

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2020

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)

13-1815595
(I.R.S. Employer Identification No.)

300 Park Avenue
New York, New York
(Address of principal executive offices)

10022
(Zip Code)

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, \$1.00 par value | CL | New York Stock Exchange |
| 0.000% Notes due 2021 | CL21A | New York Stock Exchange |
| 0.500% Notes due 2026 | CL26 | New York Stock Exchange |
| 1.375% Notes due 2034 | CL34 | New York Stock Exchange |
| 0.875% Notes due 2039 | CL39 | New York Stock Exchange |

NO CHANGES

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate 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 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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 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 | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| Class | Shares Outstanding | Date |
|--------------------------------|--------------------|--------------------|
| Common stock, \$1.00 par value | 857,168,831 | September 30, 2020 |

PART I. FINANCIAL INFORMATION

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Statements of Income
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | \$ 4,153 | \$ 3,928 | \$ 12,147 | \$ 11,678 |
| Cost of sales | 1,613 | 1,612 | 4,773 | 4,767 |
| Gross profit | 2,540 | 2,316 | 7,374 | 6,911 |
| Selling, general and administrative expenses | 1,518 | 1,429 | 4,386 | 4,163 |
| Other (income) expense, net | 4 | 31 | 72 | 125 |
| Operating profit | 1,018 | 856 | 2,916 | 2,623 |
| Non-service related postretirement costs | 15 | 27 | 56 | 79 |
| Interest (income) expense, net | 36 | 35 | 107 | 113 |
| Income before income taxes | 967 | 794 | 2,753 | 2,431 |
| Provision for income taxes | 222 | 167 | 585 | 586 |
| Net income including noncontrolling interests | 745 | 627 | 2,168 | 1,845 |
| Less: Net income attributable to noncontrolling interests | 47 | 49 | 120 | 121 |
| Net income attributable to Colgate-Palmolive Company | \$ 698 | \$ 578 | \$ 2,048 | \$ 1,724 |
| Earnings per common share, basic | \$ 0.81 | \$ 0.67 | \$ 2.39 | \$ 2.00 |
| Earnings per common share, diluted | \$ 0.81 | \$ 0.67 | \$ 2.38 | \$ 2.00 |

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Condensed Consolidated Statements of Comprehensive Income

(Dollars in Millions)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------|------------------------------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Net income including noncontrolling interests | \$ 745 | \$ 627 | \$ 2,168 | \$ 1,845 |
| Other comprehensive income (loss), net of tax: | | | | |
| Cumulative translation adjustments | 57 | (111) | (230) | (60) |
| Retirement plans and other retiree benefit adjustments | 54 | 5 | 84 | 30 |
| Gains (losses) on cash flow hedges | 1 | 4 | (2) | (3) |
| Total Other comprehensive income (loss), net of tax | 112 | (102) | (148) | (33) |
| Total Comprehensive income including noncontrolling interests | 857 | 525 | 2,020 | 1,812 |
| Less: Net income attributable to noncontrolling interests | 47 | 49 | 120 | 121 |
| Less: Cumulative translation adjustments attributable to noncontrolling interests | 12 | (6) | (1) | (6) |
| Total Comprehensive income attributable to noncontrolling interests | 59 | 43 | 119 | 115 |
| Total Comprehensive income attributable to Colgate-Palmolive Company | \$ 798 | \$ 482 | \$ 1,901 | \$ 1,697 |

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Balance Sheets
(Dollars in Millions)
(Unaudited)

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--|-------------------------------|------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 989 | \$ 883 |
| Receivables (net of allowances of \$88 and \$76, respectively) | 1,292 | 1,440 |
| Inventories | 1,578 | 1,400 |
| Other current assets | 508 | 456 |
| Total current assets | <u>4,367</u> | <u>4,179</u> |
| Property, plant and equipment: | | |
| Cost | 8,380 | 8,580 |
| Less: Accumulated depreciation | <u>(4,874)</u> | <u>(4,830)</u> |
| | 3,506 | 3,750 |
| Goodwill | 3,711 | 3,508 |
| Other intangible assets, net | 2,838 | 2,667 |
| Deferred income taxes | 208 | 177 |
| Other assets | 836 | 753 |
| Total assets | <u>\$ 15,466</u> | <u>\$ 15,034</u> |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Notes and loans payable | \$ 9 | \$ 260 |
| Current portion of long-term debt | 256 | 254 |
| Accounts payable | 1,225 | 1,237 |
| Accrued income taxes | 423 | 370 |
| Other accruals | 2,568 | 1,917 |
| Total current liabilities | <u>4,481</u> | <u>4,038</u> |
| Long-term debt | 6,971 | 7,333 |
| Deferred income taxes | 406 | 507 |
| Other liabilities | 2,535 | 2,598 |
| Total liabilities | <u>14,393</u> | <u>14,476</u> |
| Shareholders' Equity | | |
| Common stock | 1,466 | 1,466 |
| Additional paid-in capital | 2,837 | 2,488 |
| Retained earnings | 23,052 | 22,501 |
| Accumulated other comprehensive income (loss) | (4,421) | (4,273) |
| Unearned compensation | (1) | (2) |
| Treasury stock, at cost | <u>(22,280)</u> | <u>(22,063)</u> |
| Total Colgate-Palmolive Company shareholders' equity | 653 | 117 |
| Noncontrolling interests | 420 | 441 |
| Total equity | <u>1,073</u> | <u>558</u> |
| Total liabilities and equity | <u>\$ 15,466</u> | <u>\$ 15,034</u> |

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Statements of Cash Flows

(Dollars in Millions)
(Unaudited)

| | Nine Months Ended September 30, | |
|--|------------------------------------|----------------|
| | 2020 | 2019 |
| Operating Activities | | |
| Net income including noncontrolling interests | \$ 2,168 | \$ 1,845 |
| Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations: | | |
| Depreciation and amortization | 400 | 386 |
| Restructuring and termination benefits, net of cash | (66) | 11 |
| Stock-based compensation expense | 85 | 83 |
| Deferred income taxes | (124) | 79 |
| Voluntary benefit plan contributions | — | (113) |
| Cash effects of changes in: | | |
| Receivables | 62 | (65) |
| Inventories | (214) | (69) |
| Accounts payable and other accruals | 468 | (52) |
| Other non-current assets and liabilities | (23) | 58 |
| Net cash provided by (used in) operations | <u>2,756</u> | <u>2,163</u> |
| Investing Activities | | |
| Capital expenditures | (249) | (226) |
| Purchases of marketable securities and investments | (109) | (152) |
| Proceeds from sale of marketable securities and investments | 42 | 14 |
| Payment for acquisitions, net of cash acquired | (352) | (1,711) |
| Net cash provided by (used in) investing activities | <u>(668)</u> | <u>(2,075)</u> |
| Financing Activities | | |
| Principal payments on debt | (3,269) | (4,184) |
| Proceeds from issuance of debt | 2,500 | 6,008 |
| Dividends paid | (1,162) | (1,140) |
| Purchases of treasury shares | (578) | (1,024) |
| Proceeds from exercise of stock options | 640 | 490 |
| Purchases of non-controlling interests in subsidiaries | (99) | — |
| Net cash provided by (used in) financing activities | <u>(1,968)</u> | <u>150</u> |
| Effect of exchange rate changes on Cash and cash equivalents | (14) | (16) |
| Net increase (decrease) in Cash and cash equivalents | <u>106</u> | <u>222</u> |
| Cash and cash equivalents at beginning of the period | 883 | 726 |
| Cash and cash equivalents at end of the period | <u>\$ 989</u> | <u>\$ 948</u> |
| Supplemental Cash Flow Information | | |
| Income taxes paid | \$ 606 | \$ 669 |

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Condensed Consolidated Statements of Changes in Shareholders' Equity

(Dollars in Millions)

(Unaudited)

Three Months Ended September 30, 2020

Colgate-Palmolive Company Shareholders' Equity

| | Common Stock | Additional Paid-in Capital | Unearned Compensation | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) ⁽¹⁾ | Noncontrolling Interests |
|--|-----------------|----------------------------------|--------------------------|--------------------|----------------------|---|-----------------------------|
| Balance, June 30, 2020 | \$ 1,466 | \$ 2,666 | \$ (1) | \$ (22,075) | \$ 22,731 | \$ (4,519) | \$ 464 |
| Net income | — | — | — | — | 698 | — | 47 |
| Other comprehensive income (loss), net of tax | — | — | — | — | — | 100 | 12 |
| Dividends (\$0.44 per share) | — | — | — | — | (379) | — | — |
| Stock-based compensation expense | — | 53 | — | — | — | — | — |
| Shares issued for stock options | — | 130 | — | 132 | — | — | — |
| Shares issued for restricted stock units | — | (13) | — | 13 | — | — | — |
| Treasury stock acquired | — | — | — | (350) | — | — | — |
| Noncontrolling interests acquired | — | — | — | — | — | — | (99) |
| Other | — | 1 | — | — | 2 | (2) | (4) |
| Balance, September 30, 2020 | \$ 1,466 | \$ 2,837 | \$ (1) | \$ (22,280) | \$ 23,052 | \$ (4,421) | \$ 420 |

Three Months Ended September 30, 2019

Colgate-Palmolive Company Shareholders' Equity

| | Common Stock | Additional Paid-in Capital | Unearned Compensation | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) ⁽¹⁾ | Noncontrolling Interests |
|---|-----------------|----------------------------------|--------------------------|--------------------|----------------------|---|-----------------------------|
| Balance, June 30, 2019 | \$ 1,466 | \$ 2,338 | \$ (3) | \$ (21,682) | \$ 21,653 | \$ (4,119) | \$ 337 |
| Net income | — | — | — | — | 578 | — | 49 |
| Other comprehensive income (loss), net of tax | — | — | — | — | — | (96) | (6) |
| Dividends (\$0.43 per share) | — | — | — | — | (370) | — | (2) |
| Stock-based compensation expense | — | 49 | — | — | — | — | — |
| Shares issued for stock options | — | 93 | — | 128 | — | — | — |
| Shares issued for restricted stock units | — | (14) | — | 14 | — | — | — |
| Treasury stock acquired | — | — | — | (360) | — | — | — |
| Noncontrolling interests assumed through acquisition | — | — | — | — | — | — | 120 |
| Other | — | — | 2 | — | (1) | — | — |
| Balance, September 30, 2019 | \$ 1,466 | \$ 2,466 | \$ (1) | \$ (21,900) | \$ 21,860 | \$ (4,215) | \$ 498 |

⁽¹⁾ Accumulated other comprehensive income (loss) includes cumulative translation losses of \$3,357 at September 30, 2020 (\$3,209 at September 30, 2019) and \$3,402 at June 30, 2020 (\$3,104 at June 30, 2019), respectively, and unrecognized retirement plan and other retiree benefits costs of \$1,054 at September 30, 2020 (\$1,008 at September 30, 2019) and \$1,108 at June 30, 2020 (\$1,013 at June 30, 2019), respectively.

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Statements of Changes in Shareholders' Equity

(Dollars in Millions)

(Unaudited)

Nine Months Ended September 30, 2020

Colgate-Palmolive Company Shareholders' Equity

| | Common Stock | Additional Paid-in Capital | Unearned Compensation | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) ⁽¹⁾ | Noncontrolling Interests |
|---|-----------------|----------------------------|-----------------------|--------------------|-------------------|--|--------------------------|
| Balance, December 31, 2019 | \$ 1,466 | \$ 2,488 | \$ (2) | \$ (22,063) | \$ 22,501 | \$ (4,273) | \$ 441 |
| Net income | — | — | — | — | 2,048 | — | 120 |
| Other comprehensive income (loss), net of tax | — | — | — | — | — | (147) | (1) |
| Dividends (\$1.75 per share)* | — | — | — | — | (1,503) | — | (37) |
| Stock-based compensation expense | — | 85 | — | — | — | — | — |
| Shares issued for stock options | — | 290 | — | 329 | — | — | — |
| Shares issued for restricted stock units | — | (30) | — | 30 | — | — | — |
| Treasury stock acquired | — | — | — | (578) | — | — | — |
| Noncontrolling interests acquired | — | — | — | — | — | — | (99) |
| Other | — | 4 | 1 | 2 | 6 | (1) | (4) |
| Balance, September 30, 2020 | \$ 1,466 | \$ 2,837 | \$ (1) | \$ (22,280) | \$ 23,052 | \$ (4,421) | \$ 420 |

Nine Months Ended September 30, 2019

Colgate-Palmolive Company Shareholders' Equity

| | Common Stock | Additional Paid-in Capital | Unearned Compensation | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) ⁽¹⁾ | Noncontrolling Interests |
|--|-----------------|----------------------------|-----------------------|--------------------|-------------------|--|--------------------------|
| Balance, December 31, 2018 | \$ 1,466 | \$ 2,204 | \$ (3) | \$ (21,196) | \$ 21,615 | \$ (4,188) | \$ 299 |
| Net income | — | — | — | — | 1,724 | — | 121 |
| Other comprehensive income (loss), net of tax | — | — | — | — | — | (27) | (6) |
| Dividends (\$1.71 per share)* | — | — | — | — | (1,473) | — | (36) |
| Stock-based compensation expense | — | 83 | — | — | — | — | — |
| Shares issued for stock options | — | 207 | — | 290 | — | — | — |
| Shares issued for restricted stock units | — | (28) | — | 28 | — | — | — |
| Treasury stock acquired | — | — | — | (1,024) | — | — | — |
| Noncontrolling interests assumed through acquisition | — | — | — | — | — | — | 120 |
| Other | — | — | 2 | 2 | (6) | — | — |
| Balance, September 30, 2019 | \$ 1,466 | \$ 2,466 | \$ (1) | \$ (21,900) | \$ 21,860 | \$ (4,215) | \$ 498 |

⁽¹⁾ Accumulated other comprehensive income (loss) includes cumulative translation losses of \$3,357 at September 30, 2020 (\$3,209 at September 30, 2019) and \$3,128 at December 31, 2019 (\$3,155 at December 31, 2018), respectively, and unrecognized retirement plan and other retiree benefits costs of \$1,054 at September 30, 2020 (\$1,008 at September 30, 2019) and \$1,138 at December 31, 2019 (\$1,038 at December 31, 2018), respectively.

* Two dividends were declared in each of the first quarters of 2020 and 2019

See Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements

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

1. Basis of Presentation

The Condensed Consolidated Financial Statements reflect all normal recurring adjustments which, in management's opinion, are necessary for a fair statement of the results for interim periods. Results of operations for interim periods may not be representative of results to be expected for a full year. Colgate-Palmolive Company (together with its subsidiaries, the "Company" or "Colgate") reclassifies certain prior year amounts, as applicable, to conform to the current year presentation.

For a complete set of financial statement notes, including the Company's significant accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (the "SEC").

2. Use of Estimates

Provisions for certain expenses, including income taxes, advertising and consumer promotion, are based on full year assumptions and are included in the accompanying Condensed Consolidated Financial Statements in proportion with estimated annual tax rates, the passage of time or estimated annual sales, as applicable.

3. Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU provides optional expedients and exceptions for applying generally accepted accounting principles ("GAAP") to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This new guidance was effective upon issuance of this ASU for contract modifications and hedging relationships on a prospective basis and is not expected to have a material impact on the Company's Consolidated Financial Statements.

In March 2020, the FASB issued ASU No. 2020-03, "Codification to Financial Instruments." This ASU improves and clarifies various financial instruments topics, including the current expected credit losses ("CECL") standard issued in 2016. The ASU includes seven different issues that describe the areas of improvement and the related amendments to GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. The amendments related to Issue 1, Issue 2, Issue 4 and Issue 5 were effective upon issuance of this update. The amendments related to Issue 3, Issue 6 and Issue 7 were effective for the Company beginning on January 1, 2020. The new guidance did not have a material impact on the Company's Consolidated Financial Statements.

In January 2020, the FASB issued ASU No. 2020-01, "Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323) and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815." The guidance provides clarification of the interaction of rules for equity securities, the equity method of accounting and forward contracts and purchase options on certain types of securities. This new guidance is effective for the Company beginning on January 1, 2021, with early adoption permitted. This new guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

In December 2019, the FASB issued ASU No. 2019-12, "Income taxes (Topic 740): Simplifying the Accounting for Income Taxes." This ASU simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This new guidance is effective for the Company beginning on January 1, 2021, with early adoption permitted. This new guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

In April 2019, the FASB issued ASU No. 2019-04, "Codification Improvements to Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Financial Instruments (Topic 825)." This ASU clarifies three topics related to financial instruments accounting. This new guidance was effective for the Company beginning on January 1, 2020. The new guidance did not have a material impact on the Company's Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements (continued)

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

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 was effective for the Company beginning on January 1, 2020 and did not have a material impact on the Company’s Consolidated Financial Statements.

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 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. Any impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard was effective for the Company on a prospective basis beginning on January 1, 2020 and did not have a material impact on the Company’s Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326) Codification Improvements to Financial Instruments—Credit Losses (Topic 326).” Subsequent updates were released in November 2018 (ASU No. 2018-19), November 2019 (ASU No. 2019-10 and 2019-11) and February 2020 (ASU No. 2020-02) that provided additional guidance on this Topic. This ASU introduces the CECL model, which will require an entity to measure credit losses for certain financial instruments and financial assets, including trade receivables. Under this update, on initial recognition and at each reporting period, an entity will be required to recognize an allowance that reflects the entity’s current estimate of credit losses expected to be incurred over the life of the financial instrument. The Company adopted the new standard, which primarily impacts the Company’s trade receivables and related methodology for assessing the collectability of its customer accounts, on January 1, 2020, on a “modified retrospective” basis. The adoption of this ASU did not have a material impact on the Company’s Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements (continued)

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

4. Acquisitions

Hello Products LLC

On January 31, 2020, the Company acquired Hello Products LLC, an oral care business, for cash consideration of \$351. The acquisition was financed with a combination of debt and cash. This acquisition is part of the Company's strategy to focus on high growth segments within its Oral Care, Personal Care and Pet Nutrition businesses.

The total purchase price consideration of \$351 has been allocated to the net assets acquired based on their respective preliminary estimated fair values as follows:

| | | |
|-----------------------------------|----|------------|
| Receivables | \$ | 11 |
| Inventories | | 13 |
| Other assets and liabilities, net | | (4) |
| Other intangible assets | | 160 |
| Goodwill | | 171 |
| Fair value of net assets acquired | \$ | <u>351</u> |

Other intangible assets acquired include trademarks, valued at \$115, which are considered to have a finite useful life of 25 years, and customer relationships valued at \$45, which are considered to have a finite useful life of 17 years. Goodwill of \$171 was allocated to the North America segment. The Company expects that goodwill will be deductible for tax purposes.

The preliminary estimates of the fair value of identifiable assets acquired and liabilities assumed are subject to revisions, which may result in additional adjustments to the preliminary values discussed above. The Company expects to finalize the purchase price allocation no later than the first quarter of 2021.

Pro forma results of operations have not been presented as the impact on the Company's Condensed Consolidated Financial Statements is not material.

Laboratoires Filorga Cosmétiques ("Filorga")

On September 19, 2019, the Company acquired the Filorga skin health business ("Filorga") for cash consideration of €1,516 (approximately \$1,674), which included interest on the equity purchase price, plus additional consideration of €32 (approximately \$38), the majority of which related to repayment of loans from former shareholders of Filorga. Filorga is a premium anti-aging skin health brand focused primarily on facial care. This acquisition is part of the Company's strategy to focus on high growth segments within its Oral Care, Personal Care and Pet Nutrition businesses, including by expanding its portfolio in premium skin health.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The total purchase price consideration of \$1,712 has been allocated to the net assets acquired based on their respective preliminary estimated fair values as follows:

| | | |
|-----------------------------------|----|--------------|
| Cash | \$ | 30 |
| Receivables | | 53 |
| Inventories | | 70 |
| Other current assets | | 18 |
| Other intangible assets | | 1,051 |
| Goodwill | | 923 |
| Other current liabilities | | (67) |
| Deferred income taxes | | (276) |
| Noncontrolling interests | | (90) |
| Fair value of net assets acquired | \$ | <u>1,712</u> |

Other intangible assets acquired include trademarks of \$774, which are considered to have an indefinite useful life, and customer relationships of \$277, which are considered to have a finite useful life of 14 years. Goodwill of \$923 was allocated to the Europe segment. Goodwill will not be deductible for tax purposes.

In the third quarter of 2020, the Company completed the purchase of the outstanding non-controlling interest of Filorga's joint venture based in Hong Kong and covering the Hong Kong and China markets, for approximately €85 (approximately \$99) in cash.

Pro forma results of operations have not been presented as the impact on the Company's Condensed Consolidated Financial Statements is not material.

Nigeria Joint Venture

On August 15, 2019, the Company acquired a 51% controlling interest in Colgate Tolaram Pte. Ltd., a joint venture which owns the Nigeria-based Hypo Homecare Products Limited, for \$31.

Pro forma results of operations have not been presented as the impact on the Company's Condensed Consolidated Financial Statements is not material.

Notes to Condensed Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)
(Unaudited)**5. Restructuring and Related Implementation Charges**

The Company's restructuring program (the "Global Growth and Efficiency Program"), which commenced in the fourth quarter of 2012, concluded on December 31, 2019. Initiatives under the Global Growth and Efficiency Program 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.

During the three months ended September 30, 2020, the Company adjusted the accrual balances related to certain projects approved prior to the conclusion of the Global Growth and Efficiency Program to reflect its revised estimate of remaining liabilities. This adjustment resulted in a reduction of \$16 (\$13 after-tax), of which \$3 was recorded in Selling, general and administrative expenses and \$13 was recorded in Other (income) expense, net. No new restructuring projects were approved for implementation during the nine months ended September 30, 2020.

For the three and nine months ended September 30, 2019 restructuring and implementation-related charges are reflected in the income statement as follows:

| | Three Months Ended September 30, 2019 | Nine Months Ended September 30, 2019 |
|---|--|---|
| Cost of sales | \$ 1 | \$ 9 |
| Selling, general and administrative expenses | 28 | 42 |
| Other (income) expense, net | (3) | 43 |
| Non-service related postretirement costs | 1 | 4 |
| Total Global Growth and Efficiency Program charges, pretax | \$ 27 | \$ 98 |
| Total Global Growth and Efficiency Program charges, aftertax | \$ 22 | \$ 75 |

Restructuring and implementation-related charges in the preceding table and the adjustment recorded in the third quarter of 2020 were recorded in the Corporate segment as these decisions were predominantly centrally directed and controlled and were not included in internal measures of segment operating performance.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

(Dollars in Millions Except Share and Per Share Amounts)

(Unaudited)

The following tables summarize the activity for restructuring accrual:

| | Three Months Ended September 30, 2020 | |
|-------------------------------|--|-----------|
| Balance at June 30, 2020 | \$ | 64 |
| Charges (Benefits) | | (16) |
| Cash payments | | (15) |
| Charges against assets | | — |
| Foreign exchange | | 1 |
| Other | | — |
| Balance at September 30, 2020 | \$ | <u>34</u> |

| | Nine Months Ended September 30, 2020 | |
|-------------------------------|---|-----------|
| Balance at December 31, 2019 | \$ | 100 |
| Charges (Benefits) | | (16) |
| Cash payments | | (50) |
| Charges against assets | | — |
| Foreign exchange | | — |
| Other | | — |
| Balance at September 30, 2020 | \$ | <u>34</u> |

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

6. Inventories

Inventories by major class are as follows:

| | September 30, 2020 | December 31, 2019 |
|---------------------------------|-----------------------|----------------------|
| Raw materials and supplies | \$ 390 | \$ 305 |
| Work-in-process | 48 | 49 |
| Finished goods | 1,190 | 1,056 |
| Total Inventories, net | \$ 1,628 | \$ 1,410 |
| Non-current inventory, net | \$ (50) | \$ (10) |
| Current Inventories, net | \$ 1,578 | \$ 1,400 |

7. Earnings Per Share

For the three months ended September 30, 2020 and 2019, earnings per share were as follows:

| | Three Months Ended | | | | | |
|---|---|----------------------|--------------|---|----------------------|--------------|
| | September 30, 2020 | | | September 30, 2019 | | |
| | Net income attributable to Colgate-Palmolive Company | Shares (millions) | Per Share | Net income attributable to Colgate-Palmolive Company | Shares (millions) | Per Share |
| Basic EPS | \$ 698 | 859.0 | \$ 0.81 | \$ 578 | 858.7 | \$ 0.67 |
| Stock options and restricted stock units | | 2.8 | | | 2.5 | |
| Diluted EPS | \$ 698 | 861.8 | \$ 0.81 | \$ 578 | 861.2 | \$ 0.67 |

For the three months ended September 30, 2020 and 2019, the average number of stock options and restricted stock units that were anti-dilutive and not included in diluted earnings per share calculations were 2,693,996 and 16,963,201, respectively.

For the nine months ended September 30, 2020 and 2019, earnings per share were as follows:

| | Nine Months Ended | | | | | |
|---|---|----------------------|--------------|---|----------------------|--------------|
| | September 30, 2020 | | | September 30, 2019 | | |
| | Net income attributable to Colgate-Palmolive Company | Shares (millions) | Per Share | Net income attributable to Colgate-Palmolive Company | Shares (millions) | Per Share |
| Basic EPS | \$ 2,048 | 857.7 | \$ 2.39 | \$ 1,724 | 860.1 | \$ 2.00 |
| Stock options and restricted stock units | | 1.8 | | | 2.3 | |
| Diluted EPS | \$ 2,048 | 859.5 | \$ 2.38 | \$ 1,724 | 862.4 | \$ 2.00 |

For the nine months ended September 30, 2020 and 2019, the average number of stock options and restricted stock units that were anti-dilutive and not included in diluted earnings per share calculations were 15,862,643 and 18,818,149, respectively.

Basic and diluted earnings per share are computed independently for each quarter and any year-to-date period presented. As a result of changes in the number of shares outstanding during the year and rounding, the sum of the quarters' earnings per share may not necessarily equal the earnings per share for any year-to-date period.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

8. Other Comprehensive Income (Loss)

Additions to and reclassifications out of Accumulated other comprehensive income (loss) attributable to the Company for the three months ended September 30, 2020 and 2019 were as follows:

| | 2020 | | 2019 | |
|---|--------------|---------------|----------------|----------------|
| | Pretax | Net of Tax | Pretax | Net of Tax |
| Cumulative translation adjustments | \$ 5 | \$ 45 | \$ (83) | \$ (105) |
| Retirement plans and other retiree benefits: | | | | |
| Net actuarial gain (loss) and prior service costs arising during the period | 53 | 41 | (14) | (10) |
| Amortization of net actuarial loss, transition and prior service costs ⁽¹⁾ | 15 | 13 | 19 | 15 |
| Retirement plans and other retiree benefits adjustments | 68 | 54 | 5 | 5 |
| Cash flow hedges: | | | | |
| Unrealized gains (losses) on cash flow hedges | (1) | (1) | 6 | 5 |
| Reclassification of (gains) losses into net earnings on cash flow hedges ⁽²⁾ | 2 | 2 | (1) | (1) |
| Gains (losses) on cash flow hedges | 1 | 1 | 5 | 4 |
| Total Other comprehensive income (loss) | <u>\$ 74</u> | <u>\$ 100</u> | <u>\$ (73)</u> | <u>\$ (96)</u> |

⁽¹⁾ These components of Other comprehensive income (loss) are included in the computation of total pension cost. See Note 9, Retirement Plans and Other Retiree Benefits for additional details.

⁽²⁾ These (gains) losses are reclassified into Cost of sales. See Note 13, Fair Value Measurements and Financial Instruments for additional details.

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

Additions to and reclassifications out of Accumulated other comprehensive income (loss) attributable to the Company for the nine months ended September 30, 2020 and 2019 were as follows:

| | 2020 | | 2019 | |
|---|-----------------|-----------------|-------------|----------------|
| | Pretax | Net of Tax | Pretax | Net of Tax |
| Cumulative translation adjustments | \$ (288) | \$ (229) | \$ (33) | \$ (54) |
| Retirement plans and other retiree benefits: | | | | |
| Net actuarial gain (loss) and prior service costs arising during the period | 55 | 42 | (15) | (11) |
| Amortization of net actuarial loss, transition and prior service costs ⁽¹⁾ | 55 | 42 | 54 | 41 |
| Retirement plans and other retiree benefits adjustments | 110 | 84 | 39 | 30 |
| Cash flow hedges: | | | | |
| Unrealized gains (losses) on cash flow hedges | 2 | 1 | 3 | 2 |
| Reclassification of (gains) losses into net earnings on cash flow hedges ⁽²⁾ | (4) | (3) | (6) | (5) |
| Gains (losses) on cash flow hedges | (2) | (2) | (3) | (3) |
| Total Other comprehensive income (loss) | <u>\$ (180)</u> | <u>\$ (147)</u> | <u>\$ 3</u> | <u>\$ (27)</u> |

⁽¹⁾ These components of Other comprehensive income (loss) are included in the computation of total pension cost. See Note 9, Retirement Plans and Other Retiree Benefits for additional details.

⁽²⁾ These (gains) losses are reclassified into Cost of sales. See Note 13, Fair Value Measurements and Financial Instruments for additional details.

There were no tax impacts on OCI attributable to Noncontrolling interests.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

9. Retirement Plans and Other Retiree Benefits

Components of Net periodic benefit cost for the three and nine months ended September 30, 2020 and 2019 were as follows:

| | Three Months Ended September 30, 2020 | | | | | |
|---------------------------------------|--|-------------|----------------------|-------------|-------------------------------|--------------|
| | Pension Benefits | | | | Other Retiree Benefits | |
| | United States | | International | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Service cost | \$ — | \$ 1 | \$ 4 | \$ 3 | \$ 3 | \$ 4 |
| Interest cost | 20 | 22 | 5 | 6 | 10 | 15 |
| Expected return on plan assets | (29) | (29) | (6) | (4) | — | (2) |
| Amortization of actuarial loss (gain) | 10 | 14 | 2 | 1 | 3 | 4 |
| Net periodic benefit cost | \$ 1 | \$ 8 | \$ 5 | \$ 6 | \$ 16 | \$ 21 |

| | Nine Months Ended September 30, 2020 | | | | | |
|---------------------------------------|---|--------------|----------------------|--------------|-------------------------------|--------------|
| | Pension Benefits | | | | Other Retiree Benefits | |
| | United States | | International | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Service cost | \$ — | \$ 1 | \$ 11 | \$ 10 | \$ 14 | \$ 11 |
| Interest cost | 57 | 68 | 14 | 16 | 29 | 35 |
| Expected return on plan assets | (83) | (78) | (15) | (13) | (1) | (3) |
| Amortization of actuarial loss (gain) | 34 | 39 | 7 | 6 | 14 | 9 |
| Net periodic benefit cost | \$ 8 | \$ 30 | \$ 17 | \$ 19 | \$ 56 | \$ 52 |

For the nine months ended September 30, 2020 and 2019, the Company made voluntary contributions to its U.S. postretirement plans of \$0 and \$113, respectively.

Notes to Condensed Consolidated Financial Statements (continued)

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

10. Income Taxes

The provision for income taxes for the nine months ended September 30, 2020 includes \$71 of income tax benefits recorded on a discrete period basis of which \$45 relates to previously recorded foreign withholding taxes and \$26 relates to a previously recorded valuation allowance against a deferred tax asset. As more fully described below, both items were previously recorded in connection with the charge recorded by the Company in 2017 and revised in 2018 related to the Tax Cuts and Jobs Acts (the "TCJA").

As part of the previously recorded charge for the TCJA, the Company had provided for foreign withholding taxes expected to be paid on the remittance of earnings from certain overseas subsidiaries no longer deemed indefinitely reinvested. As a result of a recent reorganization of the ownership structure of certain foreign subsidiaries, the Company determined that no withholding taxes are due on the remittance by certain subsidiaries of earnings previously deemed reinvested and, accordingly, in the first quarter of 2020, reversed \$45 of previously recorded foreign withholding taxes.

Also as part of the previously recorded charge for the TCJA, the Company provided a valuation allowance against a deferred tax asset related to foreign tax credit carry-forwards that the Company did not expect to be able to use due to changes made by the TCJA. As a result of a new operating structure being implemented within one of the Company's divisions, the Company believes the use of these foreign tax credit carry-forwards will not be limited in the future and, accordingly, in the first quarter of 2020, reversed the previously recorded valuation allowance of \$26.

11. Contingencies

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 \$400 (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.

Notes to Condensed Consolidated Financial Statements (continued)

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

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 \$103. 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.

In each of September 2015, February 2017, June 2018, April 2019 and September 2020, the Company lost an administrative appeal and subsequently filed an appeal in Brazilian federal court. Currently, there are five appeals pending in the 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 \$46, 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.

Notes to Condensed Consolidated Financial Statements (continued)

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

Competition Matter

Certain of the Company's subsidiaries were historically subject to actions 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 as of September 30, 2020 of such competition law matters pending against the Company during the nine months ended September 30, 2020 is set forth below.

- 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 appealed the decision to the Greek courts. In April 2019, the Greek courts affirmed the judgment against the Company's Greek subsidiary, but reduced the fine to \$10.5 and dismissed the case against Colgate-Palmolive Company. The Company's Greek subsidiary and the Greek competition authority have appealed the decision to the Greek Supreme Court.

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 September 30, 2020, there were 139 individual cases pending against the Company in state and federal courts throughout the United States, as compared to 128 cases as of June 30, 2020 and 121 cases as of December 31, 2019. During the three months ended September 30, 2020, 20 new cases were filed and nine cases were resolved by voluntary dismissal, settlement or dismissal by the court. During the nine months ended September 30, 2020, 37 new cases were filed and 18 cases were resolved by voluntary dismissal, settlement or dismissal by the court. In addition, during the nine months ended September 30, 2020, one case that was previously dismissed by the trial court was affirmed on appeal and is now closed. The value of the settlements in the quarter and the year-to-date period presented was not material, either individually or in the aggregate, to each such period's results of operations.

A significant portion of the Company's costs incurred in defending and resolving these claims has been, and the Company believes will continue to 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. With the exception of one case where the Company received an adverse jury verdict in the second quarter of 2019 that the Company has appealed, the range of reasonably possible losses in excess of accrued liabilities disclosed above does not include any amount relating to these cases because the amount of any possible losses from such cases currently cannot be reasonably estimated.

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 (the "Company Defendants") in the United States District Court for the Southern District of New York (the "Court"). The relief sought includes recalculation of benefits, pre- and post-judgment interest and attorneys' fees. This action was certified as a class action in July 2017. In July 2020, the Court granted in part and denied in part the Company Defendants' motion for summary judgment and dismissed certain claims on consent of the parties. In August 2020, the Court granted the plaintiffs' motion for summary judgment on the remaining claims. The Company and the Plan are contesting this action vigorously and, in September 2020, appealed to the United States Court of Appeals for the Second Circuit.

Notes to Condensed Consolidated Financial Statements (continued)

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

12. 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.

The accounting policies of the operating segments are generally the same as those described in Note 2, Summary of Significant Accounting Policies to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. Intercompany sales have been eliminated. Corporate operations include costs related to stock options and restricted stock units, research and development costs, Corporate overhead costs and gains and losses on sales of non-core product lines and assets. The Company reports these items within Corporate operations as they relate to Corporate-based responsibilities and decisions and are not included in the internal measures of segment operating performance used by the Company to measure the underlying performance of the operating segments.

Net sales by segment were as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------------|-------------------------------------|----------|------------------------------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | | | | |
| Oral, Personal and Home Care | | | | |
| North America | \$ 923 | \$ 869 | \$ 2,801 | \$ 2,568 |
| Latin America | 837 | 881 | 2,531 | 2,700 |
| Europe | 712 | 607 | 2,004 | 1,798 |
| Asia Pacific | 722 | 690 | 1,980 | 2,035 |
| Africa/Eurasia | 255 | 248 | 736 | 732 |
| Total Oral, Personal and Home Care | 3,449 | 3,295 | 10,052 | 9,833 |
| Pet Nutrition | 704 | 633 | 2,095 | 1,845 |
| Total Net sales | \$ 4,153 | \$ 3,928 | \$ 12,147 | \$ 11,678 |

Approximately 70% of the Company's Net sales are generated from markets outside the U.S., with approximately 45% of the Company's Net sales coming from emerging markets (which consist of Latin America, Asia (excluding Japan), Africa/Eurasia and Central Europe).

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The Company's Net sales of Oral, Personal and Home Care and Pet Nutrition products accounted for the following percentages of the Company's Net sales:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------|-------------------------------------|-------|------------------------------------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | | | | |
| Oral Care | 44 % | 46 % | 43 % | 46 % |
| Personal Care | 21 % | 20 % | 21 % | 20 % |
| Home Care | 18 % | 18 % | 19 % | 18 % |
| Pet Nutrition | 17 % | 16 % | 17 % | 16 % |
| Total Net sales | 100 % | 100 % | 100 % | 100 % |

Operating profit by segment was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------------|-------------------------------------|--------|------------------------------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Operating profit | | | | |
| Oral, Personal and Home Care | | | | |
| North America | \$ 242 | \$ 248 | \$ 753 | \$ 750 |
| Latin America | 250 | 235 | 728 | 718 |
| Europe | 169 | 153 | 482 | 452 |
| Asia Pacific | 222 | 193 | 559 | 557 |
| Africa/Eurasia | 61 | 48 | 174 | 141 |
| Total Oral, Personal and Home Care | 944 | 877 | 2,696 | 2,618 |
| Pet Nutrition | 196 | 169 | 588 | 501 |
| Corporate | (122) | (190) | (368) | (496) |
| Total Operating profit | \$ 1,018 | \$ 856 | \$ 2,916 | \$ 2,623 |

For the three and nine months ended September 30, 2020, Corporate Operating profit (loss) included acquisition-related costs of \$0 and \$6, respectively, and benefits of \$16 in both periods resulting from the Global Growth and Efficiency Program, which ended on December 31, 2019.

For the three and nine months ended September 30, 2019, Corporate Operating profit (loss) included charges of \$26 and \$94, respectively, resulting from the Global Growth and Efficiency Program, which ended on December 31, 2019 and acquisition-related costs of \$18 in both periods.

Notes to Condensed Consolidated Financial Statements (continued)

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

13. 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.

The Company's derivative instruments include interest rate swap contracts, forward-starting interest rate swaps, foreign currency contracts and commodity contracts. The Company utilizes interest rate swap contracts to manage its targeted mix of fixed and floating rate debt, and these swaps are valued using observable benchmark rates (Level 2 valuation). The Company utilizes forward-starting interest rate swaps to mitigate the risk of variability in interest rate for future debt issuances and these swaps are valued using observable benchmark rates (Level 2 valuation). The Company utilizes foreign currency contracts, including forward and swap contracts, option contracts, 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. These contracts are valued using observable market rates (Level 2 valuation). Commodity futures contracts are utilized to hedge the purchases of raw materials used in production. These contracts are measured using quoted commodity exchange prices (Level 1 valuation). The duration of foreign currency and commodity contracts generally does not exceed 12 months.

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The following table summarizes the fair value of the Company's derivative instruments and other financial instruments which are carried at fair value in the Company's Consolidated Balance Sheets at September 30, 2020 and December 31, 2019:

| | Assets | | | Liabilities | | |
|--|----------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| | Account | Fair Value | | Account | Fair Value | |
| | | September 30, 2020 | December 31, 2019 | | September 30, 2020 | December 31, 2019 |
| Designated derivative instruments | | | | | | |
| Interest rate swap contracts | Other current assets | \$ — | \$ — | Other accruals | \$ — | \$ — |
| Interest rate swap contracts | Other assets | 15 | 4 | Other liabilities | — | — |
| Forward-starting interest rate swaps | Other current assets | — | — | Other accruals | — | — |
| Forward-starting interest rate swaps | Other assets | — | — | Other liabilities | 4 | — |
| Foreign currency contracts | Other current assets | 14 | 6 | Other accruals | 28 | 15 |
| Foreign currency contracts | Other assets | — | — | Other liabilities | 29 | 14 |
| Commodity contracts | Other current assets | 1 | — | Other accruals | — | — |
| Total designated | | <u>\$ 30</u> | <u>\$ 10</u> | | <u>\$ 61</u> | <u>\$ 29</u> |
| Other financial instruments | | | | | | |
| Marketable securities | Other current assets | \$ 80 | \$ 23 | | | |
| Total other financial instruments | | <u>\$ 80</u> | <u>\$ 23</u> | | | |

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The carrying amount of cash, cash equivalents, marketable securities, accounts receivable and short-term debt approximated fair value as of September 30, 2020 and December 31, 2019. The estimated fair value of the Company's long-term debt, including the current portion, as of September 30, 2020 and December 31, 2019, was \$8,070 and \$8,056, respectively, and the related carrying value was \$7,227 and \$7,587, 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).

The following amounts were recorded on the Condensed Consolidated Balance Sheet related to the cumulative basis adjustment for fair value hedges as of:

| | September 30, 2020 | | December 31, 2019 | |
|---|---------------------------|-----|--------------------------|-----|
| Long-term debt: | | | | |
| Carrying amount of hedged item | \$ | 414 | \$ | 403 |
| Cumulative hedging adjustment included in the carrying amount | | 15 | | 4 |

The following tables present the notional values as of:

| | September 30, 2020 | | | | | |
|-----------------------|---|--------------------------------------|--------------------------------|--|--------------------------------|--------------|
| | Foreign Currency Contracts | Foreign Currency Debt | Interest Rate Swaps | Forward- Starting Interest Rate Swaps | Commodity Contracts | Total |
| Fair Value Hedges | \$ 586 | \$ — | \$ 400 | \$ — | \$ — | \$ 986 |
| Cash Flow Hedges | 797 | — | — | 300 | 16 | 1,113 |
| Net Investment Hedges | 585 | 3,487 | — | — | — | 4,072 |

| | December 31, 2019 | | | | | |
|-----------------------|---|--------------------------------------|--------------------------------|--|--------------------------------|--------------|
| | Foreign Currency Contracts | Foreign Currency Debt | Interest Rate Swaps | Forward- Starting Interest Rate Swaps | Commodity Contracts | Total |
| Fair Value Hedges | \$ 388 | \$ — | \$ 400 | \$ — | \$ — | \$ 788 |
| Cash Flow Hedges | 761 | — | — | — | 20 | 781 |
| Net Investment Hedges | 478 | 3,856 | — | — | — | 4,334 |

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The following tables present the location and amount of gains (losses) recognized on the Company's Condensed Consolidated Statements of Income:

| | Three Months Ended September 30, | | | | | |
|---|----------------------------------|--|--------------------------------|---------------|--|--------------------------------|
| | 2020 | | | 2019 | | |
| | Cost of sales | Selling, general and administrative expenses | Interest (income) expense, net | Cost of sales | Selling, general and administrative expenses | Interest (income) expense, net |
| Gain (loss) on hedges recognized in income: | | | | | | |
| Interest rate swaps designated as fair value hedges: | | | | | | |
| Derivative instrument | \$ — | \$ — | \$ 2 | \$ — | \$ — | \$ (2) |
| Hedged items | — | — | (2) | — | — | 2 |
| Foreign currency contracts designated as fair value hedges: | | | | | | |
| Derivative instrument | — | (10) | — | — | — | — |
| Hedged items | — | 10 | — | — | — | — |
| Foreign currency contracts designated as cash flow hedges: | | | | | | |
| Amount reclassified from OCI | (1) | — | — | 1 | — | — |
| Commodity contracts designated as cash flow hedges: | | | | | | |
| Amount reclassified from OCI | (1) | — | — | — | — | — |
| Total gain (loss) on hedges recognized in income | \$ (2) | \$ — | \$ — | \$ 1 | \$ — | \$ — |

| | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|--|--------------------------------|---------------|--|--------------------------------|
| | 2020 | | | 2019 | | |
| | Cost of sales | Selling, general and administrative expenses | Interest (income) expense, net | Cost of sales | Selling, general and administrative expenses | Interest (income) expense, net |
| Gain (loss) on hedges recognized in income: | | | | | | |
| Interest rate swaps designated as fair value hedges: | | | | | | |
| Derivative instrument | \$ — | \$ — | \$ (11) | \$ — | \$ — | \$ (15) |
| Hedged items | — | — | 11 | — | — | 15 |
| Foreign currency contracts designated as fair value hedges: | | | | | | |
| Derivative instrument | — | 29 | — | — | 10 | — |
| Hedged items | — | (29) | — | — | (10) | — |
| Foreign currency contracts designated as cash flow hedges: | | | | | | |
| Amount reclassified from OCI | 6 | — | — | 5 | — | — |
| Commodity contracts designated as cash flow hedges: | | | | | | |
| Amount reclassified from OCI | (2) | — | — | 1 | — | — |
| Total gain (loss) on hedges recognized in income | \$ 4 | \$ — | \$ — | \$ 6 | \$ — | \$ — |

COLGATE-PALMOLIVE COMPANY

Notes to Condensed Consolidated Financial Statements (continued)

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

The following table presents the location and amount of unrealized gains (losses) included in OCI:

| | Three Months Ended | |
|---|--------------------|-------------|
| | September 30, | |
| | 2020 | 2019 |
| Foreign currency contracts designated as cash flow hedges: | | |
| Gain (loss) recognized in OCI | \$ (7) | \$ 7 |
| Forward-starting interest rate swaps designated as cash flow hedges: | | |
| Gain (loss) recognized in OCI | 4 | — |
| Commodity contracts designated as cash flow hedges: | | |
| Gain (loss) recognized in OCI | 2 | (1) |
| Foreign currency contracts designated as net investment hedges: | | |
| Gain (loss) on instruments | (21) | 23 |
| Gain (loss) on hedged items | 21 | (23) |
| Foreign currency debt designated as net investment hedges: | | |
| Gain (loss) on instruments | (171) | 100 |
| Gain (loss) on hedged items | 171 | (100) |
| Total unrealized gain (loss) on hedges recognized in OCI | \$ (1) | \$ 6 |

| | Nine Months Ended | |
|---|-------------------|-------------|
| | September 30, | |
| | 2020 | 2019 |
| Foreign currency contracts designated as cash flow hedges: | | |
| Gain (loss) recognized in OCI | \$ 6 | \$ 2 |
| Forward-starting interest rate swaps designated as cash flow hedges: | | |
| Gain (loss) recognized in OCI | (4) | — |
| Commodity contracts designated as cash flow hedges: | | |
| Gain (loss) recognized in OCI | — | 1 |
| Foreign currency contracts designated as net investment hedges: | | |
| Gain (loss) on instruments | (8) | 22 |
| Gain (loss) on hedged items | 8 | (22) |
| Foreign currency debt designated as net investment hedges: | | |
| Gain (loss) on instruments | (174) | 105 |
| Gain (loss) on hedged items | 174 | (105) |
| Total unrealized gain (loss) on hedges recognized in OCI | \$ 2 | \$ 3 |

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Executive Overview***Business Organization***

Colgate-Palmolive Company (together with its subsidiaries, "we," the "Company" or "Colgate") is a caring, innovative growth company reimagining a healthier future for people, their pets and our planet. We seek to deliver strong, consistent business results and superior shareholder returns, as well as to provide Colgate people with an innovative and inclusive work environment. We do this by developing and selling products globally that make people's lives healthier and more enjoyable and by embracing our sustainability, diversity, equity and inclusion and social responsibility strategy across our organization.

We are tightly focused on two product segments: Oral, Personal and Home Care; and Pet Nutrition. Within these segments, we follow a closely defined business strategy to grow our key product categories and increase our overall market share. Within the categories in which we compete, we prioritize our efforts based on their capacity to maximize the use of the organization's core competencies and strong global equities and to deliver sustainable, profitable long-term growth.

Operationally, we are organized along geographic lines with management teams having responsibility for the business and financial results in each region. We compete in more than 200 countries and territories worldwide with established businesses in all regions contributing to our sales and profitability. Approximately 70% of our Net sales are generated from markets outside the U.S., with approximately 45% of our 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 our 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 primarily to a variety of traditional and eCommerce retailers, wholesalers and distributors. Through Hill's Pet Nutrition, we also compete on a worldwide basis in the pet nutrition market, selling products principally through authorized pet supply retailers, veterinarians and eCommerce retailers. We are engaged in manufacturing and sourcing of products and materials on a global scale and have major manufacturing, warehousing facilities and distribution centers in every region around the world.

On an ongoing basis, management focuses on a variety of key indicators to monitor business health and performance. These indicators include net sales (including volume, pricing and foreign exchange components), organic sales growth (net sales growth excluding 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. In addition, we review market share data to assess how our brands are performing within their categories on a global and regional basis. The monitoring of these indicators and our Code of Conduct and corporate governance practices help to maintain business health and strong internal controls. For additional information regarding non-GAAP financial measures and the Company's use of market share data and the limitations of such data, see "Non-GAAP Financial Measures" and "Market Share Information" below.

COVID-19

The COVID-19 pandemic and government steps to control the spread of COVID-19 have had and continue to have a profound impact on the way people live, work, interact and shop and have significantly impacted and may continue to impact economic activity around the world. We have a well-established Crisis Management Team ("CMT") process, and the CMT, together with our senior management team and Colgate people around the world, continue to respond to and manage the challenges presented by COVID-19.

During the nine months ended September 30, 2020 many of the communities in which we manufacture, market and sell our products experienced unprecedented "stay at home" orders, travel or movement restrictions and other government actions to reduce the spread and address the impact of COVID-19, and have implemented varying policies to resume economic activity. The situation continues to be uncertain and varies by geography, as infection rates of COVID-19 continue to increase in many regions throughout the world, and authorities have taken different approaches to address the pandemic and resume economic activity. Because the vast majority of our products (such as oral care products, soaps and other personal hygiene products, home cleaners and pet food) have been deemed essential for the health and well-being of people and their pets, we have, in most instances, been able to continue operating our business.

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In so doing, the health and safety of Colgate employees has been and remains our first priority. Many of our employees globally continued to work from home during the quarter ended September 30, 2020. In those instances where our employees cannot perform their work at home, such as in our factories and in certain of our laboratories, or in geographies where circumstances have allowed us to offer employees the ability to return to the office, often on a voluntary and staggered basis, we have implemented additional health and safety measures and social distancing protocols, consistent with government recommendations and/or requirements, to help to ensure their safety, often at an additional cost. In addition, during the nine months ended September 30, 2020, we have experienced some limited factory closures, particularly in India, and in some cases we have seen increased instances of absenteeism. In addition, some of our suppliers, customers, distributors and service providers have experienced disruptions to their businesses.

We saw a significant increase in demand across many of our categories in the nine months ended September 30, 2020, driven by consumer pantry-loading and increased consumption of our products. This was particularly true in certain categories, such as liquid hand soap, dish liquid, bar soap and cleaners, and we believe that some of the increase in demand in these categories is sustainable in light of changes in consumer behavior related to COVID-19. In other categories, such as oral care and pet food, consumer demand trends have continued to normalize in the quarter ended September 30, 2020. Across our business, changes in consumer demand for our products vary by product category and geography depending on, among other things, the severity of the COVID-19 outbreak and retailer availability. At the same time, during the nine months ended September 30, 2020, we continued to experience declines in certain channels, including professional sales and travel retail, due to the economic slowdown and restricted consumer movement in many geographies throughout the world. We also continue to see changes in the purchasing patterns of our consumers, including the nature and/or frequency of visits by consumers to retailers and dental, veterinary and skin health professionals and a shift in many markets to purchasing our products online. During the nine months ended September 30, 2020, in some instances, we were not able to keep up with the increased consumer demand for our products and our products were at times out of stock on retailers' shelves. In some cases, we incurred additional costs as we worked to meet this increased demand. Despite continuing to significantly ramp up production of in-demand products, we expect that some of our products may continue to be out of stock on retailers' shelves for a period of time.

Government actions in response to COVID-19 have impacted and may continue to impact our consumers' ability to purchase and our ability to manufacture and distribute our products. While we believe that, in the long-term, consumer demand for the products in our categories will continue to be strong, uncertainties continue surrounding the timing and extent of the pandemic and its recovery. These uncertainties include: the impact of the timing and scale of changes to travel and movement restrictions in certain geographies, the availability and widespread distribution and use of a safe and effective COVID-19 vaccine, the timing and impact of consumer pantry-loading and destocking activity in certain markets, product demand trends and the impact of COVID-19 on the global economy. Our retail customers are also being impacted by the global pandemic; their success in addressing COVID-19 and maintaining their operations could impact consumer access to and sales of our products. We expect the ongoing economic impact and health concerns associated with COVID-19 to continue to impact consumer behavior, shopping patterns and consumption preferences despite the lifting of government restrictions and the reopening of economies around the world.

While we currently expect to be able to continue operating our business as described above and we intend to continue to work with government authorities and to follow the necessary protocols to maintain the health and safety of our employees and contract providers, uncertainty resulting from COVID-19 could result in an unforeseen additional disruption to our business, including our global supply chain and retailer network, and/or require us to incur additional operational costs.

For more information about the anticipated COVID-19 impact, see "Outlook" below.

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Business Strategy

To achieve our business and financial objectives, we are focused on innovating our core businesses; improving our brand building activities; innovating to gain market share in high growth segments and adjacencies; expanding into new channels and markets; maximizing growth online; and investing to drive consumption in growing populations. We continue to develop initiatives to build strong relationships with consumers, dental, veterinary and skin health professionals and traditional and eCommerce retailers. In addition, we continue to invest behind our brands, not just in terms of advertising, but also to build key growth capabilities in areas such as innovation and data and analytics. We also continue to broaden our eCommerce offerings, including direct-to-consumer and subscription services. We continue to believe that 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. We are also working to integrate our sustainability, diversity, equity and inclusion and social responsibility strategy across our organization.

We are also changing the way we work to drive growth and how we approach innovation to respond to the dynamic retail landscape and the evolving preferences of our customers and consumers. The retail landscape, the ease of new entrants into the market in many of our categories and the evolving preferences of our customers and consumers demand that we work differently and faster in an agile, authentic and culturally relevant manner to drive innovation.

The investments needed to drive growth are supported by strong cash flow performance and our disciplined capital allocation strategy. These investments are developed through continuous, Company-wide initiatives to lower costs and increase effective asset utilization. Through these initiatives, which are referred to as our funding-the-growth initiatives, we seek to become even more effective and efficient throughout our 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. We also continue to prioritize our investments in high growth segments within our Oral Care, Personal Care and Pet Nutrition businesses, including by expanding our portfolio in premium skin health.

Significant Items Impacting Comparability

On January 31, 2020, the Company acquired Hello Products LLC ("Hello"), an oral care business, for cash consideration of \$351. The acquisition was financed with a combination of debt and cash. This acquisition is part of the Company's strategy to focus on high growth segments within its Oral Care, Personal Care and Pet Nutrition businesses. See Note 4, Acquisitions to the Condensed Consolidated Financial Statements for additional information.

The provision for income taxes for the nine months ended September 30, 2020 includes \$71 of income tax benefits recorded on a discrete period basis of which \$45 relates to previously recorded foreign withholding taxes and \$26 relates to a previously recorded valuation allowance against a deferred tax asset. As more fully described in "Results of Operations-Income Taxes," and in Note 10, Income Taxes to the Condensed Consolidated Financial Statements, both items were previously recorded in connection with the charge recorded in 2017 and revised in 2018 related to the Tax Cuts and Jobs Act (the "TCJA").

On September 19, 2019, the Company acquired Laboratoires Filorga Cosmétiques S.A. ("Filorga"), a skin health business, for cash consideration of €1,548 (approximately \$1,712). Filorga is a premium anti-aging skin health brand focused primarily on facial care. The acquisition was financed with a combination of debt and cash. This acquisition is part of our strategy to focus on high growth segments within our Oral Care, Personal Care and Pet Nutrition businesses, including by expanding our portfolio in premium skin health. On July 17, 2020, the Company completed the purchase of the outstanding non-controlling interest of Filorga's joint venture based in Hong Kong and covering the Hong Kong and China markets for approximately €85 (approximately \$99) in cash. See Note 4, Acquisitions to the Condensed Consolidated Financial Statements for additional information.

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Our restructuring program, known as the "Global Growth and Efficiency Program," concluded on December 31, 2019. The program's initiatives were designed to help us ensure sustained solid worldwide growth in unit volume, organic sales, operating profit and earnings per share and to enhance our global leadership positions in our core businesses. During the three months ended September 30, 2020, the Company adjusted the accrual balances related to certain projects approved prior to the conclusion of the Global Growth and Efficiency Program to reflect its revised estimate of remaining liabilities. This adjustment resulted in a reduction of \$16 (\$13 after-tax) to restructuring accruals as of September 30, 2020. No new restructuring projects were approved for implementation during the nine months ended September 30, 2020. See Note 5, Restructuring and Related Implementation Charges to the Condensed Consolidated Financial Statements for additional information.

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Outlook

Looking forward, we expect global macroeconomic, political and market conditions to remain challenging, especially due to the COVID-19 pandemic. We have seen short-term improvement in category growth rates due to heightened demand for certain health and hygiene products, particularly liquid hand soap, dish liquid, bar soap and cleaners. While we believe some of this is sustainable due to consumer behavior changes resulting from the COVID-19 pandemic, we have seen increased volatility in consumption rates across all of our categories as a result of the pandemic and it is therefore difficult to predict category growth rates over the next six to twelve months. In the longer term, post COVID-19, we expect category growth rates to remain below historical levels, except for the categories discussed above and pet nutrition, where we expect consumption to remain elevated to some extent for the foreseeable future.

While the global marketplace in which we operate has always been highly competitive, we continue to experience heightened competitive activity in certain markets from strong local competitors, from other large multinational companies, some of which have greater resources than we do, and from new entrants into the market in many of our categories. Such activities have included more aggressive product claims and marketing challenges, as well as increased promotional spending and geographic expansion. We have seen increases in promotional activities in certain markets as retailers try aggressively to get consumers back into the stores after prolonged "stay at home" and other government restrictions ease, a trend we expect will continue. We have been negatively affected by changes in the policies or practices of our retail trade customers in key markets, such as inventory de-stocking, limitations on access to shelf space or delisting of our products. In addition, the retail landscape in many of our markets continues to be impacted by the rapid growth of eCommerce 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. These trends have been magnified due to the COVID-19 pandemic in many of our geographies and we plan to continue to invest behind our eCommerce capabilities. This rapid growth in eCommerce and the emergence of alternative retail channels have created and may continue to create pricing pressures and/or adversely affect our relationships with our key retailers. In addition, given that approximately 70% of our Net sales originate in markets outside the U.S., we have experienced and will likely continue to experience increasingly volatile foreign currency fluctuations and higher raw and packaging material costs. While we have taken, and will continue to take, measures to mitigate the effect of these conditions, in the current environment, it may become increasingly difficult to implement certain of these mitigation strategies. Should these conditions persist, they could adversely affect our future results.

As discussed above, we continue to closely monitor the impact of COVID-19 on our business. While we have taken, and will continue to take, measures to mitigate the effects of COVID-19, we cannot estimate with certainty the full extent of COVID-19's impact on our business, results of operations, cash flows and/or financial condition. For more information about factors that could impact our business, including due to COVID-19, see "Risk Factors" in Part II, Item 1A of this Quarterly Report and Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

In summary, we believe we are well prepared to meet the challenges ahead due to our strong financial condition, experience operating in challenging environments, resilient global supply chain and continued focus on our 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 our culture and focusing on all of our stakeholders. Our key focus is to sustain the underlying momentum of our business, to adapt our financial plans to deliver on 2020, while leaving us well positioned for continued growth in 2021. Our commitment to these priorities, together with the strength of our global brands, our broad international presence in both developed and emerging markets and cost-saving initiatives, such as our funding-the-growth initiatives, should position us well to manage through the COVID-19 pandemic and to increase shareholder value over the long term.

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Results of Operations*Three Months*

Worldwide Net sales were \$4,153 in the third quarter of 2020, up 5.5% from the third quarter of 2019, as volume growth of 5.0% and net selling price increases of 4.5% were partially offset by negative foreign exchange of 4.0%. Acquisitions contributed 2% to volume. Organic sales (Net sales excluding the impact of foreign exchange, acquisitions and divestments), a non-GAAP financial measure, increased 7.5% in the third quarter of 2020. A reconciliation of net sales growth to organic sales growth is provided under "Non-GAAP Financial Measures" below.

Net sales in the Oral, Personal and Home Care product segment were \$3,449 in the third quarter of 2020, up 4.5% from the third quarter of 2019, as volume growth of 4.5% and net selling price increases of 4.5% were partially offset by negative foreign exchange of 4.5%. Acquisitions contributed 2.5% to volume. Organic sales in the Oral, Personal and Home Care product segment increased 6.5% in the third quarter of 2020.

The Company's share of the global toothpaste market was 39.9% on a year-to-date basis, down 0.8 share points from the year ago period, and its share of the global manual toothbrush market was 31.1% on a year-to-date basis, up 0.2 share points from the year ago period. Year-to-date market shares in toothpaste were up in North America and Latin America and down in Europe, Asia Pacific and Africa/Eurasia versus the comparable 2019 period. In the manual toothbrush category, year-to-date market shares were up in North America, Latin America, Europe and Africa/Eurasia and down in Asia Pacific versus the comparable 2019 period. For additional information regarding market shares, see "Market Share Information" below.

Net sales in the Hill's Pet Nutrition segment were \$704 in the third quarter of 2020, up 11.0% from the third quarter of 2019, due to volume growth of 6.5% and net selling price increases of 4.5% while foreign exchange was flat. Organic sales in the Hill's Pet Nutrition segment increased 11.0% in the third quarter of 2020.

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Gross Profit/Margin

Worldwide Gross profit increased to \$2,540 in the third quarter of 2020 from \$2,316 in the third quarter of 2019. Gross profit in the third quarter of 2019 included charges resulting from the Global Growth and Efficiency Program. Excluding charges resulting from the Global Growth and Efficiency Program in the third quarter of 2019, Gross profit increased to \$2,540 in the third quarter of 2020 from \$2,317 in the third quarter of 2019, an increase of \$134 resulting from higher Net sales and an increase of \$89 resulting from higher Gross profit margin.

Worldwide Gross profit margin increased to 61.2% in the third quarter of 2020 from 59.0% in the third quarter of 2019. Excluding charges resulting from the Global Growth and Efficiency Program in the third quarter of 2019, Gross profit margin increased by 220 basis points (bps) to 61.2% in the third quarter of 2020 from 59.0% in the third quarter of 2019. This increase in Gross profit margin was primarily due to cost savings from the Company's funding-the-growth initiatives (250 bps) and higher pricing (170 bps), partially offset by higher raw and packaging material costs (230 bps), which included foreign exchange transaction costs.

| | Three Months Ended September 30, | |
|--------------------------------------|---|----------|
| | 2020 | 2019 |
| Gross profit, GAAP | \$ 2,540 | \$ 2,316 |
| Global Growth and Efficiency Program | — | 1 |
| Gross profit, non-GAAP | \$ 2,540 | \$ 2,317 |

| | Three Months Ended September 30, | | |
|--------------------------------------|---|--------|-----------------------|
| | 2020 | 2019 | Basis Point Change |
| Gross profit margin, GAAP | 61.2 % | 59.0 % | 220 |
| Global Growth and Efficiency Program | — | — | |
| Gross profit margin, non-GAAP | 61.2 % | 59.0 % | 220 |

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Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 6% to \$1,518 in the third quarter of 2020 from \$1,429 in the third quarter of 2019. Selling, general and administrative expenses in the third quarter of 2020 included benefits resulting from the Global Growth and Efficiency Program and, in the third quarter of 2019, included charges resulting from the Global Growth and Efficiency Program. Excluding these items in both periods as applicable, Selling, general and administrative expenses increased to \$1,521 in the third quarter of 2020 from \$1,401 in the third quarter of 2019, reflecting higher overhead expenses of \$67 and increased advertising investment of \$53.

Selling, general and administrative expenses as a percentage of Net sales increased to 36.6% in the third quarter of 2020 from 36.4% in the third quarter of 2019. Excluding the items described above in both periods as applicable, Selling, general and administrative expenses as a percentage of Net sales increased by 90 bps to 36.6% in the third quarter of 2020 as compared to 35.7% in the third quarter of 2019. This increase was due to increased advertising investment (70 bps) and higher overhead expenses (20 bps), primarily driven by higher logistics costs, both as a percentage of Net sales. In the third quarter of 2020, advertising investment increased as a percentage of Net sales to 11.5% from 10.8% in the third quarter of 2019, or 13% in absolute terms to \$476 as compared with \$423 in the third quarter of 2019.

| | Three Months Ended September 30, | |
|--|---|-----------------|
| | 2020 | 2019 |
| Selling, general and administrative expenses, GAAP | \$ 1,518 | \$ 1,429 |
| Global Growth and Efficiency Program | 3 | (28) |
| Selling, general and administrative expenses, non-GAAP | <u>\$ 1,521</u> | <u>\$ 1,401</u> |

| | Three Months Ended September 30, | | Basis Point Change |
|---|---|---------------|-----------------------|
| | 2020 | 2019 | |
| Selling, general and administrative expenses as a percentage of Net sales, GAAP | 36.6 % | 36.4 % | 20 |
| Global Growth and Efficiency Program | — | (0.7) | |
| Selling, general and administrative expenses as a percentage of Net sales, non-GAAP | <u>36.6 %</u> | <u>35.7 %</u> | <u>90</u> |

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Operating Profit

Operating profit increased 19% to \$1,018 in the third quarter of 2020 from \$856 in the third quarter of 2019. Operating profit in the third quarter of 2020 included benefits resulting from the Global Growth and Efficiency Program. Operating profit in the third quarter of 2019 included charges resulting from the Global Growth and Efficiency Program and acquisition-related costs. Excluding these items in both periods as applicable, Operating profit increased to \$1,002 in the third quarter of 2020 from \$900 in the third quarter of 2019, as an increase in Gross profit was partially offset by an increase in Selling, general and administrative expenses.

Operating profit margin was 24.5% in the third quarter of 2020, an increase of 270 bps compared to 21.8% in the third quarter of 2019. Excluding the items described above in both periods as applicable, Operating profit margin was 24.1% in the third quarter of 2020, an increase of 120 bps compared to 22.9% in the third quarter of 2019. This increase in Operating profit margin was primarily due to an increase in Gross profit (220 bps), partially offset by an increase in Selling, general and administrative expenses (90 bps), both as a percentage of Net sales.

| | Three Months Ended September 30, | | |
|--------------------------------------|---|---------------|-------------|
| | 2020 | 2019 | % Change |
| Operating profit, GAAP | \$ 1,018 | \$ 856 | 19 % |
| Global Growth and Efficiency Program | (16) | 26 | — |
| Acquisition-related costs | — | 18 | — |
| Operating profit, non-GAAP | <u>\$ 1,002</u> | <u>\$ 900</u> | <u>11 %</u> |

| | Three Months Ended September 30, | | |
|--------------------------------------|---|---------------|-----------------------|
| | 2020 | 2019 | Basis Point Change |
| Operating profit margin, GAAP | 24.5 % | 21.8 % | 270 |
| Global Growth and Efficiency Program | (0.4) | 0.7 | — |
| Acquisition-related costs | — | 0.4 | — |
| Operating profit margin, non-GAAP | <u>24.1 %</u> | <u>22.9 %</u> | <u>120</u> |

Non-Service Related Postretirement Costs

Non-service related postretirement costs were \$15 in the third quarter of 2020, as compared to \$27 in the third quarter of 2019. Non-service related postretirement costs in the third quarter of 2019 included charges resulting from the Global Growth and Efficiency Program. Excluding charges resulting from the Global Growth and Efficiency Program in the third quarter of 2019, Non-service related postretirement costs were \$15 in the third quarter of 2020, as compared to \$26 in the third quarter of 2019, primarily due to lower interest cost.

| | Three Months Ended September 30, | |
|--|---|--------------|
| | 2020 | 2019 |
| Non-service related postretirement costs, GAAP | \$ 15 | \$ 27 |
| Global Growth and Efficiency Program | — | (1) |
| Non-service related postretirement costs, non-GAAP | <u>\$ 15</u> | <u>\$ 26</u> |

Interest (Income) Expense, Net

Interest (income) expense, net was \$36 in the third quarter of 2020 as compared to \$35 in the third quarter of 2019.

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Net Income Attributable to Colgate-Palmolive Company and Earnings Per Share

Net income attributable to Colgate-Palmolive Company in the third quarter of 2020 increased to \$698 from \$578 in the third quarter of 2019, and Earnings per common share on a diluted basis increased to \$0.81 per share in the third quarter of 2020 from \$0.67 in the third quarter of 2019. Net income attributable to Colgate-Palmolive Company in the third quarter of 2020 included benefits resulting from the Global Growth and Efficiency Program, and in the third quarter of 2019 included charges resulting from the Global Growth and Efficiency Program and acquisition-related costs.

Excluding the items described above in both periods as applicable, Net income attributable to Colgate-Palmolive Company in the third quarter of 2020 increased 12% to \$685 from \$614 in the third quarter of 2019, and Earnings per common share on a diluted basis increased 11% to \$0.79 in the third quarter of 2020 from \$0.71 in the third quarter of 2019.

| | Three Months Ended September 30, 2020 | | | | | |
|---|--|--|---|--|--|--|
| | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Net Income Including Noncontrolling Interests | Net Income Attributable To Colgate-Palmolive Company | Diluted Earnings Per Share ⁽²⁾ | |
| As Reported GAAP | \$ 967 | \$ 222 | \$ 745 | \$ 698 | \$ 0.81 | |
| Global Growth and Efficiency Program | (16) | (3) | (13) | (13) | (0.02) | |
| Non-GAAP | \$ 951 | \$ 219 | \$ 732 | \$ 685 | \$ 0.79 | |

| | Three Months Ended September 30, 2019 | | | | | |
|---|--|--|---|--|--|--|
| | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Net Income Including Noncontrolling Interests | Net Income Attributable To Colgate-Palmolive Company | Diluted Earnings Per Share ⁽²⁾ | |
| As Reported GAAP | \$ 794 | \$ 167 | \$ 627 | \$ 578 | \$ 0.67 | |
| Global Growth and Efficiency Program | 27 | 5 | 22 | 22 | 0.03 | |
| Acquisition-related costs | 18 | 4 | 14 | 14 | 0.01 | |
| Non-GAAP | \$ 839 | \$ 176 | \$ 663 | \$ 614 | \$ 0.71 | |

⁽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.

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Net Sales and Operating Profit by Segment

Oral, Personal and Home Care

North America

| | Three Months Ended September 30, | | |
|------------------|---|--------|-----------|
| | 2020 | 2019 | Change |
| Net sales | \$ 923 | \$ 869 | 6.5 % |
| Operating profit | \$ 242 | \$ 248 | (2) % |
| % of Net sales | 26.2 % | 28.5 % | (230) bps |

Net sales in North America increased 6.5% in the third quarter of 2020 to \$923 as a result of volume growth of 3.0% and net selling price increases of 3.5%, while foreign exchange was flat. The Company's acquisition of Hello contributed 1.5% to volume in North America. Organic sales in North America increased 5.0% in the third quarter of 2020. Organic sales growth was led by the United States.

The increase in organic sales in North America in the third quarter of 2020 versus the third quarter of 2019 was due to increases in Oral Care, Personal Care and Home Care organic sales. The increase in Oral Care was primarily due to organic sales growth in the power toothbrush and toothpaste categories. The increase in Personal Care was primarily due to organic sales growth in the liquid hand soap category, partially offset by declines in organic sales in the skin health and underarm protection categories. The increase in Home Care was primarily due to organic sales growth in the hand dish category, partially offset by a decline in organic sales in the fabric softener category.

Operating profit in North America decreased 2% in the third quarter of 2020 to \$242, or 230 bps to 26.2% as a percentage of Net sales. This decrease in Operating profit as a percentage of Net sales was due to increases in Selling, general and administrative expenses (340 bps) and Other (income) expense, net (150 bps), partially offset by an increase in Gross profit (260 bps), all 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 (220 bps) and higher pricing, partially offset by higher raw and packaging material costs (70 bps). This increase in Selling, general and administrative expenses was due to higher overhead expenses (190 bps), primarily driven by higher logistics costs, and increased advertising investment (150 bps). The increase in Other (income) expense, net was primarily due to an inventory write off.

Latin America

| | Three Months Ended September 30, | | |
|------------------|---|--------|---------|
| | 2020 | 2019 | Change |
| Net sales | \$ 837 | \$ 881 | (5.0) % |
| Operating profit | \$ 250 | \$ 235 | 6 % |
| % of Net sales | 29.9 % | 26.7 % | 320 bps |

Net sales in Latin America decreased 5.0% in the third quarter of 2020 to \$837, as negative foreign exchange of 16.5% was partially offset by volume growth of 2.0% and net selling price increases of 9.5%. Organic sales in Latin America increased 11.5% in the third quarter of 2020. Organic sales growth was led by Brazil, Argentina, Mexico and Colombia.

The increase in organic sales in Latin America in the third quarter of 2020 versus the third quarter of 2019 was due to increases in Oral Care, Personal Care and Home Care organic sales. The increase in Oral Care was primarily due to organic sales growth in the toothpaste and manual toothbrush categories. The increase in Personal Care was primarily due to organic sales growth in the bar soap, shampoo and liquid hand soap categories, partially offset by a decline in organic sales in the underarm protection category. The increase in Home Care was primarily due to organic sales growth in the hand dish, fabric softener and liquid cleaner categories.

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Operating profit in Latin America increased 6% in the third quarter of 2020 to \$250, or 320 bps to 29.9% as a percentage of Net sales. This increase in Operating profit as a percentage of Net sales was primarily due to an increase in Gross profit (260 bps) and a decrease in Other (income) expense, net (50 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 (410 bps) and higher pricing, partially offset by higher raw and packaging material costs (580 bps), which included foreign exchange transaction costs. This decrease in Other (income) expense, net was due to a value added tax matter in Brazil.

Europe

| | Three Months Ended September 30, | | |
|------------------|---|--------|-----------|
| | 2020 | 2019 | Change |
| Net sales | \$ 712 | \$ 607 | 17.0 % |
| Operating profit | \$ 169 | \$ 153 | 10 % |
| % of Net sales | 23.7 % | 25.2 % | (150) bps |

Net sales in Europe increased 17.0% in the third quarter of 2020 to \$712 due to volume growth of 12.0%, an increase in net selling prices of 0.5% and positive foreign exchange of 4.5%. The Company's acquisition of Filorga contributed 9.5% to volume in Europe. Organic sales in Europe increased 3.0% in the third quarter of 2020. Organic sales growth in France, the Netherlands and Denmark were partially offset by an organic sales decline in the United Kingdom.

The increase in organic sales in Europe in the third quarter of 2020 versus the third quarter of 2019 was primarily due to an increase in Personal Care and Home Care organic sales. The increase in Personal Care was primarily due to organic sales growth in the liquid hand soap and body wash categories, partially offset by a decline in organic sales in the underarm protection category. The increase in Home Care was primarily due to organic sales growth in the fabric softener and hand dish categories.

Operating profit in Europe increased 10% in the third quarter of 2020 to \$169, while as a percentage of Net sales it decreased 150 bps to 23.7%. This decrease in Operating profit as a percentage of Net sales was due to increases in Selling, general and administrative expenses (330 bps) and Other (income) expense, net (80 bps), partially offset by an increase in Gross profit (260 bps), all 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 (200 bps) and favorable mix (140 bps), partially offset by higher raw and packaging material costs (70 bps). This increase in Selling, general and administrative expenses was due to increased advertising investment (200 bps) and higher overhead expenses (130 bps). This increase in Other (income) expense, net was due to amortization expense related to the Filorga acquisition.

Asia Pacific

| | Three Months Ended September 30, | | |
|------------------|---|--------|---------|
| | 2020 | 2019 | Change |
| Net sales | \$ 722 | \$ 690 | 4.5 % |
| Operating profit | \$ 222 | \$ 193 | 15 % |
| % of Net sales | 30.7 % | 28.0 % | 270 bps |

Net sales in Asia Pacific increased 4.5% in the third quarter of 2020 to \$722 due to volume growth of 2.5% and selling price increases of 2.0%, while foreign exchange was flat. Organic sales in Asia Pacific increased 4.5% in the third quarter of 2020. Organic sales growth was led by Australia, India, the Philippines and the Greater China region.

The increase in organic sales in Asia Pacific in the third quarter of 2020 versus the third quarter of 2019 was due to increases in Oral Care, Personal Care and Home Care organic sales. The increase in Oral Care was primarily due to an increase in organic sales in the toothpaste category. The increase in Personal Care was primarily due to organic sales growth in the liquid hand soap and shampoo categories. The increase in Home Care was primarily due to organic sales growth in the hand dish category.

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Operating profit in Asia Pacific increased 15% in the third quarter of 2020 to \$222, or 270 bps to 30.7% as a percentage of Net sales. This increase in Operating profit as a percentage of Net sales was primarily due to an increase in Gross profit (150 bps), and a decrease in Selling, general and administrative expenses (110 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 (230 bps) and higher pricing, partially offset by higher raw and packaging material costs (140 bps). This decrease in Selling, general and administrative expenses was due to lower overhead expenses (80 bps) and decreased advertising investment (30 bps).

Africa/Eurasia

| | Three Months Ended September 30, | | |
|------------------|----------------------------------|--------|---------|
| | 2020 | 2019 | Change |
| Net sales | \$ 255 | \$ 248 | 2.5 % |
| Operating profit | \$ 61 | \$ 48 | 27 % |
| % of Net sales | 23.9 % | 19.4 % | 450 bps |

Net sales in Africa/Eurasia increased 2.5% in the third quarter of 2020 to \$255, as volume growth of 6.5% and net selling price increases of 6.5% were partially offset by negative foreign exchange of 10.5%. The Company's acquisition of a 51% controlling interest in Colgate Tolaram Pte. Ltd., a joint venture which owns the Nigeria-based Hypo Homecare Products Limited (the "Nigeria Joint Venture"), contributed 1.0% to volume in Africa/Eurasia. Organic sales in Africa/Eurasia increased 12.0% in the third quarter of 2020. Organic sales growth was led by Russia, South Africa and Turkey.

The increase in organic sales in Africa/Eurasia in the third quarter of 2020 versus the third quarter of 2019 was primarily due to increases in Oral Care and Personal Care organic sales. The increase in Oral Care was primarily due to organic sales growth in the toothpaste and manual toothbrush categories. The increase in Personal Care was primarily due to organic sales growth in the body wash, liquid hand soap and bar soap categories.

Operating profit in Africa/Eurasia increased 27% in the third quarter of 2020 to \$61, or 450 bps to 23.9% as a percentage of Net sales. This increase in Operating profit as a percentage of Net sales was primarily due to an increase in Gross profit (50 bps) and a decrease in Selling, general and administrative expenses (390 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 (290 bps) and higher pricing, partially offset by higher raw and packaging material costs (460 bps), which included foreign exchange transaction costs. This decrease in Selling, general and administrative expenses was due to lower overhead expenses (240 bps) and decreased advertising investment (150 bps).

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Hill's Pet Nutrition

| | Three Months Ended September 30, | | |
|------------------|---|--------|---------|
| | 2020 | 2019 | Change |
| Net sales | \$ 704 | \$ 633 | 11.0 % |
| Operating profit | \$ 196 | \$ 169 | 16 % |
| % of Net sales | 27.8 % | 26.7 % | 110 bps |

Net sales for Hill's Pet Nutrition increased 11.0% in the third quarter of 2020 to \$704 due to volume growth of 6.5% and net selling price increases of 4.5%, while foreign exchange was flat. Organic sales in Hill's Pet Nutrition increased 11.0% in the third quarter of 2020. Organic sales growth was led by the United States, Europe, Australia and Canada.

The increase in organic sales in the third quarter of 2020 was primarily due to organic sales growth in the Science Diet and Prescription Diet categories.

Operating profit in Hill's Pet Nutrition increased 16% in the third quarter of 2020 to \$196, or 110 bps to 27.8% as a percentage of Net sales. This increase in Operating profit as a percentage of Net sales was due to an increase in Gross profit (140 bps), partially offset by an increase in Selling, general and administrative expenses (40 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 (160 bps) and higher pricing, partially offset by higher raw and packaging material costs (130 bps). This increase in Selling, general and administrative expenses was due to increased advertising investment (220 bps), partially offset by lower overhead expenses (180 bps).

During the quarter ended March 31, 2019, Hill's announced a voluntary recall, which was subsequently expanded, of select canned dog food products due to potentially elevated levels of Vitamin D resulting from a supplier error. In the United States, the voluntary recall was conducted in cooperation with the U.S. Food and Drug Administration. Following the announcement of the voluntary recall, and as of September 30, 2020, Hill's and/or the Company have been named as defendants in 37 putative class action lawsuits, one putative class action filed on behalf of a European Union class and one individual action, all related to the voluntary recall and filed in various jurisdictions in the United States. In addition, two putative class actions related to the voluntary recall have been filed in Canada. Eight of the putative class actions lawsuits in the United States and one of the putative class action lawsuits in Canada have been voluntarily dismissed. Hill's is entitled to indemnification from the supplier related to the voluntary recall. Sales of products voluntarily recalled represent less than 2% of Hill's annual Net sales. The sales loss and other costs associated with the voluntary recall and subsequent expansion did not have a material impact on the Company's Net sales or Operating profit and are not expected to have a material impact in future periods.

Corporate

| | Three Months Ended September 30, | | |
|-------------------------|---|----------|--------|
| | 2020 | 2019 | Change |
| Operating profit (loss) | \$ (122) | \$ (190) | (36) % |

Operating profit (loss) related to Corporate was (\$122) in the third quarter of 2020 as compared to (\$190) in the third quarter of 2019. In the third quarter of 2020, Corporate Operating profit (loss) included benefits of \$16 resulting from the Global Growth and Efficiency Program. In the third quarter of 2019, Corporate Operating profit (loss) included charges of \$26 resulting from the Global Growth and Efficiency Program and acquisition-related costs of \$18.

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Nine Months

Worldwide Net sales were \$12,147 in the first nine months of 2020, up 4.0% as compared to the first nine months of 2019, as volume growth of 5.5% and net selling price increases of 3.0% were partially offset by negative foreign exchange of 4.5%. Acquisitions contributed 2.0% to volume. Organic sales increased 6.5% in the first nine months of 2020.

Net sales in the Oral, Personal and Home Care product segment were \$10,052 in the first nine months of 2020, an increase of 2.0% as compared to the first nine months of 2019, as volume growth of 4.5% and net selling price increases of 3.0% were partially offset by negative foreign exchange of 5.5%. Acquisitions contributed 2.0% to volume. Organic sales in the Oral, Personal and Home Care product segment increased 5.5% in the first nine months of 2020.

The increase in organic sales in the first nine months of 2020 versus the first nine months of 2019 was due to increases in Oral Care, Personal Care and Home Care organic sales. The increase in Oral Care was primarily due to organic sales growth in the toothpaste category. The increase in Personal Care was primarily due to organic sales growth in the liquid hand soap, bar soap and body wash categories, partially offset by a decline in organic sales in the underarm protection category. The increase in Home Care was primarily due to organic sales growth in the hand dish and liquid cleaner categories.

Net sales in the Hill's Pet Nutrition segment were \$2,095 in the first nine months of 2020, an increase of 13.5% from the first nine months of 2019, as volume growth of 10.0% and net selling price increases of 4.5% were partially offset by negative foreign exchange of 1.0%. Organic sales in the Hill's Pet Nutrition segment increased 14.5% in the first nine months of 2020.

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Net Sales and Operating Profit by Segment

Net sales and Operating profit by segment were as follows:

| | Nine Months Ended September 30, | |
|------------------------------------|--|------------------|
| | 2020 | 2019 |
| Net sales | | |
| Oral, Personal and Home Care | | |
| North America | \$ 2,801 | \$ 2,568 |
| Latin America | 2,531 | 2,700 |
| Europe | 2,004 | 1,798 |
| Asia Pacific | 1,980 | 2,035 |
| Africa/Eurasia | 736 | 732 |
| Total Oral, Personal and Home Care | 10,052 | 9,833 |
| Pet Nutrition | 2,095 | 1,845 |
| Total Net sales | <u>\$ 12,147</u> | <u>\$ 11,678</u> |
| Operating profit | | |
| Oral, Personal and Home Care | | |
| North America | \$ 753 | \$ 750 |
| Latin America | 728 | 718 |
| Europe | 482 | 452 |
| Asia Pacific | 559 | 557 |
| Africa/Eurasia | 174 | 141 |
| Total Oral, Personal and Home Care | 2,696 | 2,618 |
| Pet Nutrition | 588 | 501 |
| Corporate | (368) | (496) |
| Total Operating profit | <u>\$ 2,916</u> | <u>\$ 2,623</u> |

Within the Oral, Personal and Home Care product segment, North America Net sales increased 9.0%, driven by volume growth of 8.5% and net selling price increases of 1.0%, partially offset by negative foreign exchange of 0.5%. The Hello acquisition contributed 1.5% to volume in North America. Organic sales in North America increased 8.0%. Latin America Net sales decreased 6.0%, driven by negative foreign exchange of 14.5%, partially offset by volume growth of 0.5% and net selling price increases of 8.0%. Organic sales in Latin America increased 8.5%. Europe Net sales increased 11.5%, driven by volume growth of 12.0%, partially offset by net selling prices decreases of 0.5% while foreign exchange was flat. The Filorga acquisition contributed 9.0% to volume in Europe. Organic sales in Europe increased 2.5%. Asia Pacific Net sales decreased 2.5%, driven by volume declines of 3.0% and negative foreign exchange of 1.5%, partially offset by net selling prices increases of 2.0%. Organic sales in Asia Pacific decreased 1.0%. Africa/Eurasia Net sales increased 0.5%, as volume growth of 5.5% and net selling price increases of 3.5% were partially offset by negative foreign exchange of 8.5%. The Nigeria Joint Venture contributed 1.5% to volume in Africa/Eurasia. Organic sales in Africa/Eurasia increased 7.5%.

In the first nine months of 2020, Operating profit (loss) related to Corporate was (\$368) as compared to (\$496) in the first nine months of 2019. In the first nine months of 2020, Corporate Operating profit (loss) included acquisition-related costs of \$6 and benefits of \$16 resulting from the Global Growth and Efficiency Program. In the first nine months of 2019, Corporate Operating profit (loss) included \$94 of charges resulting from the Global Growth and Efficiency Program and acquisition-related costs of \$18.

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Gross Profit/Margin

Worldwide Gross profit increased to \$7,374 in the first nine months of 2020 from \$6,911 in the first nine months of 2019. Gross profit in the first nine months of 2020 included acquisition-related costs. Gross profit in the first nine months of 2019 included charges resulting from the Global Growth and Efficiency Program. Excluding these items in both periods as applicable, Gross profit increased to \$7,378 in the first nine months of 2020 from \$6,920 in the first nine months of 2019, reflecting an increase of \$287 resulting from higher Net sales and an increase of \$171 resulting from higher Gross profit margin.

Worldwide Gross profit margin increased to 60.7% in the first nine months of 2020 from 59.2% in the first nine months of 2019. Excluding the items described above in both periods as applicable, Gross profit margin increased by 140 bps to 60.7% in the first nine months of 2020, from 59.3% in the first nine months of 2019, due to cost savings from the Company's funding-the-growth initiatives (210 bps) and higher pricing (120 bps), partially offset by higher raw and packaging material costs (190 bps), which included foreign exchange transaction costs.

| | Nine Months Ended September 30, | |
|--------------------------------------|--|----------|
| | 2020 | 2019 |
| Gross profit, GAAP | \$ 7,374 | \$ 6,911 |
| Acquisition-related costs | 4 | — |
| Global Growth and Efficiency Program | — | 9 |
| Gross profit, non-GAAP | \$ 7,378 | \$ 6,920 |

| | Nine Months Ended September 30, | | |
|--------------------------------------|--|--------|-----------------------|
| | 2020 | 2019 | Basis Point Change |
| Gross profit margin, GAAP | 60.7 % | 59.2 % | 150 |
| Acquisition-related costs | — | — | |
| Global Growth and Efficiency Program | — | 0.1 | |
| Gross profit margin, non-GAAP | 60.7 % | 59.3 % | 140 |

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Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 5% to \$4,386 in the first nine months of 2020 from \$4,163 in the first nine months of 2019. Selling, general and administrative expenses in the first nine months of 2020 included benefits resulting from the Global Growth and Efficiency Program. Selling, general and administrative expenses in the first nine months of 2019 included charges resulting from the Global Growth and Efficiency Program. Excluding these items in both periods as applicable, Selling, general and administrative expenses increased to \$4,389 in the first nine months of 2020 from \$4,121 in the first nine months of 2019, reflecting higher overhead expenses of \$137 and increased advertising investment of \$131.

Selling, general and administrative expenses as a percentage of Net sales increased to 36.1% in the first nine months of 2020 from 35.6% in the first nine months of 2019. Excluding the items described above in both periods as applicable, Selling, general and administrative expenses as a percentage of Net sales increased by 80 bps to 36.1% in the first nine months of 2020 as compared to 35.3% in the first nine months of 2019. This increase was due to increased advertising investment (60 bps) and higher overhead expenses (20 bps), both as a percentage of Net sales. In the first nine months of 2020, advertising investment increased as a percentage of Net sales to 11.5% from 10.9% in the first nine months of 2019, or 10.3% in absolute terms to \$1,399, as compared with \$1,268 in the first nine months of 2019.

| | Nine Months Ended September 30, | |
|--|--|-----------------|
| | 2020 | 2019 |
| Selling, general and administrative expenses, GAAP | \$ 4,386 | \$ 4,163 |
| Global Growth and Efficiency Program | 3 | (42) |
| Selling, general and administrative expenses, non-GAAP | <u>\$ 4,389</u> | <u>\$ 4,121</u> |

| | Nine Months Ended September 30, | | Basis Point Change |
|---|--|---------------|-----------------------|
| | 2020 | 2019 | |
| Selling, general and administrative expenses as a percentage of Net sales, GAAP | 36.1 % | 35.6 % | 50 |
| Global Growth and Efficiency Program | — | (0.3) | |
| Selling, general and administrative expenses as a percentage of Net sales, non-GAAP | <u>36.1 %</u> | <u>35.3 %</u> | <u>80</u> |

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Operating Profit

Operating profit increased 11% to \$2,916 in the first nine months of 2020 from \$2,623 in the first nine months of 2019. Operating profit in the first nine months of 2020 included acquisition-related costs and benefits resulting from the Global Growth and Efficiency Program. Operating profit in the first nine months of 2019 included charges resulting from the Global Growth and Efficiency Program and acquisitions-related costs. Excluding these items in both periods as applicable, Operating profit increased to \$2,906 in the first nine months of 2020 from \$2,735 in the first nine months of 2019, primarily due to an increase in Gross profit, partially offset by an increase in Selling, general and administrative expenses.

Operating profit margin was 24.0% in the first nine months of 2020, an increase of 150 bps compared to 22.5% in the first nine months of 2019. Excluding the items described above in both periods as applicable, Operating profit margin was 23.9% in the first nine months of 2020, an increase of 50 bps compared to 23.4% in the first nine months of 2019, as higher Gross profit (140 bps) was partially offset by an increase in Selling, general and administrative expenses (80 bps), both as a percentage of Net sales.

| | Nine Months Ended September 30, | | |
|--------------------------------------|--|-----------------|------------|
| | 2020 | 2019 | % Change |
| Operating profit, GAAP | \$ 2,916 | \$ 2,623 | 11 % |
| Global Growth and Efficiency Program | (16) | 94 | |
| Acquisition-related costs | 6 | 18 | |
| Operating profit, non-GAAP | <u>\$ 2,906</u> | <u>\$ 2,735</u> | <u>6 %</u> |

| | Nine Months Ended September 30, | | |
|--------------------------------------|--|---------------|-----------------------|
| | 2020 | 2019 | Basis Point Change |
| Operating profit margin, GAAP | 24.0 % | 22.5 % | 150 |
| Global Growth and Efficiency Program | (0.1) | 0.8 | |
| Acquisition-related costs | — | 0.1 | |
| Operating profit margin, non-GAAP | <u>23.9 %</u> | <u>23.4 %</u> | <u>50</u> |

Non-Service Related Postretirement Costs

Non-service related postretirement costs were \$56 in the first nine months of 2020, as compared to \$79 in the first nine months of 2019. Non-service related postretirement costs in the first nine months of 2019 included charges resulting from the Global Growth and Efficiency Program. Excluding charges resulting from the Global Growth and Efficiency Program in the first nine months of 2019, Non-service related postretirement costs were \$56 in the first nine months of 2020, as compared to \$75 in the first nine months of 2019, primarily due to lower interest cost.

| | Nine Months Ended September 30, | |
|--|--|--------------|
| | 2020 | 2019 |
| Non-service related postretirement costs, GAAP | \$ 56 | \$ 79 |
| Global Growth and Efficiency Program | — | (4) |
| Non-service related postretirement costs, non-GAAP | <u>\$ 56</u> | <u>\$ 75</u> |

Interest (Income) Expense, Net

Interest (income) expense, net was \$107 in the first nine months of 2020 as compared to \$113 in the first nine months of 2019, primarily due to lower average interest rates on debt.

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Income Taxes

The effective income tax rate was 23.0% for the third quarter of 2020 as compared to 21.0% for the third quarter of 2019. As reflected in the table below, the non-GAAP effective income tax rate was 23.0% for the quarter ended September 30, 2020, as compared to 21.0% in the comparable period of 2019.

The effective income tax rate was 21.2% for the first nine months of 2020 as compared to 24.1% for the first nine months of 2019. As reflected in the table below, the non-GAAP effective income tax rate was 23.9% for the first nine months of 2020, as compared to 24.1% in the comparable period of 2019.

The quarterly provision for income taxes is determined based on the Company's estimated full year effective income tax rate adjusted by the amount of tax attributable to infrequent or unusual items that are separately recognized on a discrete basis in the income tax provision in the quarter in which they occur. The Company's current estimate of its full year effective income tax rate before discrete period items is 24.0%, compared to 24.3% in the third quarter of 2019. See Note 10, Income Taxes to the Condensed Consolidated Financial Statements for additional details.

| | Three Months Ended September 30, | | | | | |
|--------------------------------------|---|---|---|-------------------------------|--|---|
| | 2020 | | | 2019 | | |
| | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Effective Income Tax Rate ⁽²⁾ | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Effective Income Tax Rate ⁽²⁾ |
| As Reported GAAP | \$ 967 | \$ 222 | 23.0 % | \$ 794 | \$ 167 | 21.0 % |
| Global Growth and Efficiency Program | (16) | (3) | — | 27 | 5 | (0.1) |
| Acquisition-related costs | — | — | — | 18 | 4 | 0.1 % |
| Non-GAAP | <u>\$ 951</u> | <u>\$ 219</u> | <u>23.0 %</u> | <u>\$ 839</u> | <u>\$ 176</u> | <u>21.0 %</u> |

| | Nine Months Ended September 30, | | | | | |
|--|--|---|---|-------------------------------|--|---|
| | 2020 | | | 2019 | | |
| | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Effective Income Tax Rate ⁽²⁾ | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Effective Income Tax Rate ⁽²⁾ |
| As Reported GAAP | \$ 2,753 | \$ 585 | 21.2 % | \$ 2,431 | \$ 586 | 24.1 % |
| Global Growth and Efficiency Program | (16) | (3) | — | 98 | 23 | — |
| Subsidiary and operating structure initiatives | — | 71 | 2.7 | — | — | — |
| Acquisition-related costs | 6 | 2 | — | 18 | 4 | — |
| Non-GAAP | <u>\$ 2,743</u> | <u>\$ 655</u> | <u>23.9 %</u> | <u>\$ 2,547</u> | <u>\$ 613</u> | <u>24.1 %</u> |

⁽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.

The provision for income taxes for the nine months ended September 30, 2020 includes \$71 of income tax benefits recorded on a discrete period basis, of which \$45 relates to previously recorded foreign withholding taxes and \$26 relates to a previously recorded valuation allowance against a deferred tax asset. As more fully described below, both items were previously recorded in connection with the charge recorded by the Company in 2017 and revised in 2018 related to the TCJA.

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As part of the previously recorded charge for the TCJA, the Company had provided for foreign withholding taxes expected to be paid on the remittance of earnings from certain overseas subsidiaries no longer deemed indefinitely reinvested. As a result of a recent reorganization of the ownership structure of certain foreign subsidiaries, the Company determined that no withholding taxes will be due on the remittance by certain subsidiaries of earnings previously deemed reinvested and, accordingly, reversed \$45 of previously recorded foreign withholding taxes in the first quarter of 2020.

Also as part of the previously recorded charge for the TCJA, the Company provided a valuation allowance against a deferred tax asset related to foreign tax credit carry-forwards that the Company did not expect to be able to use due to changes made by the TCJA. As a result of a new operating structure being implemented within one of the Company's divisions, the Company believes the use of these foreign tax credit carry-forwards will not be limited in the future and, accordingly, reversed the previously recorded valuation allowance of \$26 in the first quarter of 2020.

COLGATE-PALMOLIVE COMPANY

**Management's Discussion and Analysis of Financial
Condition and Results of Operations**

(Dollars in Millions Except Per Share Amounts)

Net Income Attributable to Colgate-Palmolive Company and Earnings Per Share

Net income attributable to Colgate-Palmolive Company in the first nine months of 2020 increased to \$2,048 from \$1,724 in the comparable 2019 period. Earnings per common share on a diluted basis increased to \$2.38 per share from \$2.00 per share in the comparable 2019 period. Net income attributable to Colgate-Palmolive Company in the first nine months of 2020 included benefits resulting from the Global Growth and Efficiency Program, acquisition-related costs and a benefit related to subsidiary and operating structure initiatives. Net income attributable to Colgate-Palmolive Company in the comparable 2019 period included charges resulting from the Global Growth and Efficiency Program and acquisition-related costs.

Excluding the items described above in both periods as applicable, Net income attributable to Colgate-Palmolive Company in the first nine months of 2020 increased 9% to \$1,968 from \$1,813 in the first nine months of 2019, and Earnings per common share on a diluted basis increased 9% to \$2.29 in the first nine months of 2020 from \$2.10 in the first nine months of 2019.

Nine Months Ended September 30, 2020

| | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Net Income Including Noncontrolling Interests | Net Income Attributable To Colgate-Palmolive Company | Diluted Earnings Per Share ⁽²⁾ |
|---|-------------------------------|--|---|--|--|
| As Reported GAAP | \$ 2,753 | \$ 585 | \$ 2,168 | \$ 2,048 | \$ 2.38 |
| Global Growth and Efficiency Program | (16) | (3) | (13) | (13) | (0.02) |
| Subsidiary and operating structure initiatives | — | 71 | (71) | (71) | (0.08) |
| Acquisition-related costs | 6 | 2 | 4 | 4 | 0.01 |
| Non-GAAP | <u>\$ 2,743</u> | <u>\$ 655</u> | <u>\$ 2,088</u> | <u>\$ 1,968</u> | <u>\$ 2.29</u> |

Nine Months Ended September 30, 2019

| | Income Before Income Taxes | Provision For Income Taxes ⁽¹⁾ | Net Income Including Noncontrolling Interests | Net Income Attributable To Colgate-Palmolive Company | Diluted Earnings Per Share ⁽²⁾ |
|---|-------------------------------|--|---|--|--|
| As Reported GAAP | \$ 2,431 | \$ 586 | \$ 1,845 | \$ 1,724 | \$ 2.00 |
| Global Growth and Efficiency Program | 98 | 23 | 75 | 75 | 0.09 |
| Acquisition-related costs | 18 | 4 | 14 | 14 | 0.01 |
| Non-GAAP | <u>\$ 2,547</u> | <u>\$ 613</u> | <u>\$ 1,934</u> | <u>\$ 1,813</u> | <u>\$ 2.10</u> |

⁽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.

**Management's Discussion and Analysis of Financial
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Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 the external factor of foreign exchange, as well as the impact of acquisitions and divestments, as applicable. A reconciliation of organic sales growth to Net sales growth for the three and nine months ended September 30, 2020 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 Quarterly Report on Form 10-Q both on a GAAP basis and excluding, as applicable, the benefits and charges resulting from the Global Growth and Efficiency Program, the charge related to U.S. tax reform, acquisition-related costs, and a benefit related to a recent reorganization of the ownership structure of certain foreign subsidiaries and a new operating structure being implemented within one of the Company's divisions. 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 acquisition, 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 three and nine months ended September 30, 2020 and 2019 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 the three and nine months ended September 30, 2020:

| Three Months Ended September 30, 2020 | Net Sales Growth (GAAP) | Foreign Exchange Impact | Acquisitions and Divestments Impact | Organic Sales Growth (Non-GAAP) |
|--|------------------------------------|--|--|--|
| Oral, Personal and Home Care | | | | |
| North America | 6.5% | —% | 1.5% | 5.0% |
| Latin America | (5.0)% | (16.5)% | —% | 11.5% |
| Europe | 17.0% | 4.5% | 9.5% | 3.0% |
| Asia Pacific | 4.5% | —% | —% | 4.5% |
| Africa/Eurasia | 2.5% | (10.5)% | 1.0% | 12.0% |
| Total Oral, Personal and Home Care | 4.5% | (4.5)% | 2.5% | 6.5% |
| Pet Nutrition | 11.0% | —% | —% | 11.0% |
| Total Company | 5.5% | (4.0)% | 2.0% | 7.5% |

COLGATE-PALMOLIVE COMPANY

**Management's Discussion and Analysis of Financial
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(Dollars in Millions Except Per Share Amounts)

| Nine Months Ended September 30, 2020 | Net Sales Growth (GAAP) | Foreign Exchange Impact | Acquisitions and Divestments Impact | Organic Sales Growth (Non-GAAP) |
|---|------------------------------------|--|--|--|
| Oral, Personal and Home Care | | | | |
| North America | 9.0% | (0.5)% | 1.5% | 8.0% |
| Latin America | (6.0)% | (14.5)% | —% | 8.5% |
| Europe | 11.5% | —% | 9.0% | 2.5% |
| Asia Pacific | (2.5)% | (1.5)% | —% | (1.0)% |
| Africa/Eurasia | 0.5% | (8.5)% | 1.5% | 7.5% |
| Total Oral, Personal and Home Care | 2.0% | (5.5)% | 2.0% | 5.5% |
| Pet Nutrition | 13.5% | (1.0)% | —% | 14.5% |
| Total Company | 4.0% | (4.5)% | 2.0% | 6.5% |

**Management's Discussion and Analysis of Financial
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Liquidity and Capital Resources

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

Net cash provided by operations increased 27% to \$2,756 in the first nine months of 2020, compared with \$2,163 in the comparable period of 2019, primarily due to higher net income, improved working capital, lower voluntary contributions to the Company's pension plans and lower income tax payments due to timing. The Company continues to be tightly focused on working capital. The Company's working capital was (5.7%) as a percentage of Net sales in the first nine months of 2020 as compared to (2.8%) in the first nine months of 2019. 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).

Investing activities used \$668 of cash in the first nine months of 2020, compared with \$2,075 in the comparable period of 2019. As more fully described below, investing activities in the first nine months of 2020 included the Company's acquisition of Hello.

On January 31, 2020, the Company acquired Hello for cash consideration of \$351. On September 19, 2019, the Company acquired Filorga for cash consideration of €1,516 (approximately \$1,674) plus additional consideration of €32 (approximately \$38), the majority of which related to repayment of loans from former shareholders of Filorga. On August 15, 2019, the Company acquired a 51% controlling interest in the Nigeria Joint Venture for \$31.

These acquisitions were financed with a combination of debt and cash. As a result of the incremental debt related to these acquisitions, in accordance with the Company's previously announced intention to moderate share repurchases into 2021, the Company continued to moderate its share repurchases in the first nine months of 2020. In addition, due to the uncertainties resulting from the COVID-19 pandemic, the Company discontinued all share repurchases other than those pursuant to equity plans during the second quarter of 2020. The Company resumed its moderated share repurchases in the third quarter of 2020.

Capital spending was \$249 in the first nine months of 2020 compared to \$226 in the comparable period of 2019. Capital expenditures for 2020 are expected to be approximately 2.0% to 2.5% of Net sales. The Company continues to focus its capital spending on projects that are expected to yield high aftertax returns.

Financing activities used \$1,968 of cash during the first nine months of 2020, compared with \$150 generated in the comparable period of 2019. This reflects net repayments on debt in the first nine months of 2020 compared with net proceeds on debt in the comparable period of 2019. This use of cash, as discussed above, was partially offset by lower share repurchases associated with the share repurchase program in the first nine months of 2020 compared with the comparable period of 2019.

On July 17, 2020, the Company completed the purchase of the outstanding non-controlling interest of Filorga's joint venture based in Hong Kong and covering the Hong Kong and China markets for approximately €85 (approximately \$99) in cash.

Long-term debt, including the current portion, decreased to \$7,227 as of September 30, 2020, as compared to \$7,587 as of December 31, 2019, and total debt was \$7,236 as of September 30, 2020, as compared to \$7,847 as of December 31, 2019. During the first quarter of 2019, the Company issued €500 of seven-year notes at a fixed coupon rate of 0.500% and €500 of fifteen-year notes at a fixed coupon rate of 1.375%. The debt issuances were under the Company's shelf registration statement. The debt issuances support the Company's capital structure objectives of funding its business and growth initiatives while minimizing its risk-adjusted cost of capital. Proceeds from the debt issuances were used for general corporate purposes, which included the retirement of commercial paper, and the repayment of the Company's \$500 1.75% fixed rate notes, which became due in March 2019, and €500 floating rate notes, which became due in May 2019.

COLGATE-PALMOLIVE COMPANY

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Domestic and foreign commercial paper outstanding was \$91 and \$2,275 as of September 30, 2020 and 2019, respectively. The average daily balances outstanding for commercial paper in the first nine months of 2020 and 2019 were \$1,110 and \$1,670, 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 unused lines of credit of approximately \$4,500 (including under the facilities discussed below) or by issuing long-term debt pursuant to an effective shelf registration statement. In November 2018, the Company entered into an amended and restated \$2,650 revolving credit facility with a syndicate of banks that was scheduled to expire in November 2023. In August 2019, the term of the facility was extended by one year and it now expires in November 2024. In August 2020, the Company entered into a \$1,500 364-day credit facility with a syndicate of banks that is scheduled to expire in August 2021. Commitment fees related to the credit facilities are not material.

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. Refer to Note 6, Long term Debt and Credit Facilities, on the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for further information about the Company's long-term debt and credit facilities.

In the first quarter of 2020, the Company increased the quarterly common stock dividend to \$0.44 per share from \$0.43 per share previously, effective in the second quarter of 2020.

Cash and cash equivalents increased \$106 during the first nine months of 2020 to \$989 at September 30, 2020, compared to \$883 at December 31, 2019, most of which (\$919 and \$798, respectively) were held by the Company's foreign subsidiaries.

During the nine months ended September 30, 2020, COVID-19 did not have a significant impact on the Company's liquidity for its continued operating and cash needs. For more information regarding the anticipated impact of COVID-19, see "Executive Overview" and "Risk Factors" in Part II, Item 1A of this Quarterly Report and in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

For additional information regarding liquidity and capital resources, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

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Goodwill and Indefinite-Lived Intangible Assets

As previously disclosed, as a result of the COVID-19 pandemic, in the first quarter of 2020, the Company determined that a “triggering event” had occurred relative to its recently acquired Filorga skin health business and, as required, performed a quantitative analysis, with the assistance of a third-party valuation firm, of the value of the Filorga reporting unit and its indefinite-life intangible assets. Based on the analysis, the Company determined that the fair value of the Filorga reporting unit and the related indefinite life intangible assets were not impaired.

As of March 31, 2020, the fair value of the Filorga reporting unit exceeded its carrying value by 10%. While Filorga's performance in the second and third quarters of 2020 was in line with its revised business plan, given the inherent uncertainties in estimating the future impacts of the COVID-19 pandemic on global macroeconomic conditions and on the Filorga business in particular, actual results may differ from management's current estimates and could have an adverse impact on one or more of the assumptions used in our quantitative models related to the Filorga reporting unit, resulting in potential impairment charges in subsequent periods. A reduction in the long-term growth rate of 50 basis points or an increase in the discount rate of 25 basis points would result in a reduction of the fair value of the Filorga reporting unit of approximately 5%. Given the recent acquisition of Filorga, where there is inherently a lower surplus of fair value over carrying value, management will continue to assess triggering events that may necessitate additional qualitative or quantitative analyses of our reporting units and indefinite-lived intangible assets in future periods.

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Market Share Information

Management uses market share information as a key indicator to monitor business health and performance. References to market share in this Quarterly Report on Form 10-Q 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. In particular, market share data is currently not generally available for certain retail channels, such as eCommerce and certain club retailers and discounters. 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. The Company believes that the third-party vendors it uses to provide data are reliable, but it has not verified the accuracy or completeness of the data or any assumptions underlying the data. In certain limited circumstances, the COVID-19 pandemic has impacted the ability of our third-party vendors to provide the Company with reliable updated market share data. In addition, market share information reported by the Company may be different from market share information reported by other companies due to differences in category definitions, the use of data from different countries, internal estimates and other factors.

Cautionary Statement on Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 levels, financial goals, the impact of foreign exchange, the impact of COVID-19, cost-reduction plans, tax rates, new product introductions, commercial investment levels, acquisitions, divestitures, share repurchases, 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 and political environment in different countries and its effect on consumer spending habits, foreign currency rate fluctuations, exchange controls, tariffs, 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, increased competition and evolving competitive practices (including from the growth of eCommerce and the entry of new competitors and business models), the ability to operate and respond effectively during a pandemic, epidemic or widespread public health concern, including COVID-19, disruptions in global supply chain, the availability and cost of raw and packaging materials, the ability to maintain or increase selling prices as needed, changes in the policies of retail trade customers, the emergence of new sales channels, the growth of eCommerce and the changing retail landscape (as consumers increasingly shop online), the ability to develop innovative new products, the ability to continue lowering costs and operate in an agile manner, the ability to maintain the security of our information technology systems from a cyber-security incident or data breach, the ability to achieve our sustainability goals, the ability to complete acquisitions and divestitures as planned, the ability to successfully integrate acquired businesses, the ability to attract and retain key employees, 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 the Company's filings with the SEC (including, but not limited to, the information set forth under the captions "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and subsequent Quarterly Reports on Form 10-Q).

COLGATE-PALMOLIVE COMPANY
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Quantitative and Qualitative Disclosures about Market Risk

There is no material change in the information reported under Part II, Item 7, "Managing Foreign Currency, Interest Rate, Commodity Price and Credit Risk Exposure" contained in our Annual Report on Form 10-K for the year ended December 31, 2019.

COLGATE-PALMOLIVE COMPANY

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2020 (the "Evaluation"). Based upon the Evaluation, the Company's Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective.

Changes in Internal Control Over Financial Reporting

The Company is in the process of upgrading its enterprise IT system to SAP S/4 HANA. This change has not had and is not expected to have a material impact on the Company's internal controls over financial reporting.

Except as noted above, 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.

COLGATE-PALMOLIVE COMPANY

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal matters, please refer to Note 11, Contingencies to the Condensed Consolidated Financial Statements contained in Part I of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

With the exception of the additional risk factor relating to COVID-19 included in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, which is reproduced below, there have been no material changes from the risk factors disclosed in Part 1, Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

We face various risks related to pandemics, epidemics or similar widespread public health concerns, which may have a material adverse effect on our business, results of operations, cash flows and financial condition.

We face various risks related to pandemics, epidemics or similar widespread public health concerns, including the novel coronavirus pandemic ("COVID-19"). A pandemic, epidemic or similar widespread health concern could have, and COVID-19 has had and may continue to have, a variety of impacts on our business, results of operations, cash flows and financial condition, including:

- Our ability to continue to maintain and support the health and safety of our employees, including key employees;
- Volatility in the demand for and availability of our products, which may be caused by the temporary inability of our consumers to purchase our products due to illness, financial hardship, quarantine, government actions mandating the closure of our distributors or retailers or imposing travel or movement restrictions, shifts in demand away from more discretionary or higher priced products to lower priced products, or pantry-loading activity;
- Changes in purchasing patterns of our consumers, including the frequency of visits by consumers to retail locations and a shift to purchasing our products online from eCommerce retailers;
- Inability to meet our customers' needs and achieve our cost targets due to temporary or long-term disruptions in the manufacture, sourcing and distribution of our products or materials despite our business continuity and contingency plans in place for key manufacturing sites and the supply of raw and packaging materials;
- Failure of third parties on which we rely, including our suppliers, contract manufacturers, customers, commercial banks, joint venture partners and external business partners, to meet their obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties;
- Significant changes in the economic and political conditions of the markets in which we operate, which could restrict and have restricted our employees' ability to work and travel, could mandate and have mandated or caused the closure of certain distributors or retailers, our offices, shared business service centers and/or operating and manufacturing facilities or otherwise could prevent and have prevented us as well as our third-party partners, suppliers or customers from sufficiently staffing operations, including operations necessary for the manufacture, distribution, sale and support of our products; and/or
- Disruptions and volatility in the global capital markets, which may increase the cost of capital and adversely impact our access to capital, and currency and commodity prices.

Despite our efforts to manage these impacts, their ultimate impact also depends on factors beyond our knowledge or control, including the duration, severity and geographic scope of an outbreak, including COVID-19, and the actions taken to contain its spread and mitigate its public health and economic effects.

COLGATE-PALMOLIVE COMPANY

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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 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 the three months in the quarter ended September 30, 2020:

| Month | Total Number of Shares Purchased⁽¹⁾ | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽²⁾ | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs⁽³⁾ (in millions) |
|------------------------------|---|-------------------------------------|---|---|
| July 1 through 31, 2020 | 27,155 | \$ 73.68 | — | \$ 3,074 |
| August 1 through 31, 2020 | 1,822,418 | \$ 77.56 | 1,795,000 | \$ 2,934 |
| September 1 through 30, 2020 | 2,968,503 | \$ 76.78 | 2,888,380 | \$ 2,713 |
| Total | 4,818,076 | \$ 77.06 | 4,683,380 | |

⁽¹⁾ Includes share repurchases under the 2018 Program and those associated with certain employee elections under the Company's compensation and benefit programs

⁽²⁾ 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 134,696 shares, which represents shares deemed surrendered to the Company to satisfy certain employee elections under the Company's compensation and benefit programs.

⁽³⁾ 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 September 30, 2020.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

COLGATE-PALMOLIVE COMPANY

Item 6. Exhibits

| Exhibit No. | Description |
|-------------|---|
| 10-A | 364-day Credit Agreement, dated as of August 21, 2020, among Colgate-Palmolive Company, as Borrower, Citibank, N.A., as Administrative Agent and Arranger, and the Lenders party thereto.* |
| 31-A | Certificate of the Chairman of the Board, President and Chief Executive Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.* |
| 31-B | Certificate of the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.* |
| 32 | Certificate of the Chairman of the Board, President and Chief Executive Officer and the Chief Financial Officer of Colgate-Palmolive Company pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.** |
| 101 | The following materials from Colgate-Palmolive Company's Quarterly Report on Form 10-Q for the period ended September 30, 2020, formatted in Inline eXtensible Business Reporting Language (Inline XBRL): (i) the Condensed Consolidated Statements of Income; (ii) the Condensed Consolidated Statements of Comprehensive Income; (iii) the Condensed Consolidated Balance Sheets; (iv) the Condensed Consolidated Statements of Cash Flows; (v) Condensed Consolidated Statements of Changes in Shareholders' Equity and (vi) Notes to Condensed Consolidated Financial Statements. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).* |

* Filed herewith.

** Furnished herewith.

**COLGATE-PALMOLIVE COMPANY
SIGNATURES**

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

COLGATE-PALMOLIVE COMPANY
(Registrant)

Principal Executive Officer:

October 30, 2020

/s/ Noel R. Wallace

Noel R. Wallace

Chairman of the Board, President and
Chief Executive Officer

Principal Financial Officer:

October 30, 2020

/s/ Henning I. Jakobsen

Henning I. Jakobsen

Chief Financial Officer

Principal Accounting Officer:

October 30, 2020

/s/ Philip G. Shotts

Philip G. Shotts

Vice President and Controller

364-DAY CREDIT AGREEMENT

Dated as of August 21, 2020

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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364-DAY CREDIT AGREEMENT

Dated as of August 21, 2020

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 (a) in the case of Advances denominated in Dollars, the account of the Administrative Agent, maintained by the Administrative Agent at Citibank, N.A. with its office at Building Ops II, One Penns Way, New Castle, Delaware 19720, account no. 36852248, Attention: Bank Loan Syndications, (b) in the case of Advances denominated in Euros, the account of the Administrative Agent designated in writing from time to time by the Administrative Agent to the Borrower and the Lenders for such purpose and (c) in any such case, such other account of the Administrative Agent as is designated in writing from time to time by the Administrative Agent to the Borrower and the Lenders for such purpose.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent and completed by Lenders specifying their Domestic Lending Office and Eurocurrency 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 Eurocurrency Rate Advance, each of which shall be a "Type" of Advance.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"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.

"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 Eurocurrency Lending Office in the case of a Eurocurrency 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.

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

“Bail-In Legislation” means:

(a) 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, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule; and

(b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“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 denominated in Dollars 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.

“Borrower” has the meaning specified in the preamble.

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

“Borrowing Minimum” means, in respect of Advances denominated in Dollars, \$10,000,000 and, in respect of Advances denominated in Euros, €10,000,000.

“Borrowing Multiple” means, in respect of Advances denominated in Dollars, \$1,000,000 and, in respect of Advances denominated in Euros, €1,000,000.

“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 Eurocurrency Rate Advances, on which dealings are carried on in the London interbank market or, in the case of an Advance denominated in Euros, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (“TARGET”) System is open.

“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.

“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 Borrower and its consolidated subsidiaries, all as set forth on the most recent balance sheet of the Borrower 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.

“date hereof” means August 21, 2020.

“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).

“Dollars” and the “\$” sign each means lawful currency of the United States of America.

“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 delegee) 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.

“Equivalent” in Dollars of Euros on any date means the equivalent in Dollars of Euros determined by using the quoted spot rate at which the Administrative Agent’s principal office in London offers to exchange Dollars for Euros in London at approximately 4:00 P.M. (London time) (unless otherwise indicated by the terms of this Agreement) on such date as is required pursuant to the terms of this Agreement, and the “Equivalent” in Euros of Dollars means the equivalent in Euros of Dollars determined by using the quoted spot rate at which the Administrative Agent’s principal office in London offers to exchange Euros for Dollars in London at approximately 4:00 P.M. (London time) (unless otherwise indicated by the terms of this Agreement) on such date as is required pursuant to the terms of this Agreement.

“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.

“EURIBO Rate” means, for each Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing denominated in Euros, the euro interbank offered rate administered by the European Money Markets Institute (or any other Person which takes over the administration of that rate) for such Interest Period displayed (before any correction, recalculation or republication by the administrator) 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 for the offering of deposits in Euro) as of 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; provided that, if the EURIBO Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Euro” and the “€” sign each mean the single currency unit of the member States of the European Union that adopt or have adopted the Euro as their lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“Eurocurrency Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurocurrency 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.

“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.

“Eurocurrency Rate” means, for any Interest Period (a) for each Eurocurrency Rate Advance constituting part of the same Borrowing denominated in Dollars, the Eurodollar Rate; and (b) for each Eurocurrency Rate Advance constituting part of the same Borrowing denominated in Euros, the EURIBO Rate.

“Eurocurrency Rate Advance” means an Advance denominated in Dollars or Euros that bears interest as provided in Section 2.06(b).

“Eurocurrency Rate Reserve Percentage” of any Lender for the Interest Period for any Eurocurrency 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.

“Eurodollar Rate” means, for each Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing denominated in Dollars, 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 for deposits in 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; provided, that if the Eurodollar Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

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

“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 the Administrative Agent 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.

“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 (applicable only for Eurodollar Rate Borrowings), 3 or 6 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 Termination Date or, if the Borrower shall have delivered a notice of Term Loan Election prior to such selection, that ends after the Maturity Date;

ii. Interest Periods commencing on the same date for Advances comprising part of the same Borrowing shall be of the same duration;

iii. 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 Eurocurrency 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

iv. 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 and each assignee that shall become a party hereto pursuant to Section 8.07.

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

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

“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.

“Maturity Date” means the earlier of (a) the date selected by the Borrower in any notice of Term Loan Election, but not later than the first anniversary of the Termination Date and (b) the date of termination in whole of the aggregate Commitments pursuant to Section 6.01.

“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.

“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 Rate” means (a) Eurodollar Rate or (b) EURIBO Rate, as applicable.

“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.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“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, any European Union member state or Her Majesty’s Treasury of the United Kingdom, (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, 2019 filed with the Securities and Exchange Commission, (ii) the Borrower’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020 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.

“Term Loan Conversion Date” means, if the Term Loan Election has been made, the Termination Date on which all Advances outstanding on such date are converted into a term loan pursuant to Section 2.05.

“Term Loan Election” has the meaning specified in Section 2.05.

“Termination Date” means the earlier of (a) August 20, 2021 and (b) the date of termination in whole of the Commitments pursuant to Section 2.04 or 6.01.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“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, (a) 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, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

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.

SECTION 1.04. Divisions. Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

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 Dollars and/or Euros 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 in an aggregate amount (based in respect of any Advances to be denominated in Euros by reference to the Equivalent thereof in Dollars determined on the date of delivery of the applicable Notice of Borrowing) not to exceed at any time outstanding the Dollar amount set opposite such Lender’s name on Schedule I hereto

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 the Borrowing Minimum or an integral multiple of the Borrowing Multiple in excess thereof (unless the aggregate amount of the unused Commitments is less than the Borrowing Minimum, 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 in the same currency and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.09 and reborrow under this Section 2.01.

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made on notice given by the Borrower or a Borrowing Subsidiary, as the case may be, and received by the Administrative Agent, which shall give prompt notice thereof to each Lender by facsimile, not later than (x) 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 Eurocurrency Rate Advances denominated in Dollars, (y) 4:00 P.M. (London time) on the third Business Day prior to the date of the proposed Borrower in the case of Eurocurrency Rate Advances denominated in Euros, or (z) 11:00 A.M. (New York City time) on 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 Eurocurrency Rate Advances, the currency and 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 applicable 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 Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances or to fund or maintain Eurocurrency Rate Advances in the applicable currency 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 Eurocurrency Rate Advances in such currency 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 (x) if the affected Advance is denominated in Dollars, such Advance shall be a Base Rate Advance and (y) if the affected Advance

is denominated in Euros, such Advance shall be a Base Rate Advance in the amount equal to an Equivalent amount of Dollars;

(ii) if the Eurodollar Rate or the EURIBO Rate does not appear Bloomberg or on another nationally recognized service selected by the Administrative Agent for any Eurocurrency 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 Eurocurrency 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 denominated in Dollars shall be a Base Rate Advance and each Advance comprising such Borrowing denominated in Euros shall be a Base Rate Advance in the amount equal to an Equivalent amount of Dollars; 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 Eurocurrency Rate for Eurocurrency Rate Advances comprising such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency 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 Eurocurrency Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended, and each Advance comprising such Borrowing denominated in Dollars shall be a Base Rate Advance and each Advance comprising such Borrowing denominated in Euros shall be a Base Rate Advance in the amount equal to an Equivalent amount of Dollars. 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 Eurocurrency 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 Eurocurrency 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, (A) the Federal Funds Rate in the case of Advances denominated in Dollars or (B) the cost of funds incurred by the Administrative Agent in respect of such amount in the case of Advances denominated in Euros. 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, payable on the last day of each March, June, September and December during the term of such Lender's Commitment, commencing September 30, 2020, and on the Termination Date, at the rate of 0.02% per annum.

(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. Subject to the next succeeding sentence, 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 the unpaid principal amount of each Advance

made to the Borrower or Borrowing Subsidiary. The Borrower may, upon notice to the Administrative Agent not later than 15 days prior to the Termination Date, elect (the “Term Loan Election”) to convert all of the Advances outstanding on the Termination Date into a term loan which the Borrower shall repay to the Administrative Agent for the ratable account of each Lender on the Maturity Date; provided that the Term Loan Election may not be exercised unless the conditions set forth in Section 3.03 are satisfied on the date of notice of the Term Loan Election and on the Term Loan Conversion Date. All Advances converted into a term loan pursuant to this Section 2.05 shall continue to constitute Advances except that the Borrower may not reborrow pursuant to Section 2.01 after all or any portion of such Advances have been prepaid pursuant to Section 2.09.

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) Eurocurrency Rate Advances. If such Advance is a Eurocurrency Rate Advance, a rate per annum equal during the Interest Period for such Advance to the sum of the Eurocurrency Rate for such Interest Period plus 0.625%, 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 Eurocurrency 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 Eurocurrency 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

Eurocurrency Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurocurrency Rate by a percentage equal to 100% minus the Eurocurrency 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) 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.

(b) 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 the applicable Reference Rate for any requested Interest Period, including, without limitation, because such Reference Rate 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 a Reference Rate or a governmental authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which such Reference Rate 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 such Reference Rate 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 such Reference Rate (any such proposed rate, a “Reference Rate Successor Rate”), together with any proposed Reference Rate 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 Reference Rate Successor Rate has been determined, the circumstances under clause (i) above exist and the Scheduled Unavailability Date has occurred, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurocurrency Rate Advances shall be suspended (to the extent of the affected Eurocurrency 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 Eurocurrency Rate Advances (to the extent of the affected Eurocurrency 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 Advances in the amount specified therein (or the Equivalent thereof in Dollars in respect of any requested Borrowing denominated in Euros).

“Reference Rate Successor Rate Conforming Changes” means, with respect to any proposed Reference Rate 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 Reference Rate 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 Reference Rate 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. (a) Optional. 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 Eurocurrency Rate Advances, or on the Business Day prior to such date in the case of Base Rate Advances. Each partial prepayment of Base Rate Advances 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 Eurocurrency Rate Advances shall be in an aggregate amount not less than the Borrowing Minimum or an integral multiple of the Borrowing Multiple in excess thereof, and not leave outstanding less than the Borrowing Minimum aggregate principal amount of such Advances comprising part of any Borrowing.

(b) Mandatory. (i) If, on any date, the Administrative Agent notifies the Borrower in writing in accordance with clause (iii) below that, as of the most recent valuation date, the sum of (A) the aggregate principal amount of all Advances denominated in Dollars then outstanding plus (B) the Equivalent in Dollars (determined on the third Business Day prior to such valuation date) of the aggregate principal amount of all Advances denominated in Euros then outstanding exceeds 105% of the aggregate Commitments on such date, the Borrower shall, as soon as practicable and in any event within five Business Days after receipt of such notice, prepay the outstanding principal amount of any Advances in an aggregate amount sufficient to reduce such sum to an amount not to exceed 100% of the aggregate Commitments on such date, together with any interest accrued to the date of such prepayment on the aggregate principal amount of Advances prepaid. The Administrative Agent shall give prompt notice of

any prepayment required under this Section 2.10(b) to the Borrower in accordance with clause (iii) below and the Lenders.

(ii) Each prepayment made pursuant to this Section 2.10(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period, any additional amounts which the applicable Borrower shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 8.04(c).

(iii) The Administrative Agent shall calculate on (A) the date of each Notice of Borrowing, (B) the first day of an Interest Period for any Advance denominated in Euros, (C) if no revaluation shall have occurred during any calendar quarter, on the last day of such calendar quarter and (D) if an Event of Default is continuing, at such times as may be determined in the reasonable discretion of the Administrative Agent, the sum of (x) the aggregate principal amount of all Advances denominated in Dollars plus (y) the Equivalent in Dollars (determined on the third Business Day prior to the date such calculation is required under this clause (iii)) of the aggregate principal amount of all Eurocurrency Rate Advances denominated in Euros and shall give prompt written notice of any prepayment required under this Section 2.09(b) to the Borrower and the Lenders.

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 Eurocurrency Rate Advances, included in the Eurocurrency 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 Eurocurrency 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 Eurocurrency Rate and Eurocurrency 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 c

orporation 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, except with respect to principal or, interest on, and other amounts relating to, Advances denominated in Euros, not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Administrative Agent at the applicable Administrative Agent's Account in immediately available funds, without setoff or counterclaim. The Borrower shall make each payment hereunder and under any Notes with respect to principal or, interest on, and other amounts relating to, Advances denominated in Euros, not later than 9:00 A.M. (New York City time) on the day when due in Euros to the Administrative Agent at the applicable 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 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 Eurocurrency Rate or the Federal Funds Rate and of commitment 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 or commitment fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of Eurocurrency 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 (A) the Federal Funds Rate in the case of Advances denominated in Dollars or (B) the cost of funds incurred by the Administrative Agent in respect of such amount in the case of Advances denominated in Euros.

(f) To the extent that the Administrative Agent receives funds for application to the amounts owing by the Borrower under or in respect of this Agreement or any Note in currencies other than the currency or currencies required to enable the Administrative Agent to distribute funds to the Lenders in accordance with the terms of this Section 2.11, the Administrative Agent shall be entitled to convert or exchange such funds into Dollars or into Euros or from Dollars to Euros or from Euros to Dollars (which shall not be less than the Equivalent amount thereof), as the case may be, to the extent necessary to enable the Administrative Agent to distribute such funds in accordance with the terms of this Section 2.11; provided that the Borrower and each of the Lenders hereby agree that the Administrative Agent shall not be liable or responsible for any loss, cost or expense suffered by the Borrower or such Lender as a result of any conversion or exchange of currencies affected pursuant to this Section 2.11(f) or as a result of the

failure of the Administrative Agent to effect any such conversion or exchange; and provided further that the Borrower agrees to indemnify the Administrative Agent and each Lender, and hold the Administrative Agent and each Lender harmless, for any and all losses, costs and expenses incurred by the Administrative Agent or any Lender for any conversion or exchange of currencies (or the failure to convert or exchange any currencies) in accordance with this Section 2.11(f).

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), 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. [Reserved]

SECTION 2.15. [Reserved]

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 Assignment and Assumption delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent from the Borrower hereunder and each Lender's share thereof.

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

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

(i) commitment fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.03 (and the Borrower shall not be required to pay such fee that otherwise would have been required to have been paid to that Defaulting Lender);

(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-Approving 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.

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, a Note payable to the order of such Lender.

(b) Certified copies of (i) 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 and (ii) such other documents as the Administrative Agent may reasonably require to evidence that the Borrower is duly incorporated, validly existing, in good standing and qualified to engage in business, in its jurisdiction of incorporation.

(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 satisfactory to the Administrative Agent that all amounts owing the Company’s 364-Day Credit Agreement dated as of August 23, 2019 (the “Existing Credit Agreement”) shall have been, or concurrently with the Closing Date hereunder shall be, paid in full, and all

commitments of the lenders thereunder shall have been, or concurrently with the Closing Date shall be, terminated in accordance with the terms of the Existing Credit Agreement and each of the Lenders that is a party to the Existing Credit Agreement hereby waives, upon execution of this Agreement, any prior notice required by the Existing Credit Agreement relating to the termination of commitments thereunder.

SECTION 3.02. Conditions Precedent to Each Borrowing. The obligation of each Lender to make an Advance on the occasion of each Borrowing (including the initial Borrowing) shall be subject to the further conditions precedent that on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Borrowing 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 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, 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 or from the application of the proceeds therefrom, which constitutes a Default.

SECTION 3.03. Conditions Precedent to Term Loan Conversion Date. The Term Loan Election shall be subject to the conditions precedent that:

(a) the following statement shall be true (and the giving of notice of the Term Loan Election shall constitute a representation and warranty by the Borrower that on the date of the Term Loan Election and on the Term Loan Conversion Date, respectively such statement is true): No event has occurred and is continuing, or would result from the Term Loan Election, that constitutes a Default; and

(b) on or prior to the Term Loan Conversion Date, the Administrative Agent shall have received for the ratable account of the Lenders a fee equal to 0.50% of the aggregate principal amount of the Advances outstanding on the Term Loan Conversion Date.

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, 2019 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, 2019 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.

(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.

(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 Affected 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 Debt Domain 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;

(vi) promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act and the Beneficial Ownership Regulation (if applicable); and

(vii) 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 Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower 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 Borrower), 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 Building Ops II, One Penns Way, 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 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. 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 Eurocurrency 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 Eurocurrency Rate 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 Eurocurrency Rate Advance.

(d) Without prejudice to the survival of any other agreement or obligation of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.10, 2.12 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not (in the case of obligations other than principal and interest) such Lender shall have made any demand under this Agreement or such Note and although such obligations (other than principal) may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application.

The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. Binding Effect; Assignment by Borrower. (a) This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and (subject to Section 8.07) their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of all of the Lenders.

(b) Notwithstanding subsection (a) above, the Borrower shall have the right to assign its rights to borrow hereunder (in whole or in part) to any Subsidiary (a "Borrowing Subsidiary"), provided that (i) such Subsidiary assumes the obligations of the Borrower hereunder relating to the rights so assigned by executing and delivering an assignment and assumption agreement reasonably satisfactory to the Administrative Agent and the Required Lenders, covering notices, places of payment and other mechanical details, (ii) the Borrower guarantees such Subsidiary's obligations thereunder and under any Notes issued in connection with such assignment and assumption by executing and delivering a Guaranty substantially in the form of Exhibit F hereto (a "Guaranty"), (iii) the Borrower and such Subsidiary furnish (x) the Administrative Agent with such other documents and legal opinions as the Administrative Agent or the Required Lenders may reasonably request relating to the existence of such Subsidiary, its power and authority to request Advances hereunder, and the authority of the Borrower to execute and deliver such Guaranty and the legality, validity, binding effect and enforceability of such assignment, assumption and Guaranty and (y) at least five Business Days in advance of such assignment, each Lender such documentation and other information required by governmental authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, 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 8.01, 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 the Borrowing Minimum and increments of the Borrowing Multiple 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 and 2.12 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 Eurocurrency 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; Beneficial Ownership Regulation. 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”) and the Beneficial

Ownership Regulation (if applicable), 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 and the Beneficial Ownership Regulation (if applicable). 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 and the Beneficial Ownership Regulation (if applicable).

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 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 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 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) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Euros into Dollars, the parties agree to the fullest extent permitted under applicable law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase Euros with Dollars 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.

(c.) 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 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 the Borrower or such Borrowing Subsidiary such excess.

SECTION 8.17. Acknowledgement and Consent to Bail-In of Affected 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 Affected 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 the applicable 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 the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected 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 Affected 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 the applicable Resolution Authority.

SECTION 8.18 Waiver of Jury Trial. To the extent permitted by applicable law, each of the Borrower, the Borrowing Subsidiaries, the Administrative Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement, the Notes or any Guaranty or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

COLGATE-PALMOLIVE COMPANY

By /s/ Henning I. Jakobsen
Name: Henning I. Jakobsen
Title: Chief Financial Officer

CITIBANK, N.A., as Administrative Agent

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

BANKS:

CITIBANK, N.A.

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

BANK OF AMERICA, N.A.

By /s/ Alexandra Korchmar
Name: Alexandra Korchmar
Title: Associate

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

By /s/ Cara Younger
Name: Cara Younger
Title: Executive Director

By /s/ Miriam Trautmann
Name: Miriam Trautmann
Title: Senior Vice President

BNP PARIBAS

By /s/ Mike Shryock
Name: Mike Shryock
Title: Managing Director

By /s/ Claudia Zarate
Name: Claudia Zarate
Title: Managing Director

HSBC BANK USA, NATIONAL ASSOCIATION

By /s/ Thomas Foley
Name: Thomas Foley
Title: Managing Director

JPMORGAN CHASE BANK, N.A..

By /s/ Gregory T. Martin
Name: Gregory T. Martin
Title: Executive Director

U.S. BANK NATIONAL ASSOCIATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/ Michael J. Stein
Name: Michael J. Stein
Title: Vice President

AUSTRALIA AND NEW ZEALAND BANK GROUP LIMITED

By /s/ Cynthia Dioquino
Name: Cynthia Dioquino
Title: Associate Director

BANCO SANTANDER, S.A., NEW YORK BRANCH

By /s/ Xavier Ruiz Sena
Name: Xavier Ruiz Sena
Title: Managing Director

By /s/ Rita Walz-Cuccioli
Name: Rita Walz-Cuccioli
Title: Executive Director

MIZUHO BANK, LTD.

By /s/ Tracy Rahn
Name: Tracy Rahn
Title: Executive Director

I, Noel R. Wallace, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: October 30, 2020

/s/ Noel R. Wallace

Noel R. Wallace
Chairman of the Board, President and
Chief Executive Officer

I, Henning I. Jakobsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: October 30, 2020

/s/ Henning I. Jakobsen

Henning I. Jakobsen

Chief Financial Officer

The undersigned Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer of Colgate-Palmolive Company each certify, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350, that:

- (1) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (the “Periodic 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 Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Colgate-Palmolive Company.

Date: October 30, 2020

/s/ Noel R. Wallace

Noel R. Wallace
Chairman of the Board, President and
Chief Executive Officer

/s/ Henning I. Jakobsen

Henning I. Jakobsen
Chief Financial Officer