

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, 2018

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 1-644



COLGATE-PALMOLIVE COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE

(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
Floating Rate Notes due 2019	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 every Interactive Data File required to be submitted 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2018 (the last business day of its most recently completed second quarter) was approximately \$56.0 billion.

There were 861,676,494 shares of Colgate-Palmolive Company Common Stock outstanding as of January 31, 2019.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents

Portions of Proxy Statement for the 2019 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations–Executive Overview,” “– Outlook,” “–Results of Operations,” “–Restructuring and Related Implementation Charges” and “– Liquidity and Capital Resources” in Part II, Item 7 of this report.

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

The Company operates in two product segments: Oral, Personal and Home Care; and Pet Nutrition. Colgate is a leader in Oral Care with global leadership in the toothpaste and manual toothbrush categories throughout many parts of the world according to market share data. Colgate’s Oral Care products include Colgate Total, Colgate Maximum Cavity Protection, Colgate Triple Action, Darlie Double Action, Colgate Max Fresh, Colgate Optic White, Colgate Whitening and Colgate Max White toothpastes, Colgate 360°, Colgate Extra Clean and Colgate Slim Soft manual toothbrushes and Colgate Plax, meridol and Colgate Total mouthwashes. Colgate’s Oral Care business also includes 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 Softsoap, Palmolive and Protex brands. Colgate’s Personal Care products also include Palmolive, Protex and Irish Spring bar soaps, Palmolive, Sanex and Softsoap brand shower gels, Speed Stick, Lady Speed Stick, Sanex deodorants and antiperspirants, Elta MD and PCA Skin professional skin care products and Palmolive and Caprice shampoos and conditioners.

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

Sales of Oral, Personal and Home Care products accounted for 47%, 20% and 18%, respectively, of the Company’s total worldwide Net sales in 2018. Geographically, Oral Care is a significant part of the Company’s business in Asia Pacific, comprising approximately 82% of Net sales in that region for 2018.

Colgate, through its Hill’s Pet Nutrition segment (“Hill’s” or “Pet Nutrition”), is a world leader in specialty pet nutrition products for dogs and cats with products marketed in over 80 countries and territories worldwide. Hill’s markets pet foods primarily under two brands. Hill’s Science Diet, which is called Hill’s Science Plan in Europe, is a range of products for everyday nutritional needs. Hill’s Prescription Diet is a range of therapeutic products to help nutritionally manage disease conditions in dogs and cats. Sales of Pet Nutrition products accounted for 15% of the Company’s total worldwide Net sales in 2018.

For more information regarding the Company’s worldwide Net sales by product category, refer to Note 1, Nature of Operations and Note 14, Segment Information to the Consolidated Financial Statements.

For additional information regarding market share data, see “Market Share Information” in Part II, Item 7 of this report.

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

The Company's Oral, Personal and Home Care products are sold to a variety of traditional and e-commerce retailers, wholesalers and distributors worldwide. Pet Nutrition products are sold by authorized pet supply retailers, veterinarians and e-commerce retailers. The Company's sales to Wal-Mart, Inc. and its affiliates represent approximately 11% of the Company's Net sales in 2018. No other customer represents more than 10% of the Company's Net sales. The Company supports its products with advertising, promotion and other marketing (including digital) to build awareness and trial of the Company's products. The Company's products are marketed by a direct sales force at individual operating subsidiaries or business units, and by distributors or brokers.

The majority of raw and packaging materials used in the Company's products is 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, governmental and Colgate standards, which can require additional investment and take some period of time. Raw and packaging material commodities such as resins, pulp, essential oils, tropical oils, tallow, poultry, corn and soybeans are subject to market price variations. For further information regarding the impact of changes in commodity prices, see Item 1A, "Risk Factors - Volatility in material and other costs could adversely impact our profitability" and Item 7, "Management's Discussion and Analysis of Financial Condition and results of Operations."

The Company's products are sold in a highly competitive global marketplace which has experienced increased trade concentration, the rapid growth of e-commerce, the integration of traditional and digital operations at key retailers and the growing presence of large-format retailers and discounters. Products similar to those produced and sold by the Company are available from multinational and local competitors in the U.S. and overseas. Certain of the Company's competitors are larger and have greater resources than the Company. In certain geographies, particularly in the emerging markets, the Company also faces strong local competitors, who may be more agile and have better local consumer insights than the Company. Private label brands sold by retailers are also a source of competition for certain of the Company's products.

The retail landscape in many of the Company's markets continues to be impacted by the rapid growth of e-commerce retailers, changing consumer preferences (as consumers increasingly shop online) and the emergence of alternative retail channels, such as subscription services and direct-to-customer businesses. The Company faces competition in several aspects of its business, including pricing, promotional activities, new product introductions and expansion into new geographies and channels. Product quality, innovation, brand recognition, marketing capability and acceptance of new products largely determine success in the Company's operating segments.

The Company considers trademarks to be of material importance to its 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, elmex, Tom's of Maine, Sorriso, Speed Stick, Lady Speed Stick, Softsoap, Irish Spring, Protex, Sanex, Elta MD, PCA Skin, Ajax, Axion, Fabuloso, Soupline and Suavitel, as well as 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 approximately \$43 million for 2018. For future years, expenditures are currently expected to be of a similar magnitude. For additional information regarding environmental matters refer to Note 13, Commitments and Contingencies, to the Consolidated Financial Statements.

## Employees

As of December 31, 2018, the Company employed approximately 34,500 employees.

### Executive Officers of the Registrant

The following is a list of executive officers as of February 21, 2019:

Name	Age	Date First Elected Officer	Present Title
Ian Cook	66	1996	Chairman of the Board and Chief Executive Officer
Dennis J. Hickey	70	1998	Vice Chairman
Henning I. Jakobsen	58	2017	Chief Financial Officer
Noel R. Wallace	54	2009	President and Chief Operating Officer
P. Justin Skala	59	2008	Executive Vice President Chief Growth and Strategy Officer
John J. Huston	64	2002	Senior Vice President, Chief of Staff
Daniel B. Marsili	58	2005	Chief Human Resources Officer
Patricia Verduin	59	2011	Chief Technology Officer
Jennifer M. Daniels	55	2014	Chief Legal Officer and Secretary
Philip G. Shotts	64	2018	Vice President and Controller
John W. Kooyman	54	2019	Chief Marketing 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 Jennifer M. Daniels, who joined the Company in 2014 as Chief Legal Officer and Secretary. Prior to joining the Company, Ms. Daniels was Senior Vice President, General Counsel and Secretary of NCR Corporation, which she joined in 2010.

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 of the Company (the "Board"). 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.

#### (e) Available Information

The Company's website address is [www.colgatepalmolive.com](http://www.colgatepalmolive.com). The information contained on the Company's website 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 website 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 website are the Company's Code of Conduct and Board Guidelines on Significant Corporate Governance Issues, the charters of the Committees of the Board, Specialized Disclosure Reports on Form SD, reports under Section 16 of the Exchange Act of transactions in Company stock by directors and executive officers and its proxy statements.

## ITEM 1A. RISK FACTORS

In addition to the risks described elsewhere in this report, 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 these risks actually occur, our business, results of operations, cash flows and financial condition could be materially and adversely impacted, 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 serving consumers in more than 200 countries and territories with approximately 70% of our Net sales originating in markets outside the U.S. While geographic diversity helps to reduce our 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 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 import or export raw materials or finished product or to repatriate earnings from overseas;
- political or economic instability, geopolitical events, environmental events, natural disasters, social or labor unrest or changing macroeconomic conditions in our markets, including as a result of volatile commodity prices, including the price of oil;
- lack of well-established, reliable and/or impartial legal systems in certain countries where we operate and difficulties in enforcing contractual, intellectual property or other legal rights;
- foreign ownership and investment restrictions and the potential for nationalization or expropriation of property or other resources; and
- changes to trade policies and agreements and other foreign or domestic legal and regulatory requirements, including those resulting in potentially adverse tax consequences or the imposition of onerous trade restrictions and/or tariffs, sanctions, price controls, labor laws, travel or immigration restrictions, profit controls or other government controls.

All of the foregoing risks could have a significant impact on our ability to sell our products on a competitive basis in international markets and may adversely affect our business, results of operations, cash flows and financial condition. In addition, a number of these risks may adversely impact consumer confidence and consumption, 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.

In addition, the United Kingdom's decision to leave the European Union ("Brexit") has created legal and economic uncertainty. If no deal is reached between the United Kingdom and the European Union by March 29, 2019, we could experience disruptions to trade and the free movement of goods to and from the United Kingdom and increased foreign exchange volatility with respect to the British pound though we do not believe Brexit will have a material impact on our business, result of operations, cash flows or financial condition.

In an effort to minimize the impact on earnings of foreign currency rate movements, we engage in a combination of selling price increases, where permitted, sourcing strategies, cost-containment measures and selective hedging of foreign currency transactions. However, the impact of these measures may not fully offset any negative impact of foreign currency rate movements on our business, results of operations, cash flows and financial condition.

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

We face vigorous competition worldwide, including from strong local competitors and from other large, multinational companies, some of which may have greater resources than we do. In addition, the substantial growth in e-commerce has encouraged the entry of new competitors and business models.

We face competition in several aspects of our business, including pricing, promotional activities, new product introductions and expansion into new geographies and channels. Some of our competitors may spend more aggressively on or have more effective advertising and promotional activities than we do, introduce competing products more quickly and/or respond more effectively to changing consumer preferences and business and economic conditions. 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 enforce and defend our intellectual property, including patent, trademark, copyright, trade secret and trade dress rights against infringement and legal challenges by competitors.

We may be unable to anticipate the timing and scale of such initiatives or challenges by competitors or to successfully respond to them, which could harm our business. In addition, the cost of responding to such initiatives and challenges, including management time, out-of-pocket expenses and price reductions, may affect our performance in the relevant period. A failure to compete effectively could adversely affect our business, results of operations, cash flows and financial condition.

**Increasing dependence on key retailers in developed markets, changes in the policies of our retail trade customers, the emergence of alternative retail channels and the rapidly changing retail landscape 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, discounters and e-commerce retailers. With the growing trend toward retail trade consolidation, the rapid growth of e-commerce and the integration of traditional and digital operations at key retailers, we are increasingly dependent on certain retailers, and some of these 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. The loss of a key customer or a significant reduction in sales to a key customer could adversely affect our business, results of operations, cash flows and financial condition. For additional information regarding our customers, see “Distribution; Raw Materials; Competition; Trademarks and Patents” in Item 1 “Business.”

We also have been and may continue to be negatively affected by changes in the policies or practices 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. For example, a determination by a key retailer that any of our ingredients should not be used in certain consumer products could adversely impact our business, results of operations, cash flows and financial condition. In addition, “private label” products sold by retail customers, which are typically sold at lower prices than branded products, are a source of competition for certain of our products.

In addition, the retail landscape in many of our markets continues to be impacted by the rapid growth of e-commerce retailers, changing consumer preferences (as consumers increasingly shop online) and the emergence of alternative retail channels, such as subscription services and direct-to-customer businesses. The rapid growth in e-commerce and emergence of alternative retail channels may create pricing pressures and/or adversely affect our relationships with our key retailers. If we are not successful in adapting or effectively reacting to changes in consumer preferences and market dynamics and/or expanding sales through e-commerce retailers and other alternative retail channels, our business, results of operations, cash flows and financial condition could be adversely affected.

## **Our business is subject to legal and regulatory risks in the U.S. and abroad.**

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

New or more stringent legal or regulatory requirements, or more restrictive interpretations of existing requirements, could adversely impact our business, results of operations, cash flows and financial condition. For example, from time to time, various regulatory authorities in Europe, the U.S. and other countries review the use of various ingredients in consumer products. Triclosan, an ingredient that was used by us in the manufacture of Colgate Total toothpaste until the first quarter of 2019, is an example of an ingredient that has undergone and is undergoing reviews by various regulatory authorities worldwide, both by itself and in the context of its use in specific products or types of products. A decision by a regulatory or governmental authority that any of our ingredients, should not be used in certain consumer products or should otherwise be newly regulated, could adversely impact our business and reputation, as could negative reactions by our consumers, trade customers or non-governmental organizations to our current or prior use of such ingredients. Additionally, an inability to develop new or reformulated products containing alternative ingredients or to obtain regulatory approval of such products on a timely basis could likewise adversely affect our business.

Because of our extensive international operations, we could be adversely affected by violations of worldwide anti-bribery laws, including those that prohibit companies and their intermediaries from making improper payments to government officials or other third parties for the purpose of obtaining or retaining business, such as the U.S. Foreign Corrupt Practices Act (the “FCPA”), and laws that prohibit commercial bribery. While our policies mandate compliance with these anti-bribery laws, we cannot provide assurance that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees, joint-venture partners or agents. Violations of these laws, or allegations of such violations, could disrupt our business and adversely affect our reputation and our business, results of operations, cash flows and financial condition.

While it is our policy and practice to comply with all legal and 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 adversely affect our business, results of operations, cash flows and financial condition. 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 legal and regulatory matters, see Item 3 “Legal Proceedings” and Note 13, Commitments and Contingencies to the Consolidated Financial Statements.



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

Our growth depends on the continued success of existing products, as well as the successful launch of innovative new products and line extensions. Our ability to launch new products and line extensions and to sustain existing products is affected by whether we can successfully:

- identify, develop and fund technological innovations;
- obtain and maintain necessary intellectual property protection and avoid infringing intellectual property rights of others;
- obtain approvals and registrations of regulated products, including from the FDA and other regulatory bodies in the U.S. and abroad; and
- anticipate and respond to consumer needs and preferences.

The identification, development and introduction of innovative new products and line extensions involve considerable costs and effort, and any new product or line extension may not generate sufficient customer and consumer interest and sales to become a profitable product or to cover the costs of its development and promotion. Our ability to achieve a successful launch of a new product or line extension could also be adversely affected by preemptive actions taken by competitors in response to the launch, such as increased promotional activities and advertising.

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 us not being the first to market, which could compromise our competitive position and adversely affect our business, results of operations, cash flows and financial condition.

If, in the course of identifying or developing new products, we are found to have infringed the trademark, trade secret, copyright, patent or other intellectual property rights of others, directly or indirectly, through the use of third-party ideas or technologies, such a finding could adversely affect our ability to develop innovative new products and adversely affect our business, results of operations, cash flows and financial condition. Even if we are not found to infringe a third party's intellectual property rights, claims of infringement could adversely affect us, including by increasing costs and by delaying the launch of new products.

**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. Negative publicity about us, our brands, our products, our supply chain, our ingredients or our employees, whether or not deserved, could jeopardize our reputation. Such negative publicity could relate to, among other things, health concerns, threatened or pending litigation or regulatory proceedings, environmental impacts (including packaging, energy and water use and waste management) or other sustainability or policy issues. In addition, widespread use of digital and social media by consumers has greatly increased the accessibility of information and the speed of its dissemination. Negative publicity, posts or comments on social media about us, our brands, our products or our employees, whether true or untrue, could damage our brands and our reputation. The success of our brands could also suffer if our marketing initiatives do not have the desired impact on a brand's image or its ability to attract consumers.

Additionally, due to the scale and scope of our business, we must rely on relationships with third parties, including our suppliers, distributors, contractors, joint venture partners and other external business partners, for certain functions. While we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance and compliance, thereby potentially increasing our reputational and legal risk.

In addition, 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, results of operations, cash flows and financial condition.

Damage to our reputation or loss of consumer confidence in our products for these or any other reasons could adversely affect our business, results of operations, cash flows and financial condition, as well as require resources to rebuild our reputation.

**There is no guarantee that our ongoing efforts to reduce costs will be successful.**

One way that we generate funds needed to support the growth of our business is through our continuous, Company-wide initiatives to lower costs and increase effective asset utilization, which we refer to as our funding-the-growth initiatives. These initiatives are designed to reduce costs associated with direct materials, indirect expenses, distribution and logistics, and advertising and promotional materials, among other things. The achievement of our funding-the-growth goals depends on our ability to successfully identify and realize additional savings opportunities. Events and circumstances, such as financial or strategic difficulties, delays and unexpected costs may occur that could result in our not realizing any or all of the anticipated benefits or our not realizing the anticipated benefits on our expected timetable. If we are unable to realize the anticipated savings of our funding-the-growth initiatives, our ability to fund other initiatives and achieve our profitability goals may be adversely affected. Any failure to implement our funding-the-growth initiatives in accordance with our expectations could adversely affect our business, results of operations, cash flows and financial condition. For additional information regarding our funding-the-growth initiatives, refer to Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Executive Overview."

**Volatility in material and other costs could adversely impact our profitability.**

Raw and packaging material commodities such as resins, pulp, essential oils, tropical oils, tallow, poultry, corn and soybeans are subject to market price variations. Increases in the costs and/or a reduction in the availability of commodities, energy and transportation and other necessary services have affected and may continue to adversely affect our profit margins. If commodity and other cost increases continue in the future and we are unable to pass along such higher costs in the form of price increases, achieve cost efficiencies, such as in manufacturing and distribution, or otherwise manage the exposure through sourcing strategies, ongoing productivity initiatives and the limited use of commodity hedging contracts, our business, results of operations, cash flows and financial condition could be adversely impacted. In addition, even if we are able to increase the prices of our products in response to commodity and other cost increases, we may not be able to sustain the price increases. Also, sustained price increases may lead to declines in volume as competitors may not adjust their prices or consumers may decide not to pay the higher prices, which could lead to sales declines and loss of market share and could adversely affect our business, results of operations, cash flows and financial condition. See “Disruption in our global supply chain or key office facilities could adversely impact our business” below for additional information.

**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 business, results of operations, cash flows and financial condition could be adversely affected. In addition, if we do not successfully implement our succession plans for senior management, including our Chief Executive Officer, our business, results of operations, cash flows and financial condition may be 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.

**Legal claims and proceedings could adversely impact our business.**

As a global company serving consumers in more than 200 countries and territories, we may be subject to a wide variety of legal claims and proceedings, including disputes relating to intellectual property, contracts, product liability, marketing, advertising, foreign exchange controls, antitrust and trade regulation, as well as labor and employment, pension, data privacy and security, environmental and tax matters and consumer class actions. Regardless of their merit, these claims can require significant time and expense to investigate and defend. Since litigation is inherently uncertain, there is no guarantee that we will be successful in defending ourselves against such claims or proceedings, or that our assessment of the materiality of these matters, including any reserves taken in connection therewith, will be consistent with the ultimate outcome of such matters. In addition, if one of our products, or an ingredient contained in our products, is perceived or found to be defective or unsafe, we may need to recall or reformulate some of our products. Whether or not a legal claim or proceeding is successful, or a recall or reformulation is required, such assertions could have an adverse effect on our business, results of operations, cash flows and financial condition, and the negative publicity surrounding them could harm our reputation and brand image. The resolution of, or increase in the reserves taken in connection with, one or more of these matters in any reporting period could have a material adverse effect on our business, results of operations, cash flows and financial condition for that period. See Item 3 “Legal Proceedings” and Note 13, Commitments and Contingencies to the Consolidated Financial Statements for additional information on certain of our legal claims and proceedings.

**Disruption in our global supply chain or key office facilities could adversely impact our business.**

We are engaged in manufacturing and sourcing of products and materials on a global scale. Our operations and those of our suppliers could be disrupted by a number of factors, including, but not limited to:

- environmental events;
- strikes and other labor disputes;
- disruptions in logistics;
- loss or impairment of key manufacturing sites;
- loss of key suppliers;
- supplier capacity constraints;
- raw material and product quality or safety issues;
- industrial accidents or other occupational health and safety issues;
- the impact on our suppliers of tighter credit or capital markets; and
- natural disasters, including climatic events (including any potential effect of climate change) and earthquakes, acts of war or terrorism, political unrest, fires or explosions and other external factors over which we have no control.

In addition, we purchase certain key raw and packaging materials from single-source suppliers or a limited number of suppliers and new suppliers may have to be qualified under industry, governmental and Colgate standards, which can require additional investment and take a significant period of time.

While we believe that the supplies of raw materials needed to manufacture our products are adequate and have business continuity and contingency plans in place for key manufacturing sites and the supply of raw and packaging materials, significant disruption of manufacturing or sourcing of products or materials for any reason, including any of the above reasons, could interrupt product supply and, if not remedied, have an adverse impact on our business, results of operations, cash flows and financial condition.

In addition, as a result of our global shared service organizational model, certain of our functions, such as marketing, finance and accounting, customer service and logistics, and human resources, are concentrated in key office facilities. A significant disruption to any of our key office facilities for any reason, including natural disasters, acts of war or terrorism, could adversely affect our business, results of operations, cash flows and financial condition.

**A cyber-security incident, data breach or a failure of a key information technology system could adversely impact our business.**

We rely extensively on information technology systems (“IT Systems”), including some which are managed, hosted, provided and/or used by third parties, including cloud-based service providers, and their vendors, in order to conduct our business. Our uses of these systems include, but are not limited to:

- communicating within our company and with other parties, including our customers and consumers;
- ordering and managing materials from suppliers;
- converting materials to finished products;
- receiving and processing orders from and shipping products to our customers and consumers;
- marketing products to consumers;
- collecting, storing transferring and/or processing customer, consumer, employee, vendor, investor and other stakeholder information and personal data, including such data from residents of the European Union who are covered by the General Data Protection Regulation and residents of the State of California who will be covered by the California Consumer Privacy Act of 2018, which goes into effect on January 1, 2020;
- processing transactions, including but not limited to employee payroll, employee and retiree benefits and payments to customers and vendors;
- hosting, processing and sharing confidential and proprietary research, intellectual property, business plans and financial information;
- summarizing and reporting results of operations, including financial reporting;
- managing our banking and other cash liquidity systems and platforms;
- complying with legal, regulatory and tax requirements;
- providing data security; and
- handling other processes involved in managing our business.

Although we have a broad array of information security measures in place, our IT Systems, including those of third-party service providers with whom we have contracted, have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyber-attacks. Cyber-attacks and other cyber incidents are occurring more frequently, are constantly evolving in nature, are becoming more sophisticated and are being made by groups, individuals and nation states with a wide range of expertise and motives. Such cyber-attacks and cyber incidents can take many forms, including cyber extortion, social engineering, password theft or introduction of viruses or malware, such as ransomware through phishing emails. We cannot guarantee that our security efforts will prevent breaches or breakdowns of our, or our third-party service providers’, IT Systems since the techniques used in these attacks change frequently and may be difficult to detect for periods of time. In addition, although we have policies and procedures in place to ensure that all personal information collected by us or our third-party service providers is securely maintained, data breaches due to human error or intentional or unintentional conduct have occurred and likely will continue to occur. Although we have seen no material impact on our business operations from the cyber-security attacks and data breaches we have experienced to date, if we suffer a loss or disclosure of confidential business or stakeholder information as a result of a breach of our IT Systems, including those of third-party service providers with whom we have contracted, we may suffer reputational, competitive and/or business harm, incur significant costs and be subject to government investigations, litigation, fines and/or damages, which may adversely impact our business, results of operations, cash flows and financial condition.

Furthermore, while we have disaster recovery and business continuity plans in place, if our IT Systems are damaged, breached or cease to function properly for any reason, including the poor performance of, failure of or cyber-attack on third-party service providers, catastrophic events, power outages, cyber-security breaches, network outages, failed upgrades or other similar events and, if the disaster recovery and business continuity plans do not effectively resolve such issues on a timely basis, we may suffer interruptions in our ability to manage or conduct business as well as reputational harm, and may be subject to governmental investigations and litigation, any of which may adversely impact our business, results of operations, cash flows and financial condition.

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

Uncertain global economic conditions could adversely affect our business. Unfavorable global economic conditions, such as a recession, economic slowdown and/or reduced category growth rates, could negatively impact our business and could result in declining revenues, profitability and cash flows. Although we continue to devote significant resources to support our brands and market our products at multiple price points, during periods of economic uncertainty consumers may reduce consumption or switch to “private label” or 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, our retailers may be impacted and they 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.

While we currently generate significant cash flows from ongoing operations and have access to global credit markets through our various financing activities, a disruption in the credit markets, interest rate increases or changes to our credit ratings could negatively impact the availability or cost of funding. Reduced access to credit or increased costs could adversely affect our liquidity and capital resources or significantly increase our cost of capital. In addition, if any financial institutions that hold our cash or other investments or that are parties to our undrawn revolving credit facility supporting our commercial paper program or other financing arrangements, such as interest rate, foreign exchange or commodity 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, foreign currency or commodity price 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, results of operations, cash flows and financial condition.

**We may not realize the benefits that we expect from our Global Growth and Efficiency Program.**

Our restructuring program, which we refer to as the “Global Growth and Efficiency Program,” commenced in the fourth quarter of 2012 and runs through December 31, 2019. The Global Growth and Efficiency Program’s initiatives are expected to help us ensure sustained solid worldwide growth in unit volume, organic sales, operating profit and earnings per share and enhance our global leadership positions in our core businesses. While implementation of the Global Growth and Efficiency Program remains on track and is in its final year and most of the initiatives under the program have been successfully implemented or are nearing completion, the successful implementation of the remainder of the program may present significant organizational challenges and, in some cases, may require successful negotiations with third parties. As a result, we may not be able to realize all of the remaining anticipated benefits from the Global Growth and Efficiency Program. Events and circumstances, such as financial or strategic difficulties, delays and unexpected costs may occur that could result in our not realizing all of the remaining anticipated benefits or our not realizing such benefits on our expected timetable. In addition, changes in foreign exchange rates or in tax, labor or immigration laws may result in our not achieving the remaining anticipated cost savings as measured in U.S. dollars. If we are unable to realize the remaining anticipated savings of the Global Growth and Efficiency Program, our ability to fund other initiatives and enhance profitability may be adversely affected. Any failure to implement the Global Growth and Efficiency Program in accordance with our expectations could adversely affect our business, results of operations, cash flows and financial condition. For additional information regarding the Global Growth and Efficiency Program, refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Items Impacting Comparability” and “– Restructuring and Related Implementation Charges.”

**We have pursued and may continue to pursue acquisitions and divestitures, which could adversely impact our business.**

We have pursued and may continue to pursue acquisitions of brands, businesses or technologies from third parties. Acquisitions and their pursuit involve numerous potential risks, including, among other things:

- realizing the full extent of the expected benefits or synergies as a result of a transaction, within the anticipated time frame, or at all;
- successfully integrating the operations, technologies, services, products and systems of the acquired brands or businesses in an effective, timely and cost-efficient manner;
- receiving necessary consents, clearances and approvals in connection with a transaction;
- diverting management's attention from other business priorities;
- successfully operating in new lines of business or markets;
- retaining key employees, partners, suppliers and customers of the acquired business;
- conforming standards, controls, procedures and policies of the acquired business with our own;
- developing or launching products with acquired technologies; and
- other unanticipated problems or liabilities.

Moreover, acquisitions could result in substantial additional debt, exposure to contingent liabilities, such as litigation or earn-out obligations, the potential impairment of goodwill or other intangible assets, or transaction costs. Any of these risks, should they materialize, could adversely impact our business, results of operations, cash flows and financial condition.

We also may periodically divest brands or businesses. These divestitures may adversely impact our business, results of operations, cash flows and financial condition if we are unable to offset the dilutive impacts from the loss of revenue associated with the divested brands or businesses, or otherwise achieve the anticipated benefits or cost savings from the divestitures. In addition, businesses under consideration for, or otherwise subject to, divestiture may be adversely impacted prior to the divestiture, which could negatively impact our business, results of operations, cash flows and financial condition.

**Tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes could negatively impact our business.**

We are subject to taxes in the U.S. and in the foreign jurisdictions where we do business. Due to economic and political conditions, tax rates in the U.S. and various foreign jurisdictions have been and may be subject to significant change. Changes in the mix of our earnings from countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, including how existing tax laws are interpreted or enforced, or contemplated changes in long-standing tax principles, if finalized and adopted, could adversely impact our future effective tax rate and business, results of operations, cash flows and financial condition. For example, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are evolving as a result of the Base Erosion and Profit Shifting reporting requirements ("BEPS") recommended by the G8, G20 and Organization for Economic Cooperation and Development. In connection with BEPS, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in countries outside of the U.S. As these and other tax laws and related regulations change, our business, results of operations, cash flows and financial condition could be materially impacted. For more information regarding U.S. tax reform, see Note 11, Income Taxes to the Condensed Consolidated Financial Statements.

Furthermore, we are subject to regular reviews, examinations and audits by the Internal Revenue Service and other taxing authorities with respect to taxes inside and outside of the U.S. Although we believe our tax positions are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liabilities, including interest and penalties, in excess of reserves. The payment of such additional amounts upon final adjudication of any disputes could adversely impact our business, results of operations, cash flows and financial condition.

**Climate change may have an adverse impact on our business and results of operations.**

It has been reported that carbon dioxide and other greenhouse gases in the atmosphere have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. The predicted effects of climate change may also exacerbate challenges regarding the availability and quality of water. In addition, concern over climate change may result in new or additional legal and regulatory requirements to reduce or mitigate the effects of climate change on the environment. Despite our sustainability efforts, any failure to achieve our sustainability goals to reduce our impact on the environment or the perception (whether or not valid) that we have failed to act responsibly with respect to the environment or to effectively respond to new or additional legal or regulatory requirements regarding climate change could result in adverse publicity and adversely affect our business and reputation. There is also increased focus, including by governmental and non-governmental organizations, investors, customers, consumers and other stakeholders on these and other sustainability matters, including deforestation and the use of plastic, energy and water. Our reputation could be damaged if we do not (or are perceived not to) act responsibly with respect to sustainability matters, which could adversely affect our business, results of operations, cash flows and financial condition.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.



## ITEM 2. PROPERTIES

The Company owns or leases approximately 320 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 in approximately 60 properties, of which 13 are owned. Major U.S. manufacturing and warehousing facilities used by the Oral, Personal and Home Care product segment of our business are located in Greenwood, South Carolina; Morristown, Tennessee; and Cambridge, Ohio. The Pet Nutrition segment has major manufacturing and warehousing facilities in Bowling Green, Kentucky; Emporia, Kansas; Richmond, Indiana and Topeka, Kansas. The primary research center for Oral and Personal Care products is located in Piscataway, New Jersey, the primary research center for Home Care products is located in Mexico 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 in approximately 260 properties, of which 60 are owned, in over 80 countries. Major overseas manufacturing and warehousing facilities used by the Oral, Personal and Home Care product segment of our business are located in Australia, Brazil, China, Colombia, France, Greece, Guatemala, India, Italy, Mexico, Poland, South Africa, Thailand, Turkey, Venezuela and Vietnam. The Pet Nutrition segment has major manufacturing and warehousing facilities in the Czech Republic and the Netherlands.

In addition to company-owned or leased properties described above, the Company also utilizes a network of warehouses and distribution centers that are owned or leased by logistics service providers, co-packers, contract manufacturers.

The Company has shared business service centers in India, Mexico and Poland, which are located in leased properties.

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, pension, data privacy and security, environmental and tax matters, and consumer class actions. 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.

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 for which the amount of any potential losses can be reasonably estimated, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is \$0 to approximately \$225 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. 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 matters could be material to the Company's results of operations or cash flows for any particular quarter or year.

#### **Brazilian Matters**

There are certain tax and civil proceedings outstanding, as described below, related to the Company's 1995 acquisition of the Kolynos oral care business from Wyeth (the "Seller").

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, penalties and any court-mandated fees, at the current exchange rate, are approximately \$151 million. This amount includes additional assessments received from the Brazilian internal revenue authority in April 2016 relating to net operating loss carryforwards used by the Company's Brazilian subsidiary to offset taxable income that had also been deducted from the authority's original assessments. The Company has been disputing the disallowances by appealing the assessments since October 2001. Appeals are currently pending at the administrative level. In the event the Company is ultimately unsuccessful in its administrative appeals, further appeals are available within the Brazilian federal courts.

In September 2015, the Company lost one of its appeals at the administrative level and filed a lawsuit in Brazilian federal court. In February 2017, the Company lost an additional administrative appeal and filed a lawsuit in Brazilian federal court. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the disallowances are without merit and that the Company should ultimately prevail. The Company is challenging these disallowances vigorously.

In July 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, in the 6th. Lower Federal Court in the City of São Paulo, 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. The case has been pending since 2002, and the Lower Federal Court has not issued a decision. 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 is challenging this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest, penalties and any court-mandated fees of approximately \$65 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 had been disputing the assessment within the internal revenue authority's administrative appeals process. However, in November 2015, the Superior Chamber of Administrative Tax Appeals denied the Company's final administrative appeal and the Company has filed a lawsuit in the Brazilian federal court. In the event the Company is unsuccessful in this lawsuit, further appeals are available within the Brazilian federal courts. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the tax assessment is without merit and that the Company should ultimately prevail. The Company is challenging this assessment vigorously.

### **Competition Matters**

Certain of the Company's subsidiaries have historically been subject to investigations, and, in some cases, fines, by governmental authorities in a number of countries related to alleged competition law violations. Substantially all of these matters also involved other consumer goods companies and/or retail customers. 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 status of pending competition law matters as of December 31, 2018 is set forth below.

- In December 2014, the French competition law authority found that 13 consumer goods companies, including the Company's French subsidiary, exchanged competitively sensitive information related to the French home care and personal care sectors, for which the Company's French subsidiary was fined \$57 million. In addition, as a result of the Company's acquisition of the Sanex personal care business in 2011 from Unilever N.V. and Unilever PLC (together with Unilever N.V., "Unilever") pursuant to a Business and Share Sale and Purchase Agreement (the "Sale and Purchase Agreement"), the French competition law authority found that the Company's French subsidiary, along with Hillshire Brands Company (formerly Sara Lee Corporation ("Sara Lee")), were jointly and severally liable for fines of \$25 million assessed against Sara Lee's French subsidiary. The Company is indemnified for these fines by Unilever pursuant to the Sale and Purchase Agreement. The fines were confirmed by the Court of Appeal in October 2016. The Company is appealing the decision of the Court of Appeal on behalf of the Company and Sara Lee in the French Supreme Court.
- In July 2014, the Greek competition law authority issued a statement of objections alleging a restriction of parallel imports into Greece. The Company responded to this statement of objections. In July 2017, the Company received the decision from the Greek competition law authority in which the Company was fined \$11 million. The Company is appealing the decision to the Greek courts.

### **Talcum Powder Matters**

The Company has been named as a defendant in civil actions alleging that certain talcum powder products that were sold prior to 1996 were contaminated with asbestos. Most of these actions involve a number of co-defendants from a variety of different industries, including suppliers of asbestos and manufacturers of products that, unlike the Company's products, were designed to contain asbestos. As of December 31, 2018, there were 239 individual cases pending against the Company in state and federal courts throughout the United States, as compared to 193 cases as of December 31, 2017. During the year ended December 31, 2018, 132 new cases were filed and 86 cases were resolved by voluntary dismissal, judgment in the Company's favor or settlement. The value of settlements in the years presented was not material, either individually or in the aggregate, to each such period's results of operations.

The Company believes that a significant portion of its costs incurred in defending and resolving these claims will be covered by insurance policies issued by several primary, excess and umbrella insurance carriers, subject to deductibles, exclusions, retentions and policy limits.

While the Company and its legal counsel believe that these cases are without merit and intend to challenge them vigorously, there can be no assurances regarding the ultimate resolution of these matters. Since the amount of any potential losses from these cases currently cannot be reasonably estimated, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to these cases.

### **ERISA Matter**

In June 2016, a putative class action claiming that residual annuity payments made to certain participants in the Colgate-Palmolive Company Employees' Retirement Income Plan (the "Plan") did not comply with the Employee Retirement Income Security Act was filed against the Plan, the Company and certain individuals in the United States District Court for the Southern District of New York. This action has been certified as a class action. The relief sought includes recalculation of benefits, pre- and post-judgment interest and attorneys' fees. The Company is contesting this action vigorously. Since the amount of any potential loss from this case currently cannot be reasonably estimated, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to the case.

### **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 stock price performance graphs, refer to “Market Information” included in Part IV, Item 15 of this report. For information regarding the number of common shareholders of record, refer to “Historical Financial Summary” included in Part IV, Item 15 of this report. 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 Part III, Item 12 of this report.

#### Issuer Purchases of Equity Securities

On June 18, 2018, the Company’s Board of Directors (the “Board”) authorized the repurchase of shares of the Company’s common stock having an aggregate purchase price of up to \$5 billion under a new share repurchase program (the “2018 Program”), which replaced the previous program approved by the Board in 2015 (the “2015 Program”). 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 are repurchased from time to time in open market 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, 2018:

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>	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs <sup>(3)</sup> (in millions)
October 1 through 31, 2018	828,129	\$ 62.72	776,159	4,658
November 1 through 30, 2018	1,748,795	\$ 61.87	1,748,427	4,550
December 1 through 31, 2018	2,027,730	\$ 61.87	1,994,781	4,427
Total	4,604,654	\$ 62.02	4,519,367	

<sup>(1)</sup> Includes share repurchases under the 2018 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 85,287 shares, which represents shares deemed surrendered to the Company to satisfy certain employee elections under the Company’s compensation and benefit programs.

<sup>(3)</sup> Includes approximate dollar value of shares that were available to be purchased under the publicly announced plans or programs that were in effect as of December 31, 2018.

### ITEM 6. SELECTED FINANCIAL DATA

Refer to the information set forth under the caption “Historical Financial Summary” included in Part IV, Item 15 of this report.

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

### Executive Overview

Colgate-Palmolive Company (together with its subsidiaries, the "Company" or "Colgate") 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 grow our key product categories and increase our overall market share. Within the categories in which the Company competes, the Company prioritizes its efforts 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 70% of the Company's Net sales are generated from markets outside the U.S., with approximately 50% of the Company's Net sales coming from emerging markets (which consist of Latin America, Asia (excluding Japan), Africa/Eurasia 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 product segment is managed geographically in five reportable operating segments: North America, Latin America, Europe, Asia Pacific and Africa/Eurasia, all of which sell to a variety of traditional and e-commerce retailers, wholesalers 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 authorized pet supply retailers, veterinarians and e-commerce retailers.

On an ongoing basis, management focuses on a variety of key indicators to monitor business health and performance. These indicators include market share, net sales (including volume, pricing and foreign exchange components), organic sales growth (net sales growth excluding, as applicable, the impact of foreign exchange, acquisitions, and divestments), a non-GAAP financial measure, and gross profit margin, operating profit, net income and earnings per share, in each case, on a GAAP and non-GAAP basis, 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 Code of Conduct and corporate governance practices help to maintain business health and strong internal controls. For additional information regarding non-GAAP financial measures, see "Non-GAAP Financial Measures" below.

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 can then be rolled out on a global basis. To enhance these efforts, the Company has developed key initiatives to build strong relationships with consumers, dental, veterinary and skin care professionals and traditional and e-commerce retailers. In addition, the Company has enhanced its digital marketing capabilities and intends to broaden its e-commerce offerings, including direct-to-consumer and subscription services. 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 growth are developed through continuous, Company-wide initiatives to lower costs and increase effective asset utilization. Through these initiatives, which are referred to as the Company's funding-the-growth initiatives, the Company seeks to become even more effective and efficient throughout its businesses. These initiatives are designed to reduce costs associated with direct materials, indirect expenses, distribution and logistics, and advertising and promotional materials, among other things, and encompass a wide range of projects, examples of which include raw material substitution, reduction of packaging materials, consolidating suppliers to leverage volumes and increasing manufacturing efficiency through SKU reductions and formulation simplification. The Company also continues to prioritize its investments toward its higher margin businesses, specifically Oral Care, Personal Care and Pet Nutrition.

## Significant Items Impacting Comparability

In January 2018, the Company acquired all of the outstanding equity interests of Physicians Care Alliance, LLC (“PCA Skin”) and Elta MD Holdings, Inc. (“Elta MD”), professional skin care businesses, for aggregate cash consideration of approximately \$730. With these acquisitions, the Company entered the professional skin care category, which complements its existing global personal care businesses. See Note 3, Acquisitions and Divestitures to the Consolidated Financial Statements for additional information.

On December 22, 2017, the Tax Cuts and Jobs Act (the “TCJA” or “U.S. tax reform”) was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain future earnings generated by foreign subsidiaries while providing for future tax-free repatriation of such earnings through a 100% dividends-received deduction.

As a result of the enactment of the TCJA, in the fourth quarter of 2017, the Company recorded a provisional charge of \$275 based on its initial analysis of the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. During 2018, the Company finalized its assessment of the impact of the TCJA and recognized an additional tax expense of \$80 reflecting the impact of transition tax guidance issued by the U.S. Treasury and the update of certain estimates and calculations based on information available through the end of 2018. Any further guidance issued after December 31, 2018 may have an impact to the Company’s Provision for income tax in the period such guidance is effective. Refer to “Results of Operations—Income Taxes” below for additional details.

In September 2016, the Company’s Mexican subsidiary completed the sale to the United States of America of the Mexico City site on which its commercial operations, technology center and soap production facility were previously located and received \$60 as the third and final installment of the sale price. The total sale price (including the third installment and the previously received first and second installments) was \$120. The Company recognized a pretax gain of \$97 (\$63 aftertax) in the third quarter of 2016, net of costs primarily related to site preparation.

Effective December 31, 2015, the Company concluded it no longer met the accounting criteria for consolidation of its Venezuelan subsidiary (“CP Venezuela”) and began accounting for CP Venezuela using the cost method of accounting. Since January 1, 2016, under the cost method of accounting, the Company no longer includes the local operating results of CP Venezuela in its Consolidated Financial Statements and includes income relating to CP Venezuela only to the extent it receives cash for sales of inventory to CP Venezuela or for dividends or royalties remitted by CP Venezuela, all of which have been immaterial. Although CP Venezuela’s local operating results are no longer included in the Company’s Consolidated Financial Statements for accounting purposes, under current tax rules, the Company is required to continue including CP Venezuela in its consolidated U.S. federal income tax return. In the first quarter of 2016, Provision for income taxes included a \$210 U.S. income tax benefit principally related to changes in Venezuela’s foreign exchange regime implemented in March 2016. See Note 11, Income Taxes to the Consolidated Financial Statements for additional details.

The Company’s restructuring program known as the “Global Growth and Efficiency Program” runs through December 31, 2019. The program’s initiatives are expected to help the Company ensure sustained solid worldwide growth in unit volume, organic sales, operating profit and earnings per share and to enhance its global leadership positions in its core businesses. Implementation of the Global Growth and Efficiency Program remains on track and is in its final year.

The initiatives under the Global Growth and Efficiency Program are focused on the following areas:

- Expanding Commercial Hubs
- Extending Shared Business Services and Streamlining Global Functions
- Optimizing Global Supply Chain and Facilities

Savings, substantially all of which are expected to increase future cash flows, are projected to be in the range of \$590 to \$635 pretax (\$550 to \$575 aftertax) annually, once all projects are approved and implemented. Cumulative pretax charges resulting from the Global Growth and Efficiency Program, once all phases are approved and implemented, are estimated to be in the range of \$1,820 to \$1,870 (\$1,350 to \$1,380 aftertax).

In 2018, 2017 and 2016, the Company incurred aftertax costs of \$125, \$246 and \$168, respectively, resulting from the Global Growth and Efficiency Program. For more information regarding the Global Growth and Efficiency Program, see “Restructuring and Related Implementation Charges” below and Note 4, Restructuring and Related Implementation Charges to the Consolidated Financial Statements.

Effective January 1, 2018, as required by the Financial Accounting Standards Board (“FASB”), the Company adopted Accounting Standard Update (“ASU”) No. 2017-07, “Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” on a retrospective basis. As a result, for all periods presented, only the service related component of pension and other postretirement benefit costs is included in Operating profit. The non-service related components (interest cost, expected return on assets and amortization of actuarial gains and losses) are included in a new line item, “Non-service related postretirement costs,” which is below Operating profit. Adoption of this standard had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow. See Note 2, Summary of Significant Accounting Policies to the Consolidated Financial Statements for additional information.

As a result of adopting ASU No. 2016-09 “Compensation–Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,” effective January 1, 2017, the Company recognizes excess tax benefits from stock-based compensation (resulting from an increase in the fair value of an award from the grant date to the vesting or exercise date, as applicable) in the Provision for income taxes as a discrete item. Prior to January 1, 2017, excess tax benefits from stock-based compensation were recognized in equity.

## Outlook

Looking forward, the Company expects global macroeconomic and market conditions to remain challenging. While the Company has recently seen improvement in category growth rates, the Company expects category growth rates to remain below prior historical levels. While the global marketplace in which the Company operates has always been highly competitive, the Company continues to experience heightened competitive activity in certain markets from strong local competitors and from other large multinational companies, some of which have greater resources than the Company does. Such activities have included more aggressive product claims and marketing challenges, as well as increased promotional spending and geographic expansion. The Company has also been negatively affected by changes in the policies or practices of its retail trade customers in key markets, such as inventory de-stocking, limitations on access to shelf space or delisting of the Company’s products. In addition, the retail landscape in many of the Company’s markets continues to be impacted by the rapid growth of e-commerce retailers, changing consumer preferences (as consumers increasingly shop online) and the emergence of alternative retail channels, such as subscription services and direct-to-consumer businesses. This rapid growth in e-commerce and emergence of alternative retail channels may create pricing pressures and/or adversely affect the Company’s relationships with its key retailers. In addition, given that approximately 70% of the Company’s Net sales originate in markets outside the U.S., the Company has experienced and may continue to experience volatile foreign currency fluctuations and high raw and packaging material 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.

In summary, 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 key priorities: growing sales through engaging with consumers, developing world-class innovation and working with retail partners; driving efficiency on every line of the income statement to increase margins; generating strong cash flow performance and utilizing that cash effectively to enhance total shareholder return; and leading to win by staying true to the Company’s culture and focusing on its stakeholders. The Company’s commitment to these priorities, together with the strength of the Company’s global brands, its broad international presence in both developed and emerging markets and cost-saving initiatives, such as the Company’s funding-the-growth initiatives and the Global Growth and Efficiency Program, should position the Company well to increase shareholder value over the long term.



## Results of Operations

### Net Sales

Worldwide Net sales were \$15,544 in 2018, up 0.5% from 2017, as volume growth of 1.0% and net selling price increases of 0.5% were partially offset by negative foreign exchange of 1.0%. The Company's professional skin care acquisitions increased volume by 1.0%. Organic sales (Net sales excluding, as applicable, the impact of foreign exchange, acquisitions and divestments), a non-GAAP financial measure as discussed below, increased 0.5% in 2018.

Net sales in the Oral, Personal and Home Care product segment were \$13,156 in 2018, even with 2017, as volume growth of 1.0% and net selling price increases of 0.5% were offset by negative foreign exchange of 1.5%. The Company's professional skin care acquisitions increased volume by 1.5%. Organic sales in the Oral, Personal and Home Care product segment in 2018 were even with 2017.

Organic sales in 2018 were even with 2017 as increases in Oral Care and Home Care organic sales were offset by a decline in Personal Care organic sales. The increase in Oral Care organic sales was primarily due to organic sales growth in the toothpaste category. The increase in the Home Care organic sales was primarily due to organic sales growth in the liquid cleaners and fabric softener categories. The decrease in Personal Care organic sales was due to declines in organic sales in the bar soap and underarm protection categories, which were partially offset by organic sales growth in the shower gel category.

The Company's share of the global toothpaste market was 42.0% for full year 2018, down 1.3 share points from full year 2017, and its share of the global manual toothbrush market was 32.3% for full year 2018, down 0.7 share points from full year 2017. Full year 2018 market shares in toothpaste were down in North America, Latin America, Europe, Asia Pacific and Africa/Eurasia versus full year 2017. In the manual toothbrush category, full year 2018 market shares were up in North America and Africa/Eurasia and down in Latin America, Europe and Asia Pacific versus full year 2017. For additional information regarding the Company's use of market share data and limitations on such data, see "Market Share Information" below.

Net sales for Hill's Pet Nutrition were \$2,388 in 2018, an increase of 4.0% from 2017, driven by volume growth of 1.5%, net selling price increases of 2.0% and positive foreign exchange of 0.5%. Organic sales for Hill's Pet Nutrition increased 3.5% in 2018.

The increase in organic sales in 2018 versus 2017 was due to increases in organic sales in the Prescription Diet and Advanced Nutrition categories, partially offset by a decline in organic sales in the Naturals category.

Worldwide Net sales were \$15,454 in 2017, up 1.5% from 2016, driven by volume growth of 0.5%, net selling price increases of 0.5% and positive foreign exchange of 0.5%. Organic sales increased 1.0% in 2017.

Gross Profit/Margin

Worldwide Gross profit decreased 1% to \$9,231 in 2018 from \$9,280 in 2017. Gross profit in both periods included charges related to the Global Growth and Efficiency Program. Excluding these charges in both periods, Gross profit decreased to \$9,262 in 2018 from \$9,355 in 2017, reflecting a decrease of \$147 resulting from lower Gross profit margin, partially offset by an increase of \$54 resulting from higher Net sales.

Worldwide Gross profit margin decreased to 59.4% in 2018 from 60.0% in 2017. Excluding charges related to the Global Growth and Efficiency Program in both periods, Gross profit margin decreased by 90 basis points (bps) to 59.6% in 2018, from 60.5% in 2017. This decrease in Gross profit margin was primarily due to higher raw and packaging material costs (340 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (200 bps) and higher pricing (40 bps).

Worldwide Gross profit increased 2% to \$9,280 in 2017 from \$9,123 in 2016. Gross profit in both periods included charges related to the Global Growth and Efficiency Program. Excluding these charges in both periods, Gross profit increased to \$9,355 in 2017 from \$9,169 in 2016, reflecting an increase of \$156 resulting from higher Net sales and an increase of \$30 resulting from higher Gross profit margin.

Worldwide Gross profit margin was 60.0% in 2017, even with 2016. Excluding charges related to the Global Growth and Efficiency Program in both periods, Gross profit margin increased by 20 bps to 60.5% in 2017, from 60.3% in 2016. This increase in Gross profit margin was primarily driven by cost savings from the Company's funding-the-growth initiatives and the Global Growth and Efficiency Program (200 bps) and higher pricing (20 bps), partially offset by higher raw and packaging material costs (190 bps).

	2018	2017	2016
Gross profit, GAAP	\$ 9,231	\$ 9,280	\$ 9,123
Global Growth and Efficiency Program	31	75	46
Gross profit, non-GAAP	\$ 9,262	\$ 9,355	\$ 9,169

	2018	2017	Basis Point Change	2016	Basis Point Change
Gross profit margin, GAAP	59.4%	60.0%	(60)	60.0%	—
Global Growth and Efficiency Program	0.2	0.5		0.3	
Gross profit margin, non-GAAP	59.6%	60.5%	(90)	60.3%	20

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to \$5,389 in 2018 from \$5,400 in 2017. Selling, general and administrative expenses in both periods included charges related to the Global Growth and Efficiency Program. Excluding these charges in both periods, Selling, general and administrative expenses increased to \$5,356 in 2018 from \$5,314 in 2017, reflecting higher overhead expenses of \$25 and increased advertising investment of \$17.

Selling, general and administrative expenses as a percentage of Net sales decreased to 34.7% in 2018 from 34.9% in 2017. Excluding charges related to the Global Growth and Efficiency Program in both periods, Selling, general and administrative expenses as a percentage of Net sales were 34.5% in 2018, an increase of 10 bps as compared to 2017. This increase as a percentage of Net sales in 2018 was due to higher overhead expenses (10 bps), primarily driven by increased logistics costs. In 2018, advertising investment increased 1% to \$1,590 as compared with \$1,573 in 2017, while as a percentage of Net sales it was 10.2%, even with 2017.

Selling, general and administrative expenses increased 5% to \$5,400 in 2017 from \$5,143 in 2016. Selling, general and administrative expenses in both periods included charges related to the Global Growth and Efficiency Program. Excluding these charges in both periods, Selling, general and administrative expenses increased to \$5,314 in 2017 from \$5,066 in 2016, reflecting increased advertising investment of \$145 and higher overhead expenses of \$103.

Selling, general and administrative expenses as a percentage of Net sales increased to 34.9% in 2017 from 33.8% in 2016. Excluding charges related to the Global Growth and Efficiency Program in both periods, Selling, general and administrative expenses as a percentage of Net sales were 34.4%, an increase of 110 bps as compared to 2016. This increase in 2017 was driven by increased advertising investment (80 bps) and higher overhead expenses (30 bps), both as a percentage of Net sales. In 2017, advertising investment increased 10.2% to \$1,573 as compared with \$1,428 in 2016, and increased as a percentage of Net sales to 10.2% from 9.4% in 2016.

	2018	2017	2016
Selling, general and administrative expenses, GAAP	\$ 5,389	\$ 5,400	\$ 5,143
Global Growth and Efficiency Program	(33)	(86)	(77)
Selling, general and administrative expenses, non-GAAP	\$ 5,356	\$ 5,314	\$ 5,066

	2018	2017	Basis Point Change	2016	Basis Point Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.7 %	34.9 %	(20)	33.8 %	110
Global Growth and Efficiency Program	(0.2)	(0.5)		(0.5)	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	34.5 %	34.4 %	10	33.3 %	110

Other (Income) Expense, Net

Other (income) expense, net was \$148, \$173 and \$25 in 2018, 2017 and 2016, respectively. The components of Other (income) expense, net are presented below:

Other (income) expense, net	2018	2017	2016
Global Growth and Efficiency Program	\$ 88	\$ 152	\$ 93
Amortization of intangible assets	59	35	33
Gain on sale of land in Mexico	—	—	(97)
Charges for a litigation matter	—	—	17
Equity income	(10)	(11)	(10)
Other, net	11	(3)	(11)
Total Other (income) expense, net	\$ 148	\$ 173	\$ 25

Other (income) expense, net was \$148 in 2018 as compared to \$173 in 2017. Other (income) expense, net in both periods included charges related to the Global Growth and Efficiency Program.

Other (income) expense, net was \$173 in 2017 as compared to \$25 in 2016. Other (income) expense, net in both periods included charges related to the Global Growth and Efficiency Program. Other (income) expense, net in 2016 also included a gain on the sale of land in Mexico and charges for a litigation matter.

Excluding the items described above in all periods, as applicable, Other (income) expense, net was \$60 in 2018, \$21 in 2017 and \$12 in 2016.

	2018	2017	2016
Other (income) expense, net, GAAP	\$ 148	\$ 173	\$ 25
Global Growth and Efficiency Program	(88)	(152)	(93)
Gain on sale of land in Mexico	—	—	97
Charges for a litigation matter	—	—	(17)
Other (income) expense, net, non-GAAP	\$ 60	\$ 21	\$ 12

Operating Profit

Operating profit decreased to \$3,694 in 2018 from \$3,707 in 2017. Operating profit decreased 6% to \$3,707 in 2017 from \$3,955 in 2016.

In 2018, 2017 and 2016, Operating profit included charges related to the Global Growth and Efficiency Program. In 2016, Operating profit also included charges for a litigation matter and a gain on sale of land in Mexico. Excluding these items in all periods, as applicable, Operating profit in 2018 decreased 4% compared to 2017, primarily due to a decrease in Gross profit and an increase in Selling, general and administrative expenses, and Operating profit in 2017 decreased 2% compared to 2016, primarily due to an increase in Selling, general and administrative expenses which was partially offset by higher Gross profit.

Operating profit margin was 23.8% in 2018, compared with 24.0% in 2017 and 26.0% in 2016. Excluding charges related to the Global Growth and Efficiency Program in 2018 and 2017, Operating profit margin decreased 130 bps to 24.7% in 2018 compared to 26.0% in 2017. This decrease in Operating profit in 2018 is primarily due to a decrease in Gross profit (90 bps) and an increase in Selling, general and administrative expenses (10 bps), both as a percentage of Net sales. Excluding the items described above in 2017 and 2016, as applicable, Operating profit margin decreased 90 bps in 2017 compared to 2016, due to an increase in Selling, general and administrative expenses (110 bps), partially offset by an increase in Gross profit (20 bps), both as a percentage of Net sales.

	2018	2017	% Change	2016	% Change
Operating profit, GAAP	\$ 3,694	\$ 3,707	— %	\$ 3,955	(6)%
Global Growth and Efficiency Program	152	313		216	
Gain on sale of land in Mexico	—	—		(97)	
Charges for a litigation matter	—	—		17	
Operating profit, non-GAAP	\$ 3,846	\$ 4,020	(4)%	\$ 4,091	(2)%

	2018	2017	Basis Point Change	2016	Basis Point Change
Operating profit margin, GAAP	23.8%	24.0%	(20)	26.0 %	(200)
Global Growth and Efficiency Program	0.9	2.0		1.4	
Gain on sale of land in Mexico	—	—		(0.6)	
Charges for a litigation matter	—	—		0.1	
Operating profit margin, non-GAAP	24.7%	26.0%	(130)	26.9 %	(90)

Non-Service Related Postretirement Costs

Non-service related postretirement costs were \$87 in 2018 compared with \$118 in 2017 and \$118 in 2016. Non-service related postretirement costs included charges resulting from the Global Growth and Efficiency Program. Excluding these charges, Non-service related postretirement costs were \$78 in 2018 compared to \$98 in 2017 and \$106 in 2016. The decreases in Non-service related postretirement costs in 2018 as compared to 2017 and 2017 as compared to 2016 were primarily due to decreases in interest costs.

	2018	2017	2016
Non-service related postretirement costs, GAAP	\$ 87	\$ 118	\$ 118
Global Growth and Efficiency Program	(9)	(20)	(12)
Non-service related postretirement costs, non-GAAP	\$ 78	\$ 98	\$ 106

Interest (Income) Expense, Net

Interest (income) expense, net was \$143 in 2018 compared with \$102 in 2017 and \$99 in 2016. The increase in Interest (income) expense, net in 2018 as compared to 2017 and 2017 as compared to 2016 was primarily due to higher average interest rates on debt.

Income Taxes

The effective income tax rate in 2018, 2017 and 2016 was 26.2%, 37.7% and 30.8%, respectively. As reflected in the table below, the non-GAAP effective income tax rate was 24.2% in 2018, 29.5% in 2017 and 31.3% in 2016. The decrease in the non-GAAP effective income tax rate in 2018 as compared to 2017 is primarily due to the enactment of the TCJA, as discussed in more detail below. The decrease in the non-GAAP effective income tax rate in 2017 as compared to 2016 is primarily due to the inclusion of excess tax benefits from stock-based compensation in the Provision for income taxes, as discussed in more detail below.

	2018		
	Income Before Income Taxes	Provision For Income Taxes <sup>(1)</sup>	Effective Income Tax Rate <sup>(2)</sup>
As Reported GAAP	\$ 3,464	\$ 906	26.2 %
Global Growth and Efficiency Program	161	37	(0.1)
Benefit from a foreign tax matter	—	15	0.4
U.S. tax reform	—	(80)	(2.3)
Non-GAAP	\$ 3,625	\$ 878	24.2 %
	2017		
	Income Before Income Taxes	Provision For Income Taxes <sup>(1)</sup>	Effective Income Tax Rate <sup>(2)</sup>
As Reported GAAP	\$ 3,487	\$ 1,313	37.7 %
Global Growth and Efficiency Program	333	87	(1.0)
U.S. tax reform	—	(275)	(7.2)
Non-GAAP	\$ 3,820	\$ 1,125	29.5 %
	2016		
	Income Before Income Taxes	Provision For Income Taxes <sup>(1)</sup>	Effective Income Tax Rate <sup>(2)</sup>
As Reported GAAP	\$ 3,738	\$ 1,152	30.8 %
Global Growth and Efficiency Program	228	59	(0.3)
Gain on sale of land in Mexico	(97)	(34)	(0.1)
Benefits from tax matters	—	35	0.9
Charges for a litigation matter	17	6	—
Non-GAAP	\$ 3,886	\$ 1,218	31.3 %

(1) The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

(2) The impact of non-GAAP items on the Company's effective tax rate represents the difference in the effective tax rate calculated with and without the non-GAAP adjustment on Income before income taxes and Provision for income taxes.

On December 22, 2017, the TCJA was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain earnings generated by foreign subsidiaries while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. The Company's effective income tax rate in 2017 included a provisional charge of \$275, recorded in the fourth quarter of 2017, based on its initial analysis of the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. During 2018, the Company finalized its assessment of the impact of the TCJA and recognized an additional tax expense of \$80 reflecting the impact of transition tax guidance issued by the U.S. Treasury and the update of certain estimates and calculations based on information available through the end of 2018. Any further guidance issued after December 31, 2018 may have an impact to the Company's Provision for income tax in the period such guidance is effective.

The effective income tax rate in 2018 and 2017 also included \$12 and \$47, respectively, of stock compensation excess tax benefits in the Provision for income taxes as a result of the adoption of ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" effective January 1, 2017. See Note 11, Income Taxes to the Consolidated Financial Statements, for additional details.

The effective income tax rate in 2016 included a \$210 U.S. income tax benefit principally related to changes in Venezuela's foreign exchange regime implemented in March 2016. In order to fully utilize the \$210 tax benefit in 2016, the Company repatriated an incremental \$1,500 of earnings of foreign subsidiaries it previously considered indefinitely reinvested outside of the U.S., and accordingly, recorded a tax charge of \$210.

The Company had taken a tax position in a foreign jurisdiction since 2002 that was challenged by the local tax authorities. In 2016, the Supreme Court in the foreign jurisdiction decided the matter in the Company's favor for the years 2002 through 2005. Also in 2016, the Administrative Court in the foreign jurisdiction decided the matter in the Company's favor for the years 2008 through 2011 by acknowledging the Supreme Court's ruling for the years 2002 through 2005, which eliminated the possibility of future appeals. As a result, the Company recorded a tax benefit of \$30, including interest, in 2016.

In March 2018, the lower courts ruled in the Company's favor for the years 2006, 2007 and 2012 through 2014. The deadline for the local tax authorities to appeal has now passed, and the Company considers all outstanding disputes on this matter resolved. As a result, the Company recorded an additional tax benefit of \$15, including interest.

The effective income tax rate in all years benefited from tax planning associated with the Company's global business initiatives.

The Company expects its effective income tax rate in 2019 to be in the range of 25.5% to 26.5% both on a GAAP basis and excluding charges related to the Global Growth and Efficiency Program.

#### Net Income attributable to Colgate-Palmolive Company and Earnings per share, diluted

Net income attributable to Colgate-Palmolive Company was \$2,400, or \$2.75 per share on a diluted basis, in 2018 compared to \$2,024, or \$2.28 per share on a diluted basis, in 2017 and \$2,441, or \$2.72 per share on a diluted basis, in 2016. In 2018, 2017 and 2016, Net income attributable to Colgate-Palmolive Company included aftertax charges related to the Global Growth and Efficiency Program. In 2018 and 2017, Net income attributable to Colgate-Palmolive Company also included charges related to U.S. tax reform. In 2018, Net income attributable to Colgate-Palmolive Company also included a benefit from a foreign tax matter. In 2016, Net income attributable to Colgate-Palmolive Company also included charges for a litigation matter, a gain on sale of land in Mexico and benefits from tax matters.

Excluding the items described above in all years, as applicable, Net income attributable to Colgate-Palmolive Company increased 2% to \$2,590 in 2018 and Earnings per share, diluted increased 3% to \$2.97, and Net income attributable to Colgate-Palmolive Company increased 1% to \$2,545 in 2017, as compared to \$2,522 in 2016, and Earnings per share, diluted increased 2% to \$2.87 in 2017 from \$2.81 in 2016.

	2018					
	Income Before Income Taxes	Provision For Income Taxes <sup>(1)</sup>	Net Income Including Noncontrolling Interests	Less: Income Attributable To Noncontrolling Interests	Net Income Attributable to Colgate-Palmolive Company	Diluted Earnings Per Share <sup>(2)</sup>
As Reported GAAP	\$ 3,464	\$ 906	\$ 2,558	\$ 158	\$ 2,400	\$ 2.75
Global Growth and Efficiency Program	161	37	124	(1)	125	0.15
Benefit from a foreign tax matter	—	15	(15)	—	(15)	(0.02)
U.S. tax reform	—	(80)	80	—	80	0.09
Non-GAAP	\$ 3,625	\$ 878	\$ 2,747	\$ 157	\$ 2,590	\$ 2.97

	2017					
	Income Before Income Taxes	Provision For Income Taxes <sup>(1)</sup>	Net Income Including Noncontrolling Interests	Less: Income Attributable To Noncontrolling Interests	Net Income Attributable to Colgate-Palmolive Company	Diluted Earnings Per Share <sup>(2)</sup>
As Reported GAAP	\$ 3,487	\$ 1,313	\$ 2,174	\$ 275	\$ 2,024	\$ 2.28
Global Growth and Efficiency Program	333	87	246	—	246	0.28
U.S. tax reform	—	(275)	275	—	275	0.31
Non-GAAP	\$ 3,820	\$ 1,125	\$ 2,695	\$ 275	\$ 2,545	\$ 2.87

	2016					
	Income Before Income Taxes	Provision For Income Taxes <sup>(1)</sup>	Net Income Including Noncontrolling Interests	Less: Income Attributable To Noncontrolling Interests	Net Income Attributable to Colgate-Palmolive Company	Diluted Earnings Per Share <sup>(2)</sup>
As Reported GAAP	\$ 3,738	\$ 1,152	\$ 2,586	\$ 145	\$ 2,441	\$ 2.72
Global Growth and Efficiency Program	228	59	169	1	168	0.19
Gain on sale of land in Mexico	(97)	(34)	(63)	—	(63)	(0.07)
Benefits from tax matters	—	35	(35)	—	(35)	(0.04)
Charges for a litigation matter	17	6	11	—	11	0.01
Non-GAAP	\$ 3,886	\$ 1,218	\$ 2,668	\$ 146	\$ 2,522	\$ 2.81

(1) The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

(2) The impact of non-GAAP adjustments on Diluted earnings per share may not necessarily equal the difference between "GAAP" and "non-GAAP" as a result of rounding.



Segment Results

The Company markets its products in over 200 countries and territories throughout the world in two product 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.

Oral, Personal and Home CareNorth America

	2018	2017	% Change	2016	% Change
Net sales	\$ 3,348	\$ 3,117	7.5 %	\$ 3,183	(2.0) %
Operating profit	\$ 1,037	\$ 1,043	(1) %	\$ 1,087	(4) %
% of Net sales	31.0%	33.5%	(250) bps	34.2%	(70) bps

Net sales in North America increased 7.5% in 2018 to \$3,348, driven by volume growth of 6.5% and net selling price increases of 1.0%, while foreign exchange was flat. The Company's professional skin care acquisitions increased volume by 5.0%. Organic sales in North America increased 2.5% in 2018.

The increase in organic sales in North America in 2018 versus 2017 was due to increases in Oral Care, Personal Care and Home Care organic sales. The increase in Oral Care was due to organic sales growth in the toothpaste and toothbrush categories. The increase in Personal Care was primarily due to organic sales growth in the liquid hand soap category. The increase in Home Care was due to organic sales growth in the liquid cleaner and fabric softener categories.

Net sales in North America decreased 2.0% in 2017 to \$3,117, driven by net selling price decreases of 2.0%, while volume and foreign exchange were flat. Organic sales in North America decreased 2.0% in 2017.

Operating profit in North America decreased 1% in 2018 to \$1,037, or 250 bps to 31.0% of Net sales. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit (40 bps), an increase in Selling, general and administrative expenses (120 bps) and an increase in Other (income) expense, net (90 bps), all as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (220 bps), which were partially offset by cost savings from the Company's funding-the-growth initiatives (160 bps). This increase in Selling, general and administrative expenses was due to higher overhead expenses (140 bps), primarily driven by increased logistics costs, which were partially offset by decreased advertising investment (20 bps). This increase in Other (income) expense, net was primarily due to the amortization of intangible assets resulting from the professional skin care acquisitions.

Operating profit in North America decreased 4% in 2017 to \$1,043, or 70 bps to 33.5% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to a decrease in Gross profit (40 bps) and an increase in Selling, general and administrative expenses (60 bps), both as a percentage of Net sales. This decrease in Gross profit was primarily driven by higher raw and packaging material costs (160 bps) and lower pricing due to increased in-store promotional activities, which were partially offset by cost savings from the Company's funding-the-growth initiatives and the Global Growth and Efficiency Program (220 bps). This increase in Selling, general and administrative expenses was due to increased advertising investment (60 bps).

Latin America

	2018	2017	% Change	2016	% Change
Net sales	\$ 3,605	\$ 3,887	(7.5) %	\$ 3,650	6.5 %
Operating profit	\$ 995	\$ 1,171	(15) %	\$ 1,139	3 %
% of Net sales	27.6%	30.1%	(250) bps	31.2%	(110) bps

Net sales in Latin America decreased 7.5% in 2018 to \$3,605. Volume declines of 2.5% and negative foreign exchange of 6.5% were partially offset by net selling price increases of 1.5%. Volume declines in Brazil, Central America and Argentina were partially offset by volume gains in Greater Caribbean. Organic sales in Latin America decreased 1.0% in 2018.

The decrease in organic sales in Latin America in 2018 versus 2017 was driven by declines in Oral Care and Personal Care organic sales, partially offset by an increase in Home Care organic sales. The decline in Oral Care was due to a decline in organic sales in the toothpaste category, partially offset by organic sales growth in the manual toothbrush category. The decline in Personal Care was primarily due to a decline in organic sales in the bar soap category. The increase in Home Care was due to organic sales growth in the liquid cleaner, hand dish and fabric softener categories.

Net sales in Latin America increased 6.5% in 2017 to \$3,887, driven by volume growth of 2.5%, net selling price increases of 3.0% and positive foreign exchange of 1.0%. Volume gains were led by Brazil, the Southern Cone and the Andean Region. Organic sales in Latin America increased 5.5% in 2017.

Operating profit in Latin America decreased 15% in 2018 to \$995, or 250 bps to 27.6% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to a decrease in Gross profit (220 bps) and an increase in Selling, general and administrative expenses (20 bps), both as a percentage of Net sales. This decrease in Gross profit was due to higher raw and packaging material costs (470 bps), which included foreign exchange transaction costs, which were partially offset by cost savings from the Company's funding-the-growth initiatives (250 bps). This increase in Selling, general and administrative expenses was due to higher overhead expenses (40 bps), primarily driven by increased logistics costs, which were partially offset by decreased advertising investment (20 bps).

Operating profit in Latin America increased 3% in 2017 to \$1,171, while as a percentage of Net sales it decreased 110 bps to 30.1% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to an increase in Selling, general and administrative expenses (180 bps), partially offset by an increase in Gross profit (40 bps), both as a percentage of Net sales. This increase in Gross profit was mainly driven by cost savings from the Company's funding-the-growth initiatives (170 bps) and higher pricing, which were partially offset by higher raw and packaging material costs (260 bps). This increase in Selling, general and administrative expenses was due to increased advertising investment (120 bps) and higher overhead expenses (60 bps).

Effective July 1, 2018, Argentina was designated as a hyper-inflationary economy under GAAP. Consequently, the functional currency for the Company's Argentinian subsidiary is the U.S. dollar and the impact of Argentinian currency fluctuations has been and will be recorded in income. However, this designation has not had and is not expected to have a material impact on the Company's Consolidated Financial Statements.

Europe

	2018	2017	% Change	2016	% Change
Net sales	\$ 2,502	\$ 2,394	4.5 %	\$ 2,342	2.0 %
Operating profit	\$ 634	\$ 605	5 %	\$ 586	3 %
% of Net sales	25.3%	25.3%	— bps	25.0%	30 bps

Net sales in Europe increased 4.5% in 2018 to \$2,502, as volume growth of 2.5% and positive foreign exchange of 4.0% were partially offset by net selling price decreases of 2.0%. Volume gains were led by France, the United Kingdom and Italy. Organic sales in Europe increased 0.5% in 2018.

The increase in organic sales in Europe in 2018 versus 2017 was primarily due to an increase in Oral Care organic sales. The increase in Oral Care was driven by organic sales growth in the toothpaste category, partially offset by a decline in organic sales in the manual toothbrush category.

Net sales in Europe increased 2.0% in 2017 to \$2,394, as volume growth of 2.0% and positive foreign exchange of 1.0% were partially offset by net selling price decreases of 1.0%. Volume gains were led by France, the Netherlands, Spain and Poland. Organic sales in Europe increased 1.0% in 2017.

Operating profit in Europe increased 5% in 2018 to \$634, while as a percentage of Net sales it was 25.3%, even with 2017. Operating profit was even with 2017 as a decrease in Gross profit (20 bps) and an increase in Selling, general and administrative expenses (10 bps) were offset by a decrease in Other (income) expense, net (30 bps), all as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (180 bps) and lower pricing, which were partially offset by cost savings from the Company's funding-the-growth initiatives (200 bps). This increase in Selling, general and administrative expenses was due to increased advertising investment (60 bps), which was partially offset by lower overhead expenses (50 bps).

Operating profit in Europe increased 3% in 2017 to \$605, or 30 bps to 25.3% of Net sales. This increase in Operating profit as a percentage of Net sales was primarily due to an increase in Gross profit (30 bps) and a decrease in Selling, general and administrative expenses (20 bps), both as a percentage of Net sales. This increase in Gross profit was primarily due to cost savings from the Company's funding-the-growth initiatives and the Global Growth and Efficiency Program (230 bps) and category sales mix, which were partially offset by higher raw and packaging material costs (230 bps), which included foreign exchange transaction costs, and lower pricing due to increased in-store promotional activities. This decrease in Selling, general and administrative expenses was due to lower overhead expenses (70 bps), which were partially offset by increased advertising investment (50 bps).

Asia Pacific

	2018	2017	% Change	2016	% Change
Net sales	\$ 2,734	\$ 2,781	(1.5) %	\$ 2,796	(0.5) %
Operating profit	\$ 777	\$ 842	(8) %	\$ 888	(5) %
% of Net sales	28.4%	30.3%	(190) bps	31.8%	(150) bps

Net sales in Asia Pacific decreased 1.5% in 2018 to \$2,734, as a result of volume declines of 1.5%, while net selling prices and foreign exchange were flat. Volume declines in the Greater China region and Thailand were partially offset by volume gains in India and the Philippines. Organic sales in Asia Pacific declined 1.5% in 2018.

The decrease in organic sales in 2018 versus 2017 was due to a decrease in Oral Care and Personal Care organic sales. The decrease in Oral Care was due to declines in organic sales in the toothpaste and manual toothbrush categories. The decrease in Personal Care was primarily due to declines in organic sales in the shampoo and bar soap categories.

Net sales in Asia Pacific decreased 0.5% in 2017 to \$2,781, as a result of volume declines of 0.5%, while net selling prices and foreign exchange were flat. Volume declines in Australia, Thailand and India were partially offset by volume gains in the Philippines. Organic sales in Asia Pacific declined 0.5% in 2017.

Operating profit in Asia Pacific decreased 8% in 2018 to \$777, or 190 bps to 28.4% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to a decrease in Gross profit (80 bps) and an increase in Selling, general and administrative expenses (80 bps), both as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (320 bps), which were partially offset by cost savings from the Company's funding-the-growth initiatives (270 bps). This increase in Selling, general and administrative expenses was due to higher overhead expenses (50 bps) and increased advertising investment (30 bps).

Operating profit in Asia Pacific decreased 5% in 2017 to \$842, or 150 bps to 30.3% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to a decrease in Gross profit (20 bps) and an increase in Selling, general and administrative expenses (120 bps), both as a percentage of Net sales. This decrease in Gross profit was primarily due to higher costs (290 bps), primarily driven by raw and packaging material costs, which were partially offset by cost savings from the Company's funding-the-growth initiatives (250 bps). This increase in Selling, general and administrative expenses was due to higher overhead expenses (90 bps) and increased advertising investment (30 bps).

Africa/Eurasia

	2018	2017	% Change	2016	% Change
Net sales	\$ 967	\$ 983	(1.5) %	\$ 960	2.5 %
Operating profit	\$ 173	\$ 180	(4) %	\$ 187	(4) %
% of Net sales	17.9%	18.3%	(40) bps	19.5%	(120) bps

Net sales in Africa/Eurasia decreased 1.5% in 2018 to \$967, as volume declines of 1.0% and negative foreign exchange of 4.0% were partially offset by net selling price increases of 3.5%. Volume declines in Russia, Turkey and South Africa were partially offset by volume gains in the Gulf States. Organic sales in Africa/Eurasia increased 2.5% in 2018.

The increase in organic sales in 2018 versus 2017 was primarily due to an increase in Oral Care organic sales, partially offset by a decline in Personal Care organic sales. The increase in Oral Care was due to organic sales growth in the toothpaste and manual toothbrush categories. The decrease in Personal Care was primarily due to declines in organic sales in the bar soap and underarm protection categories, partially offset by organic sales growth in the shower gel category.

Net sales in Africa/Eurasia increased 2.5% in 2017 to \$983, as net selling price increases of 3.5% and positive foreign exchange of 3.5% were partially offset by volume declines of 4.5%. Volume declines in the Sub-Saharan Africa region, Turkey and South Africa were partially offset by volume gains in Russia. Organic sales in Africa/Eurasia declined 1.0% in 2017.

Operating profit in Africa/Eurasia decreased 4% in 2018 to \$173, or 40 bps to 17.9% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to a decrease in Gross Profit (130 bps), partially offset by a decrease in Selling, general and administrative expenses (70 bps), both as a percentage of Net sales. This decrease in Gross profit was mainly driven by higher raw and packaging material costs (430 bps), which included foreign exchange transaction costs, which were partially offset by cost savings from the Company's funding-the-growth initiatives (110 bps) and higher pricing. The decrease in Selling, general and administrative expenses was due to lower overhead expenses (50 bps) and decreased advertising investment (20 bps).

Operating profit in Africa/Eurasia decreased 4% in 2017 to \$180, or 120 bps to 18.3% of Net sales. This decrease in Operating profit as a percentage of Net sales was primarily due to an increase in Selling, general and administrative expenses (260 bps), partially offset by an increase in Gross profit (160 bps), both as a percentage of Net sales. This increase in Gross profit was mainly driven by cost savings from the Company's funding-the-growth initiatives (120 bps) and higher pricing, which were partially offset by higher raw and packaging material costs (100 bps). The increase in Selling, general and administrative expenses was due to increased advertising investment (310 bps), which was partially offset by lower overhead expenses (50 bps).

Hill's Pet Nutrition

	2018	2017	% Change	2016	% Change
Net sales	\$ 2,388	\$ 2,292	4.0 %	\$ 2,264	1.0 %
Operating profit	\$ 680	\$ 677	— %	\$ 677	— %
% of Net sales	28.5%	29.5%	(100) bps	29.9%	(40) bps

Net sales for Hill's Pet Nutrition increased 4.0% in 2018 to \$2,388, driven by volume growth of 1.5%, net selling price increases of 2.0% and positive foreign exchange of 0.5%. Volume gains were led by the United States and Australia. Organic sales in Hill's Pet Nutrition increased 3.5% in 2018.

The increase in organic sales in 2018 versus 2017 was due to organic sales growth in the Prescription Diet and Advanced Nutrition categories, partially offset by a decline in organic sales in the Naturals category.

Net sales for Hill's Pet Nutrition increased 1.0% in 2017 to \$2,292, driven by net selling price increases of 1.5% and positive foreign exchange of 0.5%, partially offset by volume declines of 1.0%. Volume declines in the United States, Japan and Western and Eastern Europe were partially offset by volume gains in Australia and Latin America. The volume declines in the United States were attributable to trade disruption, while the volume declines in Japan were attributable to a continued contraction in the market. Organic sales in Hill's Pet Nutrition increased 0.5% in 2017.

Operating profit in Hill's Pet Nutrition increased to \$680 in 2018 from \$677 in 2017, while as a percentage of Net sales it decreased 100 bps to 28.5%. This decrease in Operating profit as a percentage of Net sales was due to a decrease in Gross profit (70 bps) and an increase in Other (income) expense, net (70 bps), partially offset by a decrease in Selling, general and administrative expenses (40 bps), all as a percentage of Net sales. This decrease in Gross profit was primarily due to higher raw and packaging material costs (300 bps), partially offset by cost savings from the Company's funding-the-growth initiatives (150 bps) and higher pricing. This decrease in Selling, general and administrative expenses was due to lower overhead expenses (30 bps) and decreased advertising investment (10 bps). This increase in Other (income) expense, net was primarily due to the expiration of a foreign sales tax benefit.

Operating profit in Hill's Pet Nutrition was \$677 in 2017, even with 2016, while as a percentage of Net sales it decreased 40 bps to 29.5%. This decrease in Operating profit as a percentage of Net sales was primarily due to an increase in Selling, general and administrative expenses (90 bps), partially offset by an increase in Gross profit (60 bps), both as a percentage of Net sales. This increase in Gross profit was primarily due to cost savings from the Company's funding-the-growth initiatives (170 bps) and higher pricing, partially offset by higher raw and packaging material costs (110 bps), net of foreign exchange transaction costs. This increase in Selling, general and administrative expenses was due to increased advertising investment (60 bps) and higher overhead expenses (30 bps).

Corporate

	2018	2017	% Change	2016	% Change
Operating profit (loss)	\$ (602)	\$ (811)	(26) %	\$ (609)	33 %

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

	2018	2017	2016
Global Growth and Efficiency Program	\$ (152)	\$ (313)	\$ (216)
Gain on sale of land in Mexico	—	—	97
Charges for a litigation matter	—	—	(17)
Corporate overhead costs and other, net	(450)	(498)	(473)
Total Corporate Operating profit (loss)	<u>\$ (602)</u>	<u>\$ (811)</u>	<u>\$ (609)</u>

Excluding charges related to the Global Growth and Efficiency Program in 2018, 2017 and 2016, charges for a litigation matter in 2016 and the gain on sale of land in Mexico in 2016, Corporate Operating profit (loss) decreased in 2018 as compared to 2017, driven by lower Corporate overhead costs and other, net, primarily as a result of lower compensation expense.

**Restructuring and Related Implementation Charges***Global Growth and Efficiency Program*

In the fourth quarter of 2012, the Company commenced the Global Growth and Efficiency Program. The program was expanded in 2014 and expanded and extended in each of 2015 and 2017. The program runs through December 31, 2019.

Initiatives under the Global Growth and Efficiency Program are expected to help the Company ensure sustained solid worldwide growth in unit volume, organic sales, operating profit and earnings per share and to enhance its global leadership positions in its core businesses, producing significant benefits in the Company's long-term business performance. The major objectives of the program include:

- Becoming even stronger on the ground through the continued evolution and expansion of proven global and regional commercial capabilities, which have already been successfully implemented in a number of the Company's operations around the world.
- Simplifying and standardizing how work gets done by increasing technology-enabled collaboration and taking advantage of global data and analytic capabilities, leading to smarter and faster decisions.
- Reducing structural costs to continue to increase the Company's gross and operating profit.
- Building on Colgate's current position of strength to enhance its leading market share positions worldwide and ensure sustained sales and earnings growth.

The initiatives under the Global Growth and Efficiency Program continue to be focused on the following areas:

- Expanding Commercial Hubs – Building on the success of the hub structure implemented around the world, streamlining operations in order to drive smarter and faster decision-making, strengthen capabilities available on the ground and improve cost structure.
- Extending Shared Business Services and Streamlining Global Functions – Optimizing the Company’s shared service organizational model in all regions of the world and continuing to streamline global functions to improve cost structure.
- Optimizing Global Supply Chain and Facilities – Continuing to optimize manufacturing efficiencies, global warehouse networks and office locations for greater efficiency, lower cost and speed to bring innovation to market.

Implementation of the Global Growth and Efficiency Program remains on track and is in its final year. Savings, substantially all of which are expected to increase future cash flows, are projected to be in the range of \$590 to \$635 pretax (\$550 to \$575 aftertax) annually, once all projects are approved and implemented. Savings achieved in 2018 were in line with the Company’s previously disclosed estimate of \$90 to \$120 pretax (\$100 to \$125 aftertax). The Company expects savings in 2019 to be approximately \$25 to \$55 pretax (\$40 to \$60 aftertax). Cumulative pretax charges resulting from the Global Growth and Efficiency Program, once all phases are approved and implemented, are estimated to be in the range of \$1,820 to \$1,870 (\$1,350 to \$1,380 aftertax). The Company anticipates that pretax charges for 2019 will approximate \$100 to \$150 (\$70 to \$100 aftertax). It is expected that substantially all charges resulting from the Global Growth and Efficiency Program will be incurred by December 31, 2019.

The pretax charges resulting from the Global Growth and Efficiency Program are currently estimated to be comprised of the following categories: Employee-Related Costs, including severance, pension and other termination benefits (45%); asset-related costs, primarily Incremental Depreciation and Asset Impairments (5%); and Other charges, which include contract termination costs, consisting primarily of related implementation charges resulting directly from exit activities (30%) and the implementation of new strategies (20%). Over the course of the Global Growth and Efficiency Program, it is currently estimated that approximately 80% of the charges will result in cash expenditures.

The Company expects that the cumulative pretax charges, once all projects are approved and implemented, will relate to initiatives undertaken in North America (15%), Europe (20%), Latin America (5%), Asia Pacific (5%), Africa/Eurasia (5%), Hill’s Pet Nutrition (10%) and Corporate (40%), which includes substantially all of the costs related to the implementation of new strategies, noted above, on a global basis. The Company expects that, when it has been fully implemented, the Global Growth and Efficiency Program will have contributed a net reduction of approximately 4,000 to 4,400 positions from the Company’s global employee workforce.

For the years ended December 31, 2018, 2017 and 2016, restructuring and related implementation charges are reflected in the Consolidated Statements of Income as follows:

	2018	2017	2016
Cost of sales	\$ 31	\$ 75	\$ 46
Selling, general and administrative expenses	33	86	77
Other (income) expense, net	88	152	93
Non-service related postretirement costs	9	20	12
<b>Total Global Growth and Efficiency Program charges, pretax</b>	<b>\$ 161</b>	<b>\$ 333</b>	<b>\$ 228</b>
<b>Total Global Growth and Efficiency Program charges, aftertax</b>	<b>\$ 125</b>	<b>\$ 246</b>	<b>\$ 168</b>

Restructuring and related implementation charges in the preceding table are recorded in the Corporate segment as these initiatives are predominantly centrally directed and controlled and are not included in internal measures of segment operating performance.



Total charges incurred for the Global Growth and Efficiency Program relate to initiatives undertaken by the following reportable operating segments:

	2018	2017	2016	Program-to-date Accumulated Charges
North America	18 %	23%	35%	18%
Latin America	10 %	2%	5%	4%
Europe	(2)%	21%	12%	20%
Asia Pacific	13 %	5%	4%	4%
Africa/Eurasia	5 %	3%	14%	6%
Hill's Pet Nutrition	19 %	6%	7%	8%
Corporate	37 %	40%	23%	40%
Total	100 %	100%	100%	100%

Since the inception of the Global Growth and Efficiency Program in the fourth quarter of 2012, the Company has incurred cumulative pretax charges of \$1,722 (\$1,278 aftertax) in connection with the implementation of various projects as follows:

	Cumulative Charges as of December 31, 2018
Employee-Related Costs	\$ 681
Incremental Depreciation	92
Asset Impairments	52
Other	897
Total	\$ 1,722

The majority of costs incurred since inception relate to the following projects: the implementation of the Company's overall hubbing strategy; the extension of shared business services and streamlining of global functions; the consolidation of facilities; the closing of the Morristown, New Jersey personal care facility; the simplification and streamlining of the Company's research and development capabilities and oral care supply chain, both in Europe; redesigning the European commercial organization; restructuring how the Company will provide future retirement benefits to substantially all of the U.S.-based employees participating in the Company's defined benefit retirement plan by shifting them to the Company's defined contribution plan; and the implementation of a Corporate efficiencies program.

The following table summarizes the activity for the restructuring and related implementation charges, in the respective periods, discussed above and the related accruals:

	Employee-Related Costs	Incremental Depreciation	Asset Impairments	Other	Total
Balance at January 1, 2016	\$ 84	\$ —	\$ —	\$ 131	\$ 215
Charges	61	9	20	138	228
Cash payments	(84)	—	—	(153)	(237)
Charges against assets	(4)	(9)	(20)	—	(33)
Foreign exchange	(1)	—	—	—	(1)
Other	—	—	—	9	9
Balance at December 31, 2016	\$ 56	\$ —	\$ —	\$ 125	\$ 181
Charges	163	10	9	151	333
Cash payments	(74)	—	—	(170)	(244)
Charges against assets	(21)	(10)	(9)	—	(40)
Foreign exchange	3	—	—	1	4
Other	—	—	—	—	—
Balance at December 31, 2017	\$ 127	\$ —	\$ —	\$ 107	\$ 234
Charges	53	2	16	90	161
Cash payments	(107)	—	—	(60)	(167)
Charges against assets	(9)	(2)	(16)	—	(27)
Foreign exchange	(4)	—	—	—	(4)
Other	—	—	—	5	5
Balance at December 31, 2018	\$ 60	\$ —	\$ —	\$ 142	\$ 202

Employee-Related Costs primarily include severance and other termination benefits and are calculated based on long-standing benefit practices, local statutory requirements and, in certain cases, voluntary termination arrangements. Employee-Related Costs also include pension and other retiree benefit enhancements amounting to \$9, \$21 and \$4 for the years ended December 31, 2018, 2017 and 2016, respectively, which are reflected as Charges against assets within Employee-Related Costs in the preceding table, as the corresponding balance sheet amounts are reflected as a reduction of pension assets or an increase in pension and other retiree benefit liabilities (see Note 10, Retirement Plans and Other Retiree Benefits to the Consolidated Financial Statements).

Incremental Depreciation is recorded to reflect changes in useful lives and estimated residual values for long-lived assets that will be taken out of service prior to the end of their normal service period. Asset Impairments are recorded to write down inventories and assets held for sale or disposal to their fair value based on amounts expected to be realized. Charges against assets within Asset Impairments are net of cash proceeds pertaining to the sale of certain assets.

Other charges consist primarily of charges resulting directly from exit activities and the implementation of new strategies as a result of the Global Growth and Efficiency Program. These charges for the years ended December 31, 2018, 2017 and 2016 include third-party incremental costs related to the development and implementation of new business and strategic initiatives of \$42, \$145 and \$116, respectively, and contract termination costs and charges resulting directly from exit activities of \$48, \$6 and \$21, respectively. These charges were expensed as incurred. Also included in Other charges for the years ended December 31, 2018, 2017 and 2016 are other exit costs of \$0, \$0 and \$1, respectively, related to the consolidation of facilities.

## Non-GAAP Financial Measures

This Annual Report on Form 10-K discusses certain financial measures on both a GAAP and a non-GAAP basis. The Company uses the non-GAAP financial measures described below internally in its budgeting process, to evaluate segment and overall operating performance and as a factor in determining compensation. The Company believes that these non-GAAP financial measures are useful in evaluating the Company's underlying business performance and trends; however, 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.

Net sales growth (GAAP) and organic sales growth (Net sales growth excluding the impact of foreign exchange, acquisitions and divestments) (non-GAAP) are discussed in this Annual Report on Form 10-K. Management believes the organic sales growth measure provides investors and analysts with useful supplemental information regarding the Company's underlying sales trends by presenting sales growth excluding, as applicable, 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, 2018 and 2017 is provided below.

Worldwide Gross profit, Gross profit margin, Selling, general and administrative expenses, Selling, general and administrative expenses as a percentage of Net sales, Other (income) expense, net, Operating profit, Operating profit margin, Non-service related postretirement costs, effective income 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, as applicable, charges resulting from the Global Growth and Efficiency Program, a benefit from a foreign tax matter, charges related to U.S. tax reform, a gain on the sale of land in Mexico, benefits from tax matters and charges for a litigation matter (non-GAAP). These non-GAAP financial measures exclude items that, either by their nature or amount, management would not expect to occur as part of the Company's normal business on a regular basis, such as restructuring charges, charges for certain litigation and tax matters, gains and losses from certain divestitures and certain unusual, non-recurring items. Investors and analysts use these financial measures in assessing the Company's business performance and management believes that presenting these financial measures on a non-GAAP basis provides them with useful supplemental information to enhance their understanding of the Company's underlying business performance and trends. These non-GAAP financial measures also enhance the ability to compare period-to-period financial results. A reconciliation of each of these non-GAAP financial measures to the most directly comparable GAAP financial measures for the years ended December 31, 2018, 2017 and 2016 is presented within the applicable section of Results of Operations.

The following tables provide a quantitative reconciliation of Net sales growth to organic sales growth for each of the years ended December 31, 2018 and 2017 versus the prior year:

<b>Year ended December 31, 2018</b>	<b>Net Sales Growth (GAAP)</b>	<b>Foreign Exchange Impact</b>	<b>Acquisitions and Divestments Impact</b>	<b>Organic Sales Growth (Non-GAAP)</b>
<b>Oral, Personal and Home Care</b>				
North America	7.5%	—%	5.0%	2.5%
Latin America	(7.5)%	(6.5)%	—%	(1.0)%
Europe	4.5%	4.0%	—%	0.5%
Asia Pacific	(1.5)%	—%	—%	(1.5)%
Africa/Eurasia	(1.5)%	(4.0)%	—%	2.5%
<b>Total Oral, Personal and Home Care</b>	<b>—%</b>	<b>(1.5)%</b>	<b>1.5%</b>	<b>—%</b>
Pet Nutrition	4.0%	0.5%	—%	3.5%
<b>Total Company</b>	<b>0.5%</b>	<b>(1.0)%</b>	<b>1.0%</b>	<b>0.5%</b>

<b>Year ended December 31, 2017</b>	<b>Net Sales Growth (GAAP)</b>	<b>Foreign Exchange Impact</b>	<b>Acquisitions and Divestments Impact</b>	<b>Organic Sales Growth (Non-GAAP)</b>
<b>Oral, Personal and Home Care</b>				
North America	(2.0)%	—%	—%	(2.0)%
Latin America	6.5%	1.0%	—%	5.5%
Europe	2.0%	1.0%	—%	1.0%
Asia Pacific	(0.5)%	—%	—%	(0.5)%
Africa/Eurasia	2.5%	3.5%	—%	(1.0)%
<b>Total Oral, Personal and Home Care</b>	<b>2.0%</b>	<b>1.0%</b>	<b>—%</b>	<b>1.0%</b>
Pet Nutrition	1.0%	0.5%	—%	0.5%
<b>Total Company</b>	<b>1.5%</b>	<b>0.5%</b>	<b>—%</b>	<b>1.0%</b>

### Market Share Information

Management uses market share information as a key indicator to monitor business health and performance. References to market share in this Annual Report on Form 10-K are based on a combination of consumption and market share data provided by third-party vendors, primarily Nielsen, and internal estimates. All market share references represent the percentage of the dollar value of sales of our products, relative to all product sales in the category in the countries in which the Company competes and purchases data (excluding Venezuela from all periods).

Market share data is subject to limitations on the availability of up-to-date information. The Company measures year-to-date market shares from January 1 of the relevant year through the most recent period for which market share data is available, which typically reflects a lag time of one or two months. We believe that the third-party vendors we use to provide data are reliable, but we have not verified the accuracy or completeness of the data or any assumptions underlying the data. In addition, market share information calculated by the Company may be different from market share information calculated by other companies due to differences in category definitions, the use of data from different countries, internal estimates and other factors.

## 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, charges resulting from the Global Growth and Efficiency Program 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 was \$3,056 in 2018, compared to \$3,054 in 2017 and \$3,141 in 2016. Net cash provided by operations for 2018 increased as compared to 2017 primarily due to lower income tax payments, partially offset by an increase in working capital. The decrease in 2017 as compared to 2016 was primarily due to the timing of income tax payments.

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 continues to be tightly focused on working capital. The Company's working capital as a percentage of Net sales was (1.7)% in 2018 as compared to (2.0)% in 2017.

In the fourth quarter of 2012, the Company commenced the Global Growth and Efficiency Program. The program was expanded in 2014 and expanded and extended in each of 2015 and 2017. The program runs through December 31, 2019.

Implementation of the Global Growth and Efficiency Program remains on track and is in its final year. Including the most recent expansion, total program charges resulting from the Global Growth and Efficiency Program are estimated to be in the range of \$1,820 to \$1,870 (\$1,350 to \$1,380 aftertax). Approximately 80% of total program charges resulting from the Global Growth and Efficiency Program are expected to result in cash expenditures. Savings from the Global Growth and Efficiency Program, substantially all of which are expected to increase future cash flows, are projected to be in the range of \$590 to \$635 pretax (\$550 to \$575 aftertax) annually, once all projects are approved and implemented. Savings achieved in 2018 were in line with the Company's previously disclosed estimate of \$90 to \$120 pretax (\$100 to \$125 aftertax).

The Company anticipates that pretax charges for 2019 will approximate \$100 to \$150 (\$70 to \$100 aftertax). The Company expects savings in 2019 to amount to approximately \$25 to \$55 pretax (\$40 to \$60 aftertax). It is anticipated that cash requirements for the Global Growth and Efficiency Program will be funded from operating cash flows. Approximately 70% of the restructuring accrual at December 31, 2018 is expected to be paid before year-end 2019.

Investing activities used \$1,170 of cash in 2018, compared to \$471 and \$499 during 2017 and 2016, respectively. Investing activities in 2018 include the Company's acquisition of the outstanding equity interests of PCA Skin and Elta MD, professional skin care businesses, for aggregate cash consideration of approximately \$730. Purchases of marketable securities and investments decreased in 2018 to \$169 from \$347 in 2017. Proceeds from the sale of marketable securities and investments decreased in 2018 to \$156 from \$391 in 2017.

In September 2016, the Company's Mexican subsidiary completed the sale to the United States of America of the Mexico City site on which its commercial operations, technology center and soap production facility were previously located and received \$60 as the third and final installment of the sale price. The total sale price (including the third installment and the previously received first and second installments) was \$120. The Company recognized a pretax gain of \$97 (\$63 aftertax) in the third quarter of 2016, net of costs primarily related to site preparation.

Capital expenditures in 2018 were \$436, a decrease from \$553 in 2017 and \$593 in 2016. Capital expenditures decreased in 2018 primarily due to lower spending on manufacturing facilities and capital projects related to the Global Growth and Efficiency Program. Capital expenditures for 2019 are expected to be approximately 2.5% to 3.0% of Net sales. The Company continues to focus its capital spending on projects that are expected to yield high aftertax returns.

Financing activities used \$2,679 of cash during 2018 compared to \$2,450 and \$2,233 during 2017 and 2016, respectively. The increase in cash used in 2018 as compared to 2017 was primarily due to higher net payments on debt and lower proceeds from the exercise of stock options. The increase in cash used in 2017 as compared to 2016 was primarily due to lower net proceeds from the issuance of debt and higher purchases of treasury shares.

Long-term debt, including the current portion, decreased to \$6,354 as of December 31, 2018, as compared to \$6,566 as of December 31, 2017 and total debt decreased to \$6,366 as of December 31, 2018 as compared to \$6,577 as of December 31, 2017. The Company's debt issuances support its capital structure strategy objectives of funding its business and growth initiatives while minimizing its risk-adjusted cost of capital. During the fourth quarter of 2017, the Company issued \$400 of five-year notes at a fixed rate of 2.25%. During the third quarter of 2017, the Company issued \$500 of thirty-year notes at a fixed rate of 3.70%. The debt issuances in 2017 were under the Company's shelf registration statement. Proceeds from the debt issuances in 2017 were used for general corporate purposes, which included the retirement of commercial paper borrowings.

At December 31, 2018, the Company had access to unused domestic and foreign lines of credit of \$3,023 (including under the facility discussed below) and could also issue medium-term notes pursuant to an effective shelf registration statement. In November 2018, the Company amended and restated its five-year revolving credit facility, on substantially similar terms, for a five-year term expiring November 2023 and increasing the facility's capacity to \$2,650. Commitment fees related to the credit facility are not material.

Domestic and foreign commercial paper outstanding was \$534 and \$24 as of December 31, 2018 and December 31, 2017, respectively. The average daily balances outstanding of commercial paper in 2018 and 2017 were \$1,773 and \$1,606, respectively. The Company classifies commercial paper and certain current maturities of notes payable as long-term debt when 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 November 2023.

The following is a summary of the Company's commercial paper and global short-term borrowings as of December 31, 2018 and 2017:

	2018			2017		
	Weighted Average Interest Rate	Maturities	Outstanding	Weighted Average Interest Rate	Maturities	Outstanding
Payable to banks	5.3%	2019	\$ 12	2.8%	2018	\$ 11
Commercial paper	2.5%	2019	534	1.5%	2018	24
<b>Total</b>			<b>\$ 546</b>			<b>\$ 35</b>

Certain of the agreements 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 6, Long-Term Debt and Credit Facilities to the Consolidated Financial Statements for further information about the Company's long-term debt and credit facilities.

Dividend payments in 2018 were \$1,591, an increase from \$1,529 in 2017 and \$1,508 in 2016. Dividend payments increased to \$1.66 per share in 2018 from \$1.59 per share in 2017 and \$1.55 per share in 2016. In the first quarter of 2018, the Company's Board increased the quarterly common stock cash dividend to \$0.42 per share from \$0.40 per share, effective in the second quarter of 2018.

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 June 18, 2018, the Board authorized the repurchase of shares of the Company's common stock having an aggregate purchase price of up to \$5,000 under the 2018 Program, which replaced a previously authorized share repurchase program. 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 are repurchased from time to time in open market or privately negotiated transactions at the Company's discretion, subject to market conditions, customary blackout periods and other factors.

Aggregate share repurchases in 2018 consisted of 8.9 million common shares under the 2018 Program, 8.7 million common shares under the 2015 Program and 1.1 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of \$1,238. Aggregate repurchases in 2017 consisted of 18.3 million common shares under the 2015 Program and 0.9 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of \$1,399. Aggregate repurchases in 2016 consisted of 18.3 million common shares under the 2015 Program and 1.0 million common shares to fulfill the requirements of compensation and benefit plans, for a total purchase price of \$1,335.

Cash and cash equivalents decreased \$809 during 2018 to \$726 at December 31, 2018, compared to \$1,535 at December 31, 2017, primarily due to the acquisitions of PCA Skin and Elta MD and reduced levels of debt. Cash and cash equivalents held by the Company's foreign subsidiaries was \$651 and \$1,467, respectively, at December 31, 2018 and 2017.

In 2016, in order to fully utilize a \$210 U.S. income tax benefit principally related to changes in Venezuela's foreign exchange regime, the Company decided to repatriate \$1,500 of earnings of foreign subsidiaries it previously considered indefinitely reinvested outside of the U.S., and accordingly, recorded a tax charge of \$210.

The following represents the scheduled maturities of the Company's contractual obligations as of December 31, 2018:

	Total	2019	2020	2021	2022	2023	Thereafter
Long-term debt including current portion <sup>(1)</sup>	\$ 4,748	\$ —	\$ 249	\$ 298	\$ 886	\$ 893	\$ 2,422
Net cash interest payments on long-term debt <sup>(2)</sup>	1,993	148	143	136	121	92	1,353
Leases	666	193	165	123	102	51	32
Purchase obligations <sup>(3)</sup>	440	179	151	96	4	2	8
U.S. tax reform payments	219	—	—	9	25	46	139
Total	\$ 8,066	\$ 520	\$ 708	\$ 662	\$ 1,138	\$ 1,084	\$ 3,954

<sup>(1)</sup> The Company classifies commercial paper and notes maturing within the next 12 months as long-term debt when it has the intent and ability to refinance such obligations on a long-term basis. The amounts in this table exclude such obligations.

<sup>(2)</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>(3)</sup> The Company had outstanding contractual obligations with suppliers at the end of 2018 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 all significant terms including 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 is not required to make a mandatory contribution to its qualified U.S. pension plan in 2019. Management's best estimate of voluntary contributions the Company will make to its U.S. postretirement plans for the year ending December 31, 2019 is approximately \$100. In addition, total benefit payments to be paid to participants for the year ending December 31, 2019 from the Company's assets are estimated to be approximately \$61.

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 11, Income Taxes to the Consolidated Financial Statements for more information.

As more fully described in Part I, Item 3 "Legal Proceedings" and Note 13, Commitments and Contingencies to the Consolidated Financial Statements, the Company has commitments and contingencies 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, Commodity Price and Credit Risk 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 Note 2, Summary of Significant Accounting Policies and Note 7, Fair Value Measurements and Financial Instruments 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, sourcing strategies, 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 operating segment.

The assets and liabilities of foreign subsidiaries 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.

The Company primarily utilizes foreign currency contracts, including forward and swap contracts, option contracts, foreign and 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 a net unrealized gain of \$9 and a net unrealized loss of \$9 at December 31, 2018 and 2017, respectively. 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 2018, an unfavorable 10% change in exchange rates would have resulted in a net unrealized loss of \$69.



### *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 generally match the principal, interest payment and maturity date of the related debt, and the swaps are valued using observable benchmark rates.

Based on year-end 2018 variable rate debt levels, a 1% increase in interest rates would have increased Interest (income) expense, net by \$19 in 2018.

### *Commodity Price Risk*

The Company is exposed to price volatility related to raw materials used in production, such as resins, pulp, essential oils, tropical oils, tallow, poultry, 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 Hill's Pet Nutrition segment, to manage volatility related to anticipated raw material inventory purchases of certain traded commodities.

At December 31, 2018 and 2017 the Company's open commodity derivative contracts, which qualify for cash flow hedge accounting, were not material. At the end of 2018, an unfavorable 10% change in commodity futures prices would have resulted in a net unrealized loss of \$2.

### *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 diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

### **Recent Accounting Pronouncements**

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract." This new guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This new guidance is effective for the Company on a prospective or retrospective basis beginning on January 1, 2020, with early adoption permitted. The Company elected to adopt this guidance early, beginning on January 1, 2019 on a prospective basis and does not expect the guidance to have a material impact on the Company's Consolidated Financial Statements.

In August 2018, the FASB issued ASU No. 2018-14, "Compensation—Retirement Benefits—Defined Benefit Plans—General (Topic 715): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans." This new guidance removes certain disclosures that are not considered cost beneficial, clarifies certain required disclosures and requires certain additional disclosures. This new guidance is effective for the Company on a retrospective basis beginning in the year ending December 31, 2020, with early adoption permitted. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company's Consolidated Financial Statements.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.” This new guidance removes certain disclosure requirements related to the fair value hierarchy, modifies existing disclosure requirements related to measurement uncertainty and adds new disclosure requirements. The new disclosure requirements include disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This new guidance is effective for the Company beginning on January 1, 2020, with early adoption permitted. Certain disclosure requirements in the new guidance will need to be applied on a retrospective basis and others on a prospective basis. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement–Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (“ASU 2018-02”), which permits the reclassification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the “TCJA” or “U.S. tax reform”) from Accumulated other comprehensive income (loss) to Retained earnings. This new guidance is effective for the Company beginning on January 1, 2019, with early adoption permitted, and must be applied either in the period of adoption or retrospectively to periods in which the effects of the TCJA are recognized. The Company elected to adopt this new guidance early, beginning on January 1, 2018, and reclassified \$163 during the first quarter of 2018.

In August 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,” amending the eligibility criteria for hedged items and transactions to expand an entity’s ability to hedge nonfinancial and financial risk components. The new guidance eliminates the requirement to separately measure and present hedge ineffectiveness and aligns the presentation of hedge gains and losses with the underlying hedge item. The new guidance also simplifies the hedge documentation and hedge effectiveness assessment requirements. The new guidance is effective for the Company beginning on January 1, 2019, with early adoption permitted. The amended presentation and disclosure requirements must be adopted on a prospective basis, while any amendments to cash flow and net investment hedge relationships that exist on the date of adoption must be applied on a “modified retrospective” basis, meaning a cumulative effect adjustment to the opening balance of retained earnings as of the beginning of the year of adoption. The new guidance is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In October 2018, the FASB issued ASU No. 2018-16, “Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (“SOFR”) Overnight Index Swap (“OIS”) Rate as Benchmark Interest Rate for Hedge Accounting Purposes.” The new guidance permits use of the OIS rate based on the SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815. The new guidance is effective for the Company beginning on January 1, 2019, concurrently with the adoption of ASU 2017-12, with early adoption permitted. The new guidance is required to be applied on a prospective basis. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation–Stock Compensation (Topic 718): Scope of Modification Accounting,” clarifying when a change to the terms or conditions of a stock-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance was effective for the Company on a prospective basis beginning on January 1, 2018 and did not impact the Company’s Consolidated Financial Statements, as it is not the Company’s practice to change either the terms or the conditions of stock-based payment awards once they are granted.

In March 2017, the FASB issued ASU No. 2017-07, “Compensation–Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” changing the presentation of the net periodic benefit cost on the Statement of Income and limiting the amount of net periodic benefit cost eligible for capitalization to assets. The new guidance permits only the service cost component of net periodic benefit cost to be eligible for capitalization. The new guidance also requires entities to present the service cost component of net periodic benefit cost together with compensation costs arising from services rendered by employees during the period. The non-service related components of net periodic benefit cost, which include interest, expected return on assets, amortization of prior service costs and actuarial gains and losses, are required to be presented outside of Operating profit. The line item or items used to present the other components of net periodic benefit cost must be disclosed in the Notes to the Consolidated Financial Statements, if not separately described on the Statement of Income. The new presentation requirement was adopted on a “full retrospective” basis, meaning the standard is applied to all of the periods presented in the financial statements, while the limitation on capitalization was adopted on a prospective basis. Effective January 1, 2018, as required, the Company adopted this standard on a retrospective basis. As permitted by the new guidance, the Company used the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the basis for applying the retrospective presentation requirements. As a result, for all periods presented, only the service related component of pension and other postretirement benefit costs is included in Operating profit. For the years ended December 31, 2017 and 2016, the Company reclassified \$118 and \$118, respectively, of non-service related components of pension and other postretirement costs, which was previously deducted from Operating profit, to a new line item, “Non-service related postretirement costs,” which is below Operating profit. Adoption of this standard had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow.

In January 2017, the FASB issued ASU No. 2017-04, “Intangibles–Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” eliminating the requirement to calculate the implied fair value, essentially eliminating step two from the goodwill impairment test. The new standard requires goodwill impairment to be based upon the results of step one of the impairment test, which is defined as the excess of the carrying value of a reporting unit over its fair value. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard is effective for the Company on a prospective basis beginning on January 1, 2020, with early adoption permitted. This new guidance is not expected to have an impact on the Company’s Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” which provides additional guidance on evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The guidance requires an entity to evaluate if substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the new guidance would define this as an asset acquisition; otherwise, the entity then evaluates whether the asset meets the requirement that a business include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The guidance was effective for the Company on a prospective basis beginning on January 1, 2018. This new guidance did not have an impact on the Company’s Consolidated Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,” which clarifies how certain cash receipts and payments are to be presented in the statement of cash flows. The guidance was effective for the Company on January 1, 2018. This new guidance did not have an impact on the Company’s Consolidated Financial Statements.

In February 2016, the FASB issued its final standard on lease accounting, ASU No. 2016-02, “Leases (Topic 842),” which superseded Topic 840, “Leases.” The new accounting standard was effective for the Company beginning on January 1, 2019 and required the recognition on the balance sheet of right-of-use assets and lease liabilities for all long-term leases, including operating leases, and enhanced disclosures about the Company’s leasing arrangements. Substantially all of the Company’s leases are considered operating leases and, as such, under accounting standards in effect at December 31, 2018, were not recognized on the Company’s Consolidated Balance Sheets as of December 31, 2018 and 2017. In July 2018, the FASB issued ASU No. 2018-10, “Codification Improvements to Topic 842, Leases” to clarify the implementation guidance and ASU No. 2018-11, “Leases (Topic 842) Targeted Improvements.” This updated guidance provided an optional transition method, which allows for the initial application of the new accounting standard at the adoption date and the recognition of a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption. The Company adopted the new standard beginning on January 1, 2019 and elected the optional transition method with no restatement of prior period amounts. As allowed under the new accounting standard, the Company elected to apply practical expedients to carry forward the original lease determinations, lease classifications and accounting of initial direct costs for all asset classes at the time of adoption. The Company also elected not to separate lease components from non-lease components and to exclude short-term leases from its Consolidated Balance Sheet. The Company’s adoption of the new standard is expected to result in the recognition of right-of-use assets of approximately \$450 and liabilities of approximately \$575, with no material cumulative effect adjustment to its Consolidated Balance Sheet as of the date of adoption. Adoption of the new standard will not have a material impact on the Company’s Consolidated Statements of Income or Cash Flows.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The updated guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The amendment to the standard was effective for the Company beginning on January 1, 2018 and did not have an impact on the Company’s Consolidated Financial Statements.

In May 2014, the FASB and the International Accounting Standards Board issued their final converged standard on revenue recognition. The standard, issued as ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” by the FASB, provides a comprehensive revenue recognition model for all contracts with customers and supersedes current revenue recognition guidance. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to its customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The new standard also includes enhanced disclosures. During 2016, the FASB issued several accounting updates (ASU No. 2016-08, 2016-10 and 2016-12) to clarify implementation guidance and correct unintended application of the guidance. The standard allows for either full retrospective adoption or modified retrospective adoption. The Company adopted the new standard on January 1, 2018, on a “modified retrospective” basis, which did not have a material impact on the Company’s Consolidated Financial Statements. As required, the Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the 2018 opening balance of retained earnings. Results for periods beginning on or after January 1, 2018 are presented under Topic 606, “Revenue from Contracts with Customers,” while prior period amounts are not adjusted and continue to be reported in accordance with the prior accounting guidance under Topic 605, “Revenue Recognition.”

### **Critical Accounting Policies and 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. 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 Consolidated Financial Statements 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 for the years ended December 31, 2017 and 2016 and inventories.

- The Company accounts for shipping and handling costs, primarily related to warehousing and outbound freight, as fulfillment costs and reports such costs in the Consolidated Statements of Income as a component of Selling, general and administrative expenses.

Prior to ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," which the Company adopted on January 1, 2018, shipping and handling costs could be reported as either a component of Cost of sales or Selling, general and administrative expenses. Prior to 2018, the Company also reported such costs as a component of Selling, general and administrative expenses. Accordingly, the Company's Gross profit margin was 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, the Company's Gross profit margin would have decreased by 760 bps and 750 bps in 2017 and 2016, respectively, with no impact on reported earnings.

- The Company accounts for inventories using both the first-in, first-out ("FIFO") method (75% of inventories) and the LIFO method (25% of inventories). There would have been no material impact on reported earnings for 2018, 2017 or 2016 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 retiree benefit cost assumptions, stock-based compensation, asset impairments, uncertain tax positions, tax valuation allowances, legal and other contingency reserves.

- 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 used to measure the benefit obligation for U.S. defined benefit plans was 4.38%, 3.73% and 4.27% as of December 31, 2018, 2017 and 2016, respectively. The discount rate used to measure the benefit obligation for other U.S. postretirement plans was 4.43%, 3.80% and 4.41% as of December 31, 2018, 2017 and 2016, respectively. Discount rates used for the U.S. and international defined benefit and other postretirement plans are based on a yield curve constructed from a portfolio of high-quality bonds whose projected cash flows approximate the projected benefit payments of the plans. The assumed long-term rate of return on plan assets for U.S. plans was 6.60% as of December 31, 2018 and 2017 and 6.80% as of December 31, 2016. In determining the long-term rate of return, the Company considers the nature of the plans' investments 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 (5)%, 5%, 8%, 6% and 7%, respectively. In addition, the current assumed rate of return for the U.S. plans is based upon the nature of the plans' investments with a target asset allocation of approximately 60% in fixed income securities, 22% in equity securities and 18% in real estate and other 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 \$12. 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 \$3. 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 3.50% as of December 31, 2018, 2017 and 2016. Refer to Note 10, Retirement Plans and Other Retiree Benefits 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 for the U.S. postretirement benefit plans is 6.00% for 2019, declining to 4.75% by 2024 and remaining at 4.75% for the years thereafter. The effect on the total of service and interest cost components of a 1% increase in the assumed long-term medical cost trend rate would decrease Net income attributable to Colgate-Palmolive Company by \$7.

- The Company recognizes the cost of employee services received in exchange for awards of equity instruments, such as stock options and restricted stock units, 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 estimate the fair value of stock option awards. The weighted-average estimated fair value of each stock option award granted in the year ended December 31, 2018 was \$9.48. The Black-Scholes model uses various assumptions to estimate the fair value of stock option awards. These assumptions include the expected term of stock option awards, expected volatility rate, 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 the fair value of stock option awards. A one-year change in expected term would result in a change in fair value of approximately 8%. A 1% change in volatility would change fair value by approximately 5%.
- Goodwill and indefinite life intangible assets, such as the Company’s global brands, are subject to impairment tests at least annually. The Company performs either a quantitative or qualitative assessment to determine the fair value of its reporting units for goodwill and fair value of its indefinite life intangible assets. The asset impairment analysis is generally performed using an income method, which requires several estimates, including future cash flows consistent with management’s strategic plans, sales growth rates, foreign exchange rates and the selection of a discount rate. For the Company’s goodwill impairment analysis, fair value is also determined using the market approach, which is generally derived from metrics of comparable publicly traded companies. When multiple valuation methodologies are used in a reporting unit’s goodwill impairment analysis, the Company performs a qualitative analysis comparing the fair value of a reporting unit under each method to assess its reasonableness and ensure consistency of results. Other qualitative factors the Company considers, in addition to those quantitative measures discussed above, include assessments of general macroeconomic conditions, industry-specific considerations and historical financial performance.

The estimated fair value of the Company’s intangible assets substantially exceeds the recorded carrying value, except for the intangible assets acquired in the Sanex acquisition in 2011 and the PCA Skin and Elta MD acquisitions in 2018, which were recorded at fair value. The estimated fair value of the Company’s reporting units also substantially exceeds the recorded carrying 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 Company applies the ‘relief from royalty method’ to estimate the fair value of the intangible assets acquired in the Sanex acquisition (the “Sanex intangible assets”). Under this method, the fair value of an intangible asset is calculated as the present value of future royalty savings generated as a result of owning the intangible asset. The key assumptions used in determining the Company’s estimate of the fair value of the Sanex intangible assets include royalty rates, discount rates and long-term revenue growth rates. Estimating long-term revenue growth rates requires significant judgment by management in areas such as future economic conditions, product pricing and consumer tastes and preferences. In determining an appropriate discount rate, the Company considers the current interest rate environment and its estimated cost of capital. As a result of the analysis, the Company determined that the fair value of the Sanex intangible assets exceeded their carrying value by more than 10% and concluded that such excess was reasonable considering the brand’s relatively recent acquisition. Based on this, the brand’s recent performance and the Company’s future plans for it, the Company does not believe there is a significant risk of impairment related to the Sanex intangible assets. Given the recent acquisitions of PCA Skin and Elta MD, the performance of PCA Skin and Elta MD since acquisition and the Company’s future plans for these brands, the Company does not believe there is a significant risk of impairment related to either PCA Skin’s and Elta MD’s intangible assets.

Asset impairment analysis related to certain fixed assets in connection with the Global Growth and Efficiency Program requires management’s best estimate of net realizable values.

- On December 22, 2017, the TCJA was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain earnings generated by foreign subsidiaries while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction.

The Company's effective income tax rate in 2017 included a provisional charge of \$275, recorded in the fourth quarter of 2017, based on its initial analysis of the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. The provisional charge was comprised of \$451 related to the one-time deemed repatriation of accumulated earnings of foreign subsidiaries and related withholding taxes and \$20 related primarily to the remeasurement of net deferred tax assets as a result of the reduction in the corporate income tax rate, which were offset by \$196 of income taxes which had been previously provided for planned repatriations of undistributed earnings of foreign subsidiaries. As a result, applicable U.S. and foreign taxes have been provided on substantially all of the Company's accumulated earnings of foreign subsidiaries previously considered indefinitely reinvested.

During 2018, the Company finalized its assessment of the impact of the TCJA and recognized an additional tax expense of \$80 reflecting the impact of transition tax guidance issued by the U.S. Treasury and the update of certain estimates and calculations based on information available through the end of 2018. Any further guidance issued after December 31, 2018 may have an impact to the Company's Provision for income tax in the period such guidance is effective.

- 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 other 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, based on current knowledge it is the opinion of management that these matters will not have a material effect on the Company's financial position, or its ongoing results of operations or cash flows. Refer to Note 13, Commitments and Contingencies 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, Summary of Significant Accounting Policies 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 that set forth anticipated results based on management's current plans and assumptions. Such statements may relate, for example, to sales or volume growth, net selling price increases, organic sales growth, profit or profit margin growth, earnings per share growth, financial goals, the impact of foreign exchange volatility, cost-reduction plans including the Global Growth and Efficiency Program, tax rates, U.S. tax reform, new product introductions, commercial investment levels, acquisitions and divestitures, or legal or tax proceedings, 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 whether as a result of new information, future events or otherwise, except as required by law or by the rules and regulations of the SEC. 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 the Company and the markets it serves, including the uncertain economic environment in different countries and its effect on consumer spending habits, increased competition and evolving competitive practices, foreign currency rate fluctuations, exchange controls, price or profit controls, labor relations, changes in foreign or domestic laws, or regulations or their interpretation, political and fiscal developments, including changes in trade, tax and immigration policies, disruptions in global supply chain, the availability and cost of raw and packaging materials, the ability to maintain or increase selling prices as needed, the ability to implement the Global Growth and Efficiency Program as planned or differences between the actual and the estimated costs or savings under such program, changes in the policies of retail trade customers, the emergence of new sales channels, the growth of e-commerce and the changing retail landscape, the ability to continue lowering costs, the ability to complete acquisitions and divestitures as planned, the ability to successfully integrate acquired businesses, and the uncertainty of the outcome of legal proceedings, whether or not the Company believes they have merit. For information about these and other factors that could impact the Company's business and cause actual results to differ materially from forward-looking statements, refer to Part I, Item 1A "Risk Factors."

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

See "Managing Foreign Currency, Interest Rate, Commodity Price and Credit Risk Exposure" in Part II, 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 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, 2018 (the “Evaluation”). Based upon the Evaluation, the Company’s Chairman of the Board 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 Securities Exchange Act of 1934) 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 Securities Exchange Act of 1934. Management, under the supervision and with the participation of the Company’s Chairman of the Board 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 (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that it is effective as of December 31, 2018.

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, 2018, and has expressed an unqualified opinion in their report, which appears under “Index to Financial Statements – Report of Independent Registered Public Accounting Firm.”

### **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, Item 1 of this report.

Additional information required by this Item relating to directors, executive officers and corporate governance of the Company 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 2019 Annual Meeting of Stockholders (the “2019 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 and Chief Executive Officer, the Chief Financial Officer and the Vice President and Controller, and the Company’s directors. The Code of Conduct is available on the Company’s website at [www.colgatepalmolive.com](http://www.colgatepalmolive.com). Any amendment to the Code of Conduct will promptly be posted on the Company’s website. 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 website or by using other appropriate means in accordance with SEC rules.

### ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive compensation set forth in the 2019 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 2019 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, 2018:

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	42,184 <sup>(1)</sup>	\$ 63.07 <sup>(2)</sup>	24,790 <sup>(3)</sup>
Equity compensation plans not approved by security holders	Not applicable	Not applicable	Not applicable
<b>Total</b>	<b>42,184</b>	<b>\$ 63.07</b>	<b>24,790</b>

<sup>(1)</sup> Consists of 39,710 options outstanding and 2,474 restricted stock units awarded but not yet vested under the Company's 2013 Incentive Compensation Plan, as more fully described in Note 8, Capital Stock and Stock-Based Compensation Plans to the Consolidated Financial Statements.

<sup>(2)</sup> Includes the weighted-average exercise price of stock options outstanding of \$67.00 and restricted stock units of \$0.00.

<sup>(3)</sup> Amount includes 15,604 options available for issuance and 9,186 restricted stock units available for issuance under the Company's 2013 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 2019 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 2019 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:

<u>Exhibit No.</u>	<u>Description</u>
3-A	<a href="#"><u>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.)</u></a>
3-B	<a href="#"><u>By-laws, as amended. (Registrant hereby incorporates by reference Exhibit 3.1 to its Current Report on Form 8-K filed on January 15, 2016, File No. 1-644.)</u></a>
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) <a href="#"><u>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.)</u></a>
10-A	a) <a href="#"><u>Colgate-Palmolive Company 2013 Incentive Compensation Plan. (Registrant hereby incorporates by reference Annex B to its 2013 Notice of Annual Meeting and Proxy Statement, File No. 1-644.)</u></a>
	b) <a href="#"><u>Form of Nonqualified Option Award Agreement used in connection with grants under the 2013 Incentive Compensation Plan. (Registrant hereby incorporates by reference Exhibit 10-A (b) to its Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-644.)</u></a>
	c) <a href="#"><u>Form of Restricted Stock Unit Award Agreement used in connection with grants under the 2013 Incentive Compensation Plan. (Registrant hereby incorporates by reference Exhibit 10-A (c) to its Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-644.)</u></a>
10-B	a) 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.)
	b) <a href="#"><u>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.)</u></a>
10-C	<a href="#"><u>Colgate-Palmolive Company Supplemental Salaried Employees’ Retirement Plan, amended and restated as of April 19, 2018. (Registrant hereby incorporates by reference Exhibit 10 to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File No. 1-644.)</u></a>
10-D	a) <a href="#"><u>Colgate-Palmolive Company Executive Severance Plan, as amended and restated through September 13, 2018. (Registrant hereby incorporates by reference Exhibit 10-A to its Current Report on Form 8-K filed on September 18, 2018, File No. 1-644.)</u></a>

<u>Exhibit No.</u>	<u>Description</u>
b)	<a href="#">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.)</a>
10-E	<a href="#">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.)</a>
10-F	a) <a href="#">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.)</a>
b)	<a href="#">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.)</a>
10-G	<a href="#">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.)</a>
10-H	<a href="#">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.)</a>
10-I	<a href="#">Five Year Credit Agreement, dated as of November 2, 2018, by and among Colgate-Palmolive Company, as Borrower, Citibank, N.A., as Administrative Agent and Arranger, and the Lenders party thereto.**</a>
10-J	a) <a href="#">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.)</a>
b)	<a href="#">Amendment, dated September 27, 2017, to the Colgate-Palmolive Company Supplemental Savings and Investment Plan (Registrant hereby incorporates by reference Exhibit 10-B to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-644.)</a>
10-K	<a href="#">Form of Indemnification Agreement between Colgate-Palmolive Company and its directors, executive officers and certain key employees. (Registrant hereby incorporates by reference Exhibit 10-K to its Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-644.)</a>
10-L	a) <a href="#">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.)</a>
b)	<a href="#">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.)</a>
c)	<a href="#">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.)</a>
d)	<a href="#">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.)</a>

<u>Exhibit No.</u>	<u>Description</u>
e)	<a href="#">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.)</a>
f)	<a href="#">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.)</a>
g)	<a href="#">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.)</a>
h)	<a href="#">Amendment, dated as of May 11, 2012, to the Colgate-Palmolive Company 2005 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 June 30, 2012, File No. 1-644.)</a>
21	<a href="#">Subsidiaries of the Registrant.**</a>
23	<a href="#">Consent of Independent Registered Public Accounting Firm.**</a>
24	<a href="#">Powers of Attorney.**</a>
31-A	<a href="#">Certificate of the Chairman of the Board and Chief Executive Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.**</a>
31-B	<a href="#">Certificate of the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.**</a>
32	<a href="#">Certificate of the Chairman of the Board 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.**</a>
101	The following materials from Colgate-Palmolive Company's Annual Report on Form 10-K for the year ended December 31, 2018, 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 to furnish the Commission, upon request, 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, NY 10022-7499

**ITEM 16. FORM 10-K SUMMARY**

None.





## 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

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the consolidated financial statements, including the related notes and financial statement schedule, of Colgate-Palmolive Company and its subsidiaries as listed in the accompanying index (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and December 31, 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

### ***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, 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 the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. 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.

### ***Definition and Limitations of Internal Control over Financial Reporting***

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 21, 2019

We have served as the Company's auditor since 2002.

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

	2018	2017	2016
Net sales	\$ 15,544	\$ 15,454	\$ 15,195
Cost of sales	6,313	6,174	6,072
Gross profit	9,231	9,280	9,123
Selling, general and administrative expenses	5,389	5,400	5,143
Other (income) expense, net	148	173	25
Operating profit	3,694	3,707	3,955
Non-service related postretirement costs	87	118	118
Interest (income) expense, net	143	102	99
Income before income taxes	3,464	3,487	3,738
Provision for income taxes	906	1,313	1,152
Net income including noncontrolling interests	2,558	2,174	2,586
Less: Net income attributable to noncontrolling interests	158	150	145
Net income attributable to Colgate-Palmolive Company	\$ 2,400	\$ 2,024	\$ 2,441
Earnings per common share, basic	\$ 2.76	\$ 2.30	\$ 2.74
Earnings per common share, diluted	\$ 2.75	\$ 2.28	\$ 2.72

See Notes to Consolidated Financial Statements.

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

	2018	2017	2016
Net income including noncontrolling interests	\$ 2,558	\$ 2,174	\$ 2,586
Other comprehensive income (loss), net of tax:			
Cumulative translation adjustments	(237)	302	(137)
Retirement plan and other retiree benefit adjustments	38	54	(109)
Gains (losses) on available-for-sale securities	—	—	(1)
Gains (losses) on cash flow hedges	10	(14)	5
Total Other comprehensive income (loss), net of tax	(189)	342	(242)
Total Comprehensive income including noncontrolling interests	2,369	2,516	2,344
Less: Net income attributable to noncontrolling interests	158	150	145
Less: Cumulative translation adjustments attributable to noncontrolling interests	(19)	17	(12)
Total Comprehensive income attributable to noncontrolling interests	139	167	133
Total Comprehensive income attributable to Colgate-Palmolive Company	\$ 2,230	\$ 2,349	\$ 2,211

See Notes to Consolidated Financial Statements.

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

	2018	2017
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 726	\$ 1,535
Receivables (net of allowances of \$82 and \$77, respectively)	1,400	1,480
Inventories	1,250	1,221
Other current assets	417	403
Total current assets	3,793	4,639
Property, plant and equipment, net	3,881	4,072
Goodwill	2,530	2,218
Other intangible assets, net	1,637	1,341
Deferred income taxes	152	188
Other assets	168	218
Total assets	\$ 12,161	\$ 12,676
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Notes and loans payable	\$ 12	\$ 11
Current portion of long-term debt	—	—
Accounts payable	1,222	1,212
Accrued income taxes	411	354
Other accruals	1,696	1,831
Total current liabilities	3,341	3,408
Long-term debt	6,354	6,566
Deferred income taxes	235	204
Other liabilities	2,034	2,255
Total liabilities	11,964	12,433
Commitments and contingent liabilities	—	—
Shareholders' Equity		
Common stock, \$1 par value (2,000,000,000 shares authorized, 1,465,706,360 shares issued)	1,466	1,466
Additional paid-in capital	2,204	1,984
Retained earnings	21,615	20,531
Accumulated other comprehensive income (loss)	(4,188)	(3,855)
Unearned compensation	(3)	(5)
Treasury stock, at cost	(21,196)	(20,181)
Total Colgate-Palmolive Company shareholders' equity	(102)	(60)
Noncontrolling interests	299	303
Total equity	197	243
Total liabilities and equity	\$ 12,161	\$ 12,676

See Notes to Consolidated Financial Statements.

**COLGATE-PALMOLIVE COMPANY**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Dollars in Millions)

	Colgate-Palmolive Company Shareholders' Equity						
	Common Stock	Additional Paid-In Capital	Unearned Compensation	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance, January 1, 2016	\$ 1,466	\$ 1,438	\$ (12)	\$ (18,102)	\$ 18,861	\$ (3,950)	\$ 255
Net income					2,441		145
Other comprehensive income (loss), net of tax						(230)	(12)
Dividends					(1,380)		(128)
Stock-based compensation expense		123					
Shares issued for stock options		128		242			
Shares issued for restricted stock awards		(60)		60			
Treasury stock acquired				(1,335)			
Other		62	5	—			
Balance, December 31, 2016	\$ 1,466	\$ 1,691	\$ (7)	\$ (19,135)	\$ 19,922	\$ (4,180)	\$ 260
Net income					2,024		150
Other comprehensive income (loss), net of tax						325	17
Dividends					(1,405)		(124)
Stock-based compensation expense		127					
Shares issued for stock options		197		313			
Shares issued for restricted stock awards		(34)		34			
Treasury stock acquired				(1,399)			
Other		3	2	6	(10)		
Balance, December 31, 2017	\$ 1,466	\$ 1,984	\$ (5)	\$ (20,181)	\$ 20,531	\$ (3,855)	\$ 303
Net income					2,400		158
Other comprehensive income (loss), net of tax						(170)	(19)
Dividends					(1,448)		(143)
Stock-based compensation expense		109					
Shares issued for stock options		137		190			
Shares issued for restricted stock awards		(31)		31			
Treasury stock acquired				(1,238)			
Other		5	2	2	132	(163) <sup>(1)</sup>	
<b>Balance, December 31, 2018</b>	<b>\$ 1,466</b>	<b>\$ 2,204</b>	<b>\$ (3)</b>	<b>\$ (21,196)</b>	<b>\$ 21,615</b>	<b>\$ (4,188)</b>	<b>\$ 299</b>

<sup>(1)</sup> As a result of the early adoption of ASU 2018-02, the Company reclassified the stranded tax effects in Accumulated other comprehensive income (loss) resulting from the TCJA to Retained earnings. See Note 2, Summary of Significant Accounting Policies for additional information.

See Notes to Consolidated Financial Statements.

**COLGATE-PALMOLIVE COMPANY**

**Consolidated Statements of Cash Flows**

**For the years ended December 31,**

(Dollars in Millions)

	2018	2017	2016
<b>Operating Activities</b>			
Net income including noncontrolling interests	\$ 2,558	\$ 2,174	\$ 2,586
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations:			
Depreciation and amortization	511	475	443
Restructuring and termination benefits, net of cash	(7)	91	(9)
Stock-based compensation expense	109	127	123
Gain on sale of land in Mexico	—	—	(97)
Charge for U.S. tax reform	80	275	—
Deferred income taxes	27	108	56
Voluntary benefit plan contributions	(67)	(81)	(53)
Cash effects of changes in:			
Receivables	(79)	(15)	(17)
Inventories	(58)	(8)	(4)
Accounts payable and other accruals	18	(96)	100
Other non-current assets and liabilities	(36)	4	13
Net cash provided by operations	3,056	3,054	3,141
<b>Investing Activities</b>			
Capital expenditures	(436)	(553)	(593)
Sale of property and non-core product lines	1	44	—
Purchases of marketable securities and investments	(169)	(347)	(336)
Proceeds from sale of marketable securities and investments	156	391	378
Proceeds from sale of land in Mexico	—	—	60
Payment for acquisitions, net of cash acquired	(728)	—	(5)
Other	6	(6)	(3)
Net cash used in investing activities	(1,170)	(471)	(499)
<b>Financing Activities</b>			
Principal payments on debt	(7,355)	(4,808)	(7,274)
Proceeds from issuance of debt	7,176	4,779	7,438
Dividends paid	(1,591)	(1,529)	(1,508)
Purchases of treasury shares	(1,238)	(1,399)	(1,335)
Proceeds from exercise of stock options	329	507	446
Net cash used in financing activities	(2,679)	(2,450)	(2,233)
Effect of exchange rate changes on Cash and cash equivalents	(16)	87	(64)
Net (decrease) increase in Cash and cash equivalents	(809)	220	345
Cash and cash equivalents at beginning of year	1,535	1,315	970
Cash and cash equivalents at end of year	\$ 726	\$ 1,535	\$ 1,315
<b>Supplemental Cash Flow Information</b>			
Income taxes paid	\$ 847	\$ 1,037	\$ 932
Interest paid	\$ 194	\$ 150	\$ 162

See Notes to Consolidated Financial Statements.



**COLGATE-PALMOLIVE COMPANY**  
**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 product segments: Oral, Personal and Home Care; and Pet Nutrition. Oral, Personal and Home Care products include toothpaste, toothbrushes and mouthwash, bar and liquid hand soaps, shower gels, shampoos, conditioners, deodorants and antiperspirants, professional skin care products, dishwashing detergents, fabric conditioners, household cleaners, and other similar items. These products are sold primarily to a variety of traditional and e-commerce retailers, wholesalers and 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 authorized pet supply retailers, veterinarians and e-commerce retailers. Principal global and regional trademarks include Colgate, Palmolive, elmex, Tom's of Maine, Sorriso, Speed Stick, Lady Speed Stick, Softsoap, Irish Spring, Protex, Sanex, Elta MD, PCA Skin, Ajax, Axion, Fabuloso, Soupline and Suavitel, as well as Hill's Science Diet and Hill's Prescription Diet.

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

	2018	2017	2016
Oral Care	47%	48%	47%
Personal Care	20%	19%	20%
Home Care	18%	18%	18%
Pet Nutrition	15%	15%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

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

The Consolidated Financial Statements include the accounts of Colgate-Palmolive Company and its majority-owned or controlled 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, 2018 and 2017, equity method investments included in Other assets in the Consolidated Balance Sheets were \$46 and \$42, 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 impairments, uncertain tax positions, tax valuation allowances, legal and other contingency reserves and charges related to U.S. tax reform (see Note 11, Income Taxes). 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**

The Company's revenue contracts represent a single performance obligation to sell its products to trade customers. Sales are recorded at the time control of the products is transferred to trade customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the products. Control is the ability of trade customers to direct the "use of" and "obtain" the benefit from our products. In evaluating the timing of the transfer of control of products to trade customers, the Company considers several control indicators, including significant risks and rewards of products, the Company's right to payment and the legal title of the products. Based on the assessment of control indicators, sales are generally recognized when products are delivered to trade customers.

Net sales reflect the transaction prices for contracts, which include units shipped at selling list prices reduced by variable consideration. Variable consideration includes expected sales returns and the cost of current and continuing promotional programs. Current promotional programs primarily include product listing allowances and co-operative advertising arrangements. Continuing promotional programs are predominantly consumer coupons and volume-based sales incentive arrangements. The cost of promotional programs is estimated using the expected value method considering all reasonably available information, including the Company's historical experience and its current expectations, and is reflected in the transaction price when sales are recorded. Adjustments to the cost of promotional programs in subsequent periods are generally not material, as the Company's promotional programs are typically of short duration, thereby reducing the uncertainty inherent in such estimates.

Sales returns are generally accepted at the Company's discretion and are not material to the Company's Consolidated Financial Statements. The Company's contracts with trade customers do not have significant financing components or non-cash consideration and the Company does not have unbilled revenue or significant amounts of prepayments from customers. The Company records Net sales excluding taxes collected on its sales to its trade customers. Shipping and handling activities are accounted for as contract fulfillment costs and classified as Selling, general and administrative expenses.

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

(Dollars in Millions Except Share and Per Share Amounts)

**Shipping and Handling Costs**

Shipping and handling costs are classified as Selling, general and administrative expenses and were \$1,255, \$1,183 and \$1,140 for the years ended December 31, 2018, 2017 and 2016, 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 at the time of purchase to be cash equivalents.

**Inventories**

The cost of approximately 75% of inventories is determined using the first-in, first-out ("FIFO") method, which is stated at the lower of cost or net realizable value. The cost of all other inventories, in the U.S. and Mexico, is determined using the last-in, first-out ("LIFO") method, which is stated at the lower of cost or market.

**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 estimated useful lives, generally 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.

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 Provision for income taxes.

**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 the fair value of the derivative, as well as the offsetting changes in the fair value of the hedged item, are recognized in earnings each period. For cash flow hedges, changes in the 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 the 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 7, Fair Value Measurements and Financial Instruments 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 units, 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 estimate 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 8, Capital Stock and Stock-Based Compensation Plans.

**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, local currency-denominated non-monetary assets, including inventories, goodwill and property, plant and equipment, are remeasured at their historical exchange rates, while local currency-denominated 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 August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract." This new guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This new guidance is effective for the Company on a prospective or retrospective basis beginning on January 1, 2020, with early adoption permitted. The Company elected to adopt this guidance early, beginning on January 1, 2019 on a prospective basis and does not expect the guidance to have a material impact on the Company's Consolidated Financial Statements.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

In August 2018, the FASB issued ASU No. 2018-14, “Compensation—Retirement Benefits—Defined Benefit Plans—General (Topic 715): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans.” This new guidance removes certain disclosures that are not considered cost beneficial, clarifies certain required disclosures and requires certain additional disclosures. This new guidance is effective for the Company on a retrospective basis beginning in the year ending December 31, 2020, with early adoption permitted. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.” This new guidance removes certain disclosure requirements related to the fair value hierarchy, modifies existing disclosure requirements related to measurement uncertainty and adds new disclosure requirements. The new disclosure requirements include disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This new guidance is effective for the Company beginning on January 1, 2020, with early adoption permitted. Certain disclosure requirements in the new guidance will need to be applied on a retrospective basis and others on a prospective basis. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (“ASU 2018-02”), which permits the reclassification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the “TCJA” or “U.S. tax reform”) from Accumulated other comprehensive income (loss) to Retained earnings. This new guidance is effective for the Company beginning on January 1, 2019, with early adoption permitted, and must be applied either in the period of adoption or retrospectively to periods in which the effects of the TCJA are recognized. The Company elected to adopt this new guidance early, beginning on January 1, 2018, and reclassified \$163 during the first quarter of 2018.

In August 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,” amending the eligibility criteria for hedged items and transactions to expand an entity’s ability to hedge nonfinancial and financial risk components. The new guidance eliminates the requirement to separately measure and present hedge ineffectiveness and aligns the presentation of hedge gains and losses with the underlying hedge item. The new guidance also simplifies the hedge documentation and hedge effectiveness assessment requirements. The new guidance is effective for the Company beginning on January 1, 2019, with early adoption permitted. The amended presentation and disclosure requirements must be adopted on a prospective basis, while any amendments to cash flow and net investment hedge relationships that exist on the date of adoption must be applied on a “modified retrospective” basis, meaning a cumulative effect adjustment to the opening balance of retained earnings as of the beginning of the year of adoption. The new guidance is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In October 2018, the FASB issued ASU No. 2018-16, “Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (“SOFR”) Overnight Index Swap (“OIS”) Rate as Benchmark Interest Rate for Hedge Accounting Purposes.” The new guidance permits use of the OIS rate based on the SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815. The new guidance is effective for the Company beginning on January 1, 2019, concurrently with the adoption of ASU 2017-12, with early adoption permitted. The new guidance is required to be applied on a prospective basis. While the Company is currently assessing the impact of the new guidance, it is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting,” clarifying when a change to the terms or conditions of a stock-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance was effective for the Company on a prospective basis beginning on January 1, 2018 and did not impact the Company’s Consolidated Financial Statements, as it is not the Company’s practice to change either the terms or the conditions of stock-based payment awards once they are granted.

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

(Dollars in Millions Except Share and Per Share Amounts)

In March 2017, the FASB issued ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," changing the presentation of the net periodic benefit cost on the Statement of Income and limiting the amount of net periodic benefit cost eligible for capitalization to assets. The new guidance permits only the service cost component of net periodic benefit cost to be eligible for capitalization. The new guidance also requires entities to present the service cost component of net periodic benefit cost together with compensation costs arising from services rendered by employees during the period. The non-service related components of net periodic benefit cost, which include interest, expected return on assets, amortization of prior service costs and actuarial gains and losses, are required to be presented outside of Operating profit. The line item or items used to present the other components of net periodic benefit cost must be disclosed in the Notes to the Consolidated Financial Statements, if not separately described on the Statement of Income. The new presentation requirement was adopted on a "full retrospective" basis, meaning the standard is applied to all of the periods presented in the financial statements, while the limitation on capitalization was adopted on a prospective basis. Effective January 1, 2018, as required, the Company adopted this standard on a retrospective basis. As permitted by the new guidance, the Company used the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the basis for applying the retrospective presentation requirements. As a result, for all periods presented, only the service related component of pension and other postretirement benefit costs is included in Operating profit. For the years ended December 31, 2017 and 2016, the Company reclassified \$118 and \$118, respectively, of non-service related components of pension and other postretirement costs, which was previously deducted from Operating profit, to a new line item, "Non-service related postretirement costs," which is below Operating profit. Adoption of this standard had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," eliminating the requirement to calculate the implied fair value, essentially eliminating step two from the goodwill impairment test. The new standard requires goodwill impairment to be based upon the results of step one of the impairment test, which is defined as the excess of the carrying value of a reporting unit over its fair value. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard is effective for the Company on a prospective basis beginning on January 1, 2020, with early adoption permitted. This new guidance is not expected to have an impact on the Company's Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," which provides additional guidance on evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The guidance requires an entity to evaluate if substantially all of the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the new guidance would define this as an asset acquisition; otherwise, the entity then evaluates whether the asset meets the requirement that a business include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The guidance was effective for the Company on a prospective basis beginning on January 1, 2018. This new guidance did not have an impact on the Company's Consolidated Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which clarifies how certain cash receipts and payments are to be presented in the statement of cash flows. The guidance was effective for the Company on January 1, 2018. This new guidance did not have an impact on the Company's Consolidated Financial Statements.

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

(Dollars in Millions Except Share and Per Share Amounts)

In February 2016, the FASB issued its final standard on lease accounting, ASU No. 2016-02, “Leases (Topic 842),” which superseded Topic 840, “Leases.” The new accounting standard was effective for the Company beginning on January 1, 2019 and required the recognition on the balance sheet of right-of-use assets and lease liabilities for all long-term leases, including operating leases, and enhanced disclosures about the Company’s leasing arrangements. Substantially all of the Company’s leases are considered operating leases and, as such, under accounting standards in effect at December 31, 2018, were not recognized on the Company’s Consolidated Balance Sheets as of December 31, 2018 and 2017. In July 2018, the FASB issued ASU No. 2018-10, “Codification Improvements to Topic 842, Leases” to clarify the implementation guidance and ASU No. 2018-11, “Leases (Topic 842) Targeted Improvements.” This updated guidance provided an optional transition method, which allows for the initial application of the new accounting standard at the adoption date and the recognition of a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption. The Company adopted the new standard beginning on January 1, 2019 and elected the optional transition method with no restatement of prior period amounts. As allowed under the new accounting standard, the Company elected to apply practical expedients to carry forward the original lease determinations, lease classifications and accounting of initial direct costs for all asset classes at the time of adoption. The Company also elected not to separate lease components from non-lease components and to exclude short-term leases from its Consolidated Balance Sheet. The Company’s adoption of the new standard is expected to result in the recognition of right-of-use assets of approximately \$450 and liabilities of approximately \$575, with no material cumulative effect adjustment to its Consolidated Balance Sheet as of the date of adoption. Adoption of the new standard will not have a material impact on the Company’s Consolidated Statements of Income or Cash Flows.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The updated guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The amendment to the standard was effective for the Company beginning on January 1, 2018 and did not have an impact on the Company’s Consolidated Financial Statements.

In May 2014, the FASB and the International Accounting Standards Board issued their final converged standard on revenue recognition. The standard, issued as ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” by the FASB, provides a comprehensive revenue recognition model for all contracts with customers and supersedes current revenue recognition guidance. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to its customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The new standard also includes enhanced disclosures. During 2016, the FASB issued several accounting updates (ASU No. 2016-08, 2016-10 and 2016-12) to clarify implementation guidance and correct unintended application of the guidance. The standard allows for either full retrospective adoption or modified retrospective adoption. The Company adopted the new standard on January 1, 2018, on a “modified retrospective” basis, which did not have a material impact on the Company’s Consolidated Financial Statements. As required, the Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the 2018 opening balance of retained earnings. Results for periods beginning on or after January 1, 2018 are presented under Topic 606, “Revenue from Contracts with Customers,” while prior period amounts are not adjusted and continue to be reported in accordance with the prior accounting guidance under Topic 605, “Revenue Recognition.”

**Reclassifications**

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

**3. Acquisitions and Divestitures***Acquisitions*

In January 2018, the Company acquired all of the outstanding equity interests of Physicians Care Alliance, LLC (“PCA Skin”) and Elta MD Holdings, Inc. (“Elta MD”), professional skin care businesses, for aggregate cash consideration of approximately \$730. With these acquisitions, the Company entered the professional skin care category, which complements its existing global personal care businesses and resulted in the recognition of additional goodwill.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

Total purchase price consideration of \$730 has been allocated to the net assets acquired based on their respective estimated fair values as follows:

Recognized amounts of assets acquired and liabilities assumed:

Inventories	\$	8
Other current assets		8
Other intangible assets		369
Goodwill		397
Other current liabilities		(6)
Deferred income taxes		(46)
Fair value of net assets acquired	\$	<u>730</u>

Other intangible assets acquired primarily include trademarks of \$231 with useful lives of 25 years and customer relationships of \$133 with useful lives ranging from 12 to 13 years.

Goodwill of \$397 was allocated to the North America segment. The Company expects that approximately 45% 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.

*Sale of Land in Mexico*

In September 2016, the Company's Mexican subsidiary completed the sale to the United States of America of the Mexico City site on which its commercial operations, technology center and soap production facility were previously located and received \$60 as the third and final installment of the sale price. The total sale price (including the third installment and the previously received first and second installments) was \$120. The Company recognized a pretax gain of \$97 (\$63 aftertax or \$0.07 per diluted share) in the third quarter of 2016, net of costs primarily related to site preparation.



## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**4. Restructuring and Related Implementation Charges**

In the fourth quarter of 2012, the Company commenced a restructuring program (the “Global Growth and Efficiency Program”). The program was expanded in 2014 and expanded and extended in each of 2015 and 2017. The program runs through December 31, 2019.

Initiatives under the Global Growth and Efficiency Program continue to fit within the program’s three focus areas of expanding commercial hubs, extending shared business services and streamlining global functions and optimizing the global supply chain and facilities.

Including the most recent expansion, cumulative pretax charges resulting from the Global Growth and Efficiency Program, once all phases are approved and implemented, are estimated to be in the range of \$1,820 to \$1,870 (\$1,350 to \$1,380 aftertax). The Company anticipates that pretax charges for 2019 will approximate \$100 to \$150 (\$70 to \$100 aftertax). It is expected that substantially all charges resulting from the Global Growth and Efficiency Program will be incurred by December 31, 2019.

The pretax charges resulting from the Global Growth and Efficiency Program are currently estimated to be comprised of the following categories: Employee-Related Costs, including severance, pension and other termination benefits (45%); asset-related costs, primarily Incremental Depreciation and Asset Impairments (5%); and Other charges, which include contract termination costs, consisting primarily of related implementation charges resulting directly from exit activities (30%) and the implementation of new strategies (20%). Over the course of the Global Growth and Efficiency Program, it is currently estimated that approximately 80% of the charges will result in cash expenditures.

The Company expects that the cumulative pretax charges, once all projects are approved and implemented, will relate to initiatives undertaken in North America (15%), Europe (20%), Latin America (5%), Asia Pacific (5%), Africa/Eurasia (5%), Hill’s Pet Nutrition (10%) and Corporate (40%), which includes substantially all of the costs related to the implementation of new strategies, noted above, on a global basis. The Company expects that, when it has been fully implemented, the Global Growth and Efficiency Program will have contributed a net reduction of approximately 4,000 to 4,400 positions from the Company’s global employee workforce.

For the years ended December 31, 2018, 2017 and 2016, restructuring and related implementation charges are reflected in the Consolidated Statements of Income as follows:

	2018	2017	2016
Cost of sales	\$ 31	\$ 75	\$ 46
Selling, general and administrative expenses	33	86	77
Other (income) expense, net	88	152	93
Non-service related postretirement costs	9	20	12
Total Global Growth and Efficiency Program charges, pretax	<u>\$ 161</u>	<u>\$ 333</u>	<u>\$ 228</u>
Total Global Growth and Efficiency Program charges, aftertax	<u>\$ 125</u>	<u>\$ 246</u>	<u>\$ 168</u>

Restructuring and related implementation charges in the preceding table are recorded in the Corporate segment as these initiatives are predominantly centrally directed and controlled and are not included in internal measures of segment operating performance.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

Total charges incurred for the Global Growth and Efficiency Program relate to initiatives undertaken by the following reportable operating segments:

	2018	2017	2016	Program-to-date Accumulated Charges
North America	18 %	23%	35%	18%
Latin America	10 %	2%	5%	4%
Europe	(2)%	21%	12%	20%
Asia Pacific	13 %	5%	4%	4%
Africa/Eurasia	5 %	3%	14%	6%
Hill's Pet Nutrition	19 %	6%	7%	8%
Corporate	37 %	40%	23%	40%
<b>Total</b>	<b>100 %</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Since the inception of the Global Growth and Efficiency Program in the fourth quarter of 2012, the Company has incurred cumulative pretax charges of \$1,722 (\$1,278 aftertax) in connection with the implementation of various projects as follows:

	Cumulative Charges as of December 31, 2018
Employee-Related Costs	\$ 681
Incremental Depreciation	92
Asset Impairments	52
Other	897
<b>Total</b>	<b>\$ 1,722</b>

The majority of costs incurred since inception relate to the following projects: the implementation of the Company's overall hubbing strategy; the extension of shared business services and streamlining of global functions; the consolidation of facilities; the closing of the Morristown, New Jersey personal care facility; the simplification and streamlining of the Company's research and development capabilities and oral care supply chain, both in Europe; redesigning the European commercial organization; restructuring how the Company will provide future retirement benefits to substantially all of the U.S.-based employees participating in the Company's defined benefit retirement plan by shifting them to the Company's defined contribution plan; and the implementation of a Corporate efficiencies program.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The following table summarizes the activity for the restructuring and related implementation charges, in the respective periods, discussed above and the related accruals:

	Employee-Related Costs	Incremental Depreciation	Asset Impairments	Other	Total
Balance at January 1, 2016	\$ 84	\$ —	\$ —	\$ 131	\$ 215
Charges	61	9	20	138	228
Cash payments	(84)	—	—	(153)	(237)
Charges against assets	(4)	(9)	(20)	—	(33)
Foreign exchange	(1)	—	—	—	(1)
Other	—	—	—	9	9
Balance at December 31, 2016	\$ 56	\$ —	\$ —	\$ 125	\$ 181
Charges	163	10	9	151	333
Cash payments	(74)	—	—	(170)	(244)
Charges against assets	(21)	(10)	(9)	—	(40)
Foreign exchange	3	—	—	1	4
Other	—	—	—	—	—
Balance at December 31, 2017	\$ 127	\$ —	\$ —	\$ 107	\$ 234
Charges	53	2	16	90	161
Cash payments	(107)	—	—	(60)	(167)
Charges against assets	(9)	(2)	(16)	—	(27)
Foreign exchange	(4)	—	—	—	(4)
Other	—	—	—	5	5
Balance at December 31, 2018	\$ 60	\$ —	\$ —	\$ 142	\$ 202

Employee-Related Costs primarily include severance and other termination benefits and are calculated based on long-standing benefit practices, local statutory requirements and, in certain cases, voluntary termination arrangements. Employee-Related Costs also include pension and other retiree benefit enhancements amounting to \$9, \$21 and \$4 for the years ended December 31, 2018, 2017 and 2016, respectively, which are reflected as Charges against assets within Employee-Related Costs in the preceding table as the corresponding balance sheet amounts are reflected as a reduction of pension assets or an increase in pension and other retiree benefit liabilities (see Note 10, Retirement Plans and Other Retiree Benefits for additional information).

Incremental Depreciation is recorded to reflect changes in useful lives and estimated residual values for long-lived assets that will be taken out of service prior to the end of their normal service period. Asset Impairments are recorded to write down inventories and assets held for sale or disposal to their fair value based on amounts expected to be realized. Charges against assets within Asset Impairments are net of cash proceeds pertaining to the sale of certain assets.

Other charges consist primarily of charges resulting directly from exit activities and the implementation of new strategies as a result of the Global Growth and Efficiency Program. These charges for the years ended December 31, 2018, 2017 and 2016 include third-party incremental costs related to the development and implementation of new business and strategic initiatives of \$42, \$145 and \$116, respectively, and contract termination costs and charges resulting directly from exit activities of \$48, \$6 and \$21, respectively. These charges were expensed as incurred. Also included in Other charges for the years ended December 31, 2018, 2017 and 2016 are other exit costs of \$0, \$0 and \$1, respectively, related to the consolidation of facilities.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

## 5. Goodwill and Other Intangible Assets

The net carrying value of Goodwill as of December 31, 2018 and 2017 by segment was as follows:

	2018	2017
Oral, Personal and Home Care		
North America	\$ 733	\$ 343
Latin America	220	256
Europe	1,302	1,333
Asia Pacific	185	190
Africa/Eurasia	75	81
Total Oral, Personal and Home Care	2,515	2,203
Pet Nutrition	15	15
Total Goodwill	<u>\$ 2,530</u>	<u>\$ 2,218</u>

The change in the amount of Goodwill during 2018 is primarily due to the acquisitions of PCA Skin and Elta MD (See Note 3, Acquisitions and Divestitures for further information), which resulted in the recognition of Goodwill in the amount of \$397, and the impact of foreign currency translation.

Other intangible assets as of December 31, 2018 and 2017 were comprised of the following:

	2018			2017		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks	\$ 771	\$ (358)	\$ 413	\$ 547	\$ (337)	\$ 210
Other finite life intangible assets	390	(133)	257	249	(103)	146
Indefinite life intangible assets	967	—	967	985	—	985
Total Other intangible assets	<u>\$ 2,128</u>	<u>\$ (491)</u>	<u>\$ 1,637</u>	<u>\$ 1,781</u>	<u>\$ (440)</u>	<u>\$ 1,341</u>

The changes in the net carrying amounts of Other intangible assets during 2018 and 2017 were primarily due to amortization expense of \$59 and \$35, respectively, as well as the impact of foreign currency translation. In addition, in 2018, Trademarks included \$231 and Other finite life intangible assets included customer relationships of \$133 acquired in connection with the acquisitions of PCA Skin and Elta MD (See Note 3, Acquisitions and Divestitures for further information). Annual estimated amortization expense for each of the next five years is expected to be approximately \$50.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**6. Long-Term Debt and Credit Facilities**

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

	Weighted Average Interest Rate	Maturities	2018	2017
Notes	2.8%	2019 - 2078	\$ 5,820	\$ 6,542
Commercial paper	2.5%	2019	534	24
			<u>6,354</u>	<u>6,566</u>
Less: Current portion of long-term debt			—	—
<b>Total</b>			<u>\$ 6,354</u>	<u>\$ 6,566</u>

The weighted-average interest rate on short-term borrowings included in Notes and loans payable in the Consolidated Balance Sheets as of December 31, 2018 and 2017 was 5.3% and 2.8%, respectively.

The Company classifies commercial paper and notes maturing within the next twelve months as long-term debt when it has the intent and ability to refinance such obligations on a long-term basis. Excluding such obligations, scheduled maturities of long-term debt and capitalized leases outstanding as of December 31, 2018, were as follows:

Years Ended December 31,	\$
2019	—
2020	249
2021	298
2022	886
2023	893
Thereafter	2,422

The Company has entered into interest rate swap agreements and foreign exchange contracts related to certain of these debt instruments. See Note 7, Fair Value Measurements and Financial Instruments for further information about the Company's financial instruments.

The Company's debt issuances support its capital structure strategy objectives of funding its business and growth initiatives while minimizing its risk-adjusted cost of capital. During the fourth quarter of 2017, the Company issued \$400 of five-year notes at a fixed rate of 2.25%. During the third quarter of 2017, the Company issued \$500 of thirty-year notes at a fixed rate of 3.70%. The debt issuances in 2017 were under the Company's shelf registration statement. Proceeds from the debt issuances in 2017 were used for general corporate purposes which included the retirement of commercial paper borrowings.

At December 31, 2018, the Company had access to unused domestic and foreign lines of credit of \$3,023 (including under the facility discussed below) and could also issue medium-term notes pursuant to an effective shelf registration statement. In November 2018, the Company amended and restated its five-year revolving credit facility, on substantially similar terms, for a five-year term expiring November 2023 and increasing the facility's capacity to \$2,650. Commitment fees related to the credit facility are not material.

Certain agreements 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)

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

The Company uses available market information and other valuation methodologies in assessing the fair value of financial instruments. 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. 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 only with diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

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, sourcing strategies, 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, sourcing strategies, 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 and swap contracts, option contracts, foreign and local currency deposits and local currency borrowings to hedge portions of its foreign currency purchases, assets and liabilities arising 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 generally match the principal, interest payment and maturity date of the related debt, and the swaps are valued using observable benchmark rates (Level 2 valuation).

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

*Commodity Price Risk*

The Company is exposed to price volatility related to raw materials used in production, such as resins, pulp, essential oils, tropical oils, tallow, poultry, corn and soybeans. The Company manages its raw material exposures through a combination of cost containment measures, sourcing strategies, ongoing productivity initiatives and the limited use of commodity hedging contracts. Futures contracts are used on a limited basis, primarily in the Hill's 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 diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

The following table summarizes the fair value of the Company's derivative instruments and other financial instruments at December 31, 2018 and December 31, 2017:

	Assets				Liabilities			
	Account	Fair Value		Account	Fair Value			
		12/31/18	12/31/17		12/31/18	12/31/17		
<b>Designated derivative instruments</b>								
Interest rate swap contracts	Other current assets	\$ —	\$ —	Other accruals	\$ 1	\$ —		
Interest rate swap contracts	Other assets	—	—	Other liabilities	8	7		
Foreign currency contracts	Other current assets	20	25	Other accruals	8	20		
Foreign currency contracts	Other assets	—	—	Other liabilities	21	46		
Commodity contracts	Other current assets	—	—	Other accruals	—	—		
<b>Total designated</b>		<u>\$ 20</u>	<u>\$ 25</u>		<u>\$ 38</u>	<u>\$ 73</u>		
<b>Other financial instruments</b>								
Marketable securities	Other current assets	\$ 10	\$ 14					
<b>Total other financial instruments</b>		<u>\$ 10</u>	<u>\$ 14</u>					

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

The carrying amount of cash, cash equivalents, accounts receivable and short-term debt approximated fair value as of December 31, 2018 and 2017. The estimated fair value of the Company's long-term debt, including the current portion, as of December 31, 2018 and 2017, was \$6,434 and \$6,799, respectively, and the related carrying value was \$6,354 and \$6,566, 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 gain or loss 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 (income) expense, net.

Activity related to fair value hedges recorded during each period presented was as follows:

	2018			2017		
	Foreign Currency Contracts	Interest Rate Swaps	Total	Foreign Currency Contracts	Interest Rate Swaps	Total
Notional Value at December 31,	\$ 327	\$ 900	\$ 1,227	\$ 1,231	\$ 1,000	\$ 2,231
Gain (loss) on derivatives	(1)	(2)	(3)	(7)	(9)	(16)
Gain (loss) on hedged items	1	2	3	7	9	16

*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:

	2018			2017		
	Foreign Currency Contracts	Commodity Contracts	Total	Foreign Currency Contracts	Commodity Contracts	Total
Notional Value at December 31,	\$ 782	\$ 14	\$ 796	\$ 702	\$ —	\$ 702
Gain (loss) recognized in OCI	10	—	10	(25)	—	(25)
Gain (loss) reclassified into Cost of sales	(4)	1	(3)	(3)	—	(3)

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



**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

*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 Cumulative 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:

	2018			2017		
	Foreign Currency Contracts	Foreign Currency Debt	Total	Foreign Currency Contracts	Foreign Currency Debt	Total
Notional Value at December 31,	\$ 482	\$ 1,396	\$ 1,878	\$ 478	\$ 601	\$ 1,079
Gain (loss) on instruments	33	93	126	(71)	(112)	(183)
Gain (loss) on hedged items	(33)	(93)	(126)	71	112	183

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

## 8. Capital Stock and Stock-Based Compensation Plans

## Preference Stock

The Company has the authority to issue 50,262,150 shares of preference stock.

## Stock Repurchases

On June 18, 2018, the Board authorized the repurchase of shares of the Company's common stock having an aggregate purchase price of up to \$5 billion under a new share repurchase program (the "2018 Program"), which replaced a previously authorized share repurchase program (the "2015 Program"). The Company commenced repurchases of shares of the Company's common stock under the 2018 Program beginning June 19, 2018. 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 are repurchased from time to time in open market or privately negotiated transactions at the Company's discretion, subject to market conditions, customary blackout periods and other factors. The Company repurchased its common stock at a cost of \$1,238 during 2018 under the 2018 Program and 2015 Program.

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 unit 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, 2016</b>	892,738,518	572,967,842
Common stock acquired	(19,271,304)	19,271,304
Shares issued for stock options	8,536,639	(8,536,639)
Shares issued for restricted stock units and other	1,105,110	(1,105,110)
<b>Balance, December 31, 2016</b>	<u>883,108,963</u>	<u>582,597,397</u>
Common stock acquired	(19,185,828)	19,185,828
Shares issued for stock options	9,670,988	(9,670,988)
Shares issued for restricted stock units and other	1,106,995	(1,106,995)
<b>Balance, December 31, 2017</b>	<u>874,701,118</u>	<u>591,005,242</u>
Common stock acquired	(18,786,897)	18,786,897
Shares issued for stock options	6,040,920	(6,040,920)
Shares issued for restricted stock units and other	957,651	(957,651)
<b>Balance, December 31, 2018</b>	<u>862,912,792</u>	<u>602,793,568</u>

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**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 units, based on the fair value of those awards at the date of grant. The fair value of restricted stock units, generally 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 from the grant date through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award.

The Company has one incentive compensation plan pursuant to which it issues restricted stock units and stock options to employees and shares of common stock and stock options to non-employee directors. The Personnel and Organization Committee of the Board of Directors, which is comprised entirely of independent directors, administers the incentive compensation plan. The total stock-based compensation expense charged against pretax income for this plan was \$109, \$127 and \$123 for the years ended December 31, 2018, 2017 and 2016, respectively. The total income tax benefit recognized on stock-based compensation, excluding excess tax benefits discussed below, was approximately \$25, \$42 and \$40 for the years ended December 31, 2018, 2017 and 2016, respectively.

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 estimate the fair value of stock option awards. The weighted-average estimated fair value of stock options granted in the years ended December 31, 2018, 2017 and 2016 was \$9.48, \$8.37 and \$8.10, respectively. Fair value is estimated using the Black-Scholes option pricing model with the assumptions summarized in the following table:

	2018	2017	2016
Expected term of options	4.5 years	4.5 years	4.5 years
Expected volatility rate	17.7%	16.0%	16.7%
Risk-free interest rate	2.8%	1.8%	1.2%
Expected dividend yield	2.5%	2.2%	2.1%

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 the 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 interest rate for the expected term of the option is based on the yield of a zero-coupon U.S. Treasury bond with a maturity period equal to the option's expected term.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**Restricted Stock Units**

The Company grants restricted stock unit awards, including long-term incentive awards, to officers and other employees. Under the Company's long-term incentive plan, awards are granted following a three-year performance period. Awards vest at the end of the restriction period, which is three years from the date of grant. As of December 31, 2018, approximately 9,186,000 shares of common stock were available for future restricted stock unit awards.

A summary of restricted stock unit activity during 2018 is presented below:

	Shares (in thousands)	Weighted Average Grant Date Fair Value Per Award
Restricted stock units as of January 1, 2018	2,730	\$ 70
Activity:		
Granted	814	69
Vested	(901)	65
Forfeited	(169)	70
Restricted stock units as of December 31, 2018	<u>2,474</u>	\$ 71

As of December 31, 2018, there was \$45 of total unrecognized compensation expense related to unvested restricted stock unit awards, which will be recognized over a weighted-average period of 2.1 years. The total fair value of restricted stock units vested during the years ended December 31, 2018, 2017 and 2016 was \$55, \$66 and \$61, respectively.

**Stock Options**

The Company issues non-qualified stock options to non-employee directors, officers and other employees. Stock options generally have a contractual term of six years and vest over three years. As of December 31, 2018, 15,604,000 shares of common stock were available for future stock option grants.

A summary of stock option activity during 2018 is presented below:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Intrinsic Value of Unexercised In-the-Money Options
Options outstanding, January 1, 2018	40,979	\$ 65		
Granted	6,290	68		
Exercised	(6,669)	55		
Forfeited or expired	(890)	71		
Options outstanding, December 31, 2018	<u>39,710</u>	67	3	\$ 1,457
Options exercisable, December 31, 2018	<u>26,420</u>	\$ 66	3	\$ 1,457

As of December 31, 2018, there was \$38 of total unrecognized compensation expense related to unvested 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, 2018, 2017 and 2016 was \$92, \$201 and \$221, respectively.

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

(Dollars in Millions Except Share and Per Share Amounts)

The benefits of tax deductions in excess of grant date fair value resulting from the exercise of stock options and vesting of restricted stock unit awards for the years ended December 31, 2018, 2017 and 2016 were \$12, \$47 and \$59, respectively. Through December 31, 2016 these amounts were recognized in equity and were reported as a financing cash flow. Effective January 1, 2017, as a result of the required adoption of ASU No. 2016-09, excess tax benefits from stock-based compensation have been recognized in the provision for income taxes as a discrete item in the quarterly period in which they occur and classified as an operating cash flow. Cash proceeds received from options exercised for the years ended December 31, 2018, 2017 and 2016 were \$329, \$507 and \$386, respectively.

**9. 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. As of December 31, 2018 and 2017, there were 15,806,529 and 18,400,412 shares of common stock, respectively, outstanding and issued to the Company’s ESOP.

During 2000, the ESOP entered into a loan agreement with the Company under which the benefits of the ESOP may be extended through 2035. As of December 31, 2018, the ESOP had outstanding borrowings from the Company of \$3, which represents unearned compensation shown as a reduction in Shareholders’ equity.

Dividends on stock held by the ESOP are paid to the ESOP trust and, together with cash contributions from the Company, are (a) used by the ESOP to repay principal and interest, (b) credited to participant accounts or (c) used for contributions to the Company’s defined contribution plans. Stock is allocated to participants based upon the ratio of the current year’s debt service to the sum of total outstanding principal and interest payments over the life of the debt. As of December 31, 2018, 13,237,788 shares of common stock had been released and allocated to participant accounts and 2,568,741 shares of common stock were available for future allocation to participant accounts.

Dividends on the stock used to repay principal and interest or credited to participant accounts 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 ESOP was \$0 in 2018, 2017 and 2016.

The Company paid dividends on the shares held by the ESOP of \$29 in 2018, \$32 in 2017 and \$35 in 2016. The Company contributed to the ESOP \$0 in 2018, 2017 and 2016.

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

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

In the U.S., effective January 1, 2014, the Company provides virtually all future retirement benefits through the Company’s defined contribution plan. As a result, service after December 31, 2013 is not considered for participants in the Company’s principal U.S. defined benefit retirement plan. Participants in the Company’s principal U.S. defined benefit retirement plan whose retirement benefit was determined under the cash balance formula continue to earn interest credits on their vested balances as of December 31, 2013 but no longer receive pay credits. Participants whose retirement benefit was determined under the final average earnings formula or career average earnings formula continue to have their accrued benefit adjusted for pay increases until termination of employment.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

In the Company's principal U.S. plans and certain funded foreign 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 is as follows:

<b>Asset Category</b>	United States	International
Equity securities	22%	37%
Fixed income securities	60%	43%
Real estate and other investments	18%	20%
Total	<u>100%</u>	<u>100%</u>

At December 31, 2018 the allocation of the Company's plan assets and the level of valuation input, as applicable, for each major asset category were as follows:

	Level of Valuation Input	Pension Plans		Other Retiree Benefit Plans
		United States	International	
Cash and cash equivalents	Level 1	\$ 29	\$ 9	\$ 1
U.S. common stocks	Level 1	75	3	3
International common stocks	Level 1	—	4	—
Pooled funds <sup>(1)</sup>	Level 1	106	82	4
Fixed income securities <sup>(2)</sup>	Level 2	865	24	28
Guaranteed investment contracts <sup>(3)</sup>	Level 2	1	51	—
		1,076	173	36
Investments valued using NAV per share <sup>(4)</sup>				
Domestic, developed and emerging markets equity funds		229	134	8
Fixed income funds <sup>(5)</sup>		116	173	4
Hedge funds <sup>(6)</sup>		56	6	2
Multi-Asset funds <sup>(7)</sup>		94	2	3
Real estate funds <sup>(8)</sup>		39	22	1
		534	337	18
Other assets and liabilities, net <sup>(9)</sup>		(42)	—	—
Total Investments		<u>\$ 1,568</u>	<u>\$ 510</u>	<u>\$ 54</u>

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

At December 31, 2017 the allocation of the Company's plan assets and the level of valuation input, as applicable, for each major asset category were as follows:

	Level of Valuation Input	Pension Plans		Other Retiree Benefit Plans
		United States	International	
Cash and cash equivalents	Level 1	\$ 21	\$ 11	\$ —
U.S. common stocks	Level 1	127	4	—
International common stocks	Level 1	—	3	—
Pooled funds <sup>(1)</sup>	Level 1	138	94	—
Fixed income securities <sup>(2)</sup>	Level 2	843	24	—
Guaranteed investment contracts <sup>(3)</sup>	Level 2	1	53	—
		<u>1,130</u>	<u>189</u>	<u>—</u>
Investments valued using NAV per share <sup>(4)</sup>				
Domestic, developed and emerging markets equity funds		350	189	—
Fixed income funds <sup>(5)</sup>		122	167	—
Hedge funds <sup>(6)</sup>		82	5	—
Multi-Asset funds <sup>(7)</sup>		115	3	—
Real estate funds <sup>(8)</sup>		38	22	—
		<u>707</u>	<u>386</u>	<u>—</u>
Other assets and liabilities, net <sup>(9)</sup>		(25)	—	—
<b>Total Investments</b>		<u>\$ 1,812</u>	<u>\$ 575</u>	<u>\$ —</u>

<sup>(1)</sup> Pooled funds primarily invest in U.S. and foreign equity securities, debt and money market securities.

<sup>(2)</sup> The fixed income securities are traded over the counter and certain of these securities lack daily pricing or liquidity and as such are classified as Level 2. As of both December 31, 2018 and 2017, approximately 50% of the U.S. pension plan fixed income portfolio was invested in U.S. treasury or agency securities, with the remainder invested in other government bonds and corporate bonds.

<sup>(3)</sup> 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.

<sup>(4)</sup> Investments that are measured at fair value using net asset value ("NAV") per share as a practical expedient have not been classified in the fair value hierarchy. The NAV is based on the value of the underlying investments owned, minus its liabilities, divided by the number of shares outstanding. There are no unfunded commitments related to these investments. Redemption notice period primarily ranges from 0-3 months and redemption frequency windows range from daily to quarterly.

<sup>(5)</sup> Fixed income funds primarily invest in U.S. government and investment grade corporate bonds.

<sup>(6)</sup> Consists of investments in underlying hedge fund strategies that are primarily implemented through the use of long and short equity and fixed income securities and derivative instruments such as futures and options.

<sup>(7)</sup> Multi-Asset funds primarily invest across a variety of asset classes, including global stocks and bonds, as well as alternative strategies.

<sup>(8)</sup> Real estate is valued using the NAV per unit of funds that are invested in real estate property. The investment value of the real estate property is determined quarterly using independent market appraisals as determined by the investment manager.

<sup>(9)</sup> This category primarily includes unsettled trades for investments purchased and sold and dividend receivables.

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

(Dollars in Millions Except Share and Per Share Amounts)

Equity securities in the U.S. plans include investments in the Company's common stock representing 5% and 7% of U.S. plan assets at December 31, 2018 and December 31, 2017, respectively. In 2018 and 2017, the U.S. plans sold 384,004 and 0 shares, respectively, of the Company's common stock to the Company. No shares of the Company's stock were purchased by the U.S. plans in 2018 or 2017. The plans received dividends on the Company's common stock of \$3 in each of 2018 and 2017.

**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 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 is as follows:



COLGATE-PALMOLIVE COMPANY

Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

	Pension Plans				Other Retiree Benefit Plans	
	2018	2017	2018	2017	2018	2017
	United States		International			
<b>Change in Benefit Obligations</b>						
Benefit obligations at beginning of year	\$ 2,363	\$ 2,298	\$ 847	\$ 800	\$ 960	\$ 923
Service cost	1	1	14	16	16	13
Interest cost	86	94	21	22	38	40
Participants' contributions	—	—	2	2	—	—
Acquisitions/plan amendments	—	—	4	(6)	—	—
Actuarial loss (gain)	(139)	110	(11)	(11)	(88)	21
Foreign exchange impact	—	—	(40)	72	(5)	3
Termination benefits <sup>(1)</sup>	9	24	—	—	—	(3)
Curtailments and settlements	(4)	—	(7)	(11)	—	—
Benefit payments	(169)	(164)	(42)	(36)	(45)	(37)
Other	—	—	(1)	(1)	—	—
Benefit obligations at end of year	\$ 2,147	\$ 2,363	\$ 787	\$ 847	\$ 876	\$ 960
<b>Change in Plan Assets</b>						
Fair value of plan assets at beginning of year	\$ 1,812	\$ 1,646	\$ 575	\$ 509	\$ —	\$ —
Actual return on plan assets	(101)	225	(16)	42	(1)	—
Company contributions	30	105	27	30	100	37
Participants' contributions	—	—	3	2	—	—
Foreign exchange impact	—	—	(29)	40	—	—
Settlements and acquisitions	(4)	—	(7)	(11)	—	—
Benefit payments	(169)	(164)	(42)	(36)	(45)	(37)
Other	—	—	(1)	(1)	—	—
Fair value of plan assets at end of year	\$ 1,568	\$ 1,812	\$ 510	\$ 575	\$ 54	\$ —
<b>Funded Status</b>						
Benefit obligations at end of year	\$ 2,147	\$ 2,363	\$ 787	\$ 847	\$ 876	\$ 960
Fair value of plan assets at end of year	1,568	1,812	510	575	54	—
Net amount recognized	\$ (579)	\$ (551)	\$ (277)	\$ (272)	\$ (822)	\$ (960)
<b>Amounts Recognized in Balance Sheet</b>						
Noncurrent assets	\$ —	\$ —	\$ 6	\$ 22	\$ —	\$ —
Current liabilities	(26)	(24)	(12)	(13)	(46)	(44)
Noncurrent liabilities	(553)	(527)	(271)	(281)	(776)	(916)
Net amount recognized	\$ (579)	\$ (551)	\$ (277)	\$ (272)	\$ (822)	\$ (960)
<b>Amounts Recognized in Accumulated Other Comprehensive Income (Loss)</b>						
Actuarial loss	\$ 940	\$ 911	\$ 226	\$ 209	\$ 239	\$ 338
Transition/prior service cost	1	1	6	1	(1)	(1)
	\$ 941	\$ 912	\$ 232	\$ 210	\$ 238	\$ 337
Accumulated benefit obligation	\$ 2,090	\$ 2,293	\$ 731	\$ 787	\$ —	\$ —

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

	Pension Plans				Other Retiree Benefit Plans	
	2018	2017	2018	2017	2018	2017
	United States		International			
<b>Weighted-Average Assumptions Used to Determine Benefit Obligations</b>						
Discount rate	4.38%	3.73%	2.80%	2.53%	4.43%	3.80%
Long-term rate of return on plan assets	6.60%	6.60%	4.06%	4.04%	6.60%	6.60%
Long-term rate of compensation increase	3.50%	3.50%	2.86%	2.79%	3.50%	3.50%
ESOP growth rate	—%	—%	—%	—%	10.00%	10.00%
Medical cost trend rate of increase	—%	—%	—%	—%	6.00%	6.00%

(1) Represents pension and other retiree benefit enhancements incurred in 2018 and 2017 pursuant to the Global Growth and Efficiency Program.

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 and the historical rates of return. The assumed rate of return as of December 31, 2018 for the U.S. plans was 6.60%. 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 (5)%, 5%, 8%, 6%, and 7%, respectively. Similar assessments were performed in determining rates of return on international pension plan assets to arrive at the Company's 2018 weighted-average rate of return of 4.06%.

The medical cost trend rate of increase assumed in measuring the expected cost of benefits is projected to decrease from 6.00% in 2019 to 4.75% by 2024, remaining at 4.75% 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	\$ 115	\$ (93)
Total of service and interest cost components	10	(7)

Expected mortality is a key assumption in the measurement of pension and other postretirement benefit obligations. For the Company's U.S. plans, this assumption was updated as of December 31, 2016 in order to reflect the Society of Actuaries' updated mortality improvement scale published in October 2016. This resulted in a decrease of 1% and 2% to the benefit obligations for the Company's U.S. pension plans and other postretirement benefits, respectively.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

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 consisted of the following:

	Years Ended December 31,	
	2018	2017
<b>Benefit Obligation Exceeds Fair Value of Plan Assets</b>		
Projected benefit obligation	\$ 2,882	\$ 2,834
Fair value of plan assets	2,007	1,992
Accumulated benefit obligation	2,689	2,641
Fair value of plan assets	1,924	1,905

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

Components of Net Periodic Benefit Cost	Pension Plans						Other Retiree Benefit Plans		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
	United States			International					
Service cost	\$ 1	\$ 1	\$ 1	\$ 14	\$ 16	\$ 16	\$ 16	\$ 13	\$ 13
Interest cost	86	94	105	21	22	25	38	40	43
Annual ESOP allocation	—	—	—	—	—	—	—	—	—
Expected return on plan assets	(115)	(111)	(109)	(21)	(22)	(23)	(2)	—	(1)
Amortization of transition and prior service costs (credits)	—	—	—	—	—	—	—	—	—
Amortization of actuarial loss	47	48	41	8	10	8	14	13	14
Net periodic benefit cost	\$ 19	\$ 32	\$ 38	\$ 22	\$ 26	\$ 26	\$ 66	\$ 66	\$ 69
Other postretirement charges	9	24	3	2	4	11	—	(3)	1
Total pension cost	\$ 28	\$ 56	\$ 41	\$ 24	\$ 30	\$ 37	\$ 66	\$ 63	\$ 70
<b>Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost</b>									
Discount rate	3.73%	4.27%	4.93%	2.53%	2.59%	3.17%	3.80%	4.41%	4.97%
Long-term rate of return on plan assets	6.60%	6.80%	6.80%	4.04%	4.14%	4.62%	6.60%	6.80%	6.80%
Long-term rate of compensation increase	3.50%	3.50%	3.50%	2.79%	2.58%	2.78%	—%	—%	—%
ESOP growth rate	—%	—%	—%	—%	—%	—%	10.00%	10.00%	10.00%
Medical cost trend rate of increase	—%	—%	—%	—%	—%	—%	6.00%	6.33%	6.67%

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

Effective January 1, 2018, as required, the Company adopted ASU No. 2017-07, “Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” on a retrospective basis. As a result, for all periods presented, only the service related component of pension and other postretirement benefit costs is included in Operating profit. The non-service related components (interest cost, expected return on assets and amortization of actuarial gains and losses) are included in a new line item, “Non-service related postretirement costs,” which is below Operating profit. Adoption of this standard had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow. See Note 2, Summary of Significant Accounting Policies to the Consolidated Financial Statements for additional information.

Other postretirement charges in 2018, 2017 and 2016 include pension and other benefit enhancements amounting to \$9, \$21 and \$4 respectively, incurred pursuant to the Global Growth and Efficiency Program. Other postretirement charges in 2018 and 2017 also includes charges of \$2 and \$4, respectively, in part due to retirements under the Global Growth and Efficiency Program.

The Company made voluntary contributions of \$67, \$81 and \$53 in 2018, 2017 and 2016, respectively, to its U.S. retirement plans.

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 (loss) into net periodic benefit cost over the next fiscal year is as follows:

	Pension Plans	Other Retiree Benefit Plans
Net actuarial loss	\$ 60	\$ 11
Net transition and prior service cost	—	—

**Expected Contributions and Benefit Payments**

Management’s best estimate of voluntary contributions the Company will make to its U.S. postretirement plans for the year ending December 31, 2019 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, 2019 from the Company’s assets are estimated to be approximately \$61. Total benefit payments expected to be paid to participants from plan assets, or directly from the Company’s assets to participants in unfunded plans, are as follows:

Years Ended December 31,	Pension Plans		Other Retiree Benefit Plans	Total
	United States	International		
2019	\$ 149	\$ 35	\$ 47	\$ 231
2020	146	35	47	228
2021	147	37	48	232
2022	151	36	48	235
2023	151	40	49	240
2024-2028	736	217	256	1,209

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**11. Income Taxes**

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

	2018	2017	2016
United States	\$ 1,175	\$ 1,072	\$ 1,191
International	2,289	2,415	2,547
<b>Total Income before income taxes</b>	<b>\$ 3,464</b>	<b>\$ 3,487</b>	<b>\$ 3,738</b>

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

	2018	2017	2016
United States	\$ 248	\$ 338	\$ 395
International	658	975	757
<b>Total Provision for income taxes</b>	<b>\$ 906</b>	<b>\$ 1,313</b>	<b>\$ 1,152</b>

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:

	2018	2017	2016
Goodwill and intangible assets	\$ 2	\$ 135	\$ 18
Property, plant and equipment	(15)	84	(3)
Pension and other retiree benefits	(7)	(192)	—
Stock-based compensation	9	(28)	15
Tax credits and tax loss carryforwards	(4)	(4)	5
Deferred withholding tax	(100)	(119)	—
Other, net	62	16	(106)
<b>Total deferred tax benefit (provision)</b>	<b>\$ (53)</b>	<b>\$ (108)</b>	<b>\$ (71)</b>

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

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:

Percentage of Income before income taxes	2018	2017	2016
Tax at United States statutory rate	21.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	1.0	0.5	0.5
Earnings taxed at other than United States statutory rate	4.5	(3.4)	(2.7)
Charge for U.S. tax reform <sup>(1)</sup>	2.3	7.9	—
Excess tax benefits from stock-based compensation <sup>(2)</sup>	(0.3)	(1.4)	—
Foreign Tax Credit Carryback <sup>(5)</sup>	(1.7)	—	—
(Benefit) charge for foreign tax matters <sup>(3)</sup>	(0.4)	—	(0.8)
(Benefit) from Venezuela remeasurement <sup>(4)</sup>	—	—	(5.6)
Tax charge on incremental repatriation of foreign earnings <sup>(4)</sup>	—	—	5.6
Other, net	(0.2)	(0.9)	(1.2)
Effective tax rate	26.2 %	37.7 %	30.8 %

<sup>(1)</sup> On December 22, 2017, the TCJA was enacted, which, among other things, lowered the U.S. corporate income tax rate to 21% from 35% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries. Beginning in 2018, the TCJA also requires a minimum tax on certain earnings generated by foreign subsidiaries while providing for tax-free repatriation of such earnings through a 100% dividends-received deduction. The Company's effective income tax rate in 2017 included a provisional charge of \$275, recorded in the fourth quarter of 2017, based on its initial analysis of the TCJA using information and estimates available as of February 15, 2018, the date on which the Company filed its Annual Report on Form 10-K for the year ended December 31, 2017. During 2018, the Company finalized its assessment of the impact of the TCJA and recognized an additional tax expense of \$80 reflecting the impact of transition tax guidance issued by the U.S. Treasury and the update of certain estimates and calculations based on information available through the end of 2018. Any further guidance issued after December 31, 2018 may have an impact to the Company's Provision for income tax in the period such guidance is effective.

<sup>(2)</sup> As a result of adopting ASU No. 2016-09 "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," effective January 1, 2017, the Company recognized excess tax benefits from stock-based compensation of \$12 and \$47 (resulting from an increase in the fair value of an award from the grant date to the vesting or exercise date, as applicable) in the Provision for income taxes as a discrete item during the years ended December 31, 2018 and 2017, respectively. These amounts may not necessarily be indicative of future amounts that may be recognized as any excess tax benefits from stock-based compensation recognized would be dependent on future stock price, employee exercise behavior and applicable tax rates. Prior to January 1, 2017, excess tax benefits from stock-based compensation were recognized in equity. See Note 2, Summary of Significant Accounting Policies - Recent Accounting Pronouncements for additional information.

<sup>(3)</sup> The benefit from a tax matter in 2016 relates to several Supreme Court and Administrative Court rulings in a foreign jurisdiction allowing certain tax deductions which had the effect of reversing prior decisions.

<sup>(4)</sup> The effective tax rate in 2016 included a \$210 U.S. income tax benefit principally related to changes in Venezuela's foreign exchange regime implemented in March 2016. Although, effective December 31, 2015, the operating results of the Company's Venezuelan subsidiary ("CP Venezuela") are no longer included in the Company's Consolidated Financial Statements, under current tax rules, the Company is required to continue including CP Venezuela's results in its consolidated U.S. federal income tax return. In order to fully utilize the above mentioned \$210 tax benefit in 2016, the Company repatriated an incremental \$1,500 of earnings of foreign subsidiaries it previously considered indefinitely reinvested outside of the U.S., and accordingly, recorded a tax charge of \$210.

<sup>(5)</sup> In 2018, the Company generated excess foreign taxes associated with its foreign branch operations which are being carried back to 2017. This item is not expected to be recurring.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

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

	2018	2017
Deferred tax liabilities:		
Goodwill and intangible assets	\$ (344)	\$ (311)
Property, plant and equipment	(311)	(306)
Deferred withholding tax	(181)	(119)
Other	(75)	(63)
Total deferred tax liabilities	<u>(911)</u>	<u>(799)</u>
Deferred tax assets:		
Pension and other retiree benefits	354	375
Tax credits and tax loss carryforwards	89	48
Accrued liabilities	180	197
Stock-based compensation	95	90
Other	164	82
Total deferred tax assets	<u>882</u>	<u>792</u>
Valuation Allowance	\$ (54)	\$ (9)
Net deferred tax assets	\$ 828	\$ 783
Net deferred income taxes	<u>\$ (83)</u>	<u>\$ (16)</u>

	2018	2017
Deferred taxes included within:		
Assets:		
Deferred income taxes	\$ 152	\$ 188
Liabilities:		
Deferred income taxes	(235)	(204)
Net deferred income taxes	<u>\$ (83)</u>	<u>\$ (16)</u>

Applicable U.S. income and foreign withholding taxes have been provided on substantially all of the Company's accumulated earnings of foreign subsidiaries.

Net tax benefit of \$2 in 2018, net tax benefit of \$37 in 2017, and net tax benefit of \$85 in 2016 were recorded directly through equity. The net tax benefit in 2018 predominantly includes current and future tax impacts related to benefit plans. The amounts in 2017 and 2016 include current and future tax impacts 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.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

Unrecognized tax benefits activity for the years ended December 31, 2018, 2017 and 2016 is summarized below:

	2018	2017	2016
Unrecognized tax benefits:			
Balance, January 1	\$ 214	\$ 201	\$ 186
Increases as a result of tax positions taken during the current year	14	13	9
Decreases of tax positions taken during prior years	(37)	(9)	(45)
Increases of tax positions taken during prior years	9	15	71
Decreases as a result of settlements with taxing authorities and the expiration of statutes of limitations	(6)	(15)	(18)
Effect of foreign currency rate movements	(4)	9	(2)
Balance, December 31	<u>\$ 190</u>	<u>\$ 214</u>	<u>\$ 201</u>

If all of the unrecognized tax benefits for 2018 above were recognized, approximately \$180 would impact the effective tax rate and would result in a cash outflow of approximately \$186. 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 \$1 of interest benefit and approximately \$11 and \$2 of interest expense related to the above unrecognized tax benefits within income tax expense in 2018, 2017 and 2016, respectively. The Company had accrued interest of approximately \$27, \$28 and \$17 as of December 31, 2018, 2017 and 2016, 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, 2011 have been audited by the IRS and there are limited matters which the Company plans to appeal for years 2010 through 2011, 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 income tax returns through December 31, 2013. 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.

The Company has made an accounting policy election to treat Global Intangible Low-Taxed Income taxes as a current period expense rather than including these amounts in the measurement of deferred taxes.



**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

**12. Earnings Per Share**

For the years ended December 31, 2018, 2017 and 2016, earnings per share were as follows:

	2018			2017			2016		
	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share	Net income attributable to Colgate-Palmolive Company	Shares (millions)	Per Share
Basic EPS	\$ 2,400	870.6	\$ 2.76	\$ 2,024	881.8	\$ 2.30	\$ 2,441	891.8	\$ 2.74
Stock options and restricted stock units		2.4			6.0			6.6	
Diluted EPS	\$ 2,400	873.0	\$ 2.75	\$ 2,024	887.8	\$ 2.28	\$ 2,441	898.4	\$ 2.72

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

As of December 31, 2018, 2017 and 2016, the average number of stock options that were anti-dilutive and not included in diluted earnings per share calculations were 18,039,961, 11,056,725 and 3,187,485, respectively. As of December 31, 2018, 2017 and 2016, the average number of restricted stock units that were anti-dilutive and not included in diluted earnings per share calculations were 9,529, 91 and 2,693, respectively.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**13. Commitments and Contingencies**

Minimum rental commitments under noncancellable operating leases, primarily for office and warehouse facilities, are \$193 in 2019, \$165 in 2020, \$123 in 2021, \$102 in 2022, \$51 in 2023 and \$32 thereafter. Rental expense amounted to \$213 in 2018, \$211 in 2017 and \$204 in 2016. 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 \$440 at December 31, 2018.

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, pension, data privacy and security, environmental and tax matters and consumer class actions. 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.

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 for which the amount of any potential losses can be reasonably estimated, the Company currently estimates that the aggregate range of reasonably possible losses in excess of any accrued liabilities is \$0 to approximately \$225 (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. 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 matters could be material to the Company's results of operations or cash flows for any particular quarter or year.

**Brazilian Matters**

There are certain tax and civil proceedings outstanding, as described below, related to the Company's 1995 acquisition of the Kolynos oral care business from Wyeth (the "Seller").

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, penalties and any court-mandated fees, at the current exchange rate, are approximately \$151. This amount includes additional assessments received from the Brazilian internal revenue authority in April 2016 relating to net operating loss carryforwards used by the Company's Brazilian subsidiary to offset taxable income that had also been deducted from the authority's original assessments. The Company has been disputing the disallowances by appealing the assessments since October 2001. Appeals are currently pending at the administrative level. In the event the Company is ultimately unsuccessful in its administrative appeals, further appeals are available within the Brazilian federal courts.

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

(Dollars in Millions Except Share and Per Share Amounts)

In September 2015, the Company lost one of its appeals at the administrative level and filed a lawsuit in Brazilian federal court. In February 2017, the Company lost an additional administrative appeal and filed a lawsuit in Brazilian federal court. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the disallowances are without merit and that the Company should ultimately prevail. The Company is challenging these disallowances vigorously.

In July 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, in the 6th. Lower Federal Court in the City of São Paulo, 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. The case has been pending since 2002, and the Lower Federal Court has not issued a decision. 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 is challenging this action vigorously.

In December 2005, the Brazilian internal revenue authority issued to the Company's Brazilian subsidiary a tax assessment with interest, penalties and any court-mandated fees of approximately \$65, 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 had been disputing the assessment within the internal revenue authority's administrative appeals process. However, in November 2015, the Superior Chamber of Administrative Tax Appeals denied the Company's final administrative appeal, and the Company has filed a lawsuit in the Brazilian federal court. In the event the Company is unsuccessful in this lawsuit, further appeals are available within the Brazilian federal courts. Although there can be no assurances, management believes, based on the opinion of its Brazilian legal counsel, that the tax assessment is without merit and that the Company should ultimately prevail. The Company is challenging this assessment vigorously.

**Competition Matters**

Certain of the Company's subsidiaries have historically been subject to investigations, and, in some cases, fines, by governmental authorities in a number of countries related to alleged competition law violations. Substantially all of these matters also involved other consumer goods companies and/or retail customers. 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 status of pending competition law matters as of December 31, 2018 is set forth below.

- In December 2014, the French competition law authority found that 13 consumer goods companies, including the Company's French subsidiary, exchanged competitively sensitive information related to the French home care and personal care sectors, for which the Company's French subsidiary was fined \$57. In addition, as a result of the Company's acquisition of the Sanex personal care business in 2011 from Unilever N.V. and Unilever PLC (together with Unilever N.V., "Unilever") pursuant to a Business and Share Sale and Purchase Agreement (the "Sale and Purchase Agreement"), the French competition law authority found that the Company's French subsidiary, along with Hillshire Brands Company (formerly Sara Lee Corporation ("Sara Lee")), were jointly and severally liable for fines of \$25 assessed against Sara Lee's French subsidiary. The Company is indemnified for these fines by Unilever pursuant to the Sale and Purchase Agreement. The fines were confirmed by the Court of Appeal in October 2016. The Company is appealing the decision of the Court of Appeal on behalf of the Company and Sara Lee in the French Supreme Court.
- In July 2014, the Greek competition law authority issued a statement of objections alleging a restriction of parallel imports into Greece. The Company responded to this statement of objections. In July 2017, the Company received the decision from the Greek competition law authority in which the Company was fined \$11. The Company is appealing the decision to the Greek courts.

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

(Dollars in Millions Except Share and Per Share Amounts)

**Talcum Powder Matters**

The Company has been named as a defendant in civil actions alleging that certain talcum powder products that were sold prior to 1996 were contaminated with asbestos. Most of these actions involve a number of co-defendants from a variety of different industries, including suppliers of asbestos and manufacturers of products that, unlike the Company's products, were designed to contain asbestos. As of December 31, 2018, there were 239 individual cases pending against the Company in state and federal courts throughout the United States, as compared to 193 cases as of December 31, 2017. During the year ended December 31, 2018, 132 new cases were filed and 86 cases were resolved by voluntary dismissal, judgment in the Company's favor or settlement. The value of settlements in the years presented was not material, either individually or in the aggregate, to each such period's results of operations.

The Company believes that a significant portion of its costs incurred in defending and resolving these claims will be covered by insurance policies issued by several primary, excess and umbrella insurance carriers, subject to deductibles, exclusions, retentions and policy limits.

While the Company and its legal counsel believe that these cases are without merit and intend to challenge them vigorously, there can be no assurances regarding the ultimate resolution of these matters. Since the amount of any potential losses from these cases currently cannot be reasonably estimated, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to these cases.

**ERISA Matter**

In June 2016, a putative class action claiming that residual annuity payments made to certain participants in the Colgate-Palmolive Company Employees' Retirement Income Plan (the "Plan") did not comply with the Employee Retirement Income Security Act was filed against the Plan, the Company and certain individuals in the United States District Court for the Southern District of New York. This action has been certified as a class action. The relief sought includes recalculation of benefits, pre- and post-judgment interest and attorneys' fees. The Company is contesting this action vigorously. Since the amount of any potential loss from this case currently cannot be reasonably estimated, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to the case.

## 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 product segment are managed geographically in five reportable operating segments: North America, Latin America, Europe, Asia Pacific and Africa/Eurasia.

The Company evaluates segment performance based on several factors, including Operating profit. The Company uses Operating profit as a measure of operating segment performance because it excludes the impact of Corporate-driven decisions related to interest expense and income taxes.

Effective January 1, 2018, as required, the Company adopted ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" on a retrospective basis. To conform to the current year's presentation, for the twelve months ended December 31, 2017 and 2016, the Company reclassified \$118 and \$118, respectively, of non-service related components of pension and other postretirement costs, which was previously deducted from Operating profit, to a new line item, "Non-service related postretirement costs," which is below Operating profit. The impact of the reclassification from Operating profit by segment for the twelve months ended December 31, 2017 is as follows: North America \$57, Latin America \$9, Europe \$6, Asia Pacific \$1, Africa/Eurasia \$1, Pet Nutrition \$24 and Corporate \$20. The impact of the reclassification from Operating profit by segment for the twelve months ended December 31, 2016 is as follows: North America \$57, Latin America \$7, Europe \$7, Asia Pacific \$1, Africa/Eurasia \$1, Pet Nutrition \$24 and Corporate \$21. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow.

The accounting policies of the operating segments are generally the same as those described in Note 2, Summary of Significant Accounting Policies. Intercompany sales have been eliminated. Corporate operations include costs related to stock options and restricted stock units, research and development costs, Corporate overhead costs, restructuring and related implementation charges 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 operating segments.

Approximately 70% of the Company's Net sales are generated from markets outside the U.S., with approximately 50% of the Company's Net sales coming from emerging markets (which consist of Latin America, Asia (excluding Japan), Africa/Eurasia and Central Europe). Oral, Personal and Home Care sales to Wal-Mart, Inc. and its affiliates represent approximately 11% of the Company's Net sales in 2018. No other customer represents more than 10% of Net sales.

In 2018, 2017 and 2016, Corporate Operating profit included charges of \$152, \$313 and \$216, respectively, resulting from the Global Growth and Efficiency Program. In 2016, Corporate Operating profit also included charges of \$17 for a litigation matter and a gain of \$97 on the sale of land in Mexico.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

	2018	2017	2016
<b>Net sales</b>			
Oral, Personal and Home Care			
North America <sup>(1)</sup>	\$ 3,348	\$ 3,117	\$ 3,183
Latin America	3,605	3,887	3,650
Europe	2,502	2,394	2,342
Asia Pacific	2,734	2,781	2,796
Africa/Eurasia	967	983	960
Total Oral, Personal and Home Care	13,156	13,162	12,931
Pet Nutrition <sup>(2)</sup>	2,388	2,292	2,264
Total Net sales	\$ 15,544	\$ 15,454	\$ 15,195

<sup>(1)</sup> Net sales in the U.S. for Oral, Personal and Home Care were \$3,091, \$2,865 and \$2,932 in 2018, 2017 and 2016, respectively.

<sup>(2)</sup> Net sales in the U.S. for Pet Nutrition were \$1,304, \$1,246 and \$1,243 in 2018, 2017 and 2016, respectively.

	2018	2017	2016
<b>Operating profit</b>			
Oral, Personal and Home Care			
North America	\$ 1,037	\$ 1,043	\$ 1,087
Latin America	995	1,171	1,139
Europe	634	605	586
Asia Pacific	777	842	888
Africa/Eurasia	173	180	187
Total Oral, Personal and Home Care	3,616	3,841	3,887
Pet Nutrition	680	677	677
Corporate	(602)	(811)	(609)
Total Operating profit	\$ 3,694	\$ 3,707	\$ 3,955

	2018	2017	2016
<b>Capital expenditures</b>			
Oral, Personal and Home Care			
North America	\$ 53	\$ 74	\$ 151
Latin America	131	127	94
Europe	39	63	51
Asia Pacific	75	125	120
Africa/Eurasia	11	13	17
Total Oral, Personal and Home Care	309	402	433
Pet Nutrition	35	33	38
Corporate	92	118	122
Total Capital expenditures	\$ 436	\$ 553	\$ 593

COLGATE-PALMOLIVE COMPANY

Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

	2018	2017	2016
<b>Depreciation and amortization</b>			
Oral, Personal and Home Care			
North America	\$ 88	\$ 58	\$ 54
Latin America	82	82	76
Europe	70	74	64
Asia Pacific	103	101	96
Africa/Eurasia	8	8	7
Total Oral, Personal and Home Care	351	323	297
Pet Nutrition	53	53	53
Corporate	107	99	93
Total Depreciation and amortization	<u>\$ 511</u>	<u>\$ 475</u>	<u>\$ 443</u>
	2018	2017	2016
<b>Identifiable assets</b>			
Oral, Personal and Home Care			
North America	\$ 3,310	\$ 2,608	\$ 2,685
Latin America	2,225	2,423	2,314
Europe	2,883	3,781	3,554
Asia Pacific	2,148	2,244	2,006
Africa/Eurasia	502	544	499
Total Oral, Personal and Home Care	11,068	11,600	11,058
Pet Nutrition	1,033	1,026	1,009
Corporate <sup>(1)</sup>	60	50	56
Total Identifiable assets <sup>(2)</sup>	<u>\$ 12,161</u>	<u>\$ 12,676</u>	<u>\$ 12,123</u>

<sup>(1)</sup> In 2018, Corporate identifiable assets primarily consist of derivative instruments (7%) and investments in equity securities (88%). In 2017, Corporate identifiable assets primarily consist of derivative instruments (5%) and investments in equity securities (86%). In 2016, Corporate identifiable assets primarily consist of derivative instruments (24%) and investments in equity securities (68%).

<sup>(2)</sup> Long-lived assets in the U.S., primarily property, plant and equipment and goodwill and other intangibles represented approximately one-half of total long-lived assets of \$8,259 in 2018 and one-third of total long-lived assets of \$7,908 and \$7,642 in 2017 and 2016, respectively.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

## 15. Supplemental Income Statement Information

<b>Other (income) expense, net</b>	2018	2017	2016
Global Growth and Efficiency Program	\$ 88	\$ 152	\$ 93
Amortization of intangible assets	59	35	33
Gain on sale of land in Mexico	—	—	(97)
Charges for a litigation matter	—	—	17
Equity income	(10)	(11)	(10)
Other, net	11	(3)	(11)
<b>Total Other (income) expense, net</b>	<b>\$ 148</b>	<b>\$ 173</b>	<b>\$ 25</b>

<b>Interest (income) expense, net</b>	2018	2017	2016
Interest incurred	\$ 195	\$ 156	\$ 155
Interest capitalized	(2)	(3)	(6)
Interest income	(50)	(51)	(50)
<b>Total Interest (income) expense, net</b>	<b>\$ 143</b>	<b>\$ 102</b>	<b>\$ 99</b>

	2018	2017	2016
Research and development	\$ 277	\$ 285	\$ 289
Advertising	\$ 1,590	\$ 1,573	\$ 1,428



## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

**16. Supplemental Balance Sheet Information**

Inventories by major class are as follows at December 31:

<b>Inventories</b>	2018	2017
Raw materials and supplies	\$ 253	\$ 267
Work-in-process	37	42
Finished goods	960	912
Total Inventories	<u>\$ 1,250</u>	<u>\$ 1,221</u>

Inventories valued under LIFO amounted to \$294 and \$289 at December 31, 2018 and 2017, respectively. The excess of current cost over LIFO cost at the end of each year was \$63. The liquidations of LIFO inventory quantities had no material effect on income in 2018, 2017 and 2016.

<b>Property, plant and equipment, net</b>	2018	2017
Land	\$ 152	\$ 159
Buildings	1,604	1,655
Manufacturing machinery and equipment	5,157	5,165
Other equipment	1,423	1,481
	<u>8,336</u>	<u>8,460</u>
Accumulated depreciation	(4,455)	(4,388)
Total Property, plant and equipment, net	<u>\$ 3,881</u>	<u>\$ 4,072</u>

<b>Other accruals</b>	2018	2017
Accrued advertising and coupon redemption	\$ 486	\$ 510
Accrued payroll and employee benefits	275	325
Accrued taxes other than income taxes	127	123
Restructuring accrual	148	181
Pension and other retiree benefits	84	81
Accrued interest	35	34
Derivatives	9	20
Other	532	557
Total Other accruals	<u>\$ 1,696</u>	<u>\$ 1,831</u>

<b>Other liabilities</b>	2018	2017
Pension and other retiree benefits	\$ 1,600	\$ 1,724
Restructuring accrual	54	53
Other	380	478
Total Other liabilities	<u>\$ 2,034</u>	<u>\$ 2,255</u>

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

## 17. Supplemental Other Comprehensive Income (Loss) Information

Other comprehensive income (loss) components attributable to Colgate-Palmolive Company before tax and net of tax during the years ended December 31 were as follows:

	2018		2017		2016	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
<b>Cumulative translation adjustments</b>	\$ (233)	\$ (218)	\$ 218	\$ 285	\$ (97)	\$ (125)
<b>Pension and other benefits:</b>						
Net actuarial gain (loss), prior service costs and settlements during the period	(21)	(16)	21	9	(231)	(152)
Amortization of net actuarial loss, transition and prior service costs <sup>(1)</sup>	69	54	71	45	63	43
Retirement Plan and other retiree benefit adjustments	48	38	92	54	(168)	(109)
<b>Available-for-sale securities:</b>						
Reclassification of (gains) losses into net earnings on available-for-sale securities	—	—	—	—	(1)	(1)
Gains (losses) on available-for-sale securities	—	—	—	—	(1)	(1)
<b>Cash flow hedges:</b>						
Unrealized gains (losses) on cash flow hedges	10	8	(25)	(16)	11	8
Reclassification of (gains) losses into net earnings on cash flow hedges <sup>(2)</sup>	3	2	3	2	(4)	(3)
Gains (losses) on cash flow hedges	13	10	(22)	(14)	7	5
<b>Total Other comprehensive income (loss)</b>	<b>\$ (172)</b>	<b>\$ (170)</b>	<b>\$ 288</b>	<b>\$ 325</b>	<b>\$ (259)</b>	<b>\$ (230)</b>

<sup>(1)</sup> These components of Other comprehensive income (loss) are included in the computation of total pension cost. See Note 10, Retirement Plans and Other Retiree Benefits for additional details.

<sup>(2)</sup> These (gains) losses are reclassified into Cost of sales. See Note 7, Fair Value Measurements and Financial Instruments for additional details.

There were no tax impacts on Other comprehensive income (loss) attributable to Noncontrolling interests.

*Accumulated Other Comprehensive Income (Loss)*

Accumulated other comprehensive income (loss) 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, 2018 and 2017, Accumulated other comprehensive income (loss) consisted primarily of aftertax unrecognized pension and other retiree benefit costs of \$1,038 and \$923, respectively, and cumulative foreign currency translation adjustments of \$3,155 and \$2,927, respectively. Foreign currency translation adjustments in 2018 primarily reflect losses from the euro and the Argentine peso. Foreign currency translation adjustments in 2017 primarily reflect gains from the euro.

**COLGATE-PALMOLIVE COMPANY**

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

(Dollars in Millions Except Share and Per Share Amounts)

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

	<u>Total</u>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
<u>2018</u>					
Net sales	\$ 15,544	\$ 4,002	\$ 3,886	\$ 3,845	\$ 3,811
Gross profit	9,231 <sup>(1)</sup>	2,408 <sup>(3)</sup>	2,301 <sup>(5)</sup>	2,269 <sup>(7)</sup>	2,253 <sup>(9)</sup>
Net income including noncontrolling interests	2,558 <sup>(2)</sup>	678 <sup>(4)</sup>	675 <sup>(6)</sup>	562 <sup>(8)</sup>	643 <sup>(10)</sup>
Net income attributable to Colgate-Palmolive Company	2,400 <sup>(2)</sup>	634 <sup>(4)</sup>	637 <sup>(6)</sup>	523 <sup>(8)</sup>	606 <sup>(10)</sup>
Earnings per common share:					
Basic	2.76 <sup>(2)</sup>	0.72 <sup>(4)</sup>	0.73 <sup>(6)</sup>	0.60 <sup>(8)</sup>	0.70 <sup>(10)</sup>
Diluted	2.75 <sup>(2)</sup>	0.72 <sup>(4)</sup>	0.73 <sup>(6)</sup>	0.60 <sup>(8)</sup>	0.70 <sup>(10)</sup>
<u>2017</u>					
Net sales	\$ 15,454	\$ 3,762	\$ 3,826	\$ 3,974	\$ 3,892
Gross profit	9,280 <sup>(11)</sup>	2,269 <sup>(13)</sup>	2,300 <sup>(15)</sup>	2,383 <sup>(17)</sup>	2,328 <sup>(19)</sup>
Net income including noncontrolling interests	2,174 <sup>(12)</sup>	611 <sup>(14)</sup>	560 <sup>(16)</sup>	650 <sup>(18)</sup>	353 <sup>(20)</sup>
Net income attributable to Colgate-Palmolive Company	2,024 <sup>(12)</sup>	570 <sup>(14)</sup>	524 <sup>(16)</sup>	607 <sup>(18)</sup>	323 <sup>(20)</sup>
Earnings per common share:					
Basic	2.30 <sup>(12)</sup>	0.64 <sup>(14)</sup>	0.59 <sup>(16)</sup>	0.69 <sup>(18)</sup>	0.37 <sup>(20)</sup>
Diluted	2.28 <sup>(12)</sup>	0.64 <sup>(14)</sup>	0.59 <sup>(16)</sup>	0.68 <sup>(18)</sup>	0.37 <sup>(20)</sup>

Note: Basic and diluted earnings per share are computed independently for each quarter and the year-to-date period presented. Accordingly, the sum of the quarterly earnings per common share may not necessarily equal the earnings per share for the year-to-date period.

<sup>(1)</sup> Gross profit for the full year of 2018 includes \$31 of charges related to the Global Growth and Efficiency Program.

<sup>(2)</sup> Net income including noncontrolling interests for the full year of 2018 includes \$124 of aftertax charges related to the Global Growth and Efficiency Program. Net income attributable to Colgate-Palmolive Company and Earnings per common share for the full year of 2018 include \$125 of aftertax charges related to the Global Growth and Efficiency Program, an \$80 charge related to U.S. tax reform and a \$15 benefit from a foreign tax matter.

<sup>(3)</sup> Gross profit for the first quarter of 2018 includes \$6 of charges related to the Global Growth and Efficiency Program.

<sup>(4)</sup> Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the first quarter of 2018 include \$20 of aftertax charges related to the Global Growth and Efficiency Program.

<sup>(5)</sup> Gross profit for the second quarter of 2018 includes \$5 of charges related to the Global Growth and Efficiency Program.

<sup>(6)</sup> Net income including noncontrolling interests for the second quarter of 2018 includes \$48 of aftertax charges related to the Global Growth and Efficiency Program. Net income attributable to Colgate-Palmolive Company and Earnings per common share for the second quarter of 2018 include \$51 of aftertax charges related to the Global Growth and Efficiency Program and a \$15 benefit from a foreign tax matter.

<sup>(7)</sup> Gross profit for the third quarter of 2018 includes \$8 of charges related to the Global Growth and Efficiency Program.

## Notes to Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

- (8) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the third quarter of 2018 include \$22 of aftertax charges related to the Global Growth and Efficiency Program and an \$80 charge related to U.S. tax reform.
- (9) Gross profit for the fourth quarter of 2018 includes \$12 of charges related to the Global Growth and Efficiency Program.
- (10) Net income including noncontrolling interests for the fourth quarter of 2018 includes \$34 of aftertax charges related to the Global Growth and Efficiency Program. Net income attributable to Colgate-Palmolive Company and Earnings per common share for the fourth quarter of 2018 include \$32 of aftertax charges related to the Global Growth and Efficiency Program.
- (11) Gross profit for the full year of 2017 includes \$75 of charges related to the Global Growth and Efficiency Program.
- (12) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the full year of 2017 include \$246 of aftertax charges related to the Global Growth and Efficiency Program and a \$275 charge related to U.S. tax reform.
- (13) Gross profit for the first quarter of 2017 includes \$14 of charges related to the Global Growth and Efficiency Program.
- (14) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the first quarter of 2017 include \$31 of aftertax charges related to the Global Growth and Efficiency Program.
- (15) Gross profit for the second quarter of 2017 includes \$21 of charges related to the Global Growth and Efficiency Program.
- (16) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the second quarter of 2017 include \$115 of aftertax charges related to the Global Growth and Efficiency Program.
- (17) Gross profit for the third quarter of 2017 includes \$16 of charges related to the Global Growth and Efficiency Program.
- (18) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the third quarter of 2017 include \$39 of aftertax charges related to the Global Growth and Efficiency Program.
- (19) Gross profit for the fourth quarter of 2017 includes \$24 of charges related to the Global Growth and Efficiency Program.
- (20) Net income including noncontrolling interests, Net income attributable to Colgate-Palmolive Company and Earnings per common share for the fourth quarter of 2017 include \$61 of aftertax charges related to the Global Growth and Efficiency Program and a \$275 charge related to U.S. tax reform.

**COLGATE-PALMOLIVE COMPANY**  
**SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS**  
(Dollars in Millions)

	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Other		
<b>Year Ended December 31, 2018</b>					
Allowance for doubtful accounts and estimated returns	\$ 77	\$ 15	\$ —	\$ 10	\$ 82
Valuation allowance for deferred tax assets	\$ 9	\$ 45	\$ —	\$ —	\$ 54
<b>Year Ended December 31, 2017</b>					
Allowance for doubtful accounts and estimated returns	\$ 73	\$ 8	\$ —	\$ 4	\$ 77
Valuation allowance for deferred tax assets	\$ —	\$ 9	\$ —	\$ —	\$ 9
<b>Year Ended December 31, 2016</b>					
Allowance for doubtful accounts and estimated returns	\$ 59	\$ 18	\$ —	\$ 4	\$ 73
Valuation allowance for deferred tax assets	\$ —	\$ —	\$ —	\$ —	\$ —

COLGATE-PALMOLIVE COMPANY

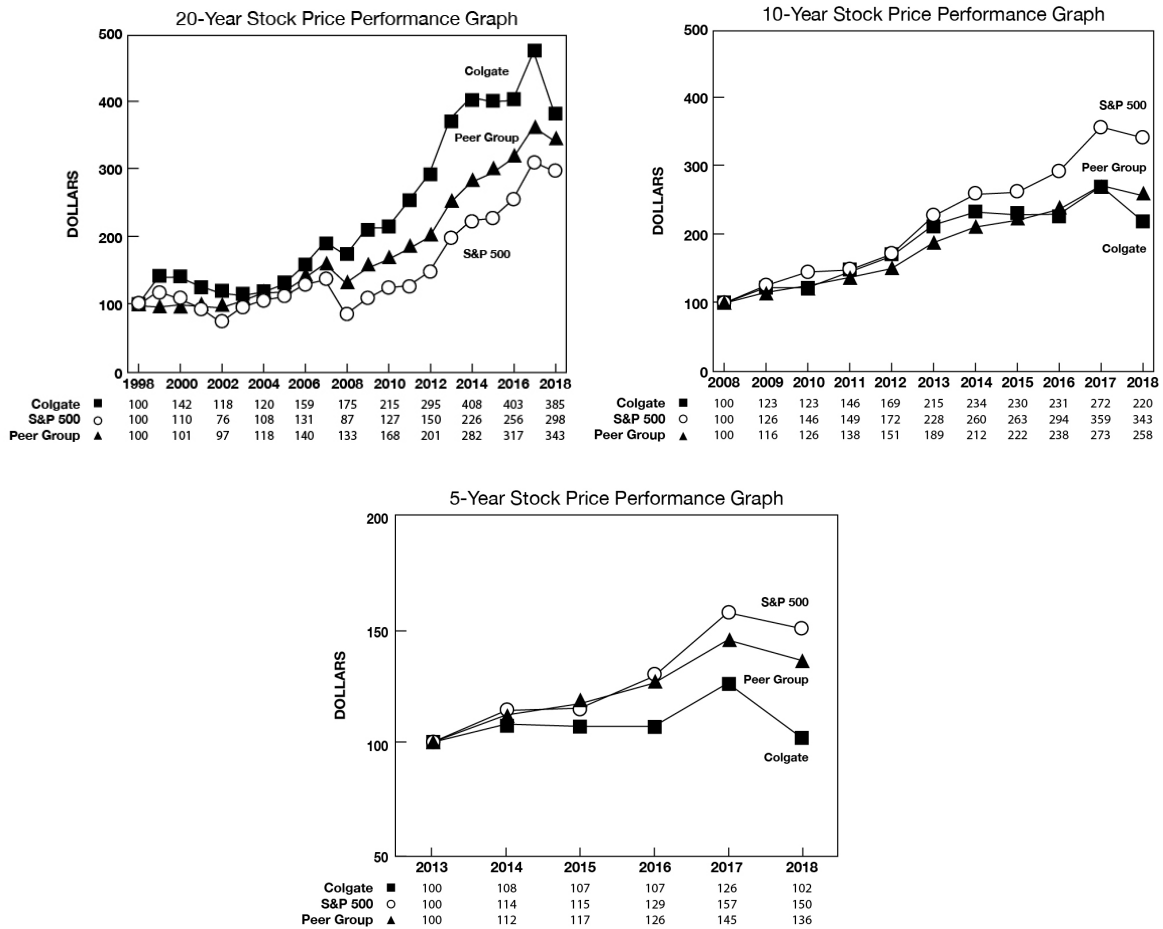
Market Information

The Company's common stock is listed on the New York Stock Exchange and its trading symbol is CL.

Stock Price Performance Graphs

The following graphs compare cumulative total shareholder 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 ended December 31, 2018. The peer company index is comprised of consumer products companies that have both domestic and international businesses. For 2018, the peer company index consisted of Campbell Soup Company, The Clorox Company, The Coca-Cola Company, ConAgra Brands, Inc., The Estee Lauder Companies, Inc., General Mills, Inc., Johnson & Johnson, Kellogg Company, Kimberly-Clark Corporation, The Kraft Heinz Company, Mondelez International, Inc., PepsiCo, Inc., The Procter & Gamble Company, Reckitt Benckiser Group plc and Unilever N.V.

These performance graphs do not constitute soliciting material, are not deemed filed with the SEC and are not incorporated by reference in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, 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)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Continuing Operations</b>										
Net sales	\$ 15,544	\$ 15,454	\$ 15,195	\$ 16,034	\$ 17,277	\$ 17,420	\$ 17,085	\$ 16,734	\$ 15,564	\$ 15,327
Results of operations:										
Net income attributable to Colgate-Palmolive Company	2,400 <sup>(1)</sup>	2,024 <sup>(2)</sup>	2,441 <sup>(3)</sup>	1,384 <sup>(4)</sup>	2,180 <sup>(5)</sup>	2,241 <sup>(6)</sup>	2,472 <sup>(7)</sup>	2,431 <sup>(8)</sup>	2,203 <sup>(9)</sup>	2,291
Earnings per common share, basic	2.76 <sup>(1)</sup>	2.30 <sup>(2)</sup>	2.74 <sup>(3)</sup>	1.53 <sup>(4)</sup>	2.38 <sup>(5)</sup>	2.41 <sup>(6)</sup>	2.60 <sup>(7)</sup>	2.49 <sup>(8)</sup>	2.22 <sup>(9)</sup>	2.26
Earnings per common share, diluted	2.75 <sup>(1)</sup>	2.28 <sup>(2)</sup>	2.72 <sup>(3)</sup>	1.52 <sup>(4)</sup>	2.36 <sup>(5)</sup>	2.38 <sup>(6)</sup>	2.57 <sup>(7)</sup>	2.47 <sup>(8)</sup>	2.16 <sup>(9)</sup>	2.18
Depreciation and amortization expense	511	475	443	449	442	439	425	421	376	351
<b>Financial Position</b>										
Current ratio	1.1	1.4	1.3	1.2	1.2	1.1	1.2	1.2	1.0	1.1
Property, plant and equipment, net	3,881	4,072	3,840	3,796	4,080	4,083	3,842	3,668	3,693	3,516
Capital expenditures	436	553	593	691	757	670	565	537	550	575
Total assets	12,161	12,676	12,123	11,935	13,440	13,968	13,379	12,711	11,163	11,125
Long-term debt	6,354	6,566	6,520	6,246	5,625	4,732	4,911	4,417	2,806	2,812
Colgate-Palmolive Company shareholders' equity	(102)	(60)	(243)	(299)	1,145	2,305	2,189	2,375	2,675	3,116
<b>Share and Other</b>										
Book value per common share	0.23	0.28	0.03	(0.04)	1.55	2.79	2.60	2.71	2.95	3.26
Cash dividends declared and paid per common share	1.66	1.59	1.55	1.50	1.42	1.33	1.22	1.14	1.02	0.86
Closing price	59.52	75.45	65.44	66.62	69.19	65.21	52.27	46.20	40.19	41.08
Number of common shares outstanding (in millions)	862.9	874.7	883.1	892.7	906.7	919.9	935.8	960.0	989.8	988.4
Number of common shareholders of record	21,900	22,700	23,600	24,400	25,400	26,900	27,600	28,900	29,900	30,600
Number of employees	34,500	35,900	36,700	37,900	37,700	37,400	37,700	38,600	39,200	38,100

Note: All per share amounts and numbers of shares outstanding were adjusted for the two-for-one stock split of the Company's common stock in 2013.

<sup>(1)</sup> Net income attributable to Colgate-Palmolive Company and earnings per common share for the full year of 2018 include \$125 of aftertax charges related to the Global Growth and Efficiency Program, a \$15 benefit from a foreign tax matter, and an \$80 charge related to U.S. tax reform.

COLGATE-PALMOLIVE COMPANY

**Historical Financial Summary**  
**For the years ended December 31,**  
(Dollars in Millions Except Per Share Amounts)  
**(Unaudited)**

- (2) Net income attributable to Colgate-Palmolive Company and earnings per common share for the full year of 2017 include \$246 of aftertax charges related to the Global Growth and Efficiency Program and a \$275 charge related to U.S. tax reform.
- (3) Net income attributable to Colgate-Palmolive Company and earnings per common share for the full year of 2016 include \$168 of aftertax charges related to the Global Growth and Efficiency Program, a \$63 aftertax gain on the sale of land in Mexico, \$11 of aftertax charges for a litigation matter and \$35 of benefits from tax matters.
- (4) Net income attributable to Colgate-Palmolive Company and earnings per common share for the full year of 2015 include a \$1,058 aftertax charge related to the change in accounting for the Company's Venezuelan operations, \$183 of aftertax charges related to the Global Growth and Efficiency Program, \$22 of aftertax charges related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets as a result of effective devaluations, \$120 aftertax gain on the sale of the South Pacific laundry detergent business, a \$14 aftertax charge for a litigation matter and a \$15 charge for a tax matter.
- (5) Net income attributable to Colgate-Palmolive Company and earnings per common share in 2014 include \$208 of aftertax charges related to the Global Growth and Efficiency Program, \$214 of aftertax charges related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets as a result of effective devaluations, \$41 of charges for litigation matters, \$3 of aftertax costs related to the sale of land in Mexico and a \$66 charge for a tax matter.
- (6) Net income attributable to Colgate-Palmolive Company and earnings per common share in 2013 include \$278 of aftertax charges related to the Global Growth and Efficiency Program, a \$111 aftertax charge related to the remeasurement of CP Venezuela's local currency-denominated net monetary assets as a result of a devaluation, a \$23 charge for a litigation matter and \$12 of aftertax costs related to the sale of land in Mexico.
- (7) Net income attributable to Colgate-Palmolive Company and earnings per common share in 2012 include \$70 of aftertax charges related to the Global Growth and Efficiency Program, \$18 of aftertax costs related to the sale of land in Mexico and \$14 of aftertax costs associated with various business realignment and other cost-saving initiatives.
- (8) Net income attributable to Colgate-Palmolive Company and earnings per common share in 2011 include an aftertax gain of \$135 on the sale of the non-core laundry detergent business in Colombia, offset by \$147 of aftertax costs associated with various business realignment and other cost-saving initiatives, \$9 of aftertax costs related to the sale of land in Mexico and a \$21 charge for a litigation matter.
- (9) Net income attributable to Colgate-Palmolive Company and earnings per common share in 2010 include 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.



FIVE YEAR CREDIT AGREEMENT

Dated as of November 2, 2018

Among

COLGATE-PALMOLIVE COMPANY

as Borrower

THE BANKS NAMED HEREIN

as Banks

BANK OF AMERICA, N.A.

BNP PARIBAS

HSBC BANK USA, NATIONAL ASSOCIATION

JPMORGAN CHASE BANK, N.A.

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Co-Syndication Agents

CITIBANK, N.A.

as Administrative Agent

and

CITIBANK, N.A.

as Arranger

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## FIVE YEAR CREDIT AGREEMENT

Dated as of November 2, 2018

COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the banks and other financial institutions (the "Banks") listed on the signature pages hereof, Citibank, N.A. ("Citibank"), as arranger, Bank of America, N.A., BNP Paribas, HSBC Bank USA, National Association, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-syndication agents, and 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 2, 2019 and November 2 in each succeeding calendar year occurring during the term of this Agreement.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery, money laundering or corruption.

"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).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“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 ICE Benchmark 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 the applicable Bloomberg screen (or any successor to or substitute for Bloomberg, providing rate quotations comparable to those currently provided by Bloomberg, 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 ICE Benchmark Settlement Rates for deposits in Dollars) at approximately 11:00 A.M. London time on such day); provided, that if One Month LIBOR is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

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

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“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 foregoing 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.

“date hereof” means November 2, 2018.

“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.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a

parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“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.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“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 the applicable Bloomberg screen as the London interbank offered rate (“LIBOR”) 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 applicable Bloomberg screen 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; provided, that if the Eurodollar Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“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 4, 2011, amended and restated as of July 27, 2015 and as further amended by Amendment No. 1 dated as of November 4, 2016, among the Borrower, the banks named therein, Citibank, N.A., as Administrative Agent, 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), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreements entered into pursuant thereto.

“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, 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; provided, that if the Federal Funds Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“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 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 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 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 Bail-In Action or 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.

“LIBOR” has the meaning specified in the definition of “Eurodollar Rate”.

“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.

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

“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 S&P Global Ratings, 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.

“Sanctioned Country” means, at any time, a country, territory or region which is itself the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person



owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means, with respect to any Person, economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, to the extent applicable to such Person.

“SEC Reports” means (i) the Annual Report of the Borrower on form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission, (ii) the Borrower’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018 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 2, 2023, 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.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

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 in U.S. dollars 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. 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, 2018, 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	0.040%
Aa3 or above	or	AA- or above	0.045%
A1 or above	or	A+ or above	0.060%
Lower than above or not rated			0.070%

(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:

Moody's		S&P	Credit Default Rate Floor	Credit Default Rate Cap
Aa3 or above	or	AA- or above	0.100%	0.750%
A1 or above	or	A+ or above	0.150%	0.875%
Lower than above or not rated			0.380%	1.000%

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 the applicable Bloomberg screen 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, provided that if the applicable Bloomberg screen is unavailable, such rate of interest shall be determined on the basis of timely information provided by no fewer than two Reference Banks (it being understood that (i) the Administrative Agent shall not be required to disclose to any party hereto any information regarding any Reference Bank or any rate provided by such Reference Bank, including, without limitation, whether a Reference Bank has provided a rate or the rate provided by any individual Reference Bank and (ii) any such determination shall be made in good faith (and not on an arbitrary and capricious basis) and consistent with similarly situated customers of the Administrative Agent after consideration of factors as the Administrative Agent then reasonably determines to be relevant).

(c) Notwithstanding anything to the contrary in this Agreement, if the Administrative Agent determines (which determination shall be conclusive absent manifest error) and notifies the Borrower and the Lenders of such determination, or the Required Lenders notify the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because LIBOR is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the supervisor for the administrator of LIBOR or a governmental authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR shall no longer be made available, or used for determining the interest rate of loans (such specific date, the “Scheduled Unavailability Date”),

then, after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) that has been broadly accepted by the syndicated loan market in the United States in lieu of LIBOR (any such proposed rate, a “LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and, notwithstanding anything to the contrary in Section 8.01, any such amendment shall become effective at 5:00 p.m. (New York time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment (in form and substance mutually agreed between the Administrative Agent and the Borrower) to all Lenders unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders do not accept such amendment.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist, the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Advances shall be suspended, (to the extent of the affected Eurodollar Rate Advances or Interest Periods). Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Advances (to the extent of the affected Eurodollar Rate Advances or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

“LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Administrative Agent and mutually agreed by the Borrower, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines with the consent of the Borrower).

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 or liquidity 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 taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity) and that the amount of such capital or liquidity 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 or liquidity 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; provided, that a Lender shall not be entitled to submit a claim for compensation pursuant to this clause (b) unless the making of such claim is consistent with its general practices under similar circumstances in respect of similarly situated borrowers with credit agreements entitling it to make such claims.

(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 \$2,900,000,000 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.

SECTION 2.15. Extension of Termination Date. (a) At least 30 days but not more than 60 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 later than 20 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. The delivery of such notice shall constitute a representation and warranty that on the date of such notice (x) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of the date of such notice (provided that, for the purposes of such representation, (A) all references in the representations and warranties contained in Section 4.01(e) to consolidated balance sheets, consolidated statements of income, cash flow and retained earnings for the Borrower and its Consolidated Subsidiaries shall be deemed to refer to the corresponding versions of those documents most recently delivered to the Administrative Agent pursuant to Section 5.01(e)(ii) prior to the date of the notice contemplated in this Section 2.15(a), (B) all references in the representations and warranties contained in Section 4.01(e) and 4.01(f) to "SEC Reports" shall be deemed to refer to the Borrower's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and current Reports on Form 8-K filed with the Securities and Exchange Commission prior to the date of such notice and (C) the final sentence of Section 4.01(e) shall be deemed revised to read "Except as set forth in the SEC Reports, since the date of the most recently delivered consolidated financial statements delivered to the Administrative Agent in accordance with Section 5.01(e)(ii), there has been no Material Adverse Change"; and (y) there exists no Default. 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 20 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 15 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 an 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 an 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. 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 a Protesting 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, and payment in full of all amounts outstanding, 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, 2017 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, 2017 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.

(q) The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions, and the Borrower and its Subsidiaries and, to the knowledge of the Borrower, their respective directors, officers and employees, are in compliance with Anti-Corruption Laws, except to the extent the failure to do so would not have a Material Adverse Effect, and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers or employees or any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing is intended to be used for the purpose of violating any Anti-Corruption Law or in violation of applicable Sanctions.

(r) Neither the Borrower nor any Borrowing Subsidiary is an EEA Financial Institution.

(s) Each Beneficial Ownership Certification delivered in connection with this Agreement is, as of the date such document is delivered, true and correct in all respects.

## 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; and maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions.

(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) ; or request any Borrowing, or use, or permit its Subsidiaries and its or their respective directors, officers and employees to use, the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) in any manner that would result in the

violation of Sanctions, for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

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;

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 its capacity as such) 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.

SECTION 7.10 Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any Borrowing Subsidiary, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Advances, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Advances, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any Borrowing Subsidiary, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved

in such Lender's entrance into, participation in, administration of and performance of the Advances, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement or any documents related hereto).

As used in this Section:

"**Benefit Plan**" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"**PTE**" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

## 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) extend or 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, Citibank, in its capacity as lead arranger (the "Arranger"), each Lender and each of their Related Parties (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 as determined by a court of competent jurisdiction in a final and nonappealable judgment, 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. No Indemnified Party shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the transactions contemplated hereby.

(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 unmaturing. 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, without limitation, as required under the Patriot Act and, in the case of a Subsidiary Borrower that is a "legal entity customer" within the meaning of the Beneficial Ownership Regulation, delivery of a Beneficial Ownership Certification to each Lender that so requests) 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.

As soon as practicable and in any event within ten Business Days after notice of the assignment to a Borrowing Subsidiary that is organized under the laws of a jurisdiction other than of the United States or a political subdivision thereof, any Lender that may not legally lend to, or whose internal policies, consistently applied, preclude lending 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.

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 (or holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, 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 holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, 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 a nonfiduciary 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.

SECTION 8.09. Mitigation of Adverse Circumstances. 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.

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 Administrative Agent, each Lender and their Affiliates may have economic interests that conflict with those of the Borrower or the Borrowing Subsidiary. 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.

SECTION 8.18. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in this Agreement or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Agreement or any Note, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any Note; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

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  
 Vice President and Corporate  
 Title: Treasurer

CITIBANK, N.A., as Administrative Agent

By /s/ Carolyn Kee  
 Name: Carolyn Kee  
 Title: Vice President

Banks

CITIBANK, N.A.

By /s/ Carolyn Kee

Name: Carolyn Kee

Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Kayla Yuan

Name: Kayla Yuan

Title: Associate

BNP PARIBAS

By /s/ Pamela Fitton  
Name: Pamela Fitton  
Title: Managing Director

By /s/ Melissa Dyld  
Name: Melissa Dyld  
Title: Director

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



WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/ Denis Waltrich

Name: Denis Waltrich

Title: Director

BANCO BILBAO VIZCAYA ARGENTARIA, S.A., NEW YORK BRANCH

By /s/ Cara Younger

Name: Cara Younger

Title: Director

BANCO BILBAO VIZCAYA ARGENTARIA, S.A., NEW YORK BRANCH

By /s/ Miriam Trautmann

Name: Miriam Trautmann

Title: Sr. Vice President

BARCLAYS BANK PLC

By /s/ Ritam Bhalla

Name: Ritam Bhalla

Title: Director

GOLDMAN SACHS BANK USA

By /s/ Annie Carr  
Name: Annie Carr  
Title: Authorized Signatory

MORGAN STANLEY BANK, N.A.

By /s/ Michael King

Name: Michael King

Title: Authorized Signatory

US BANK NATIONAL ASSOCIATION

By /s/ Mark Irey  
Name: Mark Irey  
Title: Vice President

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By /s/ Robert Grillo

Name: Robert Grillo

Title: Director

BANCO SANTANDER, S.A., NEW YORK BRANCH

By /s/ Rita Walz-Cuccioli

Name: Rita Walz-Cuccioli

Title: Executive Director

By /s/ Terence Corcoran

Name: Terence Corcoran

Title: Executive Director



INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD., NEW YORK  
BRANCH

By /s/ Pinyen Shih  
Name: Pinyen Shih  
Title: Executive Director

By /s/ Xiaoyu Yang  
Name: Xiaoyu Yang  
Title: Vice President

MIZUHO BANK, LTD.

By /s/ Tracy Rahn

Name: Tracy Rahn

Title: Authorized Signatory

THE BANK OF NEW YORK MELLON

By /s/ Thomas J. Tarasovich, Jr.

Name: Thomas J. Tarasovich, Jr.

Title: Vice President

SCHEDULE I  
COLGATE-PALMOLIVE COMPANY  
CREDIT AGREEMENT  
COMMITMENTS

<u>Name of Bank</u>	<u>Commitment</u>
Citibank, N.A.	\$375,000,000
Bank of America, N.A.	\$250,000,000
BNP Paribas	\$250,000,000
HSBC Bank USA, National Association	\$250,000,000
JPMorgan Chase Bank, N.A.	\$250,000,000
Wells Fargo Bank, National Association	\$250,000,000
Banco Bilbao Vizcaya Argentaria, S.A., New York Branch	\$130,000,000
Barclays Bank PLC	\$130,000,000
Goldman Sachs Bank USA	\$130,000,000
Morgan Stanley Bank, N.A.	\$130,000,000
U.S. Bank National Association	\$130,000,000
Australia and New Zealand Banking Group Limited	\$75,000,000
Banco Santander, S.A., New York Branch	\$75,000,000
Industrial and Commercial Bank of China Ltd., New York Branch	\$75,000,000
Mizuho Bank, Ltd.	\$75,000,000
The Bank of New York Mellon	\$75,000,000
Total of Commitments:	\$2,650,000,000

SCHEDULE 4.01(f)

DISCLOSED LITIGATION

None

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 2, 2018 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:





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 2, 2018 (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:

EXHIBIT C - 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 Five Year Credit Agreement dated as of November 2, 2018 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>8</sup>	Percentage Assigned of Commitment/Advances <sup>19</sup>	CUSIP Number
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	

[7. Trade Date: \_\_\_\_\_]<sup>20</sup>

[Page break]

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<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/Advances 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: \_\_\_\_\_  
Title:

ASSIGNEE  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

[Consented to and]<sup>23</sup> Accepted:

[NAME OF ADMINISTRATIVE AGENT], as  
Administrative Agent

By: \_\_\_\_\_  
Title:

[Consented to:]<sup>24</sup>

[COLGATE-PALMOLIVE COMPANY]

By: \_\_\_\_\_  
Title:

\_\_\_\_\_

<sup>23</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement. Accepted:

<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 2, 2018 (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

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 2, 2018 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

Above Acknowledged and Agreed to:

CITIBANK, N.A., as Administrative Agent

By \_\_\_\_\_

Name:

Title:

COLGATE-PALMOLIVE COMPANY

By \_\_\_\_\_

Name:

Title:

**COLGATE-PALMOLIVE COMPANY  
SUBSIDIARIES OF THE REGISTRANT**

<u>Name of Company</u>	<u>Jurisdiction of Organization</u>
887357 Ontario Inc.	Canada
Cleaning Dimensions, Inc.	Delaware
COLGALIVE S.A.	Dominican Republic
Colgate (BVI) Limited	British Virgin Islands
Colgate (Guangzhou) Company Limited	China
Colgate (U.K.) Limited	United Kingdom
Colgate Business Services of the Americas, S.C.	Mexico
Colgate Flavors and Fragrances, Inc.	Delaware
Colgate Global Business Services Private Limited	India
Colgate Holdings	United Kingdom
Colgate Oral Pharmaceuticals, Inc.	Delaware
Colgate Palmolive Ghana Limited	Ghana
Colgate Palmolive Holding S.Com.P.A.	Spain
Colgate Palmolive Nouvelle Caledonie Sarl	New Caledonia
Colgate Palmolive Tanzania Limited	Tanzania
Colgate Sanxiao Company Limited	China
Colgate Venture Company, Inc.	Delaware
Colgate, Inc.	Delaware
Colgate-Palmolive (America), Inc.	Delaware
Colgate-Palmolive (Asia) Pte, Ltd	Singapore
Colgate-Palmolive (Blantyre) Limited	Malawi
Colgate-Palmolive (Brunei) Sdn Bhn	Brunei
Colgate-Palmolive (Central America) Inc. y Compañia Limitada	Guatemala
Colgate-Palmolive (Central America), Inc.	Delaware
Colgate-Palmolive (Centro America) S.A.	Guatemala
Colgate-Palmolive (China) Co. Ltd	China
Colgate-Palmolive (Costa Rica), S.A.	Costa Rica
Colgate-Palmolive (Dominica), Inc.	Delaware
Colgate-Palmolive (Dominican Republic), Inc.	Delaware
Colgate-Palmolive (East Africa) Limited	Kenya
Colgate-Palmolive (Eastern) Pte. Ltd.	Singapore
Colgate-Palmolive (Egypt) S.A.E.	Delaware/Egypt
Colgate-Palmolive (Far East) Sdn Bhd	Malaysia
Colgate-Palmolive (Fiji) Limited	Fiji
Colgate-Palmolive (Gabon), S.A.	Gabon
Colgate-Palmolive (Gulf States) Ltd. *	British Virgin Islands
Colgate-Palmolive (Guyana) Ltd.	Guyana
Colgate-Palmolive (H.K.) Limited	Hong Kong
Colgate-Palmolive (Hellas) S.A. I.C.	Greece
Colgate-Palmolive (Hong Kong) Holding Limited	Hong Kong
Colgate-Palmolive (India) Limited *	India
Colgate-Palmolive (Kazakhstan), L.L.P.	Kazakhstan
Colgate-Palmolive (Latvia) Ltd.	Latvia
Colgate-Palmolive (Malaysia) Sdn Bhd	Malaysia
Colgate-Palmolive (Middle East Exports) Ltd.	British Virgin Islands
Colgate-Palmolive (Myanmar) Limited	Myanmar
Colgate-Palmolive (New York), Inc.	Delaware
Colgate-Palmolive (Poland) Sp. z o.o.	Poland



Colgate-Palmolive (Proprietary) Limited	South Africa
Colgate-Palmolive (Research & Development), Inc.	Delaware
Colgate-Palmolive (Romania) SRL	Romania
Colgate-Palmolive (Thailand) Limited	Thailand
Colgate-Palmolive (Uganda) Limited	Uganda
Colgate-Palmolive (UK) Limited	United Kingdom
Colgate-Palmolive (Vietnam) Ltd.	Vietnam
Colgate-Palmolive (Zambia) Inc.	Delaware
Colgate-Palmolive (Zimbabwe), Inc.	Delaware
Colgate-Palmolive A.B.	Sweden
Colgate-Palmolive A/S	Denmark
Colgate-Palmolive Adria Ltd.	Slovenia
Colgate-Palmolive Arabia Ltd. *	Saudi Arabia
Colgate-Palmolive Argentina S.A.	Argentina
Colgate-Palmolive Asia Pacific Limited	Hong Kong
Colgate-Palmolive Asia Pacific Treasury Services Limited	Hong Kong
Colgate-Palmolive Belgium S.A.	Belgium
Colgate-Palmolive Bolivia, Ltda.	Bolivia
Colgate-Palmolive Cameroun S.A. *	Cameroon
Colgate-Palmolive Canada, Inc.	Canada
Colgate-Palmolive Caricom Service Co., Inc.	Puerto Rico
Colgate-Palmolive Central European Management Inc.	Delaware
Colgate-Palmolive Ěeská republika spol. s r.o.	Czech Republic
Colgate-Palmolive Chile S.A.	Chile
Colgate-Palmolive Cia.	Delaware
Colgate-Palmolive Comercial Ltda.	Brazil
Colgate-Palmolive Commercial (Hellas) SP LLC	Greece
Colgate-Palmolive Commerciale S.A.S.	France
Colgate-Palmolive Commerciale S.r.l.	Italy
Colgate-Palmolive Compania Anonima	Venezuela
Colgate-Palmolive Company GmbH	Switzerland
Colgate-Palmolive Company, Distr. LLC	Puerto Rico
Colgate-Palmolive Cote d'Ivoire, S.A.	Ivory Coast
Colgate-Palmolive Cyprus Limited	Cyprus
Colgate-Palmolive de Paraguay Sociedad Anonima	Paraguay
Colgate-Palmolive de Puerto Rico, Inc.	Delaware
Colgate-Palmolive del Ecuador, S.A.I.C.	Ecuador
Colgate-Palmolive del Peru (Delaware) Inc.	Delaware
Colgate-Palmolive Development Corp.	Delaware
Colgate-Palmolive East West Africa Region (Pty) Ltd	South Africa
Colgate-Palmolive Enterprises, Inc.	Delaware
Colgate-Palmolive Espana, S.A.	Spain
Colgate-Palmolive Europe (Holdings) Sarl	Switzerland
Colgate-Palmolive Europe Sarl	Switzerland
Colgate-Palmolive Finance (UK) plc	United Kingdom
Colgate-Palmolive Global Trading Company	Delaware
Colgate-Palmolive Holding Argentina S.A.	Argentina
Colgate-Palmolive Holding Inc.	Delaware
Colgate-Palmolive Hungary Kft, Limited Liability Company	Hungary
Colgate-Palmolive IHQ Services (Thailand) Limited	Thailand
Colgate-Palmolive Inc.	Delaware
Colgate-Palmolive Inc. S.A.	Uruguay
Colgate-Palmolive Industrial Ltda.	Brazil
Colgate-Palmolive Industriel S.A.S.	France

Colgate-Palmolive International LLC	Delaware
Colgate-Palmolive Investment Co., Inc.	Delaware
Colgate-Palmolive Investments (BVI) Ltd.	British Virgin Islands
Colgate-Palmolive Investments (PNG) Ltd.	Papua New Guinea
Colgate-Palmolive Investments, (UK) Limited	United Kingdom
Colgate-Palmolive Investments, Inc.	Delaware
Colgate-Palmolive Israel Ltd.	Israel
Colgate-Palmolive Italia, S.r.l.	Italy
Colgate-Palmolive JSC	Russia
Colgate-Palmolive Lanka (Private) Limited	Sri Lanka
Colgate-Palmolive Latin America LLC	Panama
Colgate-Palmolive Limited	New Zealand
Colgate-Palmolive Manufacturing (Poland) Sp. z o.o.	Poland
Colgate-Palmolive Marketing Sdn Bhd	Malaysia
Colgate-Palmolive Maroc, S.A.	Morocco
Colgate-Palmolive Mocambique Limitada	Mozambique
Colgate-Palmolive Nederland B.V.	Netherlands
Colgate-Palmolive NJ, Inc.	New Jersey
Colgate-Palmolive Norge A/S	Norway
Colgate-Palmolive Participacoes e Investimentos Imobiliarios, Lda.	Portugal
Colgate-Palmolive Peru S.A.	Peru
Colgate-Palmolive Philippines, Inc.	Philippines
Colgate-Palmolive Pty Ltd	Australia
Colgate-Palmolive Retirement Trustee Limited	New Zealand
Colgate-Palmolive S.p.A.	Italy
Colgate-Palmolive Senegal	Senegal
Colgate-Palmolive Services (Belgium) SA/NV	Belgium
Colgate-Palmolive Services (Hellas) LLC	Greece
Colgate-Palmolive Services (Poland) Sp. z o.o.	Poland
Colgate-Palmolive Services CEW GmbH	Germany
Colgate-Palmolive Services, S.A.	France
Colgate-Palmolive Slovensko, s.r.o.	Slovakia
Colgate-Palmolive Support Services	Ireland
Colgate-Palmolive Temizlik Urunleri Sanayi ve Ticart S.A.	Turkey
Colgate-Palmolive Transnational Inc.	Delaware
Colgate-Palmolive Ukraine LLC	Ukraine
Colgate-Palmolive Unipessoal, Lda	Portugal
Colgate-Palmolive, S.A. de C.V.	Mexico
Colpal CBS, S de R. L. de C. V.	Mexico
Consumer Viewpoint Center, Inc.	New Jersey
Cotelle S.A.	France
CP Australia Employee Share Scheme Pty Limited	Australia
CP GABA GmbH	Germany
CP International Holding C.V.	Netherlands
CP West East Investment Limited	Nigeria
CPIF Venture, Inc.	Delaware
Dimac Development Corp.	Delaware
Dominica Coconut Products Limited	Dominica
EKIB, Inc.	Delaware
ELM Company Limited	Bermuda
Elta MD Holdings, Inc.	Delaware
Elta MD, Inc.	Texas
GABA Europe Holding GmbH	Switzerland
GABA International Holding LLC	Delaware

GABA Schweiz AG	Switzerland
GABA Therwil GmbH	Switzerland
Gamma Development Co., Ltd.	Thailand
Global Trading and Supply LLC	Delaware
Hamol, Ltd.	Delaware
Hawley & Hazel (BVI) Company Ltd. *	British Virgin Islands
Hill's Funding Company	Delaware
Hill's Pet Nutrition (NZ) Limited	New Zealand
Hill's Pet Nutrition (Thailand) Co., Ltd.	Thailand
Hill's Pet Nutrition Asia Limited	Hong Kong
Hill's Pet Nutrition B.V.	Netherlands
Hill's Pet Nutrition Canada Inc.	Canada
Hill's Pet Nutrition de Mexico, S.A. de C.V.	Mexico
Hill's Pet Nutrition de Puerto Rico, Inc.	Puerto Rico
Hill's Pet Nutrition Denmark ApS	Denmark
Hill's Pet Nutrition Espana, S.L.	Spain
Hill's Pet Nutrition GmbH	Germany
Hill's Pet Nutrition Holding B.V.	Netherlands
Hill's Pet Nutrition Indiana, Inc.	Delaware
Hill's Pet Nutrition Italia, S.r.l.	Italy
Hill's Pet Nutrition Korea Ltd.	Korea
Hill's Pet Nutrition Ltd.	U.K.
Hill's Pet Nutrition Manufacturing, B.V.	Netherlands
Hill's Pet Nutrition Manufacturing, s.r.o	Czech Republic
Hill's Pet Nutrition Norway AS	Norway
Hill's Pet Nutrition OOO	Russia
Hill's Pet Nutrition Pty. Limited	Australia
Hill's Pet Nutrition s.r.o.	Czech Republic
Hill's Pet Nutrition Sales, Inc.	Delaware
Hill's Pet Nutrition SNC	France
Hill's Pet Nutrition South Africa Proprietary Limited	South Africa
Hill's Pet Nutrition Sweden AB	Sweden
Hill's Pet Nutrition Switzerland GmbH	Switzerland
Hill's Pet Nutrition Taiwan, Ltd	Taiwan
Hill's Pet Nutrition Trading (GZ) Co., Ltd	China
Hill's Pet Nutrition, Inc.	Delaware
Hill's Pet Nutrition, S.p.A.	Italy
Hill's Pet Products (Benelux) S.A.	Belgium
Hill's Pet Products, Inc.	Delaware
Hill's Veterinary Companies of America, Inc.	Delaware
Hill's-Colgate (Japan) Ltd.	Japan
Hopro Liquidating Corp.	Ohio
Hygiene Systemes et Services SA	Tunisia
IES Enterprises, Inc.	Massachusetts
Inmobiliaria Colpal, S. de R.L. de C.V.	Mexico
Inmobiliaria Hills, S.A. de C.V.	Mexico
Innovacion Creativa, S.A. de C.V.	Mexico
Kolynos Corporation	Delaware
Lournay Sales, Inc.	Delaware
Mennen de Chile, Ltd.	Delaware
Mennen de Nicaragua, S.A.	Delaware
Mennen Interamerica, Ltd.	Delaware
Mennen Limited	Delaware
Mennen South Africa, Ltd.	Delaware

Mission Hills Property Corporation	Delaware
Mission Hills, S.A. de C.V.	Mexico
Norwood International, Incorporated	Delaware
Olive Music Publishing Corporation	Delaware
P.T. Colgate Palmolive Indonesia *	Indonesia
Paramount Research, Inc.	Delaware
Penny, LLC	Delaware
Pet Chemicals Inc.	Florida
Physicians Care Alliance, LLC	Arizona
Productos Halogenados Copalven, C.A.	Venezuela
Purity Holding Company	Delaware
Purity Music Publishing Corporation	Delaware
Refresh Company Limited	Dominica
Samuel Taylor Holdings B.V.	Netherlands
Sanxiao Company Limited	Hong Kong
Services Development Co., Ltd.	Thailand
Societe Generale de Negoce et de Services (GENESE) S.A.	Tunisia
The Lournay Company, Inc.	Delaware
The Murphy-Phoenix Company	Ohio
Tom's of Maine, Inc.	Maine
Veterinary Companies of America, Inc.	Delaware
Vipont Pharmaceutical, Inc.	Delaware
XEB Inc.	New Jersey

\* Indicates a company that is not wholly owned, directly or indirectly, by Colgate-Palmolive Company.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-221172) and Form S-8 (Nos. 33-58746, 33-64753, 333-45679, 333-132038, 333-171448, and 333-188528) of Colgate-Palmolive Company of our report dated February 21, 2019 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 21, 2019

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, Charles A. Bancroft, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ Charles A. Bancroft  
Name: Charles A. Bancroft

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, John P. Bilbrey, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ John P. Bilbrey  
Name: John P. Bilbrey

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, John T. Cahill, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ John T. Cahill

Name: John T. Cahill

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, Helene D. Gayle, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ Helene D. Gayle

Name: Helene D. Gayle

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, Ellen M. Hancock, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ Ellen M. Hancock  
Name: Ellen M. Hancock

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, C. Martin Harris, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ C. Martin Harris  
Name: C. Martin Harris



**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, Lorrie M. Norrington, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ Lorrie M. Norrington  
Name: Lorrie M. Norrington

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, Michael B. Polk, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/s/ Michael B. Polk  
Name: Michael B. Polk

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

I, Stephen I. Sadove, do hereby make, constitute and appoint Jennifer M. Daniels and Kristine Hutchinson, 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, 2018, 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 21st day of February, 2019.

/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 21, 2019

/s/ Ian Cook

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Ian Cook  
Chairman of the Board and  
Chief Executive Officer

I, Henning I. Jakobsen, 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 21, 2019

/s/ Henning I. Jakobsen

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Henning I. Jakobsen  
Chief Financial Officer

The undersigned Chairman of the Board 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, 2018 (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 21, 2019

/s/ Ian Cook

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Ian Cook  
Chairman of the Board and  
Chief Executive Officer

/s/ Henning I. Jakobsen

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Henning I. Jakobsen  
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.