	5.42	5.89	6.52	4.09	4.75	3.03	2.87	2.84	2.11	1.08
Cash dividends declared and paid per common share	2.27	2.03	1.72	1.56	1.40	1.25	1.11	0.96	0.90	0.72
Closing price	92.39	80.37	82.15	68.54	77.96	65.24	54.85	51.16	50.05	52.43
Number of common shares outstanding (in millions)	480.0	494.9	494.2	501.4	509.0	512.7	516.2	526.6	533.7	536
Number of common shareholders of record	28,900	29,900	30,600	31,400	32,200	33,400	35,000	36,500	37,700	38,800
Number of employees	38,600	39,200	38,100	36,600	36,000	34,700	35,800	36,000	36,600	37,700

(1) Net income attributable to Colgate-Palmolive Company and earnings per share in 2011 include an aftertax gain of \$135 on the sale of the Company's laundry detergent business in Colombia, offset by \$147 aftertax charges for the implementation of various business realignment and other cost-saving initiatives, \$9 of aftertax charges related to the sale of land in Mexico and a \$21 charge for a competition law matter in France related to a divested detergent business.

(2) Net income attributable to Colgate-Palmolive Company and earnings per share in 2010 includes a \$271 one-time charge related to the transition to hyperinflationary accounting in Venezuela, \$61 of aftertax charges for termination benefits related to overhead reduction initiatives, a \$30 aftertax gain on sales of non-core product lines and a \$31 benefit related to the reorganization of an overseas subsidiary.

(3) Net income attributable to Colgate-Palmolive Company and earnings per share in 2008 include \$113 of aftertax charges associated with the 2004 Restructuring Program.

(4) Net income attributable to Colgate-Palmolive Company and earnings per share in 2007 include a gain for the sale of the Company's household bleach business in Latin America of \$29 aftertax and an income tax benefit of \$74 related to the reduction of a tax loss carryforward valuation allowance in Brazil, partially offset by tax provisions for the recapitalization of certain overseas subsidiaries. These gains were more than offset by \$184 of aftertax charges associated with the 2004 Restructuring Program, \$10 of pension settlement charges and \$8 of charges related to the limited voluntary recall of certain Hill's Pet Nutrition feline products.

**COLGATE-PALMOLIVE COMPANY**

**Historical Financial Summary  
For the years ended December 31,**

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

- (5) Net income attributable to Colgate-Palmolive Company and earnings per share in 2006 include a gain for the sale of the Company's household bleach business in Canada of \$38 aftertax. This gain was more than offset by \$287 of aftertax charges associated with the 2004 Restructuring Program and \$48 of aftertax charges related to the adoption of the update to the Stock Compensation Topic of the FASB Codification.
- (6) Net income attributable to Colgate-Palmolive Company and earnings per share in 2005 include a gain for the sale of heavy-duty laundry detergent brands in North America and Southeast Asia of \$93 aftertax. This gain was more than offset by \$145 of aftertax charges associated with the 2004 Restructuring Program, \$41 of income taxes for incremental repatriation of foreign earnings related to the American Jobs Creation Act and \$23 aftertax of non-cash pension and other retiree benefit charges.
- (7) Net income attributable to Colgate-Palmolive Company and earnings per share in 2004 include \$48 of aftertax charges associated with the 2004 Restructuring Program.

COLGATE-PALMOLIVE COMPANY

EXHIBITS TO FORM 10-K

YEAR ENDED DECEMBER 31, 2011

Commission File No. 1-644

<u>Exhibit No.</u>	<u>Description</u>
3-A	Restated Certificate of Incorporation, as amended. (Registrant hereby incorporates by reference Exhibit 3-A to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, File No. 1-644.)
3-B	By-laws, as amended. (Registrant hereby incorporates by reference Exhibit 3-A to its Current Report on Form 8-K filed on June 7, 2007, File No. 1-644.)
4	a) Indenture, dated as of November 15, 1992, between the Company and The Bank of New York Mellon (formerly known as The Bank of New York) as Trustee. (Registrant hereby incorporates by reference Exhibit 4.1 to its Registration Statement on Form S-3 and Post-Effective Amendment No. 1 filed on June 26, 1992, Registration No. 33-48840.)*
	b) Colgate-Palmolive Company Employee Stock Ownership Trust Agreement dated as of June 1, 1989, as amended. (Registrant hereby incorporates by reference Exhibit 4-B (b) to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, File No. 1-644.)
	c) Form of 4.75% Notes Due 2014 of Colgate-Palmolive Company. (Registrant hereby incorporates by reference Exhibit 99(B) to its Registration Statement on Form 8-A filed on June 8, 2007, File No. 1-644.)
10-A	a) Colgate-Palmolive Company 2009 Executive Incentive Compensation Plan. (Registrant hereby incorporates by reference Appendix A to its 2009 Notice of Meeting and Proxy Statement.)
	b) Colgate-Palmolive Company Executive Incentive Compensation Plan Trust, as amended. (Registrant hereby incorporates by reference Exhibit 10-B (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644.)
	c) Amendment, dated as of October 29, 2007, to the Colgate-Palmolive Company Executive Incentive Compensation Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-A (b) to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-B	a) Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan, amended and restated as of September 1, 2010. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, File No. 1-644.)
	b) Amended and Restated Colgate-Palmolive Company Supplemental Salaried Employees' Retirement Plan Trust, dated August 2, 1990. (Registrant hereby incorporates by reference Exhibit 10-B (b) to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
	c) Amendment, dated as of October 29, 2007, to the Amended and Restated Colgate-Palmolive Company Supplemental Salaried Employee Trust. (Registrant hereby incorporates by reference Exhibit 10-B (c) to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-C	a) Colgate-Palmolive Company Executive Severance Plan, as amended and restated as of July 8, 2010. (Registrant hereby incorporates by reference Exhibit 10-A to its Current Report on Form 8-K filed on July 9, 2010, File No. 1-644.)

<u>Exhibit No.</u>	<u>Description</u>
b)	Colgate-Palmolive Company Executive Severance Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-E (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644.)
c)	Amendment, dated as of October 29, 2007, to the Colgate-Palmolive Company Executive Severance Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-C to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-D	Colgate-Palmolive Company Pension Plan for Outside Directors, as amended and restated. (Registrant hereby incorporates by reference Exhibit 10-D to its Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-644.)
10-E	a) Colgate-Palmolive Company 2007 Stock Plan for Non-Employee Directors, amended and restated as of September 12, 2007. (Registrant hereby incorporates by reference Exhibit 10-D to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
b)	Amendment, dated as of January 13, 2011, to the Colgate-Palmolive Company 2007 Stock Plan for Non-Employee Directors. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, File No. 1-644.)
10-F	Colgate-Palmolive Company Stock Plan for Non-Employee Directors, amended and restated as of September 12, 2007. (Registrant hereby incorporates by reference Exhibit 10-E to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-G	a) Colgate-Palmolive Company Restated and Amended Deferred Compensation Plan for Non-Employee Directors, as amended. (Registrant hereby incorporates by reference Exhibit 10-H to its Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-644.)
b)	Amendment, dated as of September 12, 2007, to the Colgate-Palmolive Company Restated and Amended Deferred Compensation Plan for Non-Employee Directors. (Registrant hereby incorporates by reference Exhibit 10-F to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-H	Colgate-Palmolive Company Deferred Compensation Plan, amended and restated as of September 12, 2007. (Registrant hereby incorporates by reference Exhibit 10-G to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-I	Colgate-Palmolive Company Above and Beyond Plan – Officer Level. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, File No. 1-644.)
10-J	a) Colgate-Palmolive Company Non-Employee Director Stock Option Plan, as amended. (Registrant hereby incorporates by reference Exhibit 10-L to its Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-644.)
b)	Amendment, dated as of December 29, 2005, to the Colgate-Palmolive Company Non-Employee Director Stock Option Plan, as amended. (Registrant hereby incorporates by reference Exhibit 10-J (b) to its Annual Report on Form 10-K for the year ended December 31, 2005, File No. 1-644.)
c)	Amendment, dated as of December 7, 2006, to the Colgate-Palmolive Company Non-Employee Director Stock Option Plan, as amended. (Registrant hereby incorporates by reference Exhibit 10-J(c) to its Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-644.)
d)	Amendment, dated as of October 29, 2007, to the Colgate-Palmolive Company Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-K to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)



<u>Exhibit No.</u>	<u>Description</u>
10-K	a) U.S. \$1,800,000,000 Five Year Credit Agreement dated as of November 4, 2011, among Colgate-Palmolive Company as Borrower, the Banks named therein as Banks, HSBC Bank USA, National Association and JPMorgan Chase Bank, N.A. as Co-Syndication Agents, Citibank, N.A. as Administrative Agent and Citigroup Global Markets Inc. as Arranger. **
	b) Assumption Agreement, dated as of November 9, 2011, among Colgate-Palmolive Company as Borrower, Citibank, N.A. as Administrative Agent and Sovereign Bank. **
10-L	a) Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference appendix A to its 1997 Notice of Meeting and Proxy Statement.)
	b) Amendment, dated as of December 29, 2005, to the Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-M(b) to its Annual Report on Form 10-K for the year ended December 31, 2005, File No. 1-644.)
	c) Amendment, dated as of December 7, 2006, to the Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-M (c) to its Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-644.)
	d) Action, dated as of October 29, 2007, taken pursuant to the Colgate-Palmolive Company 2005 Employee Stock Option Plan and Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-I to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
10-M	Colgate-Palmolive Company Supplemental Savings and Investment Plan, amended and restated as of September 1, 2010. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, File No. 1-644.)
10-N	Form of Indemnification Agreement between Colgate-Palmolive Company and its directors, executive officers and certain key employees. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 1-644.)
10-O	Form of Stock Incentive Agreement used in connection with grants to employees under the Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-O to its Current Report on Form 8-K dated September 8, 2004, File No. 1-644.)
10-P	Form of Restricted Stock Award Agreement used in connection with grants to employees under the 2009 Colgate-Palmolive Company Executive Incentive Compensation Plan. (Registrant hereby incorporates by reference Exhibit 10-P to its Annual Report on Form 10-K for the year ended December 31, 2009, File No. 1-644.)
10-Q	a) Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference appendix C to its 2005 Notice of Meeting and Proxy Statement.)
	b) Form of Award Agreement used in connection with grants to non-employee directors under the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Current Report on Form 8-K dated May 4, 2005, File No. 1-644.)
	c) Amendment, dated as of September 7, 2006, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-644.)
	d) Amendment, dated as of December 7, 2006, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-S (d) to its Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-644.)

<u>Exhibit No.</u>	<u>Description</u>
e)	Amendment, dated as of October 29, 2007, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-J to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
f)	Amendment, dated as of January 13, 2011, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, File No. 1-644.)
g)	Amendment, dated as of July 14, 2011, to the Colgate-Palmolive Company 2005 Non-Employee Director Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, File No. 1-644.)
10-R	a) Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference appendix B to its 2005 Notice of Meeting and Proxy Statement.)
b)	Form of Award Agreement used in connection with grants to employees under the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-A to its Current Report on Form 8-K dated May 4, 2005, File No. 1-644.)
c)	Amendment, dated as of September 7, 2006, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-644.)
d)	Amendment, dated as of December 7, 2006, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-T (d) to its Annual Report on Form 10-K for the year ended December 31, 2006, File No. 1-644.)
e)	Action, dated as of October 29, 2007, taken pursuant to the Colgate-Palmolive Company 2005 Employee Stock Option Plan and Colgate-Palmolive Company 1997 Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-I to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, File No. 1-644.)
f)	Amendment, dated as of February 26, 2009, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-S(f) to its Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-644.)
g)	Amendment, dated as of July 14, 2011, to the Colgate-Palmolive Company 2005 Employee Stock Option Plan. (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, File No. 1-644.)
10-S	Business and Share Sale and Purchase Agreement dated as of March 22, 2011 among Unilever N.V., Unilever plc, Colgate-Palmolive Company Sarl and Colgate-Palmolive Company relating to the Sanex personal care business. (Registrant hereby incorporates by reference Exhibit 10-C to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, File No. 1-644.)
12	Computation of Ratio of Earnings to Fixed Charges.**

<u>Exhibit No.</u>	<u>Description</u>
21	Subsidiaries of the Registrant.**
23	Consent of Independent Registered Public Accounting Firm.**
24	Powers of Attorney.**
31-A	Certificate of the Chairman of the Board, President and Chief Executive Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.**
31-B	Certificate of the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.**
32	Certificate of the Chairman of the Board, President and Chief Executive Officer and the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.**
101	The following materials from Colgate-Palmolive Company's Annual Report on Form 10-K for the year ended December 31, 2011, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Changes in Shareholders' Equity, (iv) the Consolidated Statements of Comprehensive Income, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements, and (vii) Financial Statement Schedule.

\* Registrant hereby undertakes upon request to furnish the Commission with a copy of any instrument with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis.

\*\* Filed herewith.

The exhibits indicated above that are not included with the Form 10-K 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-K Exhibits)  
300 Park Avenue  
New York, New York 10022-7499

FIVE YEAR CREDIT AGREEMENT

Dated as of November 4, 2011

Among

COLGATE-PALMOLIVE COMPANY

as Borrower

THE BANKS NAMED HEREIN

as Banks

HSBC BANK USA, NATIONAL ASSOCIATION  
and  
JPMORGAN CHASE BANK, N.A.

as Co-Syndication Agents

CITIBANK, N.A.

as Administrative Agent

and

CITIGROUP GLOBAL MARKETS INC.

as Arranger

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# FIVE YEAR CREDIT AGREEMENT

Dated as of November 4, 2011

COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the banks and other financial institutions (the "Banks") listed on the signature pages hereof, Citigroup Global Markets Inc., as arranger, HSBC Bank USA, National Association and JPMorgan Chase Bank, N.A., as co-syndication agents, and Citibank, N.A. ("Citibank"), as administrative agent (the "Administrative Agent") for the Lenders (as hereinafter defined), agree as follows:

## Article I

### DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Administrative Agent's Account" means the account of the Administrative Agent, maintained by the Administrative Agent at Citibank, N.A. with its office at 1615 Brett Road, Building #3, New Castle, Delaware 19720, account no. 36852248, Attention: Bank Loan Syndications.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent and completed by Lenders specifying their Domestic Lending Office and Eurodollar Lending Office, among other information.

"Advance" means an advance by a Lender to the Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Anniversary Date" means November 4, 2012 and November 4 in each succeeding calendar year occurring during the term of this Agreement.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.



“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee, and accepted by the Borrower and the Administrative Agent, in substantially the form of Exhibit C hereto.

“Assuming Lender” has the meaning specified in Section 2.14(d).

“Assumption Agreement” has the meaning specified in Section 2.14(d)(ii).

“Bank” means any one of the Banks.

“Base Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate;

(b) ½ of one percent per annum above the Federal Funds Rate; and

(c) the British Bankers Association Interest Settlement Rate applicable to Dollars for a period of one month (“One Month LIBOR”) plus 1.00% (for the avoidance of doubt, the One Month LIBOR for any day shall be based on the rate appearing on Reuters LIBOR01 Page (or any successor or substitute page of Reuters, or any successor to or substitute for Reuters, providing rate quotations comparable to those currently provided on such page of Reuters, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars by reference to the British Bankers Association Interest Settlement Rates for deposits in Dollars) at approximately 11:00 A.M. (London time) on such day.

“Base Rate Advance” means an Advance which bears interest as provided in Section 2.06(a).

“Borrowing” means a borrowing consisting of simultaneous Advances of the same Type and having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Borrowing Subsidiary” has the meaning specified in Section 8.06(b).

“Business Day” means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

“Change of Control” has the meaning specified in Section 8.08(b).

“Closing Date” has the meaning specified in Section 3.01.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“Commitment” has the meaning specified in Section 2.01.

“Commitment Date” has the meaning specified in Section 2.14(b).

“Commitment Increase” has the meaning specified in Section 2.14(a).

“Consenting Lender” has the meaning specified in Section 2.15(b).

“Consolidated Net Tangible Assets” means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all current liabilities and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles of the Company and its consolidated subsidiaries, all as set forth on the most recent balance sheet of the Company and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles.

“Consolidated Subsidiary” means at any date any Subsidiary or other entity the accounts of which would, in accordance with generally accepted accounting principles, be included with those of the Borrower in its consolidated financial statements as of such date.

“Credit Default Swap Spread” means, at any time, for any Eurodollar Rate Advance, the 30 day moving average credit default swap mid-rate spread of the Borrower interpolated from the applicable Reset Date (as defined below) to the latest Termination Date (or, if the period from such date of determination (as set forth in the next sentence) to the latest Termination Date is less than one year, then the one-year credit default swap mid-rate spread of the Borrower most recently set for such Advance). The Credit Default Swap Spread will be (a) obtained by the Administrative Agent from Markit and (b) set for each Eurodollar Rate Advance two Business Days prior to the first day of each Interest Period (each, a “Reset Date”). If for any reason the Credit Default Swap Spread is not available from Markit or a successor thereof, the Credit Default Swap Spread shall be determined by the Administrative Agent by reference to the 30 day moving average credit default swap mid-rate spread of the Borrower most recently published by Bloomberg or another similar financial services company selected by the Administrative Agent and approved by the Borrower (which approval shall not be unreasonably withheld or delayed). If for any reason the Credit Default Swap Spread cannot be determined pursuant to the forgoing procedures, the Borrower and the Lenders shall negotiate in good faith for a period of up to 30 days after the Credit Default Swap Spread becomes unavailable (such 30-day period, the “Negotiation Period”) to agree on an alternative method for establishing the Credit Default Swap Spread. The Credit Default Swap Spread during the Negotiation Period shall be the spread most recently provided to the Administrative Agent by Markit. If no such alternative method is agreed upon during the Negotiation Period, the Credit Default Swap Spread at any date of determination subsequent to the end of the Negotiation Period shall be the average of the then applicable Credit Default Rate Floor and Credit Default Rate Cap, in each case, determined in accordance with Section 2.06. Notwithstanding the foregoing, as of any date, the Credit Default Swap Spread shall in no event be less than the then applicable Credit Default Rate Floor or more than the Credit Default Rate Cap, in each case, determined in accordance with Section 2.06.

“Debt” means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services (other than accounts payable in the ordinary course of business), (iv)

obligations as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, and (v) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Defaulting Lender” means at any time, subject to Section 2.17(d), (i) any Lender that has failed for two or more Business Days to comply with its obligations under this Agreement to make an Advance or make any other payment due hereunder (each, a “funding obligation”), unless such Lender has notified the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing), (ii) any Lender that has notified the Administrative Agent or the Borrower in writing, or has stated publicly, that it does not intend to comply with its funding obligations hereunder, unless such writing or statement states that such position is based on such Lender's determination that one or more conditions precedent to funding has not been satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), (iii) any Lender that has notified, or whose Parent Company has notified, the Administrative Agent or the Borrower in writing, or has stated publicly, that it does not intend to comply with its funding obligations under loan agreements or credit agreements generally, (iv) any Lender that has, for two or more Business Days after written request of the Administrative Agent or the Borrower, failed to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iv) upon the Administrative Agent's and the Borrower's receipt of such written confirmation), or (v) any Lender with respect to which a Lender Insolvency Event has occurred and is continuing with respect to such Lender or its Parent Company; provided that a Lender Insolvency Event shall not be deemed to occur with respect to a Lender or its Parent Company solely as a result of the acquisition or maintenance of an ownership interest in such Lender or Parent Company by a governmental authority or instrumentality thereof where such action does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent (or if the Administrative Agent is subject of any events described in clause (v) of the immediately preceding sentence, by the Borrower or the Required Lenders) that a Lender is a Defaulting Lender under any of clauses (i) through (v) above will be conclusive and binding absent manifest error, and such Lender will be deemed to be a Defaulting Lender (subject to Section 2.17(d)) upon notification of such determination by the Administrative Agent (or the Required Lenders or the Borrower, as the case may be) to the Borrower and the Lenders.

“Disclosed Litigation” has the meaning specified in Section 4.01(f).

“Domestic Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Domestic Lending Office” in its Administrative Questionnaire delivered to the Administrative Agent, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“Domestic Subsidiary” means any Subsidiary a majority of the business of which is conducted within the United States of America, or a majority of the properties and assets of which are located within the United States of America, except (i) any Subsidiary substantially all of the assets of which consist of the securities of Subsidiaries which are not Domestic Subsidiaries, (ii) any Subsidiary which is an FSC as defined in Section 922 of the Code and (iii) any Subsidiary for any period during which an election under Section 936 of the Code applies to such Subsidiary.

“Environmental Action” means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law or Hazardous Materials or arising from alleged injury or threat of injury to the environment including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

“Environmental Law” means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to the environment or Hazardous Materials and applicable to the Borrower or its Subsidiaries or any property owned or operated by the Borrower or its Subsidiaries under the laws of the jurisdiction where the Borrower or such Subsidiary or property is located.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Code.

“ERISA Event” means (a) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC; (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the cessation of operations at a facility of the Borrower or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (d) the withdrawal by the Borrower or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (e) the failure by the Borrower or any of its ERISA Affiliates to make a payment to a Plan if the conditions for imposition of a lien under Section 302(k) of ERISA are satisfied; (f) a determination that any Plan is in “at risk” status (within the meaning of Section 303 of ERISA); or (g) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurodollar Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurodollar Lending Office” in its Administrative Questionnaire delivered to the

Administrative Agent, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“Eurodollar Rate” means, for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum) appearing on Reuters LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Borrowing and for a period equal to such Interest Period. If the Reuters LIBOR01 Page (or any successor page) is unavailable, the Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received by the Administrative Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

“Eurodollar Rate Advance” means an Advance which bears interest as provided in Section 2.06(b).

“Eurodollar Rate Reserve Percentage” of any Lender for the Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“Events of Default” has the meaning specified in Section 6.01.

“Existing Credit Agreement” means the \$1,500,000,000 Five Year Credit Agreement dated as of November 3, 2005, as amended, among the Borrower, the banks named therein, Citibank, N.A., as Administrative Agent, Bank of America, N.A., BNP Paribas, HSBC Bank USA, National Association and JPMorgan Chase Bank, N.A., as co-syndication agents, and Citigroup Global Markets Inc., as arranger, as amended, supplemented or otherwise modified.

“Extension Date” has the meaning specified in Section 2.15(b).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds

transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by each Reference Bank from three Federal funds brokers of recognized standing selected by it.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“Guaranty” has the meaning specified in Section 8.06(b).

“Hazardous Materials” means petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, radon gas and any other chemicals, materials or substances designated, classified or regulated as being “hazardous” or “toxic,” or words of similar import, under any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or agency interpretation, policy or guidance and applicable to the Borrower or its Subsidiaries or any property owned or operated by the Borrower or its Subsidiaries under the laws of the jurisdiction where the Borrower or such Subsidiary or property is located.

“Increase Date” has the meaning specified in Section 2.14(a).

“Increasing Lender” has the meaning specified in Section 2.14(b).

“Insufficiency” means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

“Interest Period” means, for each Advance (other than a Base Rate Advance) comprising part of the same Borrowing, the period commencing on the date of such Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be 1, 2, 3 or 6 months, and subject to clause (iii) of this definition, 9 or 12 months as the Borrower may select by notice received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period; provided, however, that:

- (i) the Borrower may not select any Interest Period which ends after the latest Termination Date;
- (ii) Interest Periods commencing on the same date for Advances comprising part of the same Borrowing shall be of the same duration;
- (iii) in the case of any Borrowing, the Borrower shall not be entitled to select an Interest Period having duration of 9 or 12 months unless, by 2:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, each Lender notifies the Administrative Agent that such Lender will be providing funding for such Borrowing with such Interest Period (the failure of any Lender to so respond by such time being deemed for all purposes of this Agreement as an objection by such Lender to the requested duration of such Interest Period); provided that, if any of the Lenders object to the requested duration of such Interest Period, the duration of the Interest Period for such Borrowing shall be 1, 2, 3 or 6 months, as specified by the Borrower in the applicable

Notice of Borrowing as the desired alternative to an Interest Period of 9 or 12 months; and

(iv) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, in the case of any Interest Period for a Eurodollar Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(v) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

“Lender Insolvency Event” means that (a) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (b) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, liquidation or similar proceeding or reorganization, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment.

“Lenders” means the Banks listed on the signature pages hereof, each Assuming Lender that shall become a party hereto pursuant to Section 2.14 or 2.15 and each assignee that shall become a party hereto pursuant to Section 8.07.

“Lien” means any mortgage, lien, pledge, security interest, encumbrance or charge of any kind, any conditional sale or other title retention agreement or any lease in the nature thereof, provided that the term “Lien” shall not include any lease involved in a Sale and Leaseback Transaction.

“Major Domestic Manufacturing Property” means any Principal Domestic Manufacturing Property the net depreciated book value of which on the date as of which the determination is made exceeds 3% of Consolidated Net Tangible Assets.

“Markit” means Markit Group, Ltd. or any successor thereto.

“Markit Data” has the meaning specified in Section 2.19(a).

“Material Adverse Change” means any material adverse change in the business, financial condition or results of operations of the Borrower and its Consolidated Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on the ability of the Borrower to perform its obligations under this Agreement, the Notes or any Guaranty.

“Moody's” means Moody's Investors Service, Inc. or any successor to its business of rating long-term debt.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which the Borrower or any of its ERISA Affiliates is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any of its ERISA Affiliates and at least one Person other than the Borrower and its ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any of its ERISA Affiliates could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“Non-Consenting Lender” has the meaning specified in Section 2.15(b).

“Note” means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.16 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Advances made by such Lender.

“Notice of Borrowing” has the meaning specified in Section 2.02(a).

“Parent Company” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, or if such Lender does not have a bank holding company, then any corporation, association, partnership or other business entity owning, beneficially or of record, directly or indirectly, a majority of the shares (or equivalent evidence of beneficial and economic ownership) of such Lender.

“PBGC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

“Plan” means a Single Employer Plan or a Multiple Employer Plan.

“Principal Domestic Manufacturing Property” means any building, structure or facility (including the land on which it is located and the improvements and fixtures constituting a part thereof) used primarily for manufacturing or processing which is owned or leased by the Borrower or any of its Subsidiaries, is located in the United States of America and the net depreciated book value of which on the date as of which the determination is made exceeds 1% of Consolidated Net Tangible Assets, except any such building, structure or facility which the Board of Directors of the Borrower by resolution declares is not of material importance to the total business conducted by the Borrower and its Subsidiaries as an entirety.

“Principal Domestic Subsidiary” means (i) each Subsidiary which owns or leases a Principal Domestic Manufacturing Property, (ii) each Domestic Subsidiary the consolidated net worth of which exceeds 3% of Consolidated Net Tangible Assets (as set forth in the most recent financial statements referred to in Section 4.01(e) or delivered pursuant to Section 5.01(e)(i) or (ii)), and (iii) each Domestic Subsidiary of each Subsidiary referred to in the foregoing clause (i) or (ii) except any such Subsidiary the accounts receivable and inventories of which have an aggregate net book value of less than \$5,000,000.



“Reference Banks” means Citibank, N.A., HSBC Bank USA, National Association and JPMorgan Chase Bank, N.A.

“Register” has the meaning specified in Section 8.07(c).

“Related Parties” means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

“Required Lenders” means at any time Lenders holding more than 50% of the then aggregate unpaid principal amount of the Advances held by Lenders, or, if no such principal amount is then outstanding, Lenders having more than 50% of the Commitments, provided that the Advances and Commitments of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

“Restricted Property” means and includes (i) all Principal Domestic Manufacturing Properties, (ii) all Securities issued by all Principal Domestic Subsidiaries, and (iii) all inventories and accounts receivable of the Borrower and its Principal Domestic Subsidiaries.

“S&P” means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or any successor to its business of rating long-term debt.

“Sale and Leaseback Transaction” means any arrangement directly or indirectly providing for the leasing by the Borrower or any Principal Domestic Subsidiary for a period in excess of three years of any Principal Domestic Manufacturing Property which was sold or transferred by the Borrower or any Principal Domestic Subsidiary more than 120 days after the acquisition thereof or the completion of construction thereof, except any such arrangement solely between the Borrower and a Principal Domestic Subsidiary or solely between Principal Domestic Subsidiaries.

“SEC Reports” means (i) the Annual Report of the Borrower on form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission, (ii) the Borrower's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011 filed with the Securities and Exchange Commission, and (iii) the Borrower's current Reports on Form 8-K filed with the Securities and Exchange Commission prior to the date hereof.

“Securities” of any corporation means and includes (i) all capital stock of all classes of and all other equity interests in such corporation and all rights, options or warrants to acquire the same, and (ii) all promissory notes, debentures, bonds and other evidences of Debt of such corporation.

“Senior Funded Debt” of any Person means, as of the date of determination thereof, all Debt of such Person which (i) matures by its terms more than one year after the date as of which such determination is made (including any such Debt which is renewable or extendable, or in effect renewable or extendable through the operation of a revolving credit agreement or other similar agreement, at the option of such Person for a period or periods ending more than one year after the date as of which such determination is made), and (ii) is not, by the terms of any instrument or instruments evidencing or securing such Debt or pursuant to which such Debt is outstanding, expressly subordinated in right of payment to any other Debt of such Person.

“Significant Subsidiary” means a Subsidiary of the Borrower that is a “significant subsidiary” as defined in Rule 1.02(w) of Regulation S-X of the Securities and Exchange

Commission, determined based upon the Borrower's most recent consolidated financial statements for the most recently completed fiscal year as set forth in the Borrower's Annual Report on form 10-K (or 10-K-A) filed with the Securities and Exchange Commission.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any of its ERISA Affiliates and no Person other than the Borrower and its ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any of its ERISA Affiliates could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

“Subsidiary” means any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by the Borrower, by the Borrower and one or more other Subsidiaries, or by one or more other Subsidiaries.

“Termination Date” means the earlier of (a) November 4, 2016, subject to the extension thereof pursuant to Section 2.15, and (b) the date of termination in whole of the Commitments pursuant to Section 2.04 or 6.01; provided, however, that the Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.15 shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

“Withdrawal Liability” shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.”

SECTION 1.03. Accounting Terms. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with generally accepted accounting principles, as in effect from time to time.

## Article II

### AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower or Borrowing Subsidiary from time to time on any Business Day during the period from the date hereof until the Termination Date applicable to such Lender in an aggregate amount not to exceed at any time outstanding the amount set opposite such Lender's name on Schedule I hereto, if such Lender has entered into an Assumption Agreement, set forth for such Lender in such Assumption Agreement or, if such Lender has entered into any Assignment and Assumption, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04 (such Lender's “Commitment”). Each Borrowing shall be in an aggregate amount not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof (unless the aggregate amount of the unused Commitments is less than \$10,000,000, in which case such Borrowing shall be equal to the aggregate amount of the unused

Commitments) and shall consist of Advances of the same Type and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.09 and reborrow under this Section 2.01.

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made on notice given by the Borrower or a Borrowing Subsidiary, as the case may be, and received by the Administrative Agent, which shall give prompt notice thereof to each Lender by facsimile, not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of Eurodollar Rate Advances, or the same Business Day in the case of Base Rate Advances. Each such notice of a Borrowing (a "Notice of Borrowing") shall be given by facsimile, confirmed immediately by hand or by mail, in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing comprised of Eurodollar Rate Advances, the Interest Period for each such Advance. Upon fulfillment of the applicable conditions set forth in Article III, each Lender shall, before 12:00 noon (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in immediately available funds, such Lender's ratable portion of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will promptly make such funds available to the Borrower at the Administrative Agent's address referred to in Section 8.02.

(b) Anything in subsection (a) above to the contrary notwithstanding:

(i) if any Lender shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, the Administrative Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for the portion of such Borrowing advanced by the Lender which has provided the notice described above or the portion of any subsequent Borrowing advanced by such Lender shall be suspended until such Lender shall notify the Administrative Agent and the Administrative Agent will notify the Borrower that the circumstances causing such suspension no longer exist, and each such Advance shall be a Base Rate Advance;

(ii) if no Reference Bank furnishes timely information to the Administrative Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances comprising any requested Borrowing, the Administrative Agent shall immediately notify each Lender and the Borrower and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Lenders and the Borrower that the circumstances causing such suspension no longer exist, and each Advance comprising such Borrowing shall be a Base Rate Advance; and

(iii) if the Required Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the Eurodollar Rate for Eurodollar Rate Advances comprising such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Borrowing, the Administrative Agent shall immediately notify the Borrower and each other Lender

and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended, and each Advance comprising such Borrowing shall be a Base Rate Advance. The Lenders will review regularly the circumstances causing such suspension, and as soon as such circumstances no longer exist the Required Lenders will notify the Administrative Agent and the Administrative Agent will notify the Borrower that such suspension is terminated.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower or Borrowing Subsidiary, as the case may be. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower or Borrowing Subsidiary, as the case may be, shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding in any event loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing comprised of Eurodollar Rate Advances, and prior to 11:30 A.M. (New York City time) on the date of any Borrowing comprised of Base Rate Advances, that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Commitment Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee on the average daily amount of such Lender's unused Commitment, accruing from the date on which this Agreement becomes fully executed in the case of each Bank and from the effective date specified in the Assumption Agreement or the Assignment and Assumption pursuant to which it became a Lender in the case of each other Lender until the Termination Date of such Lender, payable on the last day of each March, June, September and December during the term of such Lender's Commitment, commencing December 31, 2011, and on the Termination Date of such Lender, computed from time to time at the rates per annum set forth below under the heading Commitment Fee opposite the higher of the ratings then applicable to the Borrower's long-term senior unsecured debt as published by S&P and Moody's:

<u>Moody's</u>		<u>S&amp;P</u>	<u>Commitment Fee</u>
Aa2 or above	or	AA or above	0.04%
Aa3 or above	or	AA- or above	0.045%
A1 or above	or	A+ or above	0.06%
Lower than above or not rated			0.07%

(b) Administrative Agent's Fees.

The Borrower shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Administrative Agent.

SECTION 2.04. Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole all of the Commitments or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount which is less than the aggregate principal amount of the Advances then outstanding, and provided further that each partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

SECTION 2.05. Repayment of Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall repay to the Administrative Agent for the ratable account of each Lender on the Termination Date applicable to such Lender the unpaid principal amount of each Advance made to the Borrower or Borrowing Subsidiary.

SECTION 2.06. Interest on Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay interest on the unpaid principal amount of each Advance made by each Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Base Rate Advances

If such Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September, and December during such period and on the date such Base Rate Advance shall be paid in full; provided that any amount of principal which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to 1% per annum above the Base Rate in effect from time to time.

(b) Eurodollar Rate Advances

If such Advance is a Eurodollar Rate Advance, a rate per annum equal during the Interest Period for such Advance to the sum of the Eurodollar Rate for such Interest Period plus the per annum rate equal from time to time to the Credit Default Swap Spread, but not less than the Credit Default Rate Floor, nor more than the Credit Default Rate Cap, as set forth below opposite the higher of the ratings then applicable to the Borrower's long-term senior unsecured debt as published by S&P and Moody's:

<u>Moody's</u>		<u>S&amp;P</u>	Credit Default Rate Floor	Credit Default Rate Cap
Aa3 or above	or	AA- or above	0.1%	0.75%
A1 or above	or	A+ or above	0.15%	0.875%
Lower than above or not rated			0.38%	1%

payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day which occurs during such Interest Period every three months from the first day of such Interest Period, provided that any amount of principal which is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal to (x) until the end of the then current Interest Period, 1% per annum above the rate per annum required to be paid on such Advance immediately prior to the date on which such amount became due, and (y) thereafter, 1% per annum above the Base Rate in effect from time to time.

SECTION 2.07. Additional Interest on Eurodollar Rate Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and the Borrower or Borrowing Subsidiary, as the case may be, shall be notified of such additional interest.

SECTION 2.08. Interest Rate Determination. (a) If Reuters LIBOR01 Page is unavailable, each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining the Base Rate from time to time in effect and each Eurodollar Rate, as applicable.

(b) The Administrative Agent shall give prompt notice to the Borrower or Borrowing Subsidiary and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.06, and the rate, if any, furnished by the Reference Banks for the purpose of determining the interest rate.

SECTION 2.09. Prepayments of Advances. The Borrower or Borrowing Subsidiary, as the case may be, may, upon notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, the Borrower or Borrowing Subsidiary, as the case may be, shall, prepay the outstanding principal amounts of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid, and the losses, costs and expenses, if any, payable pursuant to Section 8.04(c). Such notice shall be received by the Administrative Agent not later than 11:00 A.M. (New York City time), on the third Business Day prior to the date of the proposed prepayment in the case of Eurodollar Rate Advances, or on the Business Day prior to such date in the case of Base Rate Advances. Each partial prepayment shall be in an aggregate principal amount not less than \$5,000,000 or an integral

multiple of \$1,000,000 in excess thereof, and any partial prepayment of any Eurodollar Rate Advances shall not leave outstanding less than \$10,000,000 aggregate principal amount of such Advances comprising part of any Borrowing.

SECTION 2.10. Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the costs to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased costs for a period beginning not more than 90 days prior to such demand. A certificate as to the amount of such increased cost submitted to the Borrower and the Administrative Agent by such Lender, setting forth in reasonable detail the calculation of the increased costs, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender which decreases such Lender's return on its capital (after taking into account any changes in the Eurodollar Rate and Eurodollar Rate Reserve Percentage) and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall immediately pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder, such compensation to cover a period beginning not more than 90 days prior to such demand. A certificate as to such amounts submitted to the Borrower and the Administrative Agent by such Lender, setting forth in reasonable detail the calculation of the amount required to be paid hereunder, shall be conclusive and binding for all purposes, absent manifest error.

(c) For the avoidance of doubt and notwithstanding anything herein to the contrary, for the purposes of this Section 2.10, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in case for this clause (y) pursuant to Basel III, shall in each case be deemed to be a change in law regardless of the date enacted, adopted, issued, promulgated or implemented.

SECTION 2.11. Payments and Computations. (a) The Borrower or Borrowing Subsidiary, as the case may be, shall make each payment hereunder and under any Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in immediately available funds, without setoff or counterclaim. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment fees ratably (other than amounts payable pursuant to Section 2.07,

2.10, 2.12, 2.13 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied according to the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.14 or an extension of the Termination Date pursuant to Section 2.15, and upon the Administrative Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date or Extension Date, as the case may be, the Administrative Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Assumption, the Administrative Agent shall make all payments hereunder and under any Notes in respect of the interest assigned thereby to the Lender's assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) Each of the Borrower and any Borrowing Subsidiary hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under any Note held by such Lender, to charge from time to time against any or all of the Borrower's or such Borrowing Subsidiary's, as the case may be, accounts with such Lender any amount so due.

(c) All computations of interest based on clause (a) of the definition of "Base Rate" shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on clause (b) or (c) of the definition of "Base Rate," the Eurodollar Rate or the Federal Funds Rate and of commitment fees and facility fees shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day, but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under any Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest, commitment fee or facility fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.



SECTION 2.12. Taxes. (a) Subject to subsection (f) below, any and all payments hereunder or under any Notes shall be made, in accordance with Section 2.11, (i) if made by the Borrower, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings of the United States of America or any state thereof or political subdivision of any of them or any other jurisdiction from or through which the Borrower elects to make such payment, and all liabilities with respect thereto, and (ii) if made by a Borrowing Subsidiary, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings of any jurisdiction within which it is organized or does business or is managed or controlled or has its head or principal office or from or through which such Borrowing Subsidiary elects to make such payment, and all liabilities with respect thereto, excluding (A) in the case of each Lender and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by any jurisdiction under the laws of which such Lender or the Administrative Agent (as the case may be) is organized or, as to the United States of America or any state thereof or any political subdivision of any of them, is doing business or any political subdivision thereof and by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof, (B) in the case of each Lender and the Administrative Agent, any income tax or franchise tax imposed on it by a jurisdiction (except the United States of America or any state thereof or any political subdivision of any of them) as a result of a connection between such jurisdiction and such Lender or the Administrative Agent (as the case may be) (other than as a result of such Lender's or the Administrative Agent's having entered into this Agreement, performing hereunder or enforcing this Agreement), (C) any payment of tax which the Borrower is obliged to make pursuant to Section 159 of the Income and Corporation Taxes Act 1970 of the United Kingdom (or any re-enactment or replacement thereof) on behalf of a Lender which is resident for tax purposes in the United Kingdom but is not recognized as a bank by H.M. Inland Revenue, (D) Other Taxes as defined in subsection (b) below and (E) any United States withholding tax imposed under FATCA (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If any Person shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Administrative Agent, (i) the sum payable shall be increased by the Borrower or applicable Borrowing Subsidiary as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.12) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or such Borrowing Subsidiary shall make such deductions and (iii) the Borrower or such Borrowing Subsidiary shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower or the Borrowing Subsidiary shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any Notes (hereinafter referred to as "Other Taxes"). Each Bank and the Administrative Agent represents that at the date of this Agreement it is not aware of any Other Taxes applicable to it. Each Lender and the Administrative Agent agrees to notify the Borrower or such Borrowing Subsidiary on becoming aware of the imposition of any such Other Taxes.

(c) The Borrower or the Borrowing Subsidiary will indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.12) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses not attributable to acts or omissions of any party other than the Borrower or such Borrowing Subsidiary) arising therefrom or with respect thereto. This indemnification shall be paid within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written

demand therefor.

(d) As soon as practicable after the date of any payment of Taxes (other than Taxes of the United States of America or any state thereof or political subdivision of any of them), the Borrower or the Borrowing Subsidiary will furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof (if any such receipt is reasonably available), other evidence of such payment or, if neither a receipt nor other evidence is available, a statement by the Borrower or such Borrowing Subsidiary confirming payment thereof.

(e) (i) Each Lender and the Administrative Agent will, from time to time as requested by the Borrower or the Borrowing Subsidiary in writing, provide the Borrower or the Borrowing Subsidiary with any applicable forms, completed and signed, that may be required by the tax authority of a jurisdiction in order to certify such Lender's or the Administrative Agent's exemption from or applicable reduction in any applicable Taxes of such jurisdiction with respect to any and all payments that are subject to such an exemption or reduction to be made to such Lender or the Administrative Agent hereunder and under any Notes, if the Lender or the Administrative Agent is entitled to such an exemption or reduction.

(ii) If a payment made to a Lender would be subject to United States federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower, at the time or times prescribed by law and at such time or times reasonably requested in writing by the Borrower, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested in writing by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA, to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. For purposes of this Section 2.12(e)(ii) FATCA shall include amendments made to FATCA after the date of this Agreement.

(f) Notwithstanding anything contained herein to the contrary, the Borrower or the Borrowing Subsidiary shall not be required to pay any additional amounts pursuant to this Section on account of any Taxes of, or imposed by, the United States, to any Lender or the Administrative Agent (as the case may be) which is not entitled on the date on which it signed this Agreement (or, in the case of an assignee of a Lender, on the date on which the assignment to it became effective or, in the case of any Assuming Lender, on the date it signs the applicable Assumption Agreement), to submit Form W-8BEN or Form W-8ECI or a certification that it is a corporation or other entity organized in or under the laws of the United States or a state thereof, so as to establish a complete exemption from such Taxes with respect to all payments hereunder and under any Notes. For any period with respect to which a Lender has failed to provide the Borrower or the Administrative Agent with the appropriate form or certificate pursuant to Section 2.12(f) (unless such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which such form or certificate originally was required to be provided), or with respect to which any representation or certification on any such form or certificate is, or proves to be, materially incorrect, false or misleading when so made, such Lender shall not be entitled to receive additional amounts or indemnification under this Section 2.12 with respect to Taxes imposed by the United States and such Lender shall indemnify and reimburse the Borrower for any Taxes or Other Taxes which were required to be withheld but which were not withheld as a result of such Lender's failure to provide the appropriate form or certificate of such Lender's materially incorrect, false or misleading representations or certifications and for which the Borrower or such Borrowing Subsidiary subsequently is required to account, and does account, to the United States tax authorities; provided that if a Lender which is otherwise exempt from or subject to a reduced rate of withholding tax, becomes subject to Taxes because

of its failure to deliver a form required hereunder, the Borrower shall take such steps (at such Lender's cost and expense) as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(g) At the request of Borrower or a Borrowing Subsidiary, any Lender claiming any additional amounts payable pursuant to this Section 2.12 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. The Borrower or such Borrowing Subsidiary shall reimburse such Lender for the Borrower's or such Borrowing Subsidiary's equitable share of such Lender's reasonable expenses incurred in connection with such change or in considering such a change.

(h) In the event that the Borrower makes an additional payment under Section 2.12(a) or 2.12(c) for the account of any Lender and such Lender, in its sole good faith opinion, determines that it has finally and irrevocably received a refund of any tax paid or payable by it in respect of or calculated with reference to the deduction or withholding giving rise to such additional payment, such Lender shall, to the extent that it determines that it can do so without prejudice to the retention of the amount of such refund, pay to the Borrower such amount as such Lender shall, in its sole good faith opinion, have determined is attributable to such deduction of withholding and will leave such Lender (after such payment) in no worse position than it would have been had the Borrower not been required to make such deduction or withholding. Nothing contained herein shall (i) interfere with the right of a Lender to arrange its tax affairs in whatever manner it thinks fit or (ii) oblige any Lender to claim any refund or to disclose any information relating to its tax affairs or any computations in respect thereof or (iii) require any Lender to take or refrain from taking any action that would prejudice its ability to benefit from any other refund to which it may be entitled.

(i) Without prejudice to the survival of any other agreement of the Borrower and its Borrowing Subsidiaries hereunder, the agreements and obligations of the Borrower and its Borrowing Subsidiaries contained in this Section 2.12 shall survive the payment in full of principal and interest hereunder and under any Notes, provided, however, that the Borrower or such Borrowing Subsidiary has received timely notice of the assertion of any Taxes or Other Taxes in order for it to contest such Taxes or Other Taxes to the extent permitted by law.

SECTION 2.13. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances (whether for principal, interest, fees or otherwise) made by it (other than pursuant to Section 2.07, 2.10 or 2.12) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and each such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each of the Borrower and any Borrowing Subsidiary agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower or such Borrowing Subsidiary, as the case may be, in the amount of such participation.

SECTION 2.14. Increase in the Aggregate Commitments. (a) The Borrower may, at any time but in any event not more than twice in any calendar year prior to the Termination Date, by notice to the Administrative Agent, request that the aggregate amount of the Commitments be increased by an amount of \$10,000,000 or an integral multiple of \$10,000,000 in excess thereof (each a “Commitment Increase”) to be effective as of a date that is at least 45 days prior to the scheduled Termination Date (without giving effect to the proviso contained in the definition thereof) then in effect (the “Increase Date”) as specified in the related notice to the Administrative Agent; provided, however, that (i) in no event shall the aggregate amount of the Commitments at any time exceed \$2,500,000,000 and (ii) the applicable conditions precedent set forth in Section 3.02 shall have been satisfied as of the date of such request and as of the applicable Increase Date.

(b) The Administrative Agent shall promptly notify the Lenders, if any, identified by the Borrower of a request by the Borrower for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Commitments (the “Commitment Date”). Each Lender so identified by the Borrower that is willing to participate in such requested Commitment Increase (each an “Increasing Lender”) shall give written notice to the Administrative Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Commitment. If such Lenders notify the Administrative Agent that they are willing to increase the amount of their respective Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among such Lenders willing to participate therein in such amounts as are agreed between the Borrower and the Administrative Agent.

(c) If the Borrower shall have requested any of the Lenders to participate in any Commitment Increase, promptly following each Commitment Date, the Administrative Agent shall notify the Borrower as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in any requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, or if the Borrower shall elect not to request that any of the Lenders participate in such Commitment Increase, then the Borrower may extend offers to one or more financial institutions reasonably acceptable to the Administrative Agent to participate in such Commitment Increase or any portion of the requested Commitment Increase that has not been committed to by the Lenders, if any, so invited to increase Commitments pursuant to Section 2.14(b) as of the applicable Commitment Date; provided, however, that the Commitment of each such institution shall be in an amount of not less than \$10,000,000.

(d) On each Increase Date, each institution that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.14(c) (each such institution and each Person that agrees to an extension of the Termination Date in accordance with Section 2.15(c), an “Assuming Lender”) shall become a Lender party to this Agreement as of such Increase Date and the Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.14(b)) as of such Increase Date; provided, however, that the Administrative Agent shall have received on or before such Increase Date the following, each dated such date:

(i) (A) certified copies of resolutions of the Board of Directors of the Borrower or the Finance Committee of such Board approving the Commitment Increase and (B) an opinion of

counsel for the Borrower (which may be in-house counsel), in form and substance reasonably satisfactory to the Administrative Agent;

(ii) an assumption agreement from each Assuming Lender, substantially in the form of Exhibit E hereto (each an “Assumption Agreement”), duly executed by such Assuming Lender, the Administrative Agent and the Borrower; and

(iii) confirmation from each Increasing Lender of the increase in the amount of its Commitment in a writing reasonably satisfactory to the Borrower and the Administrative Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.14(d), the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrower, on or before 1:00 P.M. (New York City time), by facsimile, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (New York City time) on the Increase Date, purchase at par that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances to be funded and held on a pro rata basis by the Lenders in accordance with their respective Commitments.

Notwithstanding anything to the contrary in this Section 2.14, the Borrower may at any time prior to November 15, 2011 increase the aggregate amount of the Commitments by accepting the Commitment of any one or more financial institutions reasonably acceptable to the Administrative Agent, subject only to the satisfaction of the conditions precedent to a Commitment Increase set forth in Section 3.02.

SECTION 2.15. Extension of Termination Date. (a) At least 60 days but not more than 90 days prior to the next Anniversary Date, the Borrower, by written notice to the Administrative Agent, may request an extension of the Termination Date in effect at such time by one calendar year from its then scheduled expiration. The Administrative Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not earlier than 45 days nor later than 30 days prior to such Anniversary Date, notify the Borrower and the Administrative Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Administrative Agent and the Borrower in writing of its consent to any such request for extension of the Termination Date prior to 30 days prior to such Anniversary Date, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Administrative Agent shall notify the Borrower not later than 30 days prior to such next Anniversary Date of the decision of the Lenders regarding the Borrower's request for an extension of the Termination Date.

(b) If all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.15, the Termination Date in effect at such time shall, effective as at such next Anniversary Date (the “Extension Date”), be extended for one calendar year; provided that on each Extension Date, the applicable conditions precedent set forth in Section 3.02 shall have been satisfied. If Lenders holding more than 50% of the Commitments, but less than all of the Lenders, consent in writing to any such request in accordance with subsection (a) of this Section 2.15, the Termination Date in effect at such time shall, effective as at the applicable Extension Date, be extended as to those Lenders that so consented (each a “Consenting Lender”) but shall not be extended as to any other Lender (each a “Non-Consenting Lender”). To the extent that the Termination Date is not extended as to any Lender pursuant to this Section 2.15 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.15 on or prior to the applicable Extension Date, the Commitment of such Non-

Consenting Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Borrower, such Lender or any other Person; provided that such Non-Consenting Lender's rights under Sections 2.10, 2.12 and 8.04, and its obligations under Section 7.05, shall survive the Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for any requested extension of the Termination Date.

(c) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.15, the Borrower may arrange for one or more Consenting Lenders or other Persons as Assuming Lenders (x) to assume, effective as of the Extension Date or such other date as may be agreed among the Borrower, the Non-Consenting Lender, such Consenting Lenders or Persons and the Administrative Agent, any Non-Consenting Lender's Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender and (y) to accept, effective as of the Extension Date or such later date as any Assuming Lender executes and delivers an Assumption Agreement, the Termination Date applicable to Consenting Lenders; provided, however, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than \$10,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than \$10,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, owing to such Non-Consenting Lender plus (B) any accrued but unpaid commitment fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 8.07(a) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.10, 2.12 and 8.04, and its obligations under Section 7.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Borrower and the Administrative Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Borrower and the Administrative Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Borrower and the Administrative Agent (acting reasonably) as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.15 shall have delivered to the Administrative Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(d) If Lenders holding more than 50% of the Commitments (before giving effect to any assignments pursuant to subsection (c) of this Section 2.15) consent in a writing delivered to the Administrative Agent to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Administrative Agent shall so notify the Borrower, and, so long as the applicable conditions precedent set forth in Section 3.02 shall have been satisfied as of such Extension Date, or shall occur as a consequence thereof, the Termination Date then in effect shall be extended for the additional one-year period as described in subsection (a) of this Section 2.15, and all references in this Agreement, and in any Notes to the “Termination Date” shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Termination Date as so extended. Promptly following each Extension Date, the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

SECTION 2.16. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Administrative Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Commitment of such Lender.

(b) The Register maintained by the Administrative Agent pursuant to Section 8.07(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Assumption delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.17. Defaulting Lenders. (a) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, the Administrative Agent shall deliver written notice to such effect upon obtaining knowledge of such event to the Borrower and such Defaulting Lender, and the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) Commitment Fees shall cease to accrue on the Commitment of such

Defaulting Lender pursuant to Section 2.03;

(ii) the Commitments of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders, as the case may be, have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 8.01); provided that such Defaulting Lender shall continue to have voting rights with respect to (x) any amendment, waiver or consent that would increase or extend such Defaulting Lender's commitment or postpone any scheduled date of payment of or reduce the principal of, or interest on any Advances or fees owing to such Defaulting Lender (except as set forth in clause (i) above), (y) any amendment, waiver or consent modifying the terms of this proviso, or (z) any amendment, waiver or consent of all Lenders or each affected Lender which affects such Defaulting Lender differently than any other Lender or any other affected Lender, as the case may be; and

(iii) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 2.13) shall be deemed to have satisfied such payment obligation owing to such Defaulting Lender but, in lieu of being distributed to such Defaulting Lender, subject to any applicable requirements of law, be applied (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent and (iii) third, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction.

(b) If the Administrative Agent and the Borrower each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender or upon receipt by the Administrative Agent and the Borrower of the confirmation referred to in clause (iv) of the definition of "Defaulting Lender", as applicable, then on such date such Lender shall purchase at par such portion of the Advances of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Advances ratably in accordance with its respective Commitment and such Lender shall cease to be a Defaulting Lender..

SECTION 2.18. Replacement of Lenders. If (a) any Lender requests compensation under Section 2.10, (b) any Lender delivers a notice from a Lender as described in Section 2.02(b)(i), (c) the Borrower is required to pay additional amounts to the Administrative Agent, any Lender or any governmental authority for the account of any Lender pursuant to Section 2.12 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3(a), (d) any Lender is a Defaulting Lender or (e) any Lender does not approve any consent, waiver or amendment that (x) requires the approval of all affected Lenders in accordance with the terms of Section 8.01 and (y) has been approved by the Required Lenders (a "Non-Approving Lender"), then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 8.07 (other than any requirement that such Lender being replaced consent or otherwise approve such assignment)), all of its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee



(if any) specified in Section 8.07;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts under Section 8.04(c) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.10 or payments required to be made pursuant to Section 2.12, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.19. License Agreement and CDS Data. (a) The Administrative Agent hereby notifies the Borrower and the Lenders that it has entered into a licensing agreement (the “Licensing Agreement”) with Markit, pursuant to which Markit will provide to the Administrative Agent for each Business Day a composite end of day applicable credit default swap spread of the Borrower (the “CDS Data”) that the Administrative Agent will use to determine the Credit Default Swap Spread. The Administrative Agent hereby further notifies the Borrower and the Lenders that, pursuant to the Licensing Agreement, (i) the CDS Data will be provided by Markit on an “as is” basis, without express or implied warranty as to accuracy, completeness, title, merchantability or fitness for a particular purpose, (ii) Markit has no liability to the Administrative Agent for any inaccuracies, errors or omissions in the CDS Data, except in the event of its gross negligence, fraud or willful misconduct, (iii) the CDS Data, as provided by Markit, constitutes confidential information (and each Lender agrees to treat such information in confidence to the same extent and in the same manner as such Bank is required to hold Confidential Information pursuant to Section 8.13 hereof), (iv) the CDS Data, as provided by Markit, may be used by the Administrative Agent, the Borrower and the Lenders solely for the purposes of this Agreement and (v) Markit and the Administrative Agent, except in each case in the event of its gross negligence, fraud or willful misconduct, shall have no liability whatsoever to either the Borrower or any Lender or any client of a Lender, whether in contract, in tort, under a warranty, under statute or otherwise, in respect of any loss or damage suffered by the Borrower, such Lender or client as a result of or in connection with any opinions, recommendations, forecasts, judgments or any other conclusions, or any course of action determined, by such Lender or any client of such Lender based on the CDS Data. Each of the Borrower and the Lenders (other than Citibank, N.A., in its capacity as the Administrative Agent, which is a party thereto) agrees that it shall not be a third party beneficiary of the Licensing Agreement and shall have no rights or obligations thereunder.

(b) The CDS Data shall be made available to the Borrower pursuant to procedures agreed upon by the Borrower and the Administrative Agent. The Borrower agrees that it will use reasonable efforts (e.g., procedures substantially comparable to those applied by the Borrower in respect of non-public information as to the business of the Borrower) to keep confidential the CDS Data and the

related materials provided by Markit pursuant to the Licensing Agreement to the extent that the same is not and does not become publicly available.

(c) It is understood and agreed that in the event of a breach of confidentiality, damages may not be an adequate remedy and that the Licensing Agreement provides that Markit shall be entitled to injunctive relief to restrain any such breach, threatened or actual.

(d) The Borrower acknowledges that each of the Administrative Agent and the Lenders from time to time may conduct business with and may be a shareholder of Markit and that each of the Administrative Agent and the Lenders may have from time to time the right to appoint one or more directors to the board of directors of Markit.

(e) Notwithstanding the foregoing, the Administrative Agent hereby represents and warrants to the Borrower that the Administrative Agent has the express authority under the Licensing Agreement to provide the CDS Data and the related materials provided from time to time by Markit to the Borrower.

### Article III

#### CONDITIONS OF LENDING

SECTION 3.01. Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the “Closing Date”) on which the Administrative Agent shall have received, on or before the Closing Date, the following, each dated such date, in form and substance reasonably satisfactory to each Lender:

(a) If requested by such Lender pursuant to Section 2.16, Note payable to the order of such Lender.

(b) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes and each Guaranty, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

(c) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(d) A certificate of a duly authorized officer of the Borrower certifying that the representations and warranties contained in Section 4.01 are correct in all material respects, on and as of such date (before and after giving effect to any Borrowing on such date and the application of the proceeds therefrom), as though made on and as of such date, and that no event has occurred and is continuing (or would result from any such Borrowing or application of the proceeds thereof) which constitutes a Default.

(e) A favorable opinion of Sidley Austin LLP, special counsel for the Borrower, in form and substance reasonably acceptable to the Administrative Agent.

(f) A favorable opinion of Shearman & Sterling LLP, counsel for the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent.

(g) Evidence of the termination of the Commitments under the Existing Credit Agreement.

SECTION 3.02. Conditions Precedent to Each Borrowing, Commitment Increase and Extension Date. The obligation of each Lender to make an Advance on the occasion of each Borrowing (including the initial Borrowing), each Commitment Increase and each extension of the Commitments pursuant to Section 2.15 shall be subject to the further conditions precedent that on the date of such Borrowing, the applicable Increase Date or the applicable Extension Date the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, request for Commitment Increase, request for Commitment extension and the acceptance by the Borrower or any Borrowing Subsidiary of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing, such Increase Date or such Extension Date such statements are true):

(a) The representations and warranties contained in Section 4.01 (other than the last sentence of Section 4.01(e) and other than Section 4.01(f)(i)) are correct in all material respects, on and as of the date of such Borrowing, such Commitment Increase or such Extension Date, before and after giving effect thereto, and to the application of the proceeds from such Borrowing, as though made on and as of such date, and

(b) No event has occurred and is continuing, or would result from such Borrowing, such Commitment Increase or such Extension Date or from the application of the proceeds therefrom, which constitutes a Default.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the Initial Borrowing specifying its objection thereto.

#### Article IV

#### REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) applicable law or any material contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(d) This Agreement is, and each of the Notes when executed and delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower

in accordance with their respective terms, except as the same may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, or by general principles of equity.

(e) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at December 31, 2010 and the related consolidated statements of income, cash flow and retained earnings of the Borrower and its Consolidated Subsidiaries for the fiscal year then ended, accompanied by a report of PricewaterhouseCoopers LLP, independent registered public accounting firm, copies of which have been furnished to each Bank, fairly present the consolidated financial condition of the Borrower and its Consolidated Subsidiaries as at such date and the consolidated results of the operations of the Borrower and its Consolidated Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied (except for mandated changes in accounting disclosed in such financial statements). Except as set forth in the SEC Reports or otherwise disclosed to each of the Banks in writing prior to the date hereof, since December 31, 2010 there has been no Material Adverse Change; provided that the representation made in the last sentence of this Section 4.01(e) shall only be made (or deemed made) on the Closing Date and on each date on which the Borrower shall request an increase of the Commitments pursuant to Section 2.14(a) or an extension of the Termination Date pursuant to Section 2.15(a).

(f) There is no pending or (to the knowledge of the Borrower) threatened action or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) is reasonably likely to have a Material Adverse Effect, other than as disclosed in the SEC Reports or on Schedule 4.01(f) (the "Disclosed Litigation"), and there has been no change in the status, or financial effect on the Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described in the SEC Reports or on Schedule 4.01(f) which is reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or Guaranty; provided that the representation made in clause (i) of this Section 4.01(f) shall only be made (or deemed made) on the Closing Date and on each date on which the Borrower shall request an extension of the Termination Date pursuant to Section 2.15(a).

(g) None of the Borrower or any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used in such manner as to cause any Lender to be in violation of such Regulation U.

(h) The Borrower and each Subsidiary are in compliance in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, non-compliance with which would have a Material Adverse Effect.

(i) In the ordinary course of its business, the Borrower conducts reviews (which reviews are in varying stages of implementation) of the effect of Environmental Laws on the business, operations and properties of the Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs. On the basis of these reviews, the Borrower has reasonably concluded that Environmental Laws are unlikely to have a Material Adverse Effect.

(j) No ERISA Event has occurred or is reasonably expected to occur with respect to

any Plan that is reasonably likely to result in a Material Adverse Effect.

(k) The most recently filed Schedule SB (Actuarial Information) annual report (Form 5500 Series) for each Plan was complete and accurate in all material respects and fairly presented the funding status of such Plan as of the date of such Schedule SB, and since the date of such Schedule SB, there has been no change in such funding status which is reasonably likely to have a Material Adverse Effect.

(l) Neither the Borrower nor any of its ERISA Affiliates has incurred, or is reasonably expected to incur, any Withdrawal Liability to any Multiemployer Plan which is reasonably likely to have a Material Adverse Effect.

(m) Neither the Borrower nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization, insolvent or has been terminated, within the meaning of Title IV of ERISA, or has been determined to be in “endangered” or “critical” status within the meaning of Section 432 of the Code or Section 305 of ERISA, which in any case would be reasonably likely to have a Material Adverse Effect, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, or to be in endangered or critical status, which in any case would be reasonably likely to have a Material Adverse Effect.

(n) Except as set forth in the financial statements described in Section 4.01(e) or delivered pursuant to Section 5.01(e), the Borrower and its Subsidiaries have no material liability with respect to “expected postretirement benefit obligations” within the meaning of Statement of Financial Accounting Standards No. 106.

(o) The Borrower and each Subsidiary have filed all material tax returns (Federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties other than those not yet delinquent and except for those contested in good faith, or provided adequate reserves for payment thereof.

(p) The Borrower is not an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

## Article V

### COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will, unless the Required Lenders shall otherwise consent in writing:

(a) Preservation of Corporate Existence, Etc.

Preserve and maintain, and cause each Significant Subsidiary to preserve and maintain, its corporate existence except as permitted under Section 5.02(b); provided, however, that the Borrower or any Significant Subsidiary shall not be required to preserve the corporate existence of any Significant Subsidiary if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Significant Subsidiary, as the case may be, and that the liquidation thereof is not disadvantageous in any material respect to the Lenders.

(b) Compliance with Laws, Etc.

Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders, where any failure to comply would have a Material Adverse Effect, such compliance to include, without limitation, paying before the same become delinquent all material taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith.

(c) Maintenance of Properties, Etc.

Maintain and preserve, and cause each Significant Subsidiary to maintain and preserve, all of its properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so would not be reasonably likely to have a Material Adverse Effect.

(d) Maintenance of Insurance.

Maintain, and cause each Significant Subsidiary to maintain, insurance with responsible and reputable insurance companies or associations (including affiliated companies) for such amounts, covering such risks and with such deductibles as is usually carried by companies of comparable size engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates, or maintain a sound self-insurance program for such risks as may be prudently self-insured.

(e) Reporting Requirements.

Furnish to the Administrative Agent (and the Administrative Agent shall promptly furnish copies thereof to the Lenders via IntraLinks or other similar password-protected restricted internet site):

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and related consolidated statements of income and cash flow for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, prepared in accordance with generally accepted accounting principles applicable to interim statements and certified by the treasurer, chief financial officer or corporate controller of the Borrower, provided that financial statements required to be delivered pursuant to this clause (i) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date on which such documents are posted on the Borrower's behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent have access and the Lenders and the Administrative Agent may rely on such documents to the same extent as if such documents had been delivered to each of them directly;

(ii) as soon as available and in any event within 105 days after the end of each fiscal year of the Borrower, a copy of the annual report for such year for the Borrower and its Consolidated Subsidiaries, containing consolidated financial statements for such year certified without exception as to scope by PricewaterhouseCoopers LLP or other independent registered public accounting firm reasonably acceptable to the Required Lenders, provided that if different components of such consolidated financial statements

are separately audited by different independent public accounting firms, then the audit report of any such accounting firm may contain a qualification or exception as to scope of such audit insofar as it is limited to the specified component of such consolidated financial statements, provided, further, that financial statements required to be delivered pursuant to this clause (ii) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date on which such documents are posted on the Borrower's behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent have access and the Lenders and the Administrative Agent may rely on such documents to the same extent as if such documents had been delivered to each of them directly;

(iii) concurrently with the financial statements delivered pursuant to clause (ii) above, a certificate of the treasurer, chief financial officer or corporate controller of the Borrower, and concurrently with the financial statements delivered pursuant to clause (i) above, a certificate of the treasurer or corporate controller of the Borrower, stating in each case that a review of the activities of the Borrower and its Consolidated Subsidiaries during the preceding quarter or fiscal year, as the case may be, has been made under his or her supervision to determine whether the Borrower has fulfilled all of its respective obligations under this Agreement and the Notes, and also stating that, to the best of his or her knowledge, (x) no Default has occurred, or (y) if any Default exists, specifying such Default, the nature and status thereof, and the action the Borrower is taking or proposes to take with respect thereto;

(iv) as soon as possible and in any event within five days after the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the filing or receiving thereof each notice that the Borrower or any ERISA Affiliate receives from the PBGC regarding the Insufficiency of any Single Employer Plan for purposes of a distress termination of such Plan under Title IV of ERISA and, to any Lender requesting same, copies of each Form 5500 annual return/report (including Schedule SB thereto) filed with respect to each Plan under ERISA with the Department of Labor; and

(vi) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, without the written consent of the Required Lenders:

(a) Liens, Etc.

Create or suffer to exist, or permit any of its Principal Domestic Subsidiaries to create or suffer to exist, any Lien on any Restricted Property, whether now owned or hereafter acquired, without making effective provision (and the Borrower covenants and agrees that it will make or cause to be made effective provision) whereby the Advances shall be directly secured by such Lien equally and ratably with (or prior to) all other indebtedness secured by such Lien as long as such

other indebtedness shall be so secured; provided, however, that there shall be excluded from the foregoing restrictions:

(i) Liens securing Debt not exceeding \$100,000,000 which are existing on the date hereof on Restricted Property; and, if any property now owned or leased by Borrower or by a present Principal Domestic Subsidiary at any time hereafter becomes a Principal Domestic Manufacturing Property, any Liens existing on the date hereof on such property securing the Debt now secured or evidenced thereby;

(ii) Liens on Restricted Property of a Principal Domestic Subsidiary as security for Debt of such Subsidiary to the Borrower or to another Principal Domestic Subsidiary;

(iii) in the case of any corporation which becomes a Principal Domestic Subsidiary after the date of this Agreement, Liens on Restricted Property of such Principal Domestic Subsidiary which are in existence at the time it becomes a Principal Domestic Subsidiary and which were not incurred in contemplation of its becoming a Principal Domestic Subsidiary;

(iv) any Lien existing prior to the time of acquisition of any Principal Domestic Manufacturing Property acquired by the Borrower or a Principal Domestic Subsidiary after the date of this Agreement through purchase, merger, consolidation or otherwise;

(v) any Lien on any Principal Domestic Manufacturing Property (other than a Major Domestic Manufacturing Property) acquired or constructed by the Borrower or a Principal Domestic Subsidiary after the date of this Agreement, which is placed on such Property at the time of or within 180 days after the acquisition thereof or prior to, at the time of or within 180 days after completion of construction thereof to secure all or a portion of the price of such acquisition or construction or funds borrowed to pay all or a portion of the price of such acquisition or construction;

(vi) extensions, renewals or replacements of any Lien referred to in clause (i), (iii), (iv) or (v) of this subsection (a) to the extent that the principal amount of the Debt secured or evidenced thereby is not increased, provided that the Lien is not extended to any other Restricted Property unless the aggregate value of Restricted Property encumbered by such Lien is not materially greater than the value (as determined at the time of such extension, renewal or replacement) of the Restricted Property originally encumbered by the Lien being extended, renewed or replaced;

(vii) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's, vendors' and landlords' liens, and Liens arising out of judgments or awards against the Borrower or any Principal Domestic Subsidiary which are (x) immaterial or (y) with respect to which the Borrower or such Subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(viii) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, and zoning or other restrictions as to the use of any Principal Domestic Manufacturing Property, which exceptions, encumbrances, easements, reservations, rights and restrictions do not, in the opinion of the Borrower, in the aggregate



materially detract from the value of such Principal Domestic Manufacturing Property or materially impair its use in the operation of the business of the Borrower and its Principal Domestic Subsidiaries; and

(ix) any Lien on Restricted Property not referred to in clauses (i) through (viii) of this subsection (a) if, at the time such Lien is created, incurred, assumed or suffered to be created, incurred or assumed, and after giving effect thereto and to the Debt secured or evidenced thereby, the aggregate amount of all outstanding Debt of the Borrower and its Principal Domestic Subsidiaries secured or evidenced by Liens on Restricted Property which are not referred to in clauses (i) through (viii) of this subsection (a) and which do not equally and ratably secure the Advances shall not exceed 15% of Consolidated Net Tangible Assets.

If at any time the Borrower or any Principal Domestic Subsidiary shall create, incur or assume or suffer to be created, incurred or assumed any Lien on Restricted Property by which the Advances are required to be secured pursuant to the requirements of this subsection (a), the Borrower will promptly deliver to each Lender an opinion, in form and substance reasonably satisfactory to the Required Lenders, of the General Counsel of the Borrower (so long as the General Counsel is able to render an opinion as to the relevant local law) or other counsel reasonably satisfactory to the Required Lenders, to the effect that the Advances have been secured in accordance with such requirements.

(b) Mergers, Etc.

Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Significant Subsidiaries to do so, except that (i) any Subsidiary of the Borrower may merge or consolidate with or into, or transfer assets to, any other Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower may merge or consolidate with or into or transfer assets to the Borrower, (iii) the Borrower may merge with or transfer assets to, and any Subsidiary of the Borrower may merge or consolidate with or into or transfer assets to, any other Person, provided that (A) in each case, immediately after giving effect to such proposed transaction, no Default would exist, (B) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving corporation and (C) in the case of any such merger or consolidation of a Borrowing Subsidiary of the Borrower with or into any other Person, the Borrower shall remain the guarantor of such Subsidiary's obligations hereunder, and (iv) the Borrower may liquidate or dissolve any Subsidiary if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and not materially disadvantageous to the Lenders.

(c) Use of Proceeds.

Use, or permit any of its Subsidiaries to use, any proceeds of any Advance for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), or to extend credit to others for such purpose, if, following application of the proceeds of such Advance, more than 25% of the value of the assets of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis, or, during any period in which any Advance made to a Borrowing Subsidiary is outstanding, of such Borrowing Subsidiary only or of such Borrowing Subsidiary and its Subsidiaries on a consolidated basis, which are subject to the restrictions of Section 5.02(a) or subject to any restriction contained in

any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender, relating to Debt and within the scope of Section 6.01(d) (without giving effect to any limitation in principal amount contained therein) will be margin stock (as defined in such Regulation U).

## Article VI

### EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower or any Borrowing Subsidiary shall fail to pay when due any principal of any Note or to pay, within five days after the date when due, the interest on any Note, any fees or any other amount payable hereunder or under any Guaranty; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement or any Guaranty shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.01(a) (as to the Company), 5.01(e)(iv) or 5.02, or (ii) any other term, covenant or agreement contained in this Agreement (other than those referred to in clauses (a) and (b) of this Section 6.01) on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement referred to in this clause (ii) shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(d) The Borrower or any of its Significant Subsidiaries shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least \$150,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed and unstayed for a period of 60 days, or any of the actions

sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$150,000,000 (calculated after deducting from the sum so payable each amount thereof which will be paid by any insurer that is not an Affiliate of the Borrower to the extent such insurer has confirmed in writing its obligation to pay such amount with respect to such judgment or order) shall be rendered against the Borrower or any of its Significant Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 (or 60, in the case of any foreign judgment or order) consecutive days during which such judgment or order shall remain unsatisfied and a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) The Borrower or any of its ERISA Affiliates shall have incurred or, in the reasonable opinion of the Required Lenders, shall be reasonably likely to incur liability as a result of one or more of the following events which shall have occurred: (i) any ERISA Event; (ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization, insolvency or termination of a Multiemployer Plan and such liability would have a Material Adverse Effect; or

(h) Any Guaranty or any provision of any Guaranty after delivery thereof pursuant to Section 8.06(b) shall for any reason cease to be valid and binding on the Borrower, or the Borrower shall so state in writing; or

(i) At any time prior to December 15, 2011, Colgate-Palmolive International LLC shall fail to pay principal of or premium or interest on any Debt arising under the Amended and Restated Facility Agreement dated as of December 3, 2007 (as the same may be further amended, supplemented or otherwise modified from time to time, the "Facility Agreement") among Colgate-Palmolive International LLC, as borrower, Citibank International PLC, as agent, the banks parties thereto and Citigroup Global Markets Limited, as coordinator, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the Facility Agreement or any instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Debt and shall continue after the applicable grace period, if any, specified in the Facility Agreement or such instrument, if the effect of such event or condition is to accelerate the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with

respect to the Borrower or any of its Subsidiaries which borrows hereunder under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower. The Lenders giving any notice hereunder shall give copies thereof to the Administrative Agent, but failure to do so shall not impair the effect of such notice.

In the event the Borrower assigns to one or more Subsidiaries the right to borrow under this Agreement (as provided in Section 8.06), each reference in this Article VI to the Borrower shall be a reference to each such Subsidiary as well as to the Borrower.

## Article VII

### THE ADMINISTRATIVE AGENT

SECTION 7.01. Appointment and Authority. Each of the Lenders hereby irrevocably appoints Citibank to act on its behalf as the Administrative Agent hereunder and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and, except to the extent expressly set forth in Section 7.07, the Borrower shall not have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 7.02. Rights as a Lender The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 7.03. Exculpatory Provisions. (a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative

Agent to liability or that is contrary to this Agreement or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any debtor relief law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any debtor relief law; and

(iii) shall not, except as expressly set forth herein, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.01 and 6.01), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by the Borrower or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 7.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Advance. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Advances then owed to each of such Lenders (or if no Advances are at the time outstanding or if any Notes are held by Persons that are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this

Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 7.07. Resignation of Administrative Agent. (a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, so long as no Event of Default has occurred and is continuing, subject to the consent of the Borrower, which approval shall not be unreasonably withheld or delayed, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (v) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, so long as no Event of Default has occurred and is continuing, subject to the consent of the Borrower, which approval shall not be unreasonably withheld or delayed, appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders with, if applicable, the consent of the Borrower, appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as

Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder, the provisions of this Article and Section 8.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

SECTION 7.08. Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder.

SECTION 7.09. No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers, syndication agents or documentation agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

## Article VIII

### MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by the Borrower and each of the Lenders adversely affected thereby, do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02 (if and to the extent that the Borrowing for which such condition or conditions are waived would result in an increase in the aggregate amount of Advances over the aggregate amount of Advances outstanding immediately prior to such Borrowing), (b) increase the Commitment of such Lender or subject such Lender to any additional obligations, (c) reduce the principal of, or rate of interest on, the Advances or any fees or other amounts payable hereunder to such Lender, (d) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder to such Lender, provided that only the consent of the Required Lenders shall be necessary to amend the provisos set forth in each of Section 2.06(a) and (b) or to waive any obligation of the Borrower to pay any increased interest pursuant to the provisos set forth in Section 2.06(a) or (b), (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder, (f) release the Borrower from its Guaranty or (g) amend Section 8.06(b)(ii) or this Section 8.01; provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc.(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

- (i) if to the Borrower or any borrowing Subsidiary, to the Borrower at 300 Park Avenue, New York, New York 10022, Attention of Treasurer (Facsimile No. (212) 310-2873; Telephone No. (212) 310-2096);
- (ii) if to the Administrative Agent, to Citibank at 1615 Brett Road, Building #3, New Castle, Delaware 19720, Attention of Bank Loan Syndications (Facsimile No. (212) 994-0961; Telephone No. (302) 894-6010);
- (iii) if to a Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

- (i) The Borrower agrees that the Administrative Agent may, but shall not be



obligated to, make the Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar password-protected, restricted electronic transmission system (the “Platform”).

(ii) The Platform is provided “as is” and “as available.” The Administrative Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrower, any Lender or any other Person or entity for (i) direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) or (ii) in the absence of gross negligence or willful misconduct, any other damages arising out of the Borrower's or the Administrative Agent's transmission of communications through the Platform. “Communications” means, collectively, any notice, demand, communication, information, document or other material that the Borrower provides to the Administrative Agent pursuant to this Agreement or the transactions contemplated therein which is distributed to the Administrative Agent any Lender by means of electronic communications pursuant to this Section, including through the Platform.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses, Etc. (a) The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of not more than one counsel for the Administrative Agent, with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses of the Administrative Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower undertakes and agrees to indemnify and hold harmless the Administrative Agent, Citigroup Global Markets Inc. (the “Arranger”), each Lender and each of their Affiliates and their officers, directors, employees and agents (each, an “Indemnified Party”) against any and all claims, damages, liabilities and expenses (including but not limited to fees and disbursements of counsel) which may be incurred by or asserted against such Indemnified Party, except where the direct result of such Indemnified Party's own gross negligence or willful misconduct, in connection with or arising out of any investigation, litigation, or proceeding (whether or not any Indemnified Party is a party thereto) relating to or arising out of this Agreement, the Notes or any actual or proposed use of proceeds of Advances hereunder, including but not limited to any acquisition or proposed acquisition by the

Borrower or any Subsidiary of all or any portion of the stock or substantially all of the assets of any Person. To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, any Advance or the use of the proceeds thereof.

(c) If any payment of principal of any Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Advance, as a result of a prepayment pursuant to Section 2.10 or acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason, the Borrower shall upon demand by any Lender (with a copy of such demand to the Administrative Agent) pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment, including, without limitation, any loss (excluding in any event loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Advance. For purposes of this clause (c), the assignment by a Lender of any Eurodollar Advance other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18 shall be deemed to be a payment by the Borrower of the principal of such Eurodollar Advance.

(d) Without prejudice to the survival of any other agreement or obligation of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.10, 2.12 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not (in the case of obligations other than principal and interest) such Lender shall have made any demand under this Agreement or such Note and although such obligations (other than principal) may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. Binding Effect; Assignment by Borrower. (a) This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and (subject to Section 8.07) their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of all of the Lenders.

(b) Notwithstanding subsection (a) above, the Borrower shall have the right to assign its rights to borrow hereunder (in whole or in part) to any Subsidiary (a "Borrowing Subsidiary"),

provided that (i) such Subsidiary assumes the obligations of the Borrower hereunder relating to the rights so assigned by executing and delivering an assignment and assumption agreement reasonably satisfactory to the Administrative Agent and the Required Lenders, covering notices, places of payment and other mechanical details, (ii) the Borrower guarantees such Subsidiary's obligations thereunder and under any Notes issued in connection with such assignment and assumption by executing and delivering a Guaranty substantially in the form of Exhibit F hereto (a "Guaranty"), (iii) the Borrower and such Subsidiary furnish (x) the Administrative Agent with such other documents and legal opinions as the Administrative Agent or the Required Lenders may reasonably request relating to the existence of such Subsidiary, its power and authority to request Advances hereunder, and the authority of the Borrower to execute and deliver such Guaranty and the legality, validity, binding effect and enforceability of such assignment, assumption and Guaranty and (y) at least five Business Days in advance of such assignment, each Lender such documentation and other information required by governmental authorities under applicable "know your customer" and anti-money laundering rules and regulations, including as required under the Patriot Act. in order and (iv) any such assignment to Borrowing Subsidiary organized under the laws of a jurisdiction outside of the United States of America shall be made only upon 30 days' prior notice to the Administrative Agent. No such assignment and assumption shall substitute Borrowing Subsidiary for the Borrower or relieve the Borrower named herein (i.e., Colgate-Palmolive Company) of its obligations with respect to the covenants, representations, warranties, Events of Default and other terms and conditions of this Agreement, all of which shall continue to apply to such Borrower and its Subsidiaries.

If the Borrower shall designate as a Borrowing Subsidiary hereunder any Subsidiary not organized under the laws of the United States or any State thereof, any Lender may, with notice to the Administrative Agent and the Borrower, fulfill its Commitment by causing an Affiliate of such Lender to act as the Lender in respect of such Borrowing Subsidiary.

Each Borrowing Subsidiary hereby agrees that service of process in any action or proceeding brought in any New York State court or in federal court may be made upon the Borrower at its offices specified in Section 10.1, and such Borrowing Subsidiary hereby irrevocably appoints the Borrower to give any notice of any such service of process, and agrees that the failure of the Borrower to give any notice of any such service shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon.

SECTION 8.07. Assignments and Participations. (a) Successors and Assigns Generally. No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (g) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Advances at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$10,000,000 and increments of \$1,000,000 in excess thereof, unless each of the Administrative Agent and the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advance or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless such assignment is to a Lender or an Affiliate of a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within fifteen Business Days after having received notice thereof; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 to be paid by the assignee Lender or assignor Lender, as applicable; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural

Person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Advances in accordance with its proportionate share of the Commitments. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.10, 2.12 and 8.04, and continue to have obligations under Section 7.05, in each case with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice, and the Administrative Agent shall make available a copy of the Register to the Borrower from time to time upon reasonable request of the Borrower.

(d) No assignee of a Lender shall be entitled to the benefits of Sections 2.10 and 2.12 in relation to circumstances applicable to such assignee immediately following the assignment to it which at such time (if a payment were then due to the assignee on its behalf from the Borrower) would give rise to

any greater financial burden on the Borrower under Sections 2.10 and 2.12 than those which it would have been under in the absence of such assignment.

(e) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 7.05 (d) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso of Section 8.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant agrees to be subject to the provisions of Section 8.09 as if it were an assignee under paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.05 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(f) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 2.10 and 2.12 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that is organized under the laws of a jurisdiction outside of the United States shall not be entitled to the benefits of Section 2.12 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.12(f) as though it were a Lender.

(g) Participation Register. Each Lender that sells a participation, acting solely for this purpose as an agent of the Borrower, shall maintain a register for the recordation of the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in its rights and other obligations under this Agreement (the "Participation Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participation Register to any Person (including the identity of any participant or any information relating to a participant's interest in any commitments, loans or its other obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103(e) of the United States Treasury Regulations.

(h) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 8.08. Change of Control. (a) Notwithstanding any other provision of this agreement, the Required Lenders may, upon and after the occurrence of a Change of Control, by notice to the Borrower (with a copy to the Administrative Agent) (i) immediately suspend or terminate the obligations of the Lenders to make Advances hereunder and/or (ii) require the Borrower to repay all or any portion of the Advances on the date or dates specified in the notice which shall not be less than 30 days after the giving of the notice.

(b) For purposes of this Section "Change of Control" shall mean the happening of any of the following events:

(i) An acquisition, directly or indirectly, 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 (the "Exchange Act") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then outstanding shares of common stock of the Borrower or (B) the combined voting power of the then outstanding voting securities of the Borrower entitled to vote generally in the election of directors; excluding, however (1) any acquisition by the Borrower, or (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Borrower or any corporation controlled by the Borrower; or

(ii) A change in composition of the Board of Directors of the Borrower (the "Board") such that the individuals who, as of the date hereof, 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 8.08, that any individual who becomes a member of the Board subsequent to the date hereof, whose election, or nomination for election by the Borrower'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.

SECTION 8.09. Mitigation of Adverse Circumstances. (a) If circumstances arise which would or would upon the giving of notice result in a payment or an increase in the amount of any payment to be made to a Lender by reason of Section 2.02(c), 2.10 or 2.12, or which would result in a Lender being unable to make Eurodollar Rate Advances by reason of Section 2.02(b), then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under any of the such Sections, such Lender shall promptly, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower, take such reasonable steps as may be open to it to mitigate the effects of such circumstances, including the transfer of its Applicable Lending Office to another jurisdiction; provided that such Lender shall be under no obligation to make any such transfer if in the bona fide opinion of such Lender, such transfer would or would likely have an adverse effect upon its business, operations or financial condition.

(b) As soon as practicable and in any event within 10 Business Days after notice of the designation under Section 8.06(b) of a Borrowing Subsidiary that is organized under the laws of a jurisdiction outside of the United States of America, any Lender that may not legally lend to such Borrowing Subsidiary (a "Protesting Lender") shall so notify the Borrower and the Administrative Agent in writing. With respect to each Protesting Lender, the Borrower shall, effective on or before the date that

such Borrowing Subsidiary shall have the right to borrow hereunder, either (i) arrange for one or more banks or other entities to take an assignment of all of such Protesting Lender's interests rights and obligations (including such Protesting Lender's Commitment, the Advances owing to it and any Notes held by it) pursuant to and in compliance with Section 8.07 or (ii) notify the Administrative Agent and such Protesting Lender that the Commitment of such Protesting Lender shall be terminated; provided, however, that in each case such Protesting Lender shall have received one or more payments from either the Borrower or one or more assignees in an aggregate amount equal to the aggregate outstanding principal amount of the Advances owing to such Protesting Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts due and payable to such Protesting Lender under this Agreement. Upon the effective date of the action taken under the immediately preceding sentence, (x) the assignee thereunder shall be a party hereto and, to the extent that interests, rights and obligations hereunder have been assigned to it pursuant to an Assignment and Assumption, have the interests, rights and obligations of a Lender hereunder and (y) the Protesting Lender shall relinquish its interests and rights, be released from its obligations under this Agreement and shall cease to be a party hereto.

SECTION 8.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12. Jurisdiction, Etc. (a) Each party hereto irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, or any Related Party of the foregoing in any way relating to this Agreement or the transactions relating hereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any such New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 8.02. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.



SECTION 8.13. Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or any action or proceeding relating to this Agreement or the enforcement of rights hereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement; (g) with the consent of the Borrower; or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, “Information” means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, (i) such information shall be deemed Information to the extent such information includes any forward-looking information or projections or company-specific business or financing strategies and (ii) with respect to any other information, such other information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 8.14. Patriot Act Notification. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of Section 326 of the USA Patriot Act (Title III of Pub.L. 107-56 (signed into law October 26, 2001)) and the promulgated regulations thereto (the “Patriot Act”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act. The Borrower shall provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Administrative Agent or any Lenders in order to assist the Administrative Agent and the Lenders in maintaining compliance with the Patriot Act.

SECTION 8.15. No Fiduciary Duties. The Borrower agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Lenders and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Issuing Banks, the Lenders or their respective Affiliates and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 8.16. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase U.S. dollars with such other currency at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) The obligation of the Borrower in respect of any sum due from it in any currency (the "Primary Currency") to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency, such Lender or the Administrative Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Administrative Agent (as the case may be) in the applicable Primary Currency, the Borrower and each Borrowing Subsidiary agrees, as a separate obligation and notwithstanding any such judgment,

to indemnify such Lender or the Administrative Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the Administrative Agent (as the case may be) in the applicable Primary Currency, such Lender or the Administrative Agent (as the case may be) agrees to remit to such Borrower such excess.

SECTION 8.17. Waiver of Jury Trial. To the extent permitted by applicable law, each of the Borrower, the Borrowing Subsidiaries, the Administrative Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement, the Notes or any Guaranty or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

COLGATE-PALMOLIVE COMPANY

By /s/ Elaine C. Paik

Name: Elaine C. Paik

Title: Vice President and Corporate Treasurer

CITIBANK, N.A., as Administrative Agent

By /s/ Carolyn A. Kee

Name: Carolyn A. Kee

Title: Vice President

CITIBANK, N.A.

By /s/ Carolyn A. Kee

Name: Carolyn A. Kee

Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By /s/ Thomas A. Foley

Name: Thomas A. Foley

Title: Managing Director

JPMORGAN CHASE BANK, N.A.

By /s/ Tony Yung

Name: Tony Yung

Title: Executive Director

BNP PARIBAS

By /s/ Angela B. Arnold

Name: Angela B. Arnold

Title: Managing Director

By /s/ Berangere Allen

Name: Berangere Allen

Title: Director

Colgate-Palmolive

BARCLAYS BANK PLC

By /s/ Diane Rolfe

Name: Diane Rolfe

Title: Director

GOLDMAN SACHS BANK USA

By /s/ Mark Walton

Name: Mark Walton

Title: Authorized Signatory

MORGAN STANLEY BANK, N.A.

By /s/ Michael King

Name: Michael King

Title: Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/ Denis Waltrich

Name: Denis Waltrich

Title: Vice President

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By /s/ Joshua H. Landau

Name: Joshua H. Landau

Title: Head of Financial Institutions Group - America

BANCO BILBAO VIZCAYA ARGENTARIA, S.A., NEW YORK BRANCH

By /s/ Matias Cruces

Name: Matias Cruces

Title: Executive Director

By /s/ Michael D'Anna

Name: Michael D'Anna

Title: Executive Director

BANK OF AMERICA, N.A.

By /s/ Chas McDonell

Name: Chas McDonell

Title: Managing Director

DEUTSCHE BANK AG NEW YORK BRANCH

By /s/ Wolfgang Winter

Name: Wolfgang Winter

Title: Managing Director

By /s/ Ming K. Chu

Name: Ming K. Chu

Title: Vice President

THE BANK OF NEW YORK MELLON

By /s/ Donald G. Cassidy, Jr.

Name: Donald G. Cassidy, Jr.

Title: Managing Director

THE NORTHERN TRUST COMPANY

By /s/ Peter J. Hallan

Name: Peter J. Hallan

Title: Vice President

THE ROYAL BANK OF SCOTLAND PLC

By /s/ Charlotte Sohn-Fuiks

Name: Charlotte Sohn-Fuiks

Title: Managing Director

US BANK NATIONAL ASSOCIATION

By /s/ Walter C. Parelli

Name: Walter C. Parelli

Title: Senior Vice President

SCHEDULE I  
COLGATE-PALMOLIVE COMPANY  
CREDIT AGREEMENT  
COMMITMENTS

<u>Name of Bank</u>	<u>Commitment</u>
Citibank, N.A.	\$ 450,000,000
HSBC Bank USA, National Association	\$ 200,000,000
JPMorgan Chase Bank, N.A.	\$ 200,000,000
BNP Paribas	\$ 150,000,000
Barclays Bank PLC	\$ 100,000,000
Goldman Sachs Bank USA	\$ 100,000,000
Morgan Stanley Bank, N.A.	\$ 100,000,000
Wells Fargo Bank, National Association	\$ 100,000,000
Australia and New Zealand Banking Group Limited	\$ 50,000,000
Banco Bilbao Vizcaya Argentaria, S.A., New York Branch	\$ 50,000,000
Bank of America, N.A.	\$ 50,000,000
Deutsche Bank AG New York Branch	\$ 50,000,000
The Bank of New York Mellon	\$ 50,000,000
The Northern Trust Company	\$ 50,000,000
The Royal Bank of Scotland plc	\$ 50,000,000
US Bank National Association	\$ 50,000,000
<b>Total of Commitments:</b>	<b>\$ 1,800,000,000</b>

SCHEDULE 4.01(f)  
DISCLOSED LITIGATION

None

FORM OF  
NOTE

U.S.\$ \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

FOR VALUE RECEIVED, the undersigned, COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office (as defined in the Five Year Credit Agreement referred to below) the principal sum of U.S.\$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of each Advance (as defined in the Five Year Credit Agreement referred to below) on the Termination Date (as defined in the Five Year Credit Agreement referred to below) owing to the Lender by the Borrower pursuant to the Five Year Credit Agreement dated as of November 4, 2011 among the Borrower, the Lender and certain other lenders parties thereto and Citibank, N.A., as Administrative Agent for the Lender and such other lenders, (as amended or modified from time to time, the "Five Year Credit Agreement"; the terms defined therein being used herein as therein defined) on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Five Year Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A. as Administrative Agent, at its offices at 1615 Brett Road, Building 3, New Castle, Delaware 19720, in immediately available funds. Each Advance owing to the Lender by the Borrower pursuant to the Five Year Credit Agreement, the date on which it is due, the interest rate thereon and all prepayments made on account of principal thereof shall be recorded by the Lender on its books, and for each Advance outstanding at the time of any transfer hereof, the same information shall be endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Five Year Credit Agreement. The Five Year Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind under this Promissory Note. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.



This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

COLGATE-PALMOLIVE COMPANY

By: \_\_\_\_\_

Title:

SCHEDULE TO PROMISSORY NOTE DATED \_\_\_\_\_, 20\_\_

OF COLGATE-PALMOLIVE COMPANY

ADVANCES AND PAYMENTS OF PRINCIPAL

<b>Date</b>	<b>Amount of Advance</b>	<b>Date Principal Due</b>	<b>Amount of Principal Paid or Prepaid</b>	<b>Rate</b>	<b>Unpaid Principal Balance</b>	<b>Notation Made By</b>

FORM OF  
NOTICE OF BORROWING

Citibank, N.A., as Administrative Agent

for the Lenders parties

to the Five Year Credit Agreement

referred to below

1615 Brett Road, Building 3

New Castle, Delaware 19720

[Date]

Attention: Bank Loan Syndications

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the Five Year Credit Agreement, dated as of November 4, 2011 (as amended or otherwise modified through the date hereof, the “Five Year Credit Agreement,” the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and Citibank, N.A., as Administrative Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Five Year Credit Agreement that the undersigned hereby requests a Borrowing under the Five Year Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the “Proposed Borrowing”) as required by Section 2.02(a) of the Five Year Credit Agreement:

(i) The Business Day of the Proposed Borrowing is \_\_\_\_\_, 20\_\_.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is \$\_\_\_\_\_.

(iv) The Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is \_\_ month[s].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 (other than the last sentence of Section 4.01(e) and other than Section 4.01(f)(i)) of the Five Year Credit Agreement are correct in all material respects, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

COLGATE-PALMOLIVE COMPANY

By: \_\_\_\_\_

Title:

## FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the “Assignor”) and the Assignee identified in item 2 below (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below, and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: \_\_\_\_\_

\_\_\_\_\_

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee: \_\_\_\_\_

\_\_\_\_\_

[for Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]

3. Borrower(s): Colgate-Palmolive Company

4. Administrative Agent: Citibank, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The \$2,000,000,000 Five Year Credit Agreement dated as of November 4, 2011 among Colgate-Palmolive Company, the Lenders parties thereto, Citibank, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Assignor	Assignee	Aggregate Amount of Commitment/Advances for all Lenders <sup>18</sup>	Amount of Commitment/Advances Assigned <sup>18</sup>	Percentage Assigned of Commitment/Advances <sup>19</sup>	CUSIP Number
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	

[7. Trade Date: \_\_\_\_\_]<sup>20</sup>

[Page break]

<sup>18</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>19</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

<sup>20</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20\_\_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR  
[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Name:  
Title:

ASSIGNEE  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Name:  
Title:

[Consented to and]<sup>23</sup> Accepted:

[NAME OF ADMINISTRATIVE AGENT], as  
Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

[Consented to:]<sup>24</sup>

[COLGATE-PALMOLIVE COMPANY]

By: \_\_\_\_\_  
Name:  
Title:

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<sup>23</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

<sup>24</sup> To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.



## COLGATE-PALMOLIVE COMPANY FIVE YEAR CREDIT AGREEMENT

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 8.07(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 8.07(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(e) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is organized under the laws of a jurisdiction outside of the United States, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently

and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

## FORM OF GUARANTY

GUARANTY, dated \_\_\_\_\_, 20\_\_, made by COLGATE-PALMOLIVE COMPANY, a corporation organized and existing under the laws of Delaware (the "Guarantor"), in favor of Citibank, N.A., as agent (the "Administrative Agent") for each of the Lenders (the "Lenders") parties to the Five Year Credit Agreement (as defined below).

## PRELIMINARY STATEMENTS

(1) The Administrative Agent, the Lenders and the Guarantor have entered into a Five Year Credit Agreement dated as of November 4, 2011 (said Agreement, as it may heretofore have been or hereafter be amended or otherwise modified from time to time, being the "Five Year Credit Agreement," the terms defined therein and not otherwise defined herein being used herein as therein defined). Pursuant to Section 8.06(b) of the Five Year Credit Agreement and an Assignment and Assumption Agreement dated \_\_\_\_\_, 20\_\_ the Guarantor has assigned to \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_ (the "Assignee"), certain rights under the Five Year Credit Agreement, so that the Assignee may borrow and receive Advances under the Five Year Credit Agreement. The Assignee is a Subsidiary of the Guarantor and engages in business transactions with the Guarantor, and the Guarantor represents that it will derive substantial direct and indirect benefit from all Advances to the Assignee.

(2) It is a condition precedent to the making of such assignment to the Assignee that the Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to accept such assignment and to make Advances to the Assignee under the Five Year Credit Agreement, the Guarantor hereby agrees as follows:

SECTION 1. Guaranty. The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of the Assignee now or hereafter existing under the Five Year Credit Agreement and under any Notes evidencing Advances to the Assignee (the "Notes"), whether for principal, interest, fees, expenses or otherwise (such obligations being the "Obligations"), and agrees to pay any and all expenses (including counsel fees and expenses) incurred by the Administrative Agent and the Lenders in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts which constitute part of the Obligations and would be owed by the Assignee to the Lenders under the Five Year Credit Agreement and the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Assignee.

SECTION 2. Guaranty Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Five Year Credit Agreement and the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lenders with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Assignee

or whether the Assignee is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

- (i) any lack of validity or enforceability of the Five Year Credit Agreement, the Notes or any other agreement or instrument relating thereto;
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Five Year Credit Agreement or the Notes, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Assignee or any of its subsidiaries or otherwise;
- (iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations;
- (iv) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Assignee or any of its subsidiaries;
- (v) any change, restructuring or termination of the corporate structure or existence of the Assignee or any of its subsidiaries or its status as a Subsidiary of the Guarantor; or
- (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Assignee or a guarantor.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Assignee or otherwise, all as though such payment had not been made.

SECTION 3. Waiver. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations, this Guaranty or any circumstance referred to in Section 2, and waives any requirement that the Administrative Agent or any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Assignee or any other person or entity or any collateral.

SECTION 4. Subrogation. (a) The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all the Obligations and all other amounts payable under this Guaranty shall have been paid in full and the Commitments shall have expired or terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of, the Administrative Agent and the Lenders and shall forthwith be paid to the Administrative Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the Five Year Credit Agreement or to be held by the Administrative Agent as collateral security for any Obligations thereafter existing. If (i) the Guarantor shall make payment to the Administrative Agent of all or any part of the Obligations, (ii) all the Obligations and all other amounts payable under this Guaranty shall be paid in full and (iii) the Commitments shall have expired or

terminated, the Administrative Agent will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor.

(b) The Guarantor agrees that, to the extent that the Assignee makes a payment or payments to the Administrative Agent or any Lender or the Administrative Agent or any Lender receives any proceeds of collateral, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or otherwise required to be repaid to the Assignee, its estate, trustee, receiver or any other party, including, without limitation, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligation or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred. The Guarantor shall defend and indemnify the Administrative Agent and each Lender from and against any claim or loss under this Section 4(b) (including reasonable attorneys' fees and expenses) in the defense of any such action or suit.

SECTION 5. Payments With Respect to Taxes, Etc. Any and all payments made by the Guarantor hereunder shall be subject to and made in accordance with Section 2.12 of the Five Year Credit Agreement as if all such payments were being made by the Borrower.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(a) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Guarantor of this Guaranty are within the Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Guarantor's charter or by-laws or (ii) applicable law or any material contractual restriction binding on or affecting the Guarantor.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Guarantor of this Guaranty.

(d) This Guaranty is the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as the same may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, or by general principles of equity.

(e) The Assignee is a Subsidiary of the Guarantor and is a duly organized, validly existing and in good standing under the laws of \_\_\_\_\_.

(f) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Guarantor of this Guaranty.

(g) The Assignee is a Subsidiary of the Guarantor and is duly organized, validly existing and in good standing under the laws of \_\_\_\_\_.

(h) There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

(i) The Guarantor has, independently and without reliance upon any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty.

SECTION 7. Amendments, Etc. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Guarantor and the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, (a) limit or release the liability of the Guarantor hereunder, (b) postpone any date fixed for payment hereunder, or (c) change the number of Lenders required to take any action hereunder.

SECTION 8. Addresses for Notices. All notices and other communications provided for hereunder shall be given and effective as provided in Section 8.02 of the Five Year Credit Agreement.

SECTION 9. No Waiver; Remedies. No failure on the part of any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10. Right of Set-off. If the Guarantor shall fail to make any payment promptly when due hereunder after notice by the Administrative Agent or any Lender to the Guarantor that the Assignee has failed to pay any Obligation when due, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty, whether or not such Lender shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Each Lender agrees to notify the Guarantor, the Administrative Agent and each other Lender promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 11. Continuing Guaranty; Assignments Under Five Year Credit Agreement. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Administrative Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Five Year Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and any Note held by it) to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Section 8.07 of the Five Year Credit Agreement.

SECTION 12. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

COLGATE-PALMOLIVE COMPANY

By: \_\_\_\_\_

Name:

Title:

## FORM OF ASSUMPTION AGREEMENT

Dated: \_\_\_\_\_

Colgate-Palmolive Company  
300 Park Avenue  
New York, New York 10022

Attention: Treasurer

Citibank, N.A., as Administrative Agent  
1615 Brett Road, Building 3  
New Castle, Delaware 19720

Attention: Bank Loan Syndications

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of November 4, 2011 among Colgate-Palmolive Company (the "Borrower"), the Lenders parties thereto and Citibank, N.A., as Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined), for such Lenders.

The undersigned (the "Assuming Lender") proposes to become an Assuming Lender pursuant to Section [2.14(d)] [2.15(c)] of the Credit Agreement and, in that connection, hereby agrees that it shall become a Lender for purposes of the Credit Agreement on [applicable Increase Date][specify other date] (the "Effective Date") and that its Commitment shall as of such date be \$ \_\_\_\_\_.

The undersigned (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assumption Agreement and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and shall have the obligations of a Lender thereunder, (iii) it is sophisticated with respect to decisions to become a Lender and it is experienced in entering into transactions this type, (iv) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(e) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assumption Agreement, (v) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assumption Agreement, and (vi) if it is organized under the laws of a jurisdiction outside of the United States, attached to this Assumption Agreement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the undersigned; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other



Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

[Pursuant to Section 2.16 of the Credit Agreement, the Assuming Lender requests that the Borrower deliver to the Administrative Agent (to be promptly delivered to the Assuming Lender) Notes payable to the order of the Assuming Lender, dated as of the Effective Date and substantially in the form of Exhibit A to the Credit Agreement.]

The effective date for this Assumption Agreement shall be the Effective Date. Upon delivery of this Assumption Agreement to the Borrower and the Administrative Agent, and satisfaction of all conditions imposed under Section [2.14][2.15] as of the Effective Date, the undersigned shall be a party to the Credit Agreement and have the rights and obligations of a Lender thereunder. As of the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement in respect of the interest assumed hereby (including, without limitation, all payments of principal, interest and commitment fees) to the Assuming Lender.

This Assumption Agreement may be executed in counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by facsimile shall be effective as delivery of a manually executed counterpart of this Assumption Agreement.

This Assumption Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

[NAME OF ASSUMING LENDER]

By: \_\_\_\_\_

Name:

Title:

Domestic Lending Office  
(and address for notices):

[Address]

Eurodollar Lending Office

[NAME OF ASSIGNOR]

By: \_\_\_\_\_

Name:

Title:

[Address]

Above Acknowledged and Agreed to:

CITIBANK, N.A., as Administrative Agent

By: \_\_\_\_\_

Name:

Title:

COLGATE-PALMOLIVE COMPANY

By: \_\_\_\_\_

Name:

Title:

## ASSUMPTION AGREEMENT

Dated: November 09, 2011

Colgate-Palmolive Company  
300 Park Avenue  
New York, New York 10022

Attention: Treasurer

Citibank, N.A., as Administrative Agent  
1615 Brett Road, Building 3  
New Castle, Delaware 19720

Attention: Bank Loan Syndications

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of November 4, 2011 among Colgate-Palmolive Company (the "Borrower"), the Lenders parties thereto and Citibank, N.A., as Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined), for such Lenders.

The undersigned (the "Assuming Lender") proposes to become an Assuming Lender pursuant to Section 2.14 of the Credit Agreement and, in that connection, hereby agrees that it shall become a Lender for purposes of the Credit Agreement on November 09, 2011 (the "Effective Date") and that its Commitment shall as of such date be \$50,000,000.

The undersigned (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assumption Agreement and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and shall have the obligations of a Lender thereunder, (iii) it is sophisticated with respect to decisions to become a Lender and it is experienced in entering into transactions this type, (iv) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(e) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assumption Agreement, (v) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assumption Agreement, and (vi) if it is organized under the laws of a jurisdiction outside of the United States, attached to this Assumption Agreement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the undersigned; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

Pursuant to Section 2.16 of the Credit Agreement, the Assuming Lender requests that the

Borrower deliver to the Administrative Agent (to be promptly delivered to the Assuming Lender) Notes payable to the order of the Assuming Lender, dated as of the Effective Date and substantially in the form of Exhibit A to the Credit Agreement.

The effective date for this Assumption Agreement shall be the Effective Date. Upon delivery of this Assumption Agreement to the Borrower and the Administrative Agent, and satisfaction of all conditions imposed under Section 2.14 as of the Effective Date, the undersigned shall be a party to the Credit Agreement and have the rights and obligations of a Lender thereunder. As of the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement in respect of the interest assumed hereby (including, without limitation, all payments of principal, interest and commitment fees) to the Assuming Lender.

This Assumption Agreement may be executed in counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by facsimile shall be effective as delivery of a manually executed counterpart of this Assumption Agreement.

This Assumption Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

SOVEREIGN BANK

By /s/ Carlos A. Calixto

Name: Carlos A. Calixto

Title: Vice President

Domestic Lending Office  
(and address for notices):

75 State Street  
Boston, MA 02109

Eurodollar Lending Office

75 State Street  
Boston, MA 02109

Above Acknowledged and Agreed to:

CITIBANK, N.A., as Administrative Agent

By /s/ Carolyn A. Kee

Name: Carolyn A. Kee

Title: Vice President

COLGATE-PALMOLIVE COMPANY

By /s/ Elaine C. Paik

Name: Elaine C. Paik

Title: Vice President and Corporate Treasurer

**COLGATE-PALMOLIVE COMPANY**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

(Dollars in Millions Except Per Share Amounts)

	2011	2010	2009	2008	2007
<b>Earnings:</b>					
Income before income taxes	\$ 3,789	\$ 3,430	\$ 3,538	\$ 3,005	\$ 2,563
<b>Add:</b>					
Interest on indebtedness and amortization of debt expense discount or premium	58	64	88	106	167
Portion of rents representative of interest factor	82	73	71	61	52
Loss on equity investments	—	—	—	—	—
<b>Less:</b>					
Gain on equity investments	(6)	(5)	(5)	(4)	(3)
Income as adjusted	<u>\$ 3,923</u>	<u>\$ 3,562</u>	<u>\$ 3,692</u>	<u>\$ 3,168</u>	<u>\$ 2,779</u>
<b>Fixed Charges:</b>					
Interest on indebtedness and amortization of debt expense discount or premium	\$ 58	\$ 64	\$ 88	\$ 106	\$ 167
Portion of rents representative of interest factor	82	73	71	61	52
Capitalized interest	1	4	14	9	6
Total fixed charges	<u>\$ 141</u>	<u>\$ 141</u>	<u>\$ 173</u>	<u>\$ 176</u>	<u>\$ 225</u>
Ratio of earnings to fixed charges	<u>27.8</u>	<u>25.3</u>	<u>21.3</u>	<u>18.0</u>	<u>12.4</u>

**COLGATE-PALMOLIVE COMPANY  
SUBSIDIARIES OF THE REGISTRANT**

<b><u>Name of Company.</u></b>	<b><u>State in which Incorporated or Country in which Organized</u></b>
Colgate (Guangzhou) Company Limited	China
Colgate Flavors and Fragrances, Inc.	Delaware
Colgate Holdings	United Kingdom
Colgate Oral Pharmaceuticals, Inc.	Delaware
Colgate-Palmolive (Middle East Exports) Ltd.	BVI
Colgate-Palmolive Europe Sarl	Switzerland
Colgate-Palmolive, Unipessoal, Lda.	Portugal
Colgate-Palmolive Peru S.A.	Peru
Colgate Sanxiao Company Limited	China
Colgate-Palmolive S.p.A.	Italy
Colgate-Palmolive (America), Inc.	Delaware
Colgate-Palmolive (Asia) Pte. Ltd.	Singapore
Colgate-Palmolive (Caribbean) Inc.	Delaware
Colgate-Palmolive (Central America), Inc.	Delaware
Colgate-Palmolive (Dominican Republic), Inc.	Delaware
Colgate-Palmolive (Eastern) Pte. Ltd.	Singapore
Colgate-Palmolive (China) Co. Ltd.	China
Colgate-Palmolive (H.K.) Limited	Hong Kong
Colgate-Palmolive (Hellas) S.A.I.C.	Greece
Colgate-Palmolive (India) Limited	India
Colgate-Palmolive (Malaysia) Sdn Bhd	Malaysia
Colgate Palmolive (Marketing) Sdn Bhd	Malaysia
Colgate-Palmolive (Poland) SP. Zo.o.	Poland
Colgate-Palmolive (Proprietary) Limited	South Africa
Colgate-Palmolive (Thailand) Limited	Thailand
Colgate-Palmolive A/S	Denmark
Colgate-Palmolive AB	Sweden
Colgate-Palmolive Argentina S.A.	Argentina
Colgate-Palmolive Belgium SA/NV	Belgium
Colgate-Palmolive Canada Inc.	Canada
Colgate-Palmolive Ceska republika, s.r.o.	Czech Republic
Colgate-Palmolive S.A.	Chile
Colgate-Palmolive Cia.	Delaware
Colgate-Palmolive C.A.	Venezuela
Colgate-Palmolive Company, Distr.	Puerto Rico
Colgate-Palmolive de Puerto Rico, Inc.	Delaware
Colgate-Palmolive del Ecuador Sociedad Anonima Industrial Y Comercial	Ecuador
Colgate-Palmolive España, S.A./N.V.	Spain
Colgate-Palmolive GmbH	Germany
Colgate-Palmolive Holding S. Com p.a.	Spain
Colgate-Palmolive Inc. S.A.	Uruguay

<u>Name of Company</u>	<u>State in which Incorporated or Country in which Organized</u>
Colgate-Palmolive Comercial Ltda.	Brazil
Colgate-Palmolive International LLC	Delaware
Colgate-Palmolive Limited	New Zealand
Colgate-Palmolive Manufacturing (Poland) SP. ZO.O	Poland
Colgate-Palmolive Moroc S.A.	Morocco
Colgate-Palmolive Nederland BV	Netherlands
Colgate-Palmolive Norge AS	Norway
Colgate-Palmolive Operations (Ireland) Ltd.	Ireland
Colgate-Palmolive Philippines, Inc.	Philippines
Colgate-Palmolive Pty Limited	Australia
Colgate-Palmolive Senegal	Senegal
Colgate-Palmolive Services (Belgium) S.A./N.V.	Belgium
Colgate-Palmolive Services S.A.	France
Colgate-Palmolive Temizlik Urunleri Sanayi ve Ticaret Anonim Sirketi	Turkey
Colgate-Palmolive (Vietnam) Limited	Vietnam
Colgate-Palmolive, S.A. de C.V.	Mexico
Cotelle S.A.	France
CPIF Venture, Inc.	Delaware
GABA Holding AG	Switzerland
Hawley & Hazel Chemical (Taiwan) Corp. Ltd.	Taiwan
Hawley & Hazel Chemical Company (Hong Kong) Limited	Hong Kong
Hawley & Hazel Chemical Company (Zhong Shan) Limited	China
Hill's Pet Nutrition Asia-Pacific, Pte. Ltd.	Singapore
Hill's Pet Nutrition Indiana, Inc.	Delaware
Hill's Pet Nutrition Limited	United Kingdom
Hill's Pet Nutrition Manufacturing B.V.	Netherlands
Hill's Pet Nutrition Manufacturing, s.r.o.	Czech Republic
Hill's Pet Nutrition Sales, Inc.	Delaware
Hill's Pet Nutrition S.N.C.	France
Hill's Pet Nutrition, Inc.	Delaware
Hill's Pet Products, Inc.	Delaware
Hill's-Colgate (Japan) Ltd.	Japan
Inmobiliara Hills, S.A. de C.V.	Mexico
Mission Hills, S.A. de C.V.	Mexico
Norwood International, Incorporated	Delaware
Tom's of Maine, Inc.	Maine

There are a number of additional subsidiaries in the United States and foreign countries that, considered in the aggregate, do not constitute a significant subsidiary.



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-177551) and Form S-8 (Nos. 2-76922, 2-96982, 33-17136, 33-27227, 33-34952, 33-58746, 33-61038, 33-64753, 333-23685, 333-38251, 333-45679, 333-72342, 333-133856, 333-132038, 333-159885 and 333-171448) of Colgate-Palmolive Company of our report dated February 23, 2012 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York  
February 23, 2012

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS:

I, John T. Cahill, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ John T. Cahill  
Name: John T. Cahill

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS:

I, Helene D. Gayle, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ Helene D. Gayle  
Name: Helene D. Gayle

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS:

I, Ellen M. Hancock, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ Ellen M. Hancock

Name: Ellen M. Hancock

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS:

I, Joseph Jimenez, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ Joseph Jimenez

Name: Joseph Jimenez

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS:

I, Richard J. Kogan, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ Richard J. Kogan

Name: Richard J. Kogan

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS:

I, Delano E. Lewis, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ Delano E. Lewis

Name: Delano E. Lewis

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

I, J. Pedro Reinhard, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ J. Pedro Reinhard

Name: J. Pedro Reinhard

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

I, Stephen I. Sadove, do hereby make, constitute and appoint Andrew D. Hendry and Katherine Hargrove Ramundo, and each of them, as my attorneys-in-fact and agents with full power of substitution for me and in my name, place and stead, in any and all capacities, to execute for me and on my behalf the Annual Report of Colgate-Palmolive Company on Form 10-K for the year ended December 31, 2011, and any and all amendments thereto and any other documents in connection therewith, and to file the same with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary and proper to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and/or either of them may lawfully do or cause to be done by virtue hereof.

In witness whereof, I have executed this Power of Attorney this 9<sup>th</sup> day of February, 2012.

/s/ Stephen I. Sadove

Name: Stephen I. Sadove



I, Ian Cook, certify that:

1. I have reviewed this Annual Report on Form 10-K of Colgate-Palmolive Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2012

/s/ Ian Cook

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Ian Cook  
Chairman of the Board, President and  
Chief Executive Officer

I, Dennis J. Hickey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Colgate-Palmolive Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2012

/s/ Dennis J. Hickey

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Dennis J. Hickey  
Chief Financial Officer



The undersigned Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer of Colgate-Palmolive Company each certify, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350, that:

- (1) the Annual Report on Form 10-K for the year ended December 31, 2011 (the "Annual Report") which this statement accompanies, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and
- (2) information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of Colgate-Palmolive Company.

Date: February 23, 2012

/s/ Ian Cook

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Ian Cook

Chairman of the Board, President and

Chief Executive Officer

/s/ Dennis J. Hickey

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Dennis J. Hickey

Chief Financial Officer

A signed original of this written statement has been provided to Colgate-Palmolive Company and will be retained by Colgate-Palmolive Company and furnished to the Securities and Exchange Commission or its staff upon request.