

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (FEE REQUIRED)  
For the fiscal year ended December 31, 1994  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)  
For the transition period from to .  
Commission File Number 1-644-2

COLGATE-PALMOLIVE COMPANY  
(Exact name of registrant as specified in its charter)

DELAWARE 13-1815595  
(State or other jurisdiction (I.R.S. Employer Identification No.)  
of incorporation or organization)  
300 PARK AVENUE, NEW YORK, NEW YORK 10022  
(Address of principal executive offices) (Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
\$4.25 Preferred Stock, without par value, cumulative dividend	New York Stock Exchange
Common Stock, \$1.00 par value	New York Stock Exchange

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

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

At February 28, 1995 the aggregate market value of stock held by  
non-affiliates was \$9,325 million. There were 144,579,030 shares of Common  
Stock outstanding as of February 28, 1995.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
Portions of Proxy Statement for the 1995 Annual Meeting	Part III, Items 10 through 13

Total number of sequentially numbered pages in this filing, including  
exhibits thereto: .

The exhibit index begins on page 38.

PART I

ITEM 1. BUSINESS

(a) General Development of the Business  
Colgate-Palmolive Company (the "Company") is a corporation which was  
organized under the laws of the State of Delaware in 1923. The Company  
manufactures and markets a wide variety of products throughout the world for  
use by consumers. For recent business developments, refer to the information  
set forth under the captions "Results of Operations" and "Liquidity and  
Capital Resources" in Part II, Item 7 of this report.

(b) Financial Information About Industry Segments  
For information about industry segments refer to the information set forth  
under the caption "Results of Operations" in Part II, Item 7 of this report.

(c) Narrative Description of the Business  
For information regarding description of the business refer to the caption  
"Scope of Business" on page 5; "Average number of employees" appearing under  
"Historical Financial Summary" on page 36; and "Research and development"  
expenses appearing in Note 11 to the Consolidated Financial Statements on  
page 27 of this report.

The Company's products are generally marketed by a sales force employed by  
each individual subsidiary or business unit. In some instances outside  
jobbers and brokers are used. Most raw materials used worldwide are purchased  
from others, are available from several sources and are generally available  
in adequate supply. Products and commodities such as tallow and essential  
oils are subject to wide price variations. No one of the Company's raw  
materials represents a significant portion of total material requirements.

Trademarks are considered to be of material importance to the Company's  
business; consequently the practice is followed of seeking trademark

protection by all available means. Although the Company owns a number of patents, no one patent is considered significant to the business taken as a whole.

The Company has programs for the operation and design of its facilities which meet or exceed applicable environmental rules and regulations. Compliance with such rules and regulations has not significantly affected the Company's capital expenditures, earnings or competitive position. Capital expenditures for environmental control facilities totaled \$11.6 million in 1994 and are budgeted at \$17.6 million for 1995. For future years, expenditures are expected to be in the same range.

(d) Financial Information About Foreign and Domestic Operations and Export Sales  
For information concerning geographic area financial data refer to the information set forth under the caption "Results of Operations" in Part II, Item 7 of this report.

#### ITEM 2. PROPERTIES

The Company owns and leases a total of 301 manufacturing, distribution, research and office facilities worldwide. Corporate headquarters is housed in leased facilities at 300 Park Avenue, New York, New York.

In the United States, the Company operates 66 facilities, of which 26 are owned. Major U.S. manufacturing and warehousing facilities used by the Oral, Personal and Household Care segment are located in Kansas City, Kansas; Morristown, New Jersey; Jeffersonville, Indiana; and Cambridge, Ohio. The Company is transforming its former facilities in Jersey City, New Jersey into a mixed-use complex with the assistance of developers and other investors. The Specialty Marketing segment has major facilities in Bowling Green, Kentucky; Topeka, Kansas; and Richmond, Indiana. Research facilities are located throughout the world with the research center for Oral, Personal and Household Care products located in Piscataway, New Jersey.

Overseas, the Company operates 235 facilities, of which 89 are owned, in over 60 countries. Major overseas facilities used by the Oral, Personal and Household Care segment are located in Australia, Brazil, Canada, China, Colombia, France, Germany, Italy, Mexico, Thailand, the United Kingdom and elsewhere throughout the world. In some areas outside the United States, products are either manufactured by independent contractors under Company specifications or are imported from the United States or elsewhere.

All facilities operated by the Company are, in general, well maintained and adequate for the purpose for which they are intended. The Company conducts continuing reviews of its facilities with the view to modernization and cost reduction.

#### ITEM 3. LEGAL PROCEEDINGS

On April 5, 1994, Region V of the United States Environmental Protection Agency (the "Region") issued to a Company plant in Jeffersonville, Indiana a Findings of Violations and Order for Compliance under Section 309

(a) of the Clean Water Act (the "Order"). The Order, based in part on information supplied by the plant, stated that the plant, at certain times in late 1993 and early 1994, had discharged waste water containing substances in excess of amounts permitted by its National Pollutant Discharge Elimination System Permit (the "Permit"). The Order requires that the plant submit certain information and take certain actions to provide the Region with assurance that the plant will comply with the Permit. The plant is complying with the Order.

EPA Region V and the Company have entered into a settlement of an administrative complaint filed separately by EPA under Section 309 (g) of the Clean Water Act on or about September 30, 1994. In connection with the settlement, the Company has paid an administrative civil penalty in the amount of \$110,000. The settlement has been executed by the Acting Director of the Water Office at Region V and has been formally adopted as an order of the EPA Regional Administrator.

On June 13, 1994, the Jeffersonville plant also received from Atlantic States Legal Foundation, Inc., a public interest group, a notice of its intention to bring a related citizen's suit under Section 505(b) of the Federal Water Pollution Control Act (the "Act"). The Company intends to respond to this notice in accordance with the Act.

For additional information regarding legal matters see Note 13 to the Consolidated Financial Statements included on page 29 of this report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS  
None.

#### EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of executive officers as of March 23, 1995:

Name	Age	Date First Elected Officer	Present Title
Reuben Mark	56	1974	Chairman of the Board and Chief Executive Officer
William S. Shanahan	54	1983	President and Chief Operating Officer
Robert M. Agate	59	1985	Senior Executive Vice President and Chief Financial Officer
William G. Cooling	50	1981	Chief of Operations, Specialty Marketing and International Business Development
Craig B. Tate	49	1989	Chief Technological Officer
Silas M. Ford	57	1983	Executive Vice President Office of the Chairman
Andrew D. Hendry	47	1991	Senior Vice President General Counsel and Secretary
Douglas M. Reid	60	1990	Senior Vice President Global Human Resources
John E. Steel	65	1991	Senior Vice President Global Marketing and Sales
Edgar J. Field	55	1991	President International Business Development
Lois D. Juliber	46	1991	President Colgate-USA/Canada/Puerto Rico
Stephen A. Lister	53	1994	President Colgate-Asia Pacific
David A. Metzler	52	1991	President Colgate-Europe

Michael J. Tangney	50	1993	President Colgate-Latin America
Robert C. Wheeler	53	1991	President Hill's Pet Nutrition, Inc.
Steven R. Belasco	48	1991	Vice President Taxation
Brian J. Heidtke	54	1986	Vice President Finance and Corporate Treasurer
Peter D. McLeod	54	1984	Vice President Manufacturing Engineering Technology
Stephen C. Patrick	45	1990	Vice President Corporate Controller
Donald A. Schindel	61	1995	Vice President Corporate Development
John H. Tietjen	52	1995	Vice President Global Business Development
Michael S. Roskothen	58	1993	President Global Oral Care
Thomas G. Davies	54	1995	Vice President Global Business Development Fabric Care
Barrie M. Spelling	51	1994	Vice President Global Business Development Household Surface Care

Each of the executive officers listed above has served the registrant or its subsidiaries in various executive capacities for the past five years, except Douglas M. Reid and Andrew D. Hendry. Douglas M. Reid served as Senior Vice President and Senior Staff Officer at Xerox prior to joining the Company in 1990. Andrew D. Hendry was Vice President, General Counsel for UNISYS prior to joining the Company in 1991.

The Company By-Laws, paragraph 38, states: The officers of the corporation shall hold office until their respective successors are chosen and qualified in their stead, or until they have resigned, retired or been removed in the manner hereinafter provided. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Refer to the information regarding the market for the Company's Common Stock and the quarterly market price information appearing under "Market and Dividend Information" in Note 15 on page 31; the information under "Common Stock" in Note 5 to the Consolidated Financial Statements on page 21; and the "Number of shareholders of record" and "Cash dividends declared per common share" under the caption "Historical Financial Summary" on page 36 of this report.

### ITEM 6. SELECTED FINANCIAL DATA

Refer to the information set forth under the caption "Historical Financial Summary" on page 36 of this report.

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

Scope of Business

The Company manufactures and markets a wide variety of products in the U.S. and around the world in two distinct business segments: Oral, Personal and Household Care, and Specialty Marketing. Oral, Personal and Household Care products include toothpastes, oral rinses and toothbrushes, bar and liquid soaps, shampoos, conditioners, deodorants and antiperspirants, baby and shave products, laundry and dishwashing detergents, fabric softeners, cleansers and cleaners, bleaches, and other similar items. Specialty Marketing products include pet nutrition products and products previously sold by Princess House and VCA. Principal global trademarks and trade names include Colgate, Palmolive, Mennen, Ajax, Soupline/Suavitel, Fab, Science Diet and Prescription Diet in addition to various regional tradenames.

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

	1994	1993	1992
Oral Care .....	26%	25%	23%
Personal Care .....	24%	24%	23%
Household Surface Care .....	17%	17%	18%
Fabric Care .....	18%	19%	20%
Pet Nutrition .....	11%	11%	10%

Company products are marketed under highly competitive conditions. Products similar to those produced and sold by the Company are available from competitors in the U.S. and overseas. Product quality, brand recognition and acceptance, and marketing capability largely determine success in the Company's business segments.

As shown in the geographic area and industry segment data that follow, more than half of the Company's net sales, operating profit and identifiable assets are attributable to overseas operations. Transfers between geographic areas are not significant.

Results of Operations (Dollars in Millions Except Per Share Amounts)

	1994	1993	1992
Worldwide Net Sales by Business Segment			
Oral, Personal and Household Care .....	\$6,735.8	\$6,306.4	\$6,230.7
Specialty Marketing .....	852.1	834.9	776.5
Total Net Sales .....	\$7,587.9	\$7,141.3	\$7,007.2
Segment Net Sales by Geographic Region			
North America			
Oral, Personal and Household Care .....	\$1,623.1	\$1,762.5	\$1,839.0
Specialty Marketing .....	776.9	774.8	725.1
Total North America .....	2,400.0	2,537.3	2,564.1
Europe			
Oral, Personal and Household Care .....	1,968.2	1,843.6	2,117.0
Specialty Marketing .....	75.2	60.1	51.4
Total Europe .....	2,043.4	1,903.7	2,168.4
Latin America* .....	1,736.5	1,525.8	1,315.2
Asia and Africa* .....	1,408.0	1,174.5	959.5
Total Net Sales .....	\$7,587.9	\$7,141.3	\$7,007.2

\* Amounts in Latin America and Asia/Africa relate to the Oral, Personal and Household Care segment only. Sales of Specialty Marketing products to these regions are primarily exported to local distributors and therefore are included in North American results in all years to conform to the current-year presentation.

Net Sales

Worldwide net sales in 1994 increased 6% to \$7,587.9 from \$7,141.3 in 1993. Excluding the sales of non-core businesses disposed of during 1994, sales increased 8% on volume growth of 7% reflecting the Company's increas-

ing global strength and worldwide brand presence. Sales in the Oral, Personal and Household Care segment were \$6,735.8, up 7% from \$6,306.4 in 1993. Sales in the Asia/Africa Region continued a trend of strong growth, posting a 20% overall increase led by Malaysia, Hong Kong, India and South Africa. Australia and New Zealand showed volume improvements and also benefited from favorable currency translation that increased overall sales. Among the technologically advanced products contributing to 17% volume gains in this region are Colgate Total toothpaste, Palmolive Nouriche shampoo and Ajax Gel 2-in-1 bleach/cleaner. The 1994 results include the impact of the July 1993 consolidation of the Company's Indian operation. Sales in Europe were up 7% on 6% volume growth, including 4% from acquisitions. Sales growth in Europe was led by France, Italy, Greece, the United Kingdom, Spain and Eastern Europe. Sales in Latin America were up 14% overall on 11% volume growth, with notable growth in Mexico, Brazil, Colombia and Central America. Colgate Total toothpaste, Colgate Precision/Total toothbrushes and the expansion of Mennen deodorants all contributed to the region's growth.

North America was negatively impacted by trade downstocking of inventory and disinflationary pricing as sales were down 8% on volume declines of 4%. Sales growth in the Specialty Marketing segment was led by Hill's Pet Nutrition, which posted sales increases of 16% for the year on 14% volume growth, reflecting continued strength in the domestic market and further international expansion. Sales and volume growth were supported by the introduction of Hill's new Prescription Diet formula for improving oral health in dogs and Prescription Diet HealthBlend preventive care. Overall Specialty Marketing reported sales were up slightly versus the prior year as a result of the second-quarter 1994 sale of Princess House and VCA, two non-core businesses.

The Company's overall sales in 1993 increased 2% over 1992 and would have reflected a 7% overall growth excluding the impact of foreign currency declines. Volume increased 5% during the year, including 1% resulting from increased ownership of the Indian operation to majority control. Sales in the Oral, Personal and Household Care segment were mixed. Asia/Africa and Latin America reported strong increases throughout the regions, while Europe was down 13%, due to currency declines and difficult economic conditions in Western Europe, and North America experienced the effects of disinflationary pricing as sales were down 4% from 1992. Sales for the Specialty Marketing segment were up 8%, reflecting continued growth in pet foods in both domestic and international markets, up 11% versus 1992, offset by declines in sales at non-core businesses.

#### Gross Profit

Gross profit margin in 1994 improved to 48.4% from 47.8% in 1993 and 47.1% in 1992. The continuing improvement in gross profit reflects the Company's strategy to shift product mix to higher margin oral care, personal care and pet nutrition product categories, reduce overhead and improve manufacturing efficiency by focusing investments on high-return capital projects. Improvement in the profitability of sales enables the Company to generate more cash from operations to reinvest in its existing businesses in the form of research and development, advertising to launch new products, growing geographically, investing in strategic acquisitions within its core businesses, and paying dividends.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percent of sales was 35% in 1994 versus 34% in 1993 and 36% in 1992. The 1994 and 1993 expenditures reflect the continued reduction of the Company's overhead expenses, while providing higher advertising and product promotion spending, which increased in 1994 in absolute dollar amounts and as a percentage of sales, while also increasing spending in research and development. These expenditures support current business growth levels and are investments to maintain the Company's competitive advantage in introducing new and improved products in its strategic core businesses.

#### Other Expense and Income

Other expense and income consists principally of amortization of goodwill and other intangible assets, minority interest in earnings of less-than-100%-owned consolidated subsidiaries, earnings from equity investments and income effects from the 1994 disposition of non-core businesses and other asset sales. Amortization expense increased in each of the three years ended 1994 due to higher levels of intangible assets stemming from the Company's recent acquisitions, most notably Cibaca in India and S.C. Johnson Wax in Europe, which affected 1994 expense and Mennen, which impacted expense recognition in 1993 for a full year and in 1992 from the date of acquisition. The decrease in equity earnings and increase in minority interest that occurred in 1993 and continues into 1994 primarily results from increased ownership in the Company's Indian operation to majority control. Loss on disposition of non-core businesses and gains on sale of miscellaneous assets make up the remainder of other expense and income in 1994.

#### Earnings Before Interest and Taxes

Earnings before interest and taxes (EBIT) increased 9% in 1994 to \$966.6 compared with \$883.0 in the prior year. EBIT for the Oral, Personal and Household Care segment was up 9%, with strong gains across all of the Company's developing markets and mixed results in the developed world. Lower returns were experienced in the developed world due principally to a 21% decline in North America as a result of trade downstocking and increased spending on advertising and research and development to position that region for future growth. EBIT for Europe increased 19%, primarily reflecting both sales growth and higher gross profit margins. Asia/Africa and Latin America both showed significant improvement: EBIT was up 20% for each on an already healthy base business. Specialty Marketing also contributed to the overall EBIT growth led by a 10% improvement at Hill's Pet Nutrition, which increased EBIT while investing in developing markets to expand its international reach.

	1994	1993	1992
Worldwide Earnings by Business Segment			
Oral, Personal and Household Care .....	\$809.6	\$740.6	\$665.0
Specialty Marketing .....	162.0	147.8	131.1
Total Segment Earnings .....	\$971.6	\$888.4	\$796.1
Segment Earnings By Geographic Region			
North America			
Oral, Personal and Household Care .....	\$148.3	\$187.0	\$198.1
Specialty Marketing .....	158.0	143.0	126.0
Total North America .....	306.3	330.0	324.1
Europe			
Oral, Personal and Household Care .....	198.4	167.0	184.2
Specialty Marketing .....	4.0	4.8	5.1
Total Europe .....	202.4	171.8	189.3
Latin America* .....	298.4	249.6	191.6
Asia and Africa* .....	164.5	137.0	91.1
Total Segment Earnings .....	971.6	888.4	796.1
Unallocated Expense, Net .....	(5.0)	(5.4)	(18.2)
Earnings Before Interest and Taxes .....	966.6	883.0	777.9
Interest Expense, Net .....	(86.7)	(46.8)	(50.0)
Income Before Income Taxes .....	\$879.9	\$836.2	\$727.9

\* Amounts in Latin America and Asia/Africa relate to the Oral, Personal and Household Care segment only. Sales of Specialty Marketing products to these regions are primarily exported to local distributors, and earnings are included in North American results in all years to conform to the current-year presentation.

EBIT increased 14% to \$883.0 in 1993 compared with \$777.9 in 1992. The Oral, Personal and Household Care segment reported 11% growth to \$740.6, with gains in the developing regions offsetting declines in the developed regions, which were impacted by difficult business climates. Within this group, North America EBIT decreased 6% to \$187.0 compared with the prior year primarily due to lower selling prices. EBIT in Europe decreased 9% due to the negative impact of foreign currency translation and difficult economic conditions. In Latin America, EBIT improved 30% to \$249.6 in 1993 versus the prior year while Asia/Africa increased 50%, including the consolidation of India. Overall, the higher margin product mix and reduced selling, general and administrative expenses allowed for increased investment in advertising, product promotion, and research and development, as well as the achievement of a higher level of EBIT. In the Specialty Marketing segment, EBIT was \$147.8 in 1993 compared with \$131.1 in 1992. The improvement results principally from higher domestic unit volume growth and expanded international distribution at Hill's Pet Nutrition, particularly in Europe and exports to Japan.

#### Net Interest Expense

Interest expense, net of interest income, was \$86.7 in 1994 compared with \$46.8 in 1993 and \$50.0 in 1992. The increase in net interest expense in 1994 versus the prior two years results from higher debt for the full year, incurred primarily to finance share repurchases and acquisitions, and slightly higher effective interest rates in 1994.

#### Income Taxes

The effective tax rate on income for 1994 was 34.1% versus 34.5% in 1993 and 1992. The increase in the U.S. statutory tax rate in 1993 was in part offset by statutory rate reductions in several overseas jurisdictions. Global tax savings strategies benefited the effective rate in 1994, 1993 and 1992.

#### Net Income

Net income was \$580.2 in 1994 or \$3.82 per share on a primary basis compared with \$189.9 or \$1.08 per share in 1993. Included in 1993 net income and per share amounts is the cumulative one-time impact on prior years of adopting new mandated accounting standards effective January 1, 1993 for income taxes, other postretirement benefits and postemployment benefits. Excluding the changes in accounting in 1993 and the one-time charge for the sale of a non-core business in 1994, income increased 7% to \$585.4 while primary earnings per share increased 14% to \$3.86.

Return on sales was 8% in 1994, consistent with the percentage return in 1993 (excluding the impact of accounting changes), reflecting the Company's continuing shift to higher margin categories and focus on cost containment, while providing increased investments aimed at future growth.

#### Subsequent Event

On January 10, 1995 the Company acquired the worldwide Kolynos oral care business from American Home Products Corporation for \$1,040.0 in cash. The acquisition was structured as a multinational acquisition of assets and stock, financed with the proceeds of commercial bank borrowings, and will be accounted for as a purchase.

The Kolynos business is a multinational oral care business that is engaged in the production and sale of toothpaste, toothbrushes, dental floss and oral rinses operating primarily in South America. Kolynos adds significant strength to the Company's existing South American operations by providing a strong regional brand to complement the existing Colgate brand equity. The acquisition is subject to review by antitrust regulatory authorities in Brazil and Colombia.

#### Liquidity and Capital Resources

Net cash provided by operations increased 17% to \$829.4 in 1994 compared with \$710.4 in 1993 and \$542.7 in 1992. The improvement in cash generated by operating activities to 11% of sales in 1994 from 10% of sales in 1993 reflects the Company's improving profitability and continued management emphasis on working capital. Cash generated from operations was used to finance acquisitions, repurchase shares and fund an increased dividend level.

The Company has additional sources of liquidity available in the form of lines of credit maintained with various banks. Such lines of credit amounted to \$1,439.8 at December 31, 1994. The Company also has the ability to issue commercial paper at favorable interest rates to meet short-term liquidity needs. These borrowings carry a Standard & Poor's rating of A1 and a Moody's rating of P1.

	1994	1993	1992
Identifiable Assets			
North America			
Oral, Personal and Household Care .....	\$2,416.0	\$2,420.3	\$2,263.3
Specialty Marketing .....	473.9	446.4	420.4
Total North America .....	2,889.9	2,866.7	2,683.7
Europe			
Oral, Personal and Household Care .....	1,293.8	1,169.3	1,290.2
Specialty Marketing .....	35.7	27.8	23.5
Total Europe .....	1,329.5	1,197.1	1,313.7
Latin America* .....	845.2	804.4	679.4
Asia/Africa* .....	889.0	692.7	464.3
	5,953.6	5,560.9	5,141.1
Corporate Assets .....	188.8	200.3	293.0
Total Assets .....	\$6,142.4	\$5,761.2	\$5,434.1

\* Amounts in Latin America and Asia/Africa relate to the Oral, Personal and Household Care segment only. Certain amounts have been reclassified to conform to the current-year presentation.



During the third quarter of 1994, the remaining outstanding principal (\$32.0) of the 9.625% debentures due July 15, 2017 was retired. Also during the third quarter, the Company obtained a \$50.0 7.25% term loan. During the second quarter, the Company entered into credit agreements totaling \$750.0 replacing credit agreements then in place. In May 1994, the Company filed a shelf registration for \$500.0 of debt securities. During the second quarter, \$208.0 of medium-term notes were issued under this registration. In connection with the acquisition of Kolynos, the Company borrowed approximately \$1,100.0 from commercial banks in January 1995. As a result of the increase in debt to finance this acquisition, both Moody's and Standard and Poor's debt rating agencies reviewed and reaffirmed the Company's debt ratings.

During the third quarter of 1993, the Company participated in the formation of a business that purchases receivables, including Company receivables. Outside institutions invested \$60.0 in this entity, in 1993 and an additional \$15.2 in 1994. The Company consolidates this entity and the amounts invested by the outside institutions are classified as a minority interest. During the 1993 first quarter, the Company repaid outstanding debt totaling \$85.7, which included \$50.0 of 8.9% Swiss franc notes due in 1993. During the third quarter of 1993, the Company redeemed \$79.0 of its 9.625% debentures due 2017.

During 1992, the Company increased the amount available under its shelf registration from \$150.0 to \$400.0. In the fourth quarter of 1993, \$230.0 of medium-term notes were issued under this registration in addition to \$169.2 issued in the fourth quarter of 1992. These notes are rated A1/A+ by Moody's and Standard & Poor's, respectively.

	1994	1993	1992
Capital Expenditures			
Oral, Personal and Household Care .....	\$343.1	\$341.1	\$292.3
Specialty Marketing .....	57.7	23.2	26.2
Total Capital Expenditures .....	\$400.8	\$364.3	\$318.5
Depreciation and Amortization			
Oral, Personal and Household Care .....	\$213.0	\$188.7	\$173.3
Specialty Marketing .....	22.1	20.9	19.2
Total Depreciation and Amortization .....	\$235.1	\$209.6	\$192.5

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

Capital expenditures in 1994 were \$400.8 (5.3% of sales) compared with \$364.3 (5.1% of sales) in 1993 and \$318.5 (4.5% of sales) in 1992. The increase in 1994 spending was focused primarily on projects that yield high aftertax returns, thereby reducing the Company's cost structure. Capital expenditures for 1995 are expected to continue at the current rate of approximately 5% of sales.

Other investing activities in 1994, 1993 and 1992 included strategic acquisitions and equity investments worldwide. During 1994, the Company acquired the Cibaca toothbrush and toothpaste business in India, the NSOA laundry soap business in Senegal and several other regional brands across the Oral, Personal and Household Care segment. In October 1993, the Company acquired the liquid hand and body soap brands of S.C. Johnson Wax in Europe, the South Pacific and other international locations. Also in 1993, the Company acquired the Cristasol glass cleaner business in Spain, increased ownership of its Indian operation to majority control and made other investments. The aggregate purchase price of all 1994 and 1993 acquisitions was \$149.8 and \$222.5, respectively.

Acquisitions totaled \$718.4 in 1992 and included businesses in the personal care, household care, fabric care, and oral care categories, the most significant being the Mennen Company acquired for an aggregate purchase price of approximately \$670.0. The purchase price was paid with 11.6 million unregistered shares of the Company's common stock and \$127.0 in cash. Goodwill and other intangible assets increased as a result of these acquisitions.

During 1994, the Company repurchased common shares in the open market and private transactions to provide for employee benefit plans and to maintain its targeted capital structure. Aggregate repurchases for the year approximated 6.9 million shares with a total purchase price of \$411.1. During 1993, 12.6 million shares were acquired with a total purchase price of \$698.1.

The ratio of debt to total capitalization (defined as the ratio of debt to debt plus equity) increased to 52% during 1994 from 48% in 1993 and 30% in 1992. As a result of the Kolynos acquisition in January 1995, the proforma ratio of debt to total capitalization increased to 63%. The lower ratio of debt to total capitalization in 1992 reflects

the issuance of shares in connection with the acquisition of The Mennen Company. The return on average shareholders' equity before accounting changes, increased to 31% in 1994 from 24% in 1993.

Dividend payments were \$255.6 in 1994 (\$246.9 aftertax), up from \$240.8 (\$231.4 aftertax) in 1993, reflecting a 14% increase in the common dividend effective in the third quarter of 1994 partially offset by fewer shares outstanding. Common dividend payments increased to \$1.54 per share in 1994 from \$1.34 per share in 1993. The Series B Preference Stock dividends were declared and paid at the stated rate of \$4.88 per share. The increase in dividend payments in 1993 over 1992 reflects a 16% increase in the common dividend effective in the third quarter of 1993.

The Company utilizes interest rate agreements and foreign exchange contracts to manage interest rate and foreign currency exposures. The principal objective of such contracts is to moderate rather than attempt to eliminate fluctuations in interest rate and foreign currency movements. The Company, as a matter of policy, does not speculate in financial markets and therefore does not hold these contracts for trading purposes. The Company utilizes what it considers straightforward instruments, such as forward foreign exchange contracts and non-leveraged interest rate swaps, to accomplish its objectives.

The Company primarily uses interest rate swap agreements to effectively convert a portion of its floating rate debt to fixed rate debt in order to manage interest rate exposures in a manner consistent with achieving a targeted fixed to variable interest rate ratio. Those interest rate instruments that do not qualify as hedge instruments for accounting purposes are marked to market and carried on the balance sheet at fair value. As of December 31, 1994 and 1993, the Company had agreements outstanding with an aggregate notional amount of \$222.0 and \$347.0, respectively, with maturities through 2001.

The Company uses forward exchange contracts principally to hedge foreign currency exposures associated with its net investment in foreign operations and intercompany loans. This hedging minimizes the impact of foreign exchange rate movements on the Company's financial position. The terms of these contracts are rarely longer than three years.

As of December 31, 1994 and 1993, the Company had approximately \$390.7 and \$439.0, respectively, of outstanding foreign exchange contracts in which foreign currencies were purchased, and approximately \$6.9 in which foreign currencies were sold as of December 31, 1994. At December 31, 1994 and 1993, approximately 20% of outstanding foreign exchange contracts served to hedge net investments in foreign subsidiaries, 60% hedged intercompany loans, 10% hedged third-party firm commitments, and the remaining 10% hedged certain transactions that are anticipated to settle in accordance with their identified terms. The Company makes net settlements for foreign exchange contracts at maturity, based on rates agreed to at inception of the contracts.

Gains and losses from contracts that hedge the Company's investments in its foreign subsidiaries are shown in the cumulative translation adjustment account included in shareholder's equity. Gains and losses from contracts that hedge firm commitments (including intercompany loans) are recorded in the balance sheets as a component of the related receivable or payable.

The contracts that hedge anticipated sales and purchases do not qualify as hedges for accounting purposes. Accordingly, the related gains and losses are calculated using the current forward foreign exchange rates and are recorded in the statements of income as other expense, net.

Internally generated cash flows appear to be adequate to support currently planned business operations, acquisitions and capital expenditures. Significant acquisitions, including the acquisition of Kolynos discussed previously, require external financing.

The Company is a party to various superfund and other environmental matters and is contingently liable with respect to lawsuits, taxes and other matters arising out of the normal course of business. Management proactively reviews and manages its exposure to and the impact of environmental matters. While it is possible that the Company's cash flows and results of operations in particular quarterly or annual periods could be affected by the one-time impacts of the resolution of such contingencies, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material impact on the Company's financial condition or ongoing cash flows and results of operations.

#### Outlook

Looking forward into 1995, the Company is well positioned for strong growth in developing markets, particularly South America as a result of the Kolynos acquisition in early 1995. Economic uncertainty in Mexico could impact overall results from that country, as previously anticipated growth will be tempered in at least the near term

until the peso currency is stabilized. Several new products including Palmolive Dishwashing Liquid and Antibacterial Hand Soap, Irish Spring Waterfall Clean soap and Murphy's Kitchen Care cleaning products were introduced into the North American market in late 1994. Growth is also anticipated due to new product introductions in Colgate-International operations and in Hill's. Overall, the global economic situation for 1995 is not expected to be materially different from that experienced in 1994, and the Company expects its positive momentum to continue. Historically, the consumer products industry has been less susceptible to changes in economic growth than many other industries, and therefore the Company constantly evaluates projects which will focus operations on opportunities for enhanced growth potential. Over the long term, Colgate's continued focus on its consumer products business and the strength of its global brand names, its broad international presence in both developed and developing markets, and its strong capital base all position the Company to take advantage of growth opportunities and to continue to increase profitability and shareholder value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the "Index to Financial Statements" which is located on page 14 of this report.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors and executive officers of the registrant set forth in the Proxy Statement for the 1995 Annual Meeting is incorporated herein by reference, as is the text in Part I of this report under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information set forth in the Proxy Statement for the 1995 Annual Meeting is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security ownership of management set forth in the Proxy Statement for the 1995 Annual Meeting is incorporated herein by reference.

(b) There are no arrangements known to the registrant that may at a subsequent date result in a change in control of the registrant.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth in the Proxy Statement for the 1995 Annual Meeting is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements and Financial Statement Schedules

See the "Index to Financial Statements" which is located on page 14 of this report.

(b) Exhibits. See the exhibit index which begins on page 38.

(c) Reports on Form 8-K. None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

Date March 23, 1995

By /s/ Reuben Mark  
Reuben Mark  
Chairman of the Board  
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

(a) Principal Executive Officer

/s/ Reuben Mark  
Reuben Mark  
Chairman of the Board  
and Chief Executive Officer

Date March 23, 1995

(b) Principal Financial Officer

/s/Robert M. Agate  
Robert M. Agate  
Senior Executive Vice President  
and Chief Financial Officer

Date March 23, 1995

(c) Principal Accounting Officer

/s/ Stephen C. Patrick  
Stephen C. Patrick  
Vice President  
Corporate Controller

Date March 23, 1995

(d) Directors:

Vernon R. Alden, Jill K. Conway,  
Ronald E. Ferguson, Ellen M. Hancock,  
David W. Johnson, John P. Kendall,  
Delano E. Lewis, Reuben Mark,  
Howard B. Wentz, Jr.

Date March 23, 1995

By /s/Andrew D. Hendry  
Andrew D. Hendry  
as Attorney-in-Fact

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

FORM 10-K

FINANCIAL STATEMENTS  
For The Year Ended December 31, 1994

COLGATE-PALMOLIVE COMPANY  
NEW YORK, NEW YORK 10022

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

Consolidated Statements of Income

Dollars in Millions Except Per Share Amounts

	1994	1993	1992
Net sales .....	\$7,587.9	\$7,141.3	\$7,007.2
Cost of sales .....	3,913.3	3,729.9	3,708.4
Gross profit .....	3,674.6	3,411.4	3,298.8
Selling, general and administrative expenses .....	2,625.2	2,457.1	2,500.2
Other expense, net .....	82.8	71.3	20.7
Interest expense, net of interest income of \$34.2, \$22.7, and \$28.1, respectively .....	86.7	46.8	50.0
Income before income taxes .....	879.9	836.2	727.9
Provision for income taxes .....	299.7	288.1	250.9
Income before changes in accounting .....	580.2	548.1	477.0
Cumulative effect on prior years of accounting changes .....	--	(358.2)	--
Net income .....	\$ 580.2	\$ 189.9	\$ 477.0
Earnings per common share, primary:			
Income before changes in accounting .....	\$ 3.82	\$ 3.38	\$ 2.92
Cumulative effect on prior years of accounting changes .....	--	(2.30)	--
Net income per share .....	\$ 3.82	\$ 1.08	\$ 2.92
Earnings per common share, assuming full dilution:			
Income before changes in accounting .....	\$ 3.56	\$ 3.15	\$ 2.74
Cumulative effect on prior years of accounting changes .....	--	(2.10)	--
Net income per share .....	\$ 3.56	\$ 1.05	\$ 2.74

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

Dollars in Millions Except Per Share Amounts

	1994	1993
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents .....	\$ 169.9	\$ 144.1
Marketable securities .....	47.6	67.1
Receivables (less allowances, of \$23.1 and \$24.9, respectively) .....	1,049.6	988.3
Inventories .....	713.9	678.0
Other current assets .....	196.7	192.9
Total current assets .....	2,177.7	2,070.4
Property, plant and equipment, net .....	1,988.1	1,766.3
Goodwill and other intangibles, net .....	1,671.8	1,589.0
Other assets .....	304.8	335.5
	\$ 6,142.4	\$ 5,761.2
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Notes and loans payable .....	\$ 181.9	\$ 169.4
Current portion of long-term debt .....	26.0	15.5
Accounts payable .....	694.9	599.3
Accrued income taxes .....	85.1	59.4
Other accruals .....	541.3	550.4
Total current liabilities .....	1,529.2	1,394.0
Long-term debt .....	1,751.5	1,532.4
Deferred income taxes .....	295.4	266.2
Other liabilities .....	743.4	693.6
<b>Shareholders' Equity</b>		
Preferred stock .....	408.4	414.3
Common stock, \$1 par value (500,000,000 shares authorized, 183,213,295 shares issued) .....	183.2	183.2
Additional paid-in capital .....	1,020.4	1,000.9
Retained earnings .....	2,496.7	2,163.4
Cumulative translation adjustments .....	(439.3)	(372.9)
	3,669.4	3,388.9
Unearned compensation .....	(384.1)	(389.9)
Treasury stock, at cost .....	(1,462.4)	(1,124.0)
Total shareholders' equity .....	1,822.9	1,875.0
	\$ 6,142.4	\$ 5,761.2

See Notes to Consolidated Financial Statements.



Consolidated Statements of Retained Earnings

Dollars in Millions

	1994	1993	1992
Balance, January 1 .....	\$2,163.4	\$2,204.9	\$1,928.6
Add:			
Net income .....	580.2	189.9	477.0
	2,743.6	2,394.8	2,405.6
Deduct:			
Dividends declared:			
Series B Convertible Preference Stock, net of income taxes	21.1	21.1	20.2
Preferred stock .....	.5	.5	.5
Common stock .....	225.3	209.8	180.0
	246.9	231.4	200.7
Balance, December 31 .....	\$2,496.7	\$2,163.4	\$2,204.9

Consolidated Statements of Changes in Capital Accounts

Dollars in Millions

	Common Stock		Additional Paid-In Capital	Treasury Stock	
	Shares	Amount		Shares	Amount
Balance, January 1, 1992 .....	147,343,336	\$ 171.5	\$ 411.4	24,215,296	\$ 447.7
Shares issued in connection with acquisition .....	11,648,693	11.7	532.4	--	--
Shares issued for stock options .....	2,441,044	--	9.5	(2,441,044)	(46.6)
Treasury stock acquired .....	(976,983)	--	--	976,983	54.0
Other .....	(215,686)	--	32.0	221,656	12.2
Balance, December 31, 1992 .....	160,240,404	183.2	985.3	22,972,891	467.3
Shares issued for stock options .....	1,408,105	--	9.6	(1,408,105)	(34.7)
Treasury stock acquired .....	(12,610,423)	--	--	12,610,423	698.1
Other .....	218,517	--	6.0	(218,517)	(6.7)
Balance, December 31, 1993 .....	149,256,603	183.2	1,000.9	33,956,692	1,124.0
Shares issued for stock options .....	1,803,574	--	1.6	(1,803,574)	(63.4)
Treasury stock acquired .....	(6,923,325)	--	--	6,923,325	411.1
Other .....	267,385	--	17.9	(267,385)	(9.3)
Balance, December 31, 1994 .....	144,404,237	\$ 183.2	\$1,020.4	38,809,058	\$1,462.4

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Dollars in Millions

	1994	1993	1992
<b>Operating Activities</b>			
Net Income .....	\$ 580.2	\$ 189.9	\$ 477.0
Adjustments to reconcile net income to net cash provided by operations:			
Cumulative effect on prior years of accounting changes .....	--	358.2	--
Restructured operations, net .....	(39.1)	(77.0)	(92.0)
Depreciation and amortization .....	235.1	209.6	192.5
Deferred income taxes and other, net .....	64.7	53.6	(25.8)
Cash effects of changes in:			
Receivables .....	(50.1)	(103.6)	(38.0)
Inventories .....	(44.5)	31.7	28.4
Other current assets .....	(7.8)	(4.6)	10.6
Payables and accruals .....	90.9	52.6	(10.0)
Net cash provided by operations .....	829.4	710.4	542.7
<b>Investing Activities</b>			
Capital expenditures .....	(400.8)	(364.3)	(318.5)
Payment for acquisitions, net of cash acquired .....	(146.4)	(171.2)	(170.1)
Sale of marketable securities and other investments .....	58.4	33.8	79.9
Investments in less-than-majority-owned companies and other .....	(1.9)	(12.5)	(6.6)
Other, net .....	33.0	61.7	17.4
Net cash used for investing activities .....	(457.7)	(452.5)	(397.9)
<b>Financing Activities</b>			
Principal payments on debt .....	(88.3)	(200.8)	(250.1)
Proceeds from issuance of debt, net .....	316.4	782.1	262.6
Proceeds from outside investors .....	15.2	60.0	--
Dividends paid .....	(246.9)	(231.4)	(200.7)
Purchase of common stock .....	(357.9)	(657.2)	(20.5)
Proceeds from exercise of stock options and other, net .....	18.5	21.8	22.6
Net cash used for financing activities .....	(343.0)	(225.5)	(186.1)
Effect of exchange rate changes on cash and cash equivalents .....	(2.9)	(6.2)	(9.3)
Net increase (decrease) in cash and cash equivalents .....	25.8	26.2	(50.6)
Cash and cash equivalents at beginning of year .....	144.1	117.9	168.5
Cash and cash equivalents at end of year .....	\$ 169.9	\$ 144.1	\$ 117.9
<b>Supplemental Cash Flow Information:</b>			
Income taxes paid .....	\$ 261.1	\$ 216.4	\$ 178.1
Interest paid .....	\$ 96.9	\$ 59.1	\$ 68.7
Non-cash consideration in payment for acquisitions .....	\$ 8.0	\$ 36.3	\$ 859.8
ESOP debt, guaranteed by the Company .....	\$ (4.0)	\$ (3.4)	\$ (3.0)

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

Dollars in Millions Except Per Share Amounts

### 1. Summary of Significant Accounting Policies

#### Principles of Consolidation

The Consolidated Financial Statements include the accounts of Colgate-Palmolive Company and its majority-owned subsidiaries. Intercompany transactions and balances have been eliminated. Investments in companies in which the Company's interest is between 20% and 50% are accounted for using the equity method. The Company's share of the net income from such investments is recorded as equity earnings and is classified as other expense, net in the Consolidated Statements of Income.

#### Revenue Recognition

Sales are recorded at the time products are shipped to trade customers. Net sales reflect units shipped at selling list prices reduced by trade promotion allowances.

#### Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents for purposes of the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows. Investments in short-term securities that do not meet the definition of cash equivalents are classified as marketable securities in the Consolidated Balance Sheets. Marketable securities are reported at cost, which equals market.

#### Inventories

Inventories are valued at the lower of cost or market. The last-in, first-out (LIFO) method is used to value substantially all inventories in the U.S. as well as in certain overseas locations. The remaining inventories are valued using the first-in, first-out (FIFO) method.

#### Property, Plant and Equipment

Land, buildings, and machinery and equipment are stated at cost. Depreciation is provided, primarily using the straight-line method, over estimated useful lives ranging from 3 to 40 years.

#### Goodwill and Other Intangibles

Goodwill represents the excess of purchase price over the fair value of identifiable tangible and intangible net assets of businesses acquired. Goodwill and other intangibles are amortized on a straight-line basis over periods not exceeding 40 years. The recoverability of carrying values of intangible assets is evaluated on a recurring basis. The primary indicators of recoverability are current or forecasted profitability of a related acquired business. For the three-year period ended December 31, 1994, there were no adjustments to the carrying values of intangible assets resulting from these evaluations.

#### Income Taxes

For 1994 and 1993, deferred taxes are recognized for the expected future tax consequences of temporary differences between the amounts carried for financial reporting and tax purposes. Provision is made currently for taxes payable on remittances of overseas earnings; no provision is made for taxes on overseas retained earnings that are deemed to be permanently reinvested.

#### Postretirement and Postemployment Benefits

Effective January 1, 1993, the cost of postretirement health care and other benefits is actuarially determined and accrued over the service period of covered employees.

#### Translation of Overseas Currencies

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

For subsidiaries operating in highly inflationary environments, inventories and property, plant and equipment are translated at the rate of exchange on the date the assets were acquired, while other assets and liabilities are translated at year-end exchange rates. Translation adjustments for these operations are included in net income.

#### Geographic Areas and Industry Segments

The financial and descriptive information on the Company's geographic area and industry segment data, appearing in the tables contained in Item 7 of this report, is an integral part of these financial statements.

#### 2. Acquisitions

During 1994, the Company acquired the Cibaca toothpaste and toothbrush business in India, the NSOA laundry soap business in Senegal, Nevex non-chlorine bleach in Venezuela, and Na Pancha laundry soap in Peru as well as several other regional brands in the Oral, Personal and Household Care segment. The aggregate purchase price of all 1994 acquisitions was \$149.8.

In October 1993, the Company acquired the liquid hand and body soap brands of S.C. Johnson Wax in Europe, the South Pacific and other international locations. During that year, the Company also acquired the Cristasol glass cleaner business in Spain, increased ownership of its Indian operation to majority control and made other investments. The aggregate purchase price of all 1993 acquisitions was \$222.5.

In March 1992, the Company acquired The Mennen Company ("Mennen") for an aggregate purchase price of \$670.0, paid with 11.6 million unregistered shares of the Company's common stock and \$127.0 in cash. The acquisition included Mennen's personal care products business as well as non-core businesses that were sold in August 1992. The results of operations of Mennen have been included in the Consolidated Financial Statements since March 27, 1992.

During 1992, the Company also acquired the remaining interest in Viset, an Italian manufacturer of consumer products, and established significant ownership positions in joint ventures in China and Eastern Europe. The aggregate purchase price of all 1992 acquisitions was \$718.4.

All of these acquisitions have been accounted for as purchases, and, accordingly, the purchase prices were allocated to the net tangible and intangible assets acquired based on estimated fair values at the dates of the respective acquisitions. The results of operations have been included in the Consolidated Financial Statements since the respective acquisition dates. The inclusion of pro forma financial data for these acquisitions prior to the dates of acquisition would not have materially affected reported results.

#### 3. Long-Term Debt and Credit Facilities

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

	1994	1993
ESOP serial notes, guaranteed by the Company, due from 2001 through 2009 at interest rates ranging from 8.2% to 8.9% .....	\$ 394.6	\$ 398.6
Medium-term notes due from 1995 through 2003 at interest rates ranging from 5.5% to 7.2% .....	397.5	397.2
Medium-term notes due from 1997 through 2004 at interest rates ranging from 6.7% to 7.6% .....	207.1	--
Commercial paper at interest rates ranging from 5.57% to 6.12% .....	609.8	586.1
9.98% debentures due 2017 .....	--	32.0
12.43% Canadian dollar notes due 2030 .....	57.9	67.6
7.25% term loan due 1999 .....	50.0	--
Other .....	60.6	66.4
	1,777.5	1,547.9
Less: current portion of long-term debt .....	26.0	15.5
	\$1,751.5	\$1,532.4

Other debt consists of capitalized leases and individual fixed and floating rate issues of less than \$30.0 with various maturities. Scheduled maturities of debt outstanding at December 31, 1994, exclusive of capitalized lease obligations, are as follows: 1995-\$23.4; 1996-\$34.0; 1997-\$104.4; 1998-\$58.1, and 1999-\$158.0. Commercial paper is classified as long-term debt in accordance with the Company's intent and ability to refinance such obligations on a long-term basis.

At December 31, 1994, the Company had unused credit facilities amounting to \$1,439.8. Commitment fees related to credit facilities are not material. The weighted average interest rate on short-term borrowings as of December 31, 1994 and 1993 was 7.9% and 6.6%, respectively.

#### 4. Leases

At December 31, 1994, future minimum rental payments under capital and operating leases were as follows:

Year Ending December 31,	Capital	Operating
1995	\$3.0	\$ 63.2
1996	2.8	52.9
1997	1.7	40.1
1998	.9	34.5
1999	.4	31.8
Later years	.7	56.5
Total minimum lease payments	9.5	279.0
Less: minimum sublease rental income	--	24.7
Net minimum lease payments	9.5	\$254.3
Less: interest and executory costs	1.2	
Present value of net minimum lease payments	\$8.3	

Rent expense for all operating leases totaled \$83.4 in 1994, \$91.5 in 1993 and \$80.3 in 1992.

#### 5. Capital Stock and Stock Option Plans

##### Preferred Stock

Preferred Stock consists of 250,000 authorized shares without par value. It is issuable in series, of which one series of 125,000 shares, designated \$4.25 Preferred Stock, with a stated and redeemable value of \$100 per share, has been issued and is outstanding. Dividends on the \$4.25 Preferred Stock are cumulative. Under the provisions of the Certificate of Incorporation, the Preferred Stock is subject to redemption only at the option of the Company.

##### Preference Stock

In 1988, the Company's Certificate of Incorporation was amended to authorize the issuance of a new class of preferred stock consisting of 50,000,000 shares of Preference Stock, without par value. The Preference Stock, which is convertible into two shares of common stock, ranks junior to all series of the Preferred Stock with respect to the payment of dividends and the distribution of assets of the Company. At December 31, 1994 and 1993, 6,091,375 and 6,181,480 shares of Preference Stock, respectively, were outstanding and issued to the Company's ESOP.

##### Common Stock

In March 1992, the Company issued 11,648,693 unregistered shares of its common stock in connection with acquiring Mennen. Certain registration rights were granted for a portion of the shares issued in connection with the transaction.

In October 1988, the Board of Directors authorized the redemption of the then outstanding common stock purchase rights for a total of \$6.9. A new rights plan was adopted, and stockholders received a distribution of one Preference Share Purchase Right ("Right") for each outstanding share of the Company's common stock. Each Right entitles stockholders to buy one two-hundredth interest in a share of a new series of preference stock at an exercise price of \$87.50. Each interest is designed to make it the economic equivalent of one share of common stock. A Right is exercisable only if a person or group acquires 20% or more of the Company's common stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 20% or more of the common stock.

If the Company is acquired in a merger or other business combination transaction, each Right will entitle its holder to purchase, at the Right's then current exercise price, a number of the acquiring company's common shares

having a market value at that time of twice the Right's exercise price. In addition, if a person or group acquires 30% or more of the Company's outstanding common stock, otherwise than pursuant to a cash tender offer for all shares in which such person or group increases its stake from below 20% to 80% or more of the outstanding shares, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then current exercise price, a number of shares of the Company's common stock having a market value of twice the Right's exercise price. Further, at any time after a person or group acquires 30% or more (but less than 50%) of the Company's outstanding common stock, the Board of Directors may, at its option, exchange part or all of the Rights (other than Rights held by the acquiring person or group) for shares of the Company's common stock on a one-for-one basis.

Prior to the acquisition by a person or group of beneficial ownership of 20% or more of the Company's common stock, each Right is redeemable at the option of the Board of Directors at a price of \$.005.

The Board of Directors is also authorized to reduce the 20% and 30% thresholds referred to above to not less than 15%. The new Rights will expire on October 24, 1998. There were 144,404,237 Preference Share Purchase Rights outstanding at December 31, 1994 and 149,256,603 at December 31, 1993.

At December 31, 1994 and 1993, 596,478 and 507,855 shares, respectively, were held for distribution under the Executive Incentive Compensation Plan, which provides for cash and common stock awards for officers and other executives of the Company and its major subsidiaries. The cost of these shares totaled \$29.8 at December 31, 1994 and \$22.7 at December 31, 1993.

#### Stock Option Plans

The Company's 1987 Stock Option Plan provides for the issuance of non-qualified stock options to officers and key employees. The non-qualified stock options permit optionees to acquire common stock of the Company upon payments of cash or stock.

Options are granted at prices not less than the fair market value on the date of grant. At December 31, 1994, 4,287,890 shares were available for future grants. The Company's 1977 Stock Option Plan terminated during 1987, except as to options granted.

During 1992, an Accelerated Ownership feature was added to the 1987 Stock Option Plan. The Accelerated Ownership feature provides for the grant of new options when previously owned shares of Company stock are used to exercise existing options. The number of new options granted under this feature is equal to the number of shares of previously owned Company stock used to exercise the original options and to pay the related required U.S. income tax. The new options are granted at a price equal to the fair market value on the date of the new grant and have the same expiration date as the original options exercised.

Stock option plan activity is summarized below:

	1994	1993
Options outstanding, January 1 .....	9,626,394	8,204,191
Granted .....	2,528,109	2,925,639
Exercised .....	(1,803,574)	(1,408,105)
Canceled or expired .....	(89,521)	(95,331)
Options outstanding, December 31 .....	10,261,408	9,626,394
Options exercisable at December 31 .....	6,402,658	5,381,106
Option price range at exercise .....	\$11.88 to \$57.94	\$10.03 to \$56.31
Option price range at December 31 .....	\$13.28 to \$99.79	\$11.88 to \$99.79

#### 6. Employee Stock Ownership Plan

In 1989, the Company expanded its employee stock ownership plan (ESOP) through the introduction of a leveraged ESOP covering employees who have met certain eligibility requirements. The ESOP issued \$410.0 of long-term notes due through 2009 bearing an average interest rate of 8.6%. The long-term notes, which are guaranteed by the Company, are recorded on the accompanying Consolidated Balance Sheets. The ESOP used the proceeds of the notes to purchase 6.3 million shares of Series B Convertible Preference Stock from the Company. The Stock has a minimum redemption price of \$65 per share and pays semi-annual dividends equal to the higher of \$2.44 or the current dividend paid on two common shares for the comparable six-month period. Each share may be converted by the Trustee into two shares of common stock.

Dividends on these preferred shares, as well as common shares also held by the ESOP, are paid to the ESOP trust and, together with Company contributions, are used by the ESOP to repay principal and interest on the outstanding notes. Preferred shares are released for allocation to participants based upon the ratio of the current year's debt service to the sum of total principal and interest payments over the life of the loan. At December 31, 1994, 1,017,757 shares were allocated to participant accounts.

Dividends on these preferred shares are deductible for income tax purposes and, accordingly, are reflected net of their tax benefit in the Consolidated Statements of Retained Earnings.

Annual expense related to the leveraged ESOP, determined as interest incurred on the notes, less dividends received on the shares held by the ESOP, plus the higher of either principal repayments on the notes or the cost of shares allocated, was \$8.0 in 1994, \$7.9 in 1993 and \$8.1 in 1992. Similarly, unearned compensation, shown as a reduction in shareholders' equity, is reduced by the higher of principal payments or the cost of shares allocated.

Interest incurred on the ESOP's notes amounted to \$34.2 in 1994, \$34.5 in 1993 and \$35.1 in 1992. The Company paid dividends on the stock held by the ESOP of \$32.3 in 1994, \$32.7 in 1993 and \$32.8 in 1992. Company contributions to the ESOP were \$5.7 in 1994 and 1993, and \$5.6 in 1992.

## 7. Retirement Plans and Other Postretirement Benefits

### Retirement Plans

The Company, its U.S. subsidiaries and a majority of its overseas subsidiaries maintain pension plans covering substantially all of their employees. Most plans provide pension benefits that are based primarily on years of service and employees' career earnings. In the Company's principal U.S. plans, funds are contributed to trustees as necessary to provide for current service and for any unfunded projected benefit obligation over a reasonable period. To the extent these requirements are exceeded by plan assets, a contribution may not be made in a particular year. Plan assets consist principally of common stocks, deposit administration contracts with insurance companies, investments in real estate funds and U.S. Government obligations.

Net periodic pension expense of the plans includes the following components:

	1994		1993		1992	
	U.S.	Overseas	U.S.	Overseas	U.S.	Overseas
Service cost--benefits earned during the period .....	\$ 23.1	\$17.9	\$ 18.7	\$ 12.3	\$ 17.9	\$ 12.4
Interest cost on projected benefit obligation .....	63.1	15.3	64.2	15.4	62.0	16.7
Actual return on plan assets .....	(3.1)	(2.2)	(95.2)	(15.2)	(87.6)	(12.0)
Net amortization and deferral .....	(69.1)	(7.0)	19.5	7.1	9.6	2.7
Net pension expense .....	\$ 14.0	\$24.0	\$ 7.2	\$ 19.6	\$ 1.9	\$ 19.8

The following table sets forth the funded status of the plans at December 31:

	1994		1993	
	U.S.	Overseas	U.S.	Overseas
Plan assets at fair value .....	\$739.2	\$ 137.3	\$ 809.2	\$ 126.6
Actuarial present value of benefit obligations:				
Vested obligation .....	676.6	189.4	744.6	170.1
Nonvested obligation .....	52.0	21.5	54.5	19.0
Accumulated benefit obligation .....	728.6	210.9	799.1	189.1
Additional benefits related to assumed future compensation levels .....	43.6	30.4	112.8	38.5
Projected benefit obligation .....	772.2	241.3	911.9	227.6
Plan assets (less than) projected benefit obligation .....	(33.0)	(104.0)	(102.7)	(101.0)
Deferral of net actuarial changes and other, net .....	96.7	(3.3)	182.2	11.6
Unrecognized prior service cost .....	21.9	3.3	26.8	2.0
Unrecognized transition asset .....	(36.2)	(4.3)	(45.6)	(4.9)
Additional liability .....	--	(.7)	(6.2)	(1.2)
Prepaid (accrued) pension cost recognized in the Consolidated Balance Sheets .....	\$ 49.4	\$(109.0)	\$ 54.5	\$ (93.5)

The actuarial assumptions used to determine the projected benefit obligations of the plans were as follows:

	1994	U.S. 1993	1992	Overseas (weighted average)		1992
				1994	1993	
Settlement rates .....	8.75%	7.25%	8.25%	8.38%	7.83%	9.13%
Long-term rates of compensation increase .....	5.75%	5.75%	6.00%	5.53%	5.30%	6.45%
Long-term rates of return on plan assets .....	9.25%	9.25%	9.75%	10.88%	10.32%	11.10%

When remeasuring the pension obligation, the Company reassesses each actuarial assumption. In accordance with generally accepted accounting principles, the settlement rate assumption is pegged to long-term bond rates to reflect the cost to satisfy the pension obligation currently, and the other assumptions reflect the long-term outlook of rates of compensation increases and return on assets.

#### Other Postretirement and Postemployment Benefits

The Company and certain of its subsidiaries provide health care and life insurance benefits for retired employees to the extent not provided by government-sponsored plans.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106). SFAS 106 requires the Company to change its method of accounting for its postretirement life and health care benefits provided to retirees from the "pay-as-you-go" basis to accruing such costs over the working lives of the employees. The Company elected to recognize this change in accounting on the immediate recognition basis and utilizes a portion of its leveraged ESOP, in the form of future retiree contributions, to reduce its obligation to provide these postretirement benefits. Postretirement benefits currently are not funded. The Company also adopted SFAS 112, "Employers' Accounting for Postemployment Benefits." SFAS 112 requires accrual accounting for the estimated cost of benefits provided to former or inactive employees after employment but before retirement.

The cumulative effect on prior years of adopting SFAS 106 and 112 as of January 1, 1993 resulted in a pretax charge during 1993 of \$195.7 (\$129.2 aftertax or \$.83 per share), of which \$189.5 related to SFAS 106 and \$6.2 related to SFAS 112. This non-cash charge represented the accumulated benefit obligation net of related accruals previously recorded by the Company as of January 1, 1993.



Postretirement benefits expense included the following components:

	1994	1993
Service cost-benefits earned during the period .....	\$ 2.2	\$ 3.7
Annual ESOP allocation .....	(5.7)	(6.2)
Interest cost on accumulated postretirement benefit obligation .....	14.2	16.4
Amortization of unrecognized net (gain) .....	(.1)	--
Net postretirement expense .....	\$10.6	\$13.9

The cash cost to the Company for postretirement benefits in 1992, excluding acquisitions, approximated \$11.2.

The actuarial present value of postretirement benefit obligations included in Other liabilities in the Consolidated Balance Sheets was comprised of the following components, at December 31:

	1994	1993
Retirees .....	\$144.9	\$155.2
Active participants eligible for retirement .....	2.9	11.3
Other active participants .....	17.0	25.1
Accumulated postretirement benefit obligation .....	164.8	191.6
Unrecognized net gain .....	38.5	14.2
Accrued postretirement benefit liability .....	\$203.3	\$205.8

The principal actuarial assumptions used in the measurement of the accumulated benefit obligation were as follows:

	1994	1993
Discount rate .....	8.75%	7.25%
Current medical cost trend rate .....	10.00%	10.00%
Ultimate medical cost trend rate .....	6.25%	5.00%
Medical cost trend rate decreases ratably to ultimate in year .....	2001	2001
ESOP growth rate .....	10.00%	10.00%

When remeasuring the accumulated benefit obligation, the Company reassesses each actuarial assumption.

The cost of these postretirement medical benefits is dependent upon a number of factors, the most significant of which is the rate at which medical costs increase in the future. The effect of a 1% increase in the assumed medical cost trend rate would increase the accumulated postretirement benefit obligation by approximately \$17.3; annual expense would not be materially affected.

#### 8. Income Taxes

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). The one-time non-cash charge for the recalculation of income taxes was \$229.0 (\$1.47 per share), which was recorded in the 1993 Statement of Income, primarily as a result of the 1992 acquisition of Mennen.

The provision for income taxes on income before changes in accounting consists of the following for the years ended December 31:

	1994	1993	1992
United States .....	\$ 43.3	\$ 75.9	\$ 70.3
Overseas .....	256.4	212.2	180.6
	\$299.7	\$288.1	\$250.9

Differences between accounting for financial statement purposes and accounting for tax purposes result in taxes currently payable (lower) higher than the total provision for income taxes as follows:

	1994	1993	1992
Excess of tax over book depreciation .....	\$(32.8)	\$(18.7)	\$(18.0)
Net restructuring (spending) accrual .....	(19.0)	(24.2)	(22.0)
Other, net .....	5.6	(13.8)	(9.4)
	\$(46.2)	\$(56.7)	\$(49.4)

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

	1994	1993	1992
United States .....	\$181.8	\$256.9	\$247.6
Overseas .....	698.1	579.3	480.3
	\$879.9	\$836.2	\$727.9

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

	1994	1993	1992
% of Income Before Tax			
Tax at U.S. statutory rate .....	35.0%	35.0%	34.0%
State income taxes, net of federal benefit .....	.6	.7	1.0
Earnings taxed at other than U.S. statutory rate ..	(.3)	(.2)	.3
Other, net .....	(1.2)	(1.0)	(.8)
Effective tax rate .....	34.1%	34.5%	34.5%

In addition, tax benefits of \$16.0 in 1994 and \$15.8 in 1993 were recorded directly through equity.

The components of deferred taxes at December 31:

	1994	1993
Deferred Taxes--Current:		
Accrued liabilities, not deductible until paid .....	\$ 68.6	\$ 74.9
Other, net .....	8.1	16.2
Total deferred taxes current .....	76.7	91.1
Deferred Taxes--Long-term:		
Intangible assets, not amortized for tax purposes .....	(196.6)	(213.6)
Property, plant and equipment, principally due to differences in depreciation ...	(208.0)	(165.7)
Postretirement and postemployment benefits, past service cost .....	71.1	73.5
Restructuring .....	14.1	33.3
Tax loss and tax credit carryforwards .....	81.5	63.3
Other, net .....	(25.1)	(28.7)
Valuation allowance .....	(32.4)	(28.3)
Total deferred taxes long-term .....	(295.4)	(266.2)
Net deferred taxes (liabilities) .....	\$(218.7)	\$(175.1)

The major component of the 1994 and 1993 valuation allowance relates to the uncertainty of realizing certain foreign deferred tax assets.

#### 9. Foreign Currency Translation

Cumulative translation adjustments, which represent the effect of translating assets and liabilities of the Company's non-U.S. entities, except those in highly inflationary economies, were as follows:

	1994	1993	1992
Balance, January 1 .....	\$(372.9)	\$(308.5)	\$(216.9)
Effect of balance sheet translations .....	(66.4)	(64.4)	(91.6)
Balance, December 31 .....	\$(439.3)	\$(372.9)	\$(308.5)

Foreign currency charges, resulting from the translation of balance sheets of subsidiaries operating in highly inflationary environments and from foreign currency transactions, were not material in 1994, 1993 and 1992.

#### 10. Earnings Per Share

Primary earnings per share are determined by dividing net income, after deducting preferred stock dividends net of related tax benefits (\$21.6 net in 1994 and 1993, and \$20.7 net in 1992), by the weighted average number of common shares outstanding (146.2 million in 1994, 155.9 million in 1993 and 156.5 million in 1992).

Fully diluted earnings per common share are calculated assuming the conversion of all potentially dilutive securities, including convertible preferred stock and outstanding options, unless the effect of such conversion is antidilutive. This calculation also assumes, if applicable, reduction of available income by pro forma ESOP replacement funding, net of income taxes.

#### 11. Other Income Statement Information

Other expense (income) consists of the following for the years ended December 31:

	1994	1993	1992
Amortization of intangibles .....	\$ 56.3	\$51.2	\$ 47.7
Earnings from equity investments .....	(1.3)	(7.4)	(21.7)
Minority interest .....	37.8	27.5	2.1
Other .....	(10.0)	--	(7.4)
	\$ 82.8	\$71.3	\$ 20.7

The following is a comparative summary of certain expense information for the years ended December 31:

	1994	1993	1992
Interest incurred .....	\$130.6	\$ 81.3	\$ 86.5
Interest capitalized .....	9.7	11.8	8.4
Interest expense .....	\$120.9	\$ 69.5	\$ 78.1
Research and development .....	\$147.1	\$139.9	\$125.8
Maintenance and repairs .....	\$110.1	\$107.8	\$108.2
Media advertising costs .....	\$543.2	\$508.3	\$516.6

#### 12. Balance Sheet Information

Supplemental balance sheet information is as follows:

	1994	1993
Inventories		
Raw materials and supplies .....	\$280.3	\$250.0
Work-in-process .....	38.4	28.7
Finished goods .....	395.2	399.3
	\$713.9	\$678.0

Inventories valued under LIFO amounted to \$163.6 at December 31, 1994 and \$170.8 at December 31, 1993. The excess of current cost over LIFO cost at the end of each year was \$39.6 and \$23.1, respectively. In 1994 and 1993, certain inventory quantities were reduced, which resulted in liquidations of LIFO inventory quantities. The effect was to increase income by \$2.8 and \$1.7 in 1994 and 1993, respectively.

Property, Plant and Equipment, Net	1994	1993
Land .....	\$ 94.9	\$ 82.6
Buildings .....	549.3	491.3
Machinery and equipment .....	2,459.2	2,246.3
	3,103.4	2,820.2
Accumulated depreciation .....	(1,115.3)	(1,053.9)
	\$ 1,988.1	\$ 1,766.3
Goodwill and Other Intangible Assets, Net	1994	1993
Goodwill and other intangibles .....	\$ 1,879.4	\$ 1,740.2
Accumulated amortization .....	(207.6)	(151.2)
	\$ 1,671.8	\$ 1,589.0
Other Accruals	1994	1993
Accrued payroll and employee benefits .....	\$ 233.0	\$ 223.8
Accrued advertising .....	105.4	121.0
Accrued interest .....	38.6	19.3
Accrued taxes, other than income taxes .....	42.4	35.9
Other .....	121.9	150.4
	\$ 541.3	\$ 550.4

#### Fair Value of Financial Instruments

In assessing the fair value of financial instruments at December 31, 1994 and 1993, the Company has used available market information and other valuation methodologies. Some judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The estimated fair value of the Company's financial instruments at December 31, are summarized as follows:

	1994		1993	
	Carrying Amount	Fair Amount	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents .....	\$ 169.9	\$ 169.9	\$ 144.1	\$ 144.1
Marketable securities .....	47.6	47.6	67.1	67.1
Long-term investments .....	58.8	58.6	61.0	60.5
Liabilities:				
Notes and loans payable .....	(181.9)	(181.9)	(169.4)	(169.4)
Long-term debt, including current portion .....	(1,777.5)	(1,760.1)	(1,547.9)	(1,689.7)
Other liabilities:				
Foreign exchange contracts .....	(11.0)	(10.2)	6.7	4.7
Interest rate instruments .....	(14.2)	(10.8)	--	6.3
Equity:				
Foreign exchange contracts-- hedge investment in subsidiaries .....	(4.0)	(3.4)	1.0	1.7

#### Financial Instruments and Rate Risk Management

The Company utilizes interest rate agreements and foreign exchange contracts to manage interest rate and foreign currency exposures. The principal objective of such contracts is to moderate rather than attempt to eliminate fluctuations in interest rate and foreign currency movements. The Company, as a matter of policy, does not speculate in financial markets and therefore does not hold these contracts for trading purposes. The Company utilizes what it considers straightforward instruments, such as forward foreign exchange contracts and non-leveraged interest rate swaps, to accomplish its objectives.

The Company primarily uses interest rate swap agreements to effectively convert a portion of its floating rate debt to fixed rate debt in order to manage interest rate exposures in a manner consistent with achieving a targeted fixed to variable interest rate ratio. The net effective cash payment of these instruments combined with the related interest payments on the debt that they hedge are accounted for as interest expense. Those interest rate instruments that do not qualify as hedge instruments for accounting purposes are marked to market and carried on the balance sheet at fair value. As of December 31, 1994 and 1993, the Company had agreements outstanding with an aggregate notional amount of \$222.0 and \$347.0, respectively, with maturities through 2001.

The Company uses forward exchange contracts principally to hedge foreign currency exposures associated with its net investment in foreign operations and intercompany loans. This hedging minimizes the impact of foreign exchange rate movements on the Company's financial position. The terms of these contracts are rarely longer than three years.

As of December 31, 1994 and 1993, the Company had approximately \$390.7 and \$439.0, respectively, of outstanding foreign exchange contracts in which foreign currencies were purchased, and approximately \$6.9 in which foreign currencies were sold as of December 31, 1994. At December 31, 1994 and 1993, approximately 20% of outstanding foreign exchange contracts served to hedge net investments in foreign subsidiaries, 60% hedged intercompany loans, 10% hedged third-party firm commitments, and the remaining 10% hedged certain transactions that are anticipated to settle in accordance with their identified terms. The Company makes net settlements for foreign exchange contracts at maturity, based on rates agreed to at inception of the contracts.

Gains and losses from contracts that hedge the Company's investments in its foreign subsidiaries are shown in the cumulative translation adjustments account included in shareholders' equity. Gains and losses from contracts that hedge firm commitments (including intercompany loans) are recorded in the balance sheets as a component of the related receivable or payable.

The contracts that hedge anticipated sales and purchases do not qualify as hedges for accounting purposes. Accordingly, the related gains and losses are calculated using the current forward foreign exchange rates and are recorded in the statements of income as other expense, net. These contracts mature in less than one year.

The Company is exposed to credit loss in the event of nonperformance by counterparties on interest rate agreements and foreign exchange contracts; however, nonperformance by these counterparties is considered remote as it is the Company's policy to contract only with counterparties that have a long-term debt rating of A or higher. The amount of any such exposure is generally the unrealized gain on such contracts, which at December 31, 1994 was not significant.

Effective January 1, 1994 the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. The effect of adoption had no impact on results of operations or cash flows and was not material to financial condition.

### 13. Commitments and Contingent Liabilities

The Company has various contractual commitments to purchase raw materials, products and services totaling \$184.9 that expire through 1998.

The Company is a party to various superfund and other environmental matters and is contingently liable with respect to lawsuits, taxes and other matters arising out of the normal course of business. Management proactively reviews and manages its exposure to, and the impact of, environmental matters. While it is possible that the Company's cash flows and results of operations in particular quarterly or annual periods could be affected by the one-time impacts of the resolution of such contingencies, it is the opinion of management that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material impact on the Company's financial condition or ongoing cash flows and results of operations.

As discussed in Note 16, the acquisition of Kolynos is subject to review by antitrust regulatory authorities in Brazil and Colombia. While it is not yet possible to definitively determine whether or not approval will be obtained, management believes the acquisition, or some variation thereof, will eventually be approved.

14. Quarterly Financial Data (Unaudited)

Dollars in Millions Except Per Share Amounts

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>1994</b>				
Net sales .....	\$1,770.0	\$1,891.1	\$1,930.7	\$1,996.1
Gross profit .....	862.1	902.7	951.8	958.0
Net income .....	149.6	142.5	151.0	137.1
Earnings per common share:				
Primary .....	.98	.93	1.00	.91
Assuming full dilution .....	.91	.87	.93	.85
<b>1993</b>				
Net sales .....	\$1,702.7	\$1,775.1	\$1,823.1	\$1,840.4
Gross profit .....	814.8	851.2	870.1	875.3
Income before changes in accounting .....	140.8	142.4	142.8	122.1
Net (loss) ((1)) income .....	(217.4)	142.4	142.8	122.1
Earnings per common share before changes in accounting:				
Primary .....	.85	.86	.89	.78
Assuming full dilution .....	.79	.81	.82	.73
(Loss) earnings per common share:((2))				
Primary .....	(1.39)	.86	.89	.78
Assuming full dilution .....	(1.25)	.81	.82	.73

(1) Reflects a first-quarter 1993 charge for changes in accounting for Other Postretirement Benefits, Postemployment Benefits and Income Taxes of \$358.2.

(2) The sum of the quarterly earnings per share amounts in 1993 was not equal to the full year because the computations of the weighted average number of shares outstanding and the potential impact of dilutive securities for each quarter and for the full year were made independently.

### 15. Market and Dividend Information

The Company's common stock and \$4.25 Preferred Stock are listed on the New York Stock Exchange. The trading symbol for the common stock is CL. Dividends on the common stock have been paid every year since 1895, and the amount of dividends paid per share has increased for 32 consecutive years.

#### Market Price

Quarter Ended	Common Stock				\$4.25 Preferred Stock			
	1994		1993		1994		1993	
	High	Low	High	Low	High	Low	High	Low
March 31 .....	\$ 65.38	\$ 55.63	\$ 67.25	\$ 54.25	\$ 76.00	\$ 72.00	\$ 75.50	\$ 63.50
June 30 .....	59.50	51.25	66.38	52.63	73.00	68.00	77.00	73.00
September 30 .....	58.63	49.50	59.00	46.75	70.50	67.00	77.50	73.50
December 31 .....	64.75	57.00	62.75	52.50	68.50	62.50	76.50	72.00
Closing Price .....	\$ 63.38		\$ 62.38		\$ 64.00		\$ 73.50	

#### Dividends Paid Per Share

Quarter Ended	1994		1993	
March 31 .....	\$ .36		\$ .31	
June 30 .....	.36		.31	
September 30 .....	.41		.36	
December 31 .....	.41		.36	
Total .....	\$ 1.54		\$ 1.34	

### 16. Subsequent Event--Purchase of Kolynos Oral Care Business

On January 10, 1995, the Company acquired the worldwide Kolynos oral care business ("Kolynos") from American Home Products Corporation for \$1,040.0 in cash. Kolynos is a multinational oral care business operating primarily in South America and having a presence in Greece, Taiwan and Hungary. The acquired assets of the Kolynos business, located principally in Argentina, Brazil, Colombia, Ecuador, Peru and Uruguay, include trademarks and other intellectual property, accounts receivable, inventories, and property, plant and equipment that is utilized in the production of toothpaste, toothbrushes, dental floss and oral rinses.

The transaction was structured as a multinational acquisition of assets and stock and will be accounted for under the purchase method of accounting, with the results of operations of Kolynos included with the results of the Company from January 10, 1995. The acquisition will be reviewed by antitrust regulatory authorities in Brazil and Colombia. The financing used to acquire the Kolynos business was provided by commercial banks.

The net book value of Kolynos's assets was approximately \$50.0. The Company is currently evaluating the business in order to determine the fair value of assets acquired, including intangibles and goodwill.

The Company expects the acquisition to have a first-year (unaudited) dilutive effect of less than 5% on total Company earnings. Although the Company intends to operate Kolynos in Brazil as a separate operation, there are certain other benefits that are anticipated to be realized from the implementation of the Company's integration plans. The Company believes that future growth opportunities, as well as the benefits of such integration plans when fully implemented, will reduce and eventually more than offset any dilutive impact on earnings per share.

COLGATE-PALMOLIVE COMPANY  
SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS  
For the Year Ended December 31, 1994  
(Dollars in Millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Additions Other	Deductions	Balance at End of Period
				\$5.6(1)	
				.6(3)	
Allowance for doubtful accounts .....	\$ 24.9	\$ 4.4	\$ --	\$6.2	\$ 23.1
Accumulated amortization of goodwill and other intangibles ...	\$151.2	\$56.4	\$ --	\$--	\$207.6
Valuation allowance for deferred tax assets .....	\$ 28.3	\$ 4.1(2)	\$ --	\$--	\$ 32.4

NOTES:

- (1) Uncollectible accounts written off and cash discounts allowed.
- (2) Allowance for tax loss and tax credit carryforward benefits which more likely than not will not be utilized in the future.
- (3) Other adjustments.



COLGATE-PALMOLIVE COMPANY  
SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS  
For the Year Ended December 31, 1993  
(Dollars in Millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Additions Other	Deductions	Balance at End of Period
				\$ 1.2(1)	
				9.1(2)	
				.2(4)	
Allowance for doubtful accounts .....	\$ 21.8	\$13.6	\$--	\$10.5	\$ 24.9
Accumulated amortization of goodwill and other intangibles .	\$100.0	\$51.2	\$--	\$--	\$151.2
Valuation allowance for deferred tax assets .....	\$ --	\$22.0(3)	\$6.3(3)	\$--	\$ 28.3

NOTES:

(1) Adjustments arising from translation of reserve balances at year-end exchange rates.

(2) Uncollectible accounts written off and cash discounts allowed.

(3) Allowance for tax loss and tax credit carryforward benefits which more likely than not will not be utilized in the future. The \$22.0 charged to costs and expenses was included in the 1993 one-time charge for the adoption of SFAS 109, "Accounting for Income Taxes."

(4) Other adjustments.

COLGATE-PALMOLIVE COMPANY  
 SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS  
 For the Year Ended December 31, 1992  
 (Dollars in Millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Other		
				\$ 2.0(2)	
				10.6(3)	
				.9(4)	
Allowance for doubtful accounts .....	\$21.5	\$12.3	\$ 1.5(1)	\$ 13.5	\$ 21.8
Accumulated amortization of goodwill and other intangibles .	\$53.3	\$47.7	\$(1.0)(4)	\$--	\$100.0

NOTES:

- (1) Balances of acquired companies.
- (2) Adjustments arising from translation of reserve balances at year-end exchange rates.
- (3) Uncollectible accounts written off and cash discounts allowed.
- (4) Other adjustments.

Report of Independent Public Accountants

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

We have audited the accompanying consolidated balance sheets of Colgate-Palmolive Company (a Delaware corporation) and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, retained earnings, changes in capital accounts and cash flows for each of the three years in the period ended December 31, 1994. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colgate-Palmolive Company and subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in the accompanying notes to the consolidated financial statements, in 1993, the Company adopted three new accounting standards promulgated by the Financial Accounting Standards Board, changing its methods of accounting for income taxes, postretirement benefits other than pensions, and postemployment benefits.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

New York, New York  
February 1, 1995

## COLGATE-PALMOLIVE COMPANY

## Historical Financial Summary (1)

Dollars in Millions Except Per Share Amounts

	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Operations										
Net sales .....	7,587.9	7,141.3	7,007.2	6,060.3	5,691.3	5,038.8	4,734.3	4,365.7	3,768.7	3,488.5
Results of operations:										
Net income .....	580.2(2)	189.9(3)	477.0	124.9(4)	321.0	280.0	152.7(5)	.9(7)	114.8	122.5
Per share, primary ....	3.82(2)	1.08(3)	2.92	.77(4)	2.28	1.98	1.11(5)	.01(7)	.81	.78
Per share, assuming full dilution .....	3.56(2)	1.05(3)	2.74	.75(4)	2.12	1.90	1.10(5)	.01(7)	.81	.77
Depreciation and amortization expense .	235.1	209.6	192.5	146.2	126.2	97.0	82.0	70.1	60.3	49.7
Financial Position										
Working capital .....	648.5	676.4	635.6	596.0	516.0	907.5	710.9	439.5	428.7	518.0
Ratio of current assets to current liabilities	1.4	1.5	1.5	1.5	1.4	1.9	1.7	1.3	1.4	1.5
Property, plant and equipment, net .....	1,988.1	1,766.3	1,596.8	1,394.9	1,362.4	1,105.4	1,021.6	1,201.8	1,113.7	978.3
Capital expenditures ...	400.8	364.3	318.5	260.7	296.8	210.0	238.7	285.8	220.9	208.6
Total assets .....	6,142.4	5,761.2	5,434.1	4,510.6	4,157.9	3,536.5	3,217.6	3,227.7	2,845.9	2,814.0
Long-term debt .....	1,751.5	1,532.4	946.5	850.8	1,068.4	1,059.5	674.3	694.1	522.0	529.3
Shareholders' equity ...	1,822.9	1,875.0	2,619.8	1,866.3	1,363.6	1,123.2	1,150.6	941.1	979.9	907.0
Share and Other										
Book value per common share .....	16.96	12.40	16.21	12.54	10.12	8.39	8.24	6.77	6.91	6.33
Cash dividends declared per common share .....	1.54	1.34	1.15	1.02	.90	.78	.55(6)	.695	.68	.66
Cash dividends paid per common share .....	1.54	1.34	1.15	1.02	.90	.78	.74	.695	.68	.65
Closing price .....	63.38	62.38	55.75	48.88	36.88	31.75	23.50	19.63	20.44	16.38
Number of common shares outstanding (in millions) .....	144.4	149.3	160.2	147.3	133.2	132.2	138.1	137.2	140.1	141.3
Number of shareholders of record:										
\$4.25 Preferred .....	400	450	470	460	500	500	550	600	600	700
Common .....	44,100	40,300	36,800	34,100	32,000	32,400	33,200	33,900	35,900	39,600
Average number of employees .....	32,800	28,000	28,800	24,900	24,800	24,100	24,700	37,400	37,900	40,600

- (1) All share and per share amounts have been restated to reflect the 1991 two-for-one stock split.
- (2) Income in 1994 includes a one-time charge of \$5.2 for the sale of non-core business, Princess House.
- (3) Income in 1993 includes a one-time impact of adopting new mandated accounting standards, effective in the first quarter of 1993, of \$358.2 (\$2.30 per share on a primary basis or \$2.10 on a fully diluted basis).
- (4) Income in 1991 includes a net provision for restructured operations of \$243.0 (\$1.80 per share on a primary basis or \$1.75 per share on a fully diluted basis).
- (5) Income in 1988 includes Hill's service agreement renegotiation net charge of \$42.0 (\$.30 per share on both a primary and fully diluted basis).
- (6) Due to timing differences, 1988 includes three dividend declarations while all other years include four dividend declarations.
- (7) Income in 1987 includes a net provision for restructured operations of \$144.8 (\$1.06 per share on a primary basis or \$1.05 per share on a fully diluted basis).

COLGATE-PALMOLIVE COMPANY  
EXHIBITS TO FORM 10-K  
YEAR ENDED DECEMBER 31, 1994

Commission File No. 1-644-2

## COLGATE-PALMOLIVE COMPANY

## INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
3-A	Restated Certificate of Incorporation, as amended. (Registrant hereby incorporates by reference Exhibit 1 to its Form 8-K dated October 17, 1991, File No. 1-644-2.)	
3-B	By-laws. (Registrant hereby incorporates by reference Exhibit 3-B to Amendment No. 1 to its Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, File No. 1-644-2.)	
4-A	Rights agreement dated as of October 13, 1988 between registrant and Morgan Shareholder Services Trust Company. (Registrant hereby incorporates by reference Exhibit I to its Form 8-A dated October 21, 1988, File No. 1-644-2.)	
4-B	a) Other instruments defining the rights of security holders, including indentures.* b) Colgate-Palmolive Company Employee Stock Ownership Trust Note Agreement dated as of June 1, 1989. (Registrant hereby incorporates by reference Exhibit 4-B (b) to its Annual Report on Form 10-K for the year ended December 31, 1989, File No. 1-644-2.)	
10-A	Colgate-Palmolive Company 1977 Stock Option Plan, as amended. (Registrant hereby incorporates by reference Exhibit 10-A to its Annual Report on Form 10-K for the year ended December 31, 1986, File No. 1-644-2.)	
10-B	a) Colgate-Palmolive Company Executive Incentive Compensation Plan, as amended. b) Colgate-Palmolive Company Executive Incentive Compensation Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-B (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644-2.)	40-44
10-C	a) Colgate-Palmolive Company Supplemental Salaried Employees Retirement Plan (Registrant hereby incorporates by reference Exhibit 10-E (Plan only) to its Annual Report on Form 10-K for the year ended December 31, 1984, File No. 1-644-2.) b) Colgate-Palmolive Company Supplemental Spouse's Benefit Trust. (Registrant hereby incorporates by reference Exhibit 10-C (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644-2.)	
10-D	Lease dated August 15, 1978 between Harold Uris, d/b/a Uris Holding Company, and Colgate-Palmolive Company. (Registrant hereby incorporates by reference Exhibit 2(b) to its Annual Report on Form 10-K for the year ended December 31, 1978, File No. 1-644-2.)	
10-E	a) Colgate-Palmolive Company Executive Severance Plan. (Registrant hereby incorporates by reference Exhibit 10-E (a) to its Annual Report on Form 10-K for the year ended December 31, 1989, File No. 1-644-2.) b) Colgate-Palmolive Company Executive Severance Plan Trust. (Registrant hereby incorporates by reference Exhibit 10-E (b) to its Annual Report on Form 10-K for the year ended December 31, 1987, File No. 1-644-2.)	
10-F	Colgate-Palmolive Company Pension Plan for Outside Directors. (Registrant hereby incorporates by reference Exhibit 10-F to its Annual Report on Form 10-K for the year ended December 31, 1988, File No. 1-644-2.)	
10-G	Colgate-Palmolive Company Stock Purchase Plan for Non-Employee Directors. (Registrant hereby incorporates by reference Exhibit 10-G to its Annual Report on Form 10-K for the year ended December 31, 1988, File No. 1-644-2.)	
10-H	Colgate-Palmolive Company Restated and Amended Deferred Compensation Plan for Non-Employee Directors. (Registrant hereby incorporates by reference Exhibit 10-H to its Annual Report on Form 10-K for the year ended December 31, 1991, File No. 1-644-2.)	
10-I	Career Achievement Plan. (Registrant hereby incorporates by reference Exhibit 10-I to its Annual Report on Form 10-K for the year ended December 31, 1986, File No. 1-644-2.)	

10-J	Colgate-Palmolive Company 1987 Stock Option Plan, as amended. (Registrant hereby incorporates by reference Exhibit 10-J to its Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-644-2.)	
10-K	Colgate-Palmolive Company Stock Compensation Plan for Non-Employee Directors, as amended. (Registrant hereby incorporates by reference Exhibit A to its Proxy Statement dated March 30, 1990, File No. 1-644-2.)	
10-L	Stock incentive agreement between Colgate-Palmolive Company and Reuben Mark, Chairman and Chief Executive Officer, dated January 13, 1993, pursuant to the Colgate-Palmolive Company 1987 Stock Option Plan, as amended. (Registrant hereby incorporates by reference Exhibit 10-N to its Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-644-2.)	
10-M	Purchase Agreement among American Home Products Corporation, Colgate-Palmolive Company and KAC Corp. dated as of January 9, 1995. (Registrant hereby incorporates by reference Exhibit 2 to its Current Report on Form 8-K dated January 10, 1995, File No. 1-644-2.)	
10-N	U.S. \$500,000,000 Five Year Credit Agreement dated as of April 8, 1994. (Registrant hereby incorporates by reference Exhibit 10-0 to its Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, File No. 1-644-2.)	
10-O	U.S. \$250,000,000 364 Day Credit Agreement dated as of April 8, 1994. (Registrant hereby incorporates by reference Exhibit 10-P to its Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, File No. 1-644-2.)	
10-P	U.S. \$400,000,000 Credit Agreement dated as of January 8, 1995.	
10-Q	U.S. \$770,000,000 Five Year Credit Agreement dated as of January 8, 1995.	
10-R	U.S. \$330,000,000 364 Day Credit Agreement dated as of January 8, 1995.	
11	Statement re Computation of Earnings Per Common Share.	45-46
12	Statement re Computation of Ratio of Earnings to Fixed Charges.	47
21	Subsidiaries of the Registrant.	48-49
23	Consent of Independent Public Accountants.	50
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27	Financial Data Schedule.	

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

The exhibits indicated above which are not included with the Form 10-K are available upon request and payment of a reasonable fee approximating the registrant's cost of providing and mailing the exhibits. Inquiries should be directed to:

Colgate-Palmolive Company  
Office of the Secretary (10-K Exhibits)  
300 Park Avenue  
New York, New York 10022-7499

COLGATE-PALMOLIVE COMPANY

EXECUTIVE INCENTIVE COMPENSATION PLAN

As approved by the Stockholders April 25, 1962 and amended by the Board of Directors through March 17, 1994.

Section 1. Purpose of the Plan. The purpose of the Plan is to provide an incentive for executives and other key personnel who are in a position to contribute materially to the success of the Company; to reward accomplishment on their part; and to aid in attracting and holding executives of the caliber necessary for the continued growth and profitability of the Company.

Section 2. Stock Subject to Plan. Subject to adjustment as provided herein, the total number of shares of common stock available for grant under the Plan during any given calendar year shall be four tenths percent (.4%) of the total number of shares of common stock outstanding as of the first day of each such year beginning after December 31, 1993 for which the Plan is in effect; provided that any shares available for grant in a particular calendar year which are not, in fact, granted in such year shall be added to the shares available for grant in any subsequent calendar year.

Section 3. Awards. Awards pursuant to the Plan may be made to the persons who served as officers of the Company during the year for which such awards are made, and to other employees who served the Company during such period in executive capacities or in key administrative or technical positions.

Subject to Section 7, the form and amount of each award to a Designated Executive (as defined below) or any other officer of the Company shall be determined by and in the discretion of at least two members of the Personnel and Organization Committee (the "Committee"), each of whom shall be a Disinterested Person (as defined below). The form and amount of each award to an employee who is not a Designated Executive or an officer of the Company shall be determined by the Chief Executive Officer of the Company with the approval of the Committee and in accordance with such regulations as may be prescribed from time to time by the Committee.

For the purposes of the Plan:

(1) "Company" means Colgate-Palmolive Company, a Delaware corporation, together with, when the context requires, its directly or indirectly owned subsidiaries.

(2) "Designated Executives" shall mean the Chairman and Chief Executive Officer of the Company and each officer, executive or other key employee designated in writing by the Committee prior to the commencement of the measurement period applicable to any award under the Plan.

(3) "Disinterested Person" shall mean a member of the Board of Directors of the Company who qualifies as a disinterested person as defined in Rule 16b-3(c)(2), as promulgated by the Securities and Exchange Commission or any successor agency (the "Commission") under the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto (the "Exchange Act"), or any successor definition adopted by the Commission, and also qualifies as an "outside director" for purposes of Section 162 (m) of the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto (the "Code").

Awards shall be made as soon as practicable after the close of the year for which they are made or during the year (subject to Section 7), at the Committee's discretion. They may be made payable in cash, in common stock of the Company, or partly in cash and partly in common stock of the Company, and may be made payable in whole or in part at the time the award is made or on a deferred basis in each case as determined by the Committee at the time the award is made. Deferred awards payable in common stock of the Company may take the form of "restricted stock", the vesting of which may be subject to such terms and conditions as the Committee may from time to time determine. The Committee may condition the grant and vesting of an award, whether payable in cash, common stock of the Company or otherwise, upon the attainment of specified performance goals relating to the participant or the Company or subsidiary, division or department of the Company for or within which the participant is primarily employed, or upon such other factors or criteria as the Committee shall determine, which goals may be different for each award recipient. Awards of cash and common stock of the Company under the Plan for Designated Executives who may be "covered employees" within the meaning of Section 162 (m) of the Code shall be subject to preestablished performance goals in accordance with Section 7 hereof. Except as so limited, any or all deferred awards shall be made payable in one or more installments over a period of not more than fifteen years, as determined by the Committee when the awards are made. Subject to the same limitations, the Committee may at any time accelerate or defer the time of payment of the deferred balance of any award or awards made under the Plan.

If a participant dies, the balance of the award to him which remains unpaid at the time of his death shall be paid to his personal representatives in the same manner as if the participant were living.

In the event of a Change of Control of the Company, then notwithstanding any provision of this Plan to the contrary, the Company, upon the direction of the Committee, shall have the right to purchase from the trustee all the deferred shares of Company common stock held in trust for cash for a period of thirty days beginning on the first business day following a Change of Control of the Company; provided, however, that the Company shall not have the right to purchase deferred shares held for the account of any participant subject to Section 16 of the Exchange Act, without such participant's consent, if such purchase would cause the participant to incur liability under Section 16 of the Exchange Act. Such purchases shall be at fair market value on the date of the



purchase, which shall be computed by taking the mean between the high and low prices for such date on the composite tape. The trustee shall hold such cash for the accounts of Plan participants and shall pay such amounts to participants as directed by the Committee in accordance with the Plan.

A "Change of Control" shall be deemed to have occurred upon the occurrence of any of the following events, unless and except to the extent otherwise determined by the Committee prior to the occurrence of such event (i) the acquisition by a third person, including a "group" as defined in Section 13(d) (3) of the Act, of shares of the Company having 20% or more of the total number of votes that may be cast for the election of directors of the Company, (ii) shareholder approval of a transaction for the acquisition of the Company, or substantially all of its assets, by another business entity or for a merger, reorganization, consolidation or other business combination to which the Company is a party, (iii) a change during any period of 24 months or less in the composition of a majority of the Board of Directors where such change has not been approved by a majority of the Board as constituted immediately prior to the commencement of such period or (iv) any other event determined by the Committee to be a Change of Control for purposes of the Plan.

Section 4. Dividend Equivalents. On each December 31 which is after the date of a deferred award in stock but prior to the date of termination of the participant's employment, and on the date of termination, the Company shall credit to the award shares of common stock of the Company of an aggregate value (to be determined as provided in Section 6) equal to the amount of dividends which the participant would have received since the date of the award or of the last previous credit to the award pursuant to this Section, whichever is later, if the number of shares payable in respect of the award had been registered in the name of the participant on each of the record dates for payment of any such dividends. The shares so credited to an award shall thereafter be included in and deemed a part of such award for the purpose of computing any future credit to the award pursuant to this Section 4.

On each date after termination of the participant's employment on which a dividend on the common stock of the Company shall be paid, the record date for which is after the date of a deferred award in stock and prior to the date of registration in the name of the participant of all the shares so payable in respect of such award, the Company shall pay to the participant with respect to any shares then payable in respect of the award, an amount in cash equal to the dividends which the participant would have received if such shares had been registered in his name on the record date for such dividends.

If a dividend on the common stock of the Company is made payable in property other than cash or common stock of the Company, the dividend equivalent with respect thereto shall be based on the fair market value of such property, as determined by the Committee in its discretion.

Section 5. Administration of the Plan. Full power to interpret, construe and administer the Plan shall, except as otherwise provided in the Plan, be vested in the Committee, which may adopt, alter, amend or revoke regulations for such purpose. The Board of Directors shall have the right to modify the Plan from time to time but no such modification shall, without prior approval of the stockholders, materially increase the amount available for awards, materially increase the benefits accruing to participants hereunder, materially modify the requirements regarding eligibility for participation in the Plan, or, without the consent of the participant affected, impair any award made prior to the effective date of the modification. Without limiting the generality of the foregoing, the Board of Directors, subject to the foregoing limitations, may amend or rescind any provision of the Plan and the Committee, subject to the foregoing limitations, may change the number of installments in which awards are payable, accelerate or defer the payment of installments, modify the conditions under which installments may be paid or modify the Plan to the extent that it determines that the provisions of Section 7, in whole or in part, are no longer required to preserve the deductibility of the payments thereunder under then applicable laws, rules, regulations and interpretations.

Section 6. General Provisions. Awards under the Plan shall constitute general obligations of the Company in accordance with the terms of the Plan and no recipient of an award shall be entitled to have his award satisfied out of any particular assets of the Company or out of any particular shares of treasury stock of the Company. No participant shall be deemed to be a stockholder with respect to any shares included in an award, prior to the registration of said shares in his name on the stock books of the Company.

Notwithstanding the foregoing, upon the direction of the Committee, the Company may by agreement with one or more trustees to be selected by the Committee, create a trust to receive and hold so many, as the Committee shall determine from time to time, of deferred awards made to

participants under the Plan and dividend equivalents credited thereon and to make payments of such awards to participants in accordance with the terms of the Plan. In the event the Committee elects to create such a trust, the Committee shall transfer and pay over to the trustee so many, as the Committee shall determine from time to time, of the deferred awards (whether in cash or common stock of the Company) and dividend equivalents presently held by the Company for the account of participants and deferred awards and dividend equivalents hereafter made under the terms of the Plan. The trustee will hold all such deferred awards and dividend equivalents thereon in accordance with the terms of the trust agreement which shall contain such terms and conditions (not inconsistent with the Plan) as the Committee may deem advisable; provided, however, that the trust agreement shall require that (i) the trustee is to make all distributions to participants in accordance with the terms of the Plan; (ii) all trust assets shall remain subject to the claims of the judgment creditors of the Company; and (iii) no trust assets will be returned to the Company (except to satisfy the claims of judgment creditors) until all distributions due to participants under the Plan have been paid or provided for.

Shares of common stock which are awarded or credited to awards shall be shares reacquired by the Company for this purpose and shall be valued for the purpose of the award or credit, as the case may be, at the average cost per share (including brokerage) of all shares awarded or credited at the same time. Adjustments shall be made in cash for any fractional shares which would otherwise be included in the award or credit.

The amount of cash and the number of shares to be included in each installment payable on a deferred basis shall be determined immediately prior to payment of the first installment on such basis by dividing the amount of cash and the number of shares which are payable on such basis by the number of installments in which the award is payable. In the event that the number of shares is not equally divisible by the number of installments, the number of shares to be included in each installment other than the last shall be the number which, when multiplied by the number of installments, most nearly equals but does not exceed the total number of shares payable, and the last installment shall consist of the total number of shares minus all shares to be made payable prior thereto.

Subject to Section 7, if at any time after the date of an award in stock but prior to payment in full of all shares included in the award, there shall be a split-up, combination or reclassification of the shares of common stock of the Company, or payment of a dividend on the common stock of the Company in shares of common stock of the Company, or a consolidation, merger or sale of substantially all of the assets of the Company, the Committee shall make such change in the number and class of shares thereafter payable in respect of such award as shall, in the judgment of the Committee, appropriately reflect the effect of such split-up, combination, reclassification, stock dividend, consolidation, merger or sale of assets.

Any taxes which are required to be withheld from payments shall be deducted and withheld by the Company. In the case of awards of common stock of the Company, the Committee may allow the participant to irrevocably elect to pay such withholding (up to the maximum marginal tax rate applicable to the award) (i) by cash or check, (ii) from any cash award then payable to the participant, (iii) using previously-owned shares of Company common stock or (iv) from the shares of Company common stock then payable to the participant. In the case of participants subject to Section 16(b) of the Exchange Act, such elections (i) may not be made within six months from the date of grant of the award, except in the event of death, disability, retirement or other termination of

employment of the participant, (ii) may be made either (a) during the period beginning on the third business day following the date of release of a summary statement of the Company's annual or quarterly sales and earnings and ending on the twelfth business day following such date of release or (b) by making an irrevocable election at least six months prior to the effective date of such election and (iii) may be disapproved by the Committee.

For the purposes of the Plan, retirement of a participant on January 1 of any year shall be deemed to have taken place as of December 31 of the preceding year.

Nothing contained in the Plan shall be deemed to limit or restrict the right of the Company and its subsidiaries to compensate any of their employees in whole or in part under separate commission or bonus plans or arrangements.

No right under the Plan shall be subject to anticipation, sale, assignment, pledge, encumbrance or charge without the consent of the Committee. If any participant shall be adjudicated a bankrupt or attempt to anticipate, sell, assign, pledge or encumber any right hereunder without such consent, the Committee in its discretion may terminate all rights of such participant and may hold or apply the unpaid balance of the award, or any part thereof, for the benefit of his legal representatives, spouse, children, or other dependents, or any of them, in such manner and in such proportions as the Committee may deem proper. Payment of any award assigned with the consent of the Committee shall, in the event of the death of the assignor, be paid as specified in such assignment which shall take precedence over the mode of payment specified in the fourth paragraph of Section 3.

Section 7. Procedures for Certain Designated Executives. Annual and Long-Term Incentive Awards of cash and common stock under the Plan for Designated Executives who may be "Covered Employees" within the meaning of Section 162 (m) of the Code shall be subject to preestablished performance objectives as set forth herein. Notwithstanding Section 6 hereof, the Committee shall not have discretion to modify the terms of awards to such Designated Executives except as specifically set forth in this Section 7. It is intended that all payments hereunder to Designated Executives who are Covered Employees will meet the requirements of 162 (m) and the regulations thereunder and will not be disallowed thereunder.

(a) Annual Incentive Awards. (i) Annual Target Amount. No later than ninety (90) days after the commencement of the calendar year to which the goal relates, the Committee shall establish target amounts for annual awards ("Annual Target Amounts") for such of the Designated Executives who may be "covered employees", payment of which shall be conditioned upon satisfaction of specific performance objectives for such calendar year established by the Committee in writing at the time of establishment of the Annual Target Amount. After the close of the calendar year, the Committee shall grant an award (the "Annual Incentive Award") based upon a percentage or multiple of the pre-established Annual Target Amount. The Annual Target Amount will be established in writing by the Committee and will either be a fixed amount or an amount determined pursuant to a formula. The extent to which the Annual Incentive Award will be payable will be based upon the degree of achievement of predetermined specific performance objectives over the calendar year; provided, however, that the Committee may, in its sole discretion, reduce the amount which would otherwise be payable (under which circumstances the participant will not have the right to receive the full Annual Incentive Award even if the annual performance objectives are met).

(ii) Annual Performance Objectives. The performance objectives ("Annual Performance Objectives") established in writing by the Committee at the time the Annual Target Amount is established will be comprised of specified annual levels of one or more of the following performance measures: earnings per share, sales, net profit after tax, gross profit, operating profit, unit volume, return on equity, change in working capital, return on capital or shareholder return.

(iii) Payment of Annual Incentive Awards. At the time the Annual Target Amount is established, the Committee shall prescribe a formula to determine the percentage of the Annual Target Amount which may be payable based upon the degree of attainment of the Annual Performance Objectives, which shall be determined as of the last day of the calendar year. Prior to payment of any Annual Incentive Awards, the Committee must certify the degree of attainment of the applicable Annual Performance Objectives. Payments shall be made in cash or shares in accordance with the prescribed formula in amounts ranging from 0% to 200% of the Annual Target Amount.

(iv) Maximum Payable. The maximum amount payable to such Designated Executives for a given calendar year as an Annual Incentive Award is \$2,000,000 in cash. The maximum amount will be adjusted annually to reflect increases in the Consumer Price Index-U published by the Bureau of Labor Statistics for each twelve month period commencing January 1.

(b) Long-Term Incentive Awards. (i) Long-Term Target Amount. No later than ninety (90) days after the commencement of a measurement period the Committee shall establish target amounts for long-term awards (the "Long-Term Target Amount") to such of the Designated Executives who may be "covered employees", payment of which shall be conditioned upon satisfaction of specific performance objectives measured over a period of greater than one year established by the Committee in writing at the time of establishment of the Long-Term Target Amount. After the expiration of the applicable measurement period, the Committee shall grant to each Designated Executive an award (the "Long-Term Incentive Award") based upon a percentage or multiple of the Long Term Target Amount. The Long-Term Target Amount will be established in writing by the Committee and will either be a fixed amount or an amount determined pursuant to a formula. The Long-Term Target Amount may be denominated either in terms of a target dollar amount or a specified target number of shares of common stock of the Company and may be payable in cash or common stock of the Company regardless of the denomination of the Long-Term Target Amount. The extent, if any, to which a Long-Term Incentive Award will be payable will be based upon the degree of achievement of predetermined performance objectives over a specified measurement period; provided, however, that the Committee may, in its sole discretion, reduce the amount which would otherwise be payable upon expiration of the measurement period (under which circumstances the participant will not have the right to receive the full amount of such Long-Term Incentive Award even if the long-term performance objectives are met).

(ii) Measurement Period. The measurement period will be a period of three calendar years, unless a longer or shorter period is otherwise selected and established in writing by the Committee at the time any Long-Term Target Amount is established (the period so specified being hereinafter referred to as the "Measurement Period").

(iii) Long-Term Performance Objectives. The performance objectives for any Measurement Period ("Long-Term Performance Objectives") established in writing by the Committee at the time the Long-Term Target Amount is established will be comprised of specified levels of one or more of the following performance measures: earnings per share, sales, net profit after tax, gross profit, operating profit, unit volume, return on equity, change in working capital, return on capital or shareholder return.

(iv) Payment of a Long-Term Incentive Award. At the time the Long-Term Target Amount is established, the Committee shall prescribe a formula to determine the percentage of the Long-Term Target Amount which may be payable based upon the degree of attainment of the Long-Term Performance Objectives which shall be determined as of the last day of the Measurement Period. Prior to payment of any Long-Term Incentive Awards, the Committee must certify the degree of attainment of the applicable Long-Term Performance Objectives. Payments of Long-Term Incentive Awards shall be made in accordance with the prescribed formula in amounts ranging from 0% to 175% of the Long-Term Target Amount. To the extent a Long-Term Target Amount is denominated in shares, after such Long-Term Target Amount is established and prior to the payment of the applicable Long-Term Incentive Award, the amount of shares payable to a Designated Executive will be adjusted to reflect a change in corporate capitalization such as a stock split or a corporate transaction such as a merger, spin-off or corporate split-up, reorganization, consolidation or partial or complete liquidation.

(v) Maximum Payable. The maximum amount payable to a Designated Executive for a given Measurement Period as a Long-Term Incentive Award is 50,000 shares of common stock of the Company. The maximum will be adjusted to reflect a change in corporate capitalization such as a stock split-up or a corporate transaction such as a merger or sale of stock or assets, reorganization, consolidation or partial or complete liquidation.

Section 8. Effective Date. The Plan shall be effective for the year 1962 and for each year thereafter until terminated by the Board of Directors.

U.S. \$400,000,000

Dated as of January 8, 1995

Among

COLGATE-PALMOLIVE COMPANY

as Borrower

and

THE BANKS NAMED HEREIN

as Banks

and

CITIBANK, N.A.

as Agent

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- Exhibit A-1 - Form of A Note
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- Exhibit D - Form of Opinion of Counsel for the Borrower
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- Schedule I - List of Applicable Lending Offices
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CREDIT AGREEMENT

Dated as of January 8, 1995

COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the banks (the "Banks") listed on the signature pages hereof and Citibank, N.A., as agent (the "Agent") for the Lenders (as herein 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):

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

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

"A Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the A Advances made by such Lender.

"Adjusted CD Rate" means, for any Interest Period for each Adjusted CD Rate Advance comprising part of the same A Borrowing, an interest rate per annum equal to the sum (rounded upward to the nearest whole multiple of 1/100 of 1% per annum, if such sum is not such a multiple) of:

(a) the rate per annum obtained by dividing (i) the rate of interest equal to the consensus bid rate determined by the Reference Bank for the bid rates per annum, at 9:00 A.M. (New York City time) (or as soon thereafter as practicable) one Business Day before the first day of such Interest Period, of New York certificate of deposit dealers of recognized standing selected by the Reference Bank for the purchase at face value of certificates of deposit of the Reference Bank in an amount substantially equal to the Reference Bank's Adjusted CD Rate Advance comprising part of such A Borrowing and with a maturity equal to such Interest Period, by (ii) a percentage equal to 100% minus the Adjusted CD Rate Reserve Percentage (as defined below) for such Interest Period, plus

(b) the Assessment Rate (as defined below) for such Interest Period.

The "Adjusted CD Rate Reserve Percentage" for the Interest Period for each Adjusted CD Rate Advance comprising part of the same A Borrowing means the reserve percentage applicable one Business Day before the first day of such Interest Period 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, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of or including (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period. The "Assessment Rate" for the Interest Period for each Adjusted CD Rate Advance comprising part of the same A Borrowing means the annual assessment rate estimated by the Reference Bank one Business Day before the first day of such Interest Period for determining the then current annual assessment payable by the Reference Bank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of the Reference Bank in the United States. The Adjusted CD Rate for the Interest Period for each Adjusted CD Rate Advance comprising part of the same A Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Bank one Business Day before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Adjusted CD Rate Advance" means an A Advance which bears interest as provided in Section 2.07(b).

"Advance" means an A Advance or a B Advance.

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

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank, N.A. with its office at 1 Court Square, 7th Floor, Long Island City, New York 11120, Account No. 3685 2248, Attention: John Makrinos.

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

such Lender notified by such Lender to the Borrower as its Applicable Lending Office with respect to such B Advance.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Borrower and the Agent, in substantially the form of Exhibit C hereto.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"B Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a B Advance made by such Lender.

"B Reduction" has the meaning specified in Section 2.01.

"Base Rate" means a fluctuating interest rate per annum as shall be 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 the Reference Bank in New York, New York, from time to time, as its base or prime rate;

(b) 1/4 of one percent per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average being determined weekly on each Monday (or, if any such date is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by the Reference Bank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of the average of the quotations for such rates received by the Reference Bank from three New York certificate of deposit dealers of recognized standing selected by it, in either case adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent; and

(c) 1/2 of 1% per annum above the Federal Funds Rate.

"Base Rate Advance" means an A Advance which bears interest as provided in Section 2.07(a).

"Borrowing" means an A Borrowing or a B Borrowing.

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

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

"CD Lending Office" means, with respect to any Lender, the office of such Lender specified as its "CD Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower.

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

"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, at any time, the excess of (a) all assets which appear on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries prepared in accordance with generally accepted accounting principles, after deducting therefrom the sum of:

(i) the book amount appearing on such consolidated balance sheet of good will, trademarks, trademark rights, trade names, trade name rights, copyrights, patents, patent rights, licenses, unamortized debt discount and expense and other like intangibles;

(ii) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to December 31, 1993, except write-ups of assets located outside of the United States of America pursuant to applicable law or custom;

(iii) all reserves, including reserves for deferred taxes, depreciation, obsolescence, depletion, insurance and inventory valuation, but excluding contingency reserves not allocated for any particular purpose and not deducted from assets;

(iv) the amount, if any, at which any shares of capital stock

of the Borrower appear on the asset side of such consolidated balance sheet; and

(v) the amount of the minority interest, if any, in the shares of stock and surplus of any Consolidated Subsidiary;

over (b) all current liabilities of the Borrower and its Consolidated Subsidiaries on a consolidated basis.

"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.

"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.

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

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower.

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

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

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

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

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue 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(f)(1) of ERISA are satisfied; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

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

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum at which deposits in U.S. dollars are offered by the principal office of the Reference Bank in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to the Reference Bank's Eurodollar Rate Advance comprising part of such Borrowing (or, if such Borrowing is a B Borrowing, equal to \$1,000,000) and for a period equal to such Interest Period. The Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Bank two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Eurodollar Rate Advance" means an A Advance which bears interest as provided in Section 2.07(c) or a B Advance which bears interest as provided in Section 2.03(h) for a Quoted Margin Advance.

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

"Existing Bank Agreements" means, collectively, the U.S.\$250,000,000 364- Day Credit Agreement dated as of April 8, 1994 among the Borrower and the Banks named therein and the U.S.\$500,000,000 Five Year Credit Agreement dated as of April 8, 1994 among the Borrower and the Banks named therein.

"Events of Default" has the meaning specified in Section 6.01.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Reference Bank from three Federal funds brokers of recognized standing selected by it.

"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 30, 60, 90 or 180 days in the case of an Adjusted CD Rate Advance, and 1, 2 or 3 weeks or one month in the case of a Eurodollar Rate Advance, or in the case of a B Advance, such number of days as the Borrower may select by notice received by the 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, in the case of Eurodollar Rate Advances, and the second Business Day prior to such first day in the case of Adjusted CD Rate Advances; provided, however, that:

(i) the Borrower may not select any Interest Period which ends after the Termination Date;

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

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of

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

(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.

"Lenders" means the Banks listed on the signature pages hereof and each assignee that shall become a party hereto pursuant to Section 8.07 or Section 2.11(c).

"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 2.5% of Consolidated Net Tangible Assets.

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

"Material Adverse Effect" means a material adverse effect on the business, condition or operations of the Borrower and its Consolidated Subsidiaries taken as a whole.

"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 an A Note or a B Note.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(b).

"Offer" has the meaning specified in Section 2.03(c).

"Operating Cash Flow" of the Borrower and its Subsidiaries for any period means (A) net income for such period plus (B) the sum of all non-cash expenses and charges deducted in arriving at net income for such period, including but not limited to allowances for depreciation and amortization and accruals for interest and taxes to the extent that they exceed payments for interest and taxes during the period, less (C) (i) all payments of interest and taxes during the period to the extent that they exceed accruals for interest and taxes for the period and (ii) other payments of expenses not deducted in arriving at net income for the period and (D) less net gains or plus net losses from the sale or other disposition of fixed assets or businesses for the period, to the extent they were included in computing net income for the period, but the Borrower may exclude from the computation under this clause (D) any gains from the sale of certain parcels of real estate in New Jersey pursuant to its present program to develop and sell them over a period of years; provided that the aggregate number of parcels in the program shall not exceed 35.

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

"Person" means an individual, partnership, corporation (including a business trust), 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 2.5% 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.

"Quoted Margin", "Quoted Margin Advance", "Quoted Rate" and "Quoted Rate Advance" shall have the respective meanings specified in Section 2.03(b).

"Reference Bank" means Citibank, N.A.

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

"Rentals" with respect to any lease and for any period means the aggregate amounts payable by the lessee pursuant to the terms of the lease for such period, whether or not referred to as rent. Whenever it is necessary to determine the amount of Rentals for any period in the future and to the extent that such Rentals are not definitely determinable by the terms of the lease, for the purpose of this definition such Rentals may be estimated in such reasonable manner as the Borrower may determine.

"Required Lenders" means at any time Lenders holding at least 66-2/3% of the then aggregate unpaid principal amount of the A Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 66-2/3% of the Commitments (provided that, for purposes hereof, neither the Borrower, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the A Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the A Advances or the total Commitments).

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

"S&P" means Standard & Poor's Corporation or any successor to its business of rating long-term debt.

"Sale and Leaseback Debt" of any Person means, at the date of determination thereof, the aggregate amount of Rentals required to be paid by such Person under all Sale and Leaseback Transactions to which such Person is a party during the respective remaining terms thereof (after giving effect to any renewals and extensions at the option of the lessor) discounted from the respective dates of payment of such Rentals to such date of determination at the actual interest factor included in such Rentals or, if such interest factor cannot be readily determined, at an interest factor calculated in such manner as the Borrower shall reasonably determine; provided, however, that if any portion of the net proceeds of the sale of the property leased pursuant to a Sale and Leaseback Transaction has been or is being applied as provided in Section 5.02(b)(ii) and/or Section 5.02(b)(iii), there shall be excluded in determining Sale and Leaseback Debt that portion of the discounted Rentals required to be paid under such Sale and Leaseback Transaction which bears the same ratio to the total discounted Rentals required to be paid under such Sale and Leaseback Transaction as the portion of such net proceeds which has been or is being applied as provided in Section 5.02(b)(ii) and/or Section 5.02(b)(iii) bears to the total amount of such net proceeds.

"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.

"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 (x) each Subsidiary which is a Principal Domestic Subsidiary by operation of clause (i), (ii) or (iii) of the definition of Principal Domestic Subsidiary, and (y) each other Subsidiary whose assets as at the end of the fiscal year immediately preceding the time of determination exceeded 2% of consolidated assets of the Borrower and its Subsidiaries as at the end of such fiscal year.

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

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

"Termination Date" means the earlier of (a) January 31, 1995 and (b) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

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

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

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

## ARTICLE II AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The A Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to the Borrower or a 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 not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the B Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "B Reduction"). Each A Borrowing shall be in an aggregate amount not less than \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof (unless the aggregate amount of the unused Commitments is less than \$25,000,000, in which case such Borrowing shall be equal to the aggregate amount of the unused Commitments) and shall consist of A Advances of the same Type and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, repay pursuant to Section 2.06 or prepay pursuant to Section 2.10 or 2.11(b) and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice given by the Borrower or a Borrowing Subsidiary, as the case may be, and received by the Agent, which shall give prompt notice thereof to each Lender by telecopier or telex, not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed A Borrowing in the case of Eurodollar Rate Advances, on the second Business Day prior to such date in the case of Adjusted CD Rate Advances, or the same Business Day in the case of Base Rate Advances. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be given by telecopier, telex or cable, confirmed immediately by hand or by mail, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of Adjusted CD Rate Advances or Eurodollar Rate Advances, the Interest Period for each such A 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 A Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in immediately available funds, such Lender's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will promptly make such funds available to the Borrower at the 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 Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, the Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for the portion of such Borrowing advanced by the Lender which has provided the notice described above or the portion of any



subsequent Borrowing advanced by such Lender shall be suspended until such Lender shall notify the Agent and the Agent will notify the Borrower that the circumstances causing such suspension no longer exist, and each such Advance shall be a Base Rate Advance;

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

(iii) if the Required Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Agent that the Eurodollar Rate for Eurodollar Rate Advances comprising such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Borrowing, the Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended, and each Advance comprising such Borrowing shall be a Base Rate Advance. The Lenders will review regularly the circumstances causing such suspension, and as soon as such circumstances no longer exist the Required Lenders will notify the Agent and the Agent shall notify the Borrower that such suspension is terminated.

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrower or Borrowing Subsidiary, as the case may be. In the case of any A Borrowing that the related Notice of A Borrowing specifies is to be comprised of Adjusted CD Rate Advances or Eurodollar Rate Advances, the Borrower or Borrowing Subsidiary, as the case may be, shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A 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 A Advance to be made by such Lender as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any A Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such A Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the 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 Agent, such Lender and the Borrower severally agree to repay to the 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 Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the 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 A Advance to be made by it as part of any A Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its A Advance on the date of such A Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the A Advance to be made by such other Lender on the date of any A Borrowing.

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower or a Borrowing Subsidiary, as the case may be, may request B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring (i) one day prior to the Termination Date in the case of a Quoted Rate Advance (as defined below) or (ii) one week prior to the Termination Date in the case of a Quoted Margin Advance (as defined below), in the manner set forth below; provided that, following the making of each B Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any B Reduction).

(b) The Borrower or a Borrowing Subsidiary, as the case may be, may request a B Borrowing under this Section 2.03 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately by hand or by mail, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying:

(i) the date and aggregate amount of the proposed B Borrowing (which shall not be less than \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof; provided that if the aggregate amount of the unused Commitments is less than \$25,000,000, the amount of such proposed Borrowing shall be equal to the aggregate amount of the unused Commitments),

(ii) whether each Lender should quote (x) a rate of interest (a "Quoted Rate") to be the entire rate applicable to the proposed B Advance (a "Quoted Rate Advance") or (y) a marginal per annum rate (a "Quoted Margin") to be added to the Eurodollar Rate for an Interest Period equal to the term of the proposed B Borrowing (a "Quoted Margin Advance"),

(iii) the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be later than the

Termination Date),

(iv) the interest payment date or dates relating thereto, and

(v) any other terms to be applicable to such B Borrowing,

not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed B Borrowing, in the case of a Quoted Rate Advance and (B) at least five Business Days prior to the date of the proposed B Borrowing, in the case of a Quoted Margin Advance. The Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower or a Borrowing Subsidiary, as the case may be, by sending such Lender a copy of the related Notice of B Borrowing.

(c) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more B Advances to the Borrower or Borrowing Subsidiary, as the case may be, as part of such proposed B Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by delivering written notice (an "Offer") to the Agent (which shall give prompt notice thereof to the Borrower or Borrowing Subsidiary, as the case may be) before 9:30 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Quoted Rate Advance and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Quoted Margin Advance, specifying (x) the minimum amount and maximum amount of each B Advance which such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to Section 2.03(a), exceed such Lender's Commitment, if any), (y) a Quoted Rate or a Quoted Margin therefor (as requested by the Notice of B Borrowing) and (z) such Lender's Applicable Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such Offer, it shall notify the Borrower of such Offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make an Offer, such Lender shall so notify the Agent before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing.

(d) The Borrower or Borrowing Subsidiary, as the case may be, shall, in turn, (A) before 10:30 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Quoted Rate Advance and (B) before 11:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Quoted Margin Advance, either

(i) cancel such B Borrowing by giving the Agent notice to that effect, and such B Borrowing shall not be made, or

(ii) accept one or more of the Offers made by any Lender or Lenders pursuant to paragraph (c) above, in its sole discretion, by giving notice to the Agent of the amount of each B Advance to be made by each Lender as part of such B Borrowing (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, offered to the Borrower or Borrowing Subsidiary, as the case may be, by the Agent on behalf of such Lender for such B Advance in such Lender's notice given pursuant to subsection (c) above), and such notice shall reject any remaining Offers made by Lenders pursuant to subsection (c) above, provided that (x) the Borrower or Borrowing Subsidiary, as the case may be, shall not accept Offers for an aggregate principal amount of B Advances in excess of the aggregate principal amount stated in the Notice of B Borrowing, (y) the Borrower or Borrowing Subsidiary, as the case may be, shall not accept any Offer unless all Offers specifying a lower Quoted Rate or Quoted Margin, as the case may be, are also accepted, and (z) if all Offers specifying the same Quoted Rate or Quoted Margin, as the case may be, are not accepted in full, the Borrower or Borrowing Subsidiary, as the case may be, shall apportion its acceptances among such Offers in proportion to the respective principal amounts of such Offers (rounded, where necessary, to the nearest \$1,000,000).

(iii) If the Borrower notifies the Agent that such B Borrowing is cancelled pursuant to paragraph (d)(i) above, the Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(e) If the Borrower accepts one or more of the Offers, the Agent shall in turn promptly (but in any event, not later than 11:30 A.M. on such date) notify (i) each Lender that has made an Offer, of the date and aggregate amount of such B Borrowing and whether or not any Offer made by such Lender has been accepted by the Borrower, (ii) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (iii) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (i) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (iii) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in immediately available funds, such Lender's portion of such B Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds promptly available to the Borrower at the Agent's address referred to in Section 8.02. Promptly after each B Borrowing the Agent will notify each Lender of the amount of the B Borrowing, the consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(f) If the Borrower notifies the Agent that it accepts one or more of the Offers made by any Lender or Lenders pursuant to paragraph (d)(ii) above, such notice of acceptance shall be irrevocable and binding on the Borrower. The

Borrower 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 the related Notice of B Borrowing for such B 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 B Advance to be made by such Lender as part of such B Borrowing when such B Advance, as a result of such failure, is not made on such date.

(g) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (h) below, and reborrow under this Section 2.03, provided that a B Borrowing shall not be made within two Business Days of the date of any other B Borrowing.

(h) The Borrower shall repay to the Agent for the account of each Lender that has made a B Advance, or for the account of each other holder of a B Note, on the maturity date of such B Advance (such maturity date being that specified by the Borrower for repayment of such B Advance in the related Notice of B Borrowing and provided in the B Note evidencing such B Advance), the then unpaid principal amount of such B Advance. The Borrower shall have no right to prepay any principal amount of any B Advance.

(i) The Borrower shall pay interest on the unpaid principal amount of each B Advance from the date of such B Advance to the date the principal amount of such B Advance is repaid in full, at (x) the Quoted Rate, in the case of a Quoted Rate Advance, and (y) at the sum of the Eurodollar Rate for the Interest Period of such B Advance plus the Quoted Margin, in the case of a Quoted Margin Advance, in each case as specified for such B Advance by the Lender making such B Advance in its Offer with respect thereto, payable on the interest payment date or dates specified by the Borrower for such B Advance in the related Notice of B Borrowing and set forth in the B Note evidencing such B Advance.

(j) The indebtedness of the Borrower resulting from each B Advance made to the Borrower as part of a B Borrowing shall be evidenced by a separate B Note of the Borrower payable to the order of the Lender making such B Advance.

(k) Upon delivery of each Notice of B Borrowing, the Borrower shall pay a non-refundable fee to the Agent for its own account in such amount as shall have been agreed to in writing by the Borrower and the Agent.

SECTION 2.04. Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee on the average daily amount of such Lender's 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 Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date, payable in arrears and on the Termination Date, computed from time to time at the rate per annum set forth below opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

Moody's	S&P	Facility Fee
A3 or above	A- or above	.0900%
Baa1 or below, or unrated	BBB+ or below, or unrated	.1500%

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the 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 (other than a reduction pursuant to Section 2.11) shall be in the aggregate amount of \$25,000,000 or an integral multiple thereof.

SECTION 2.06. Repayment of A Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall repay to the Agent for the ratable account of the Lenders (a) on the Termination Date, the unpaid principal amount of each Base Rate Advance made to the Borrower or Borrowing Subsidiary, as the case may be, and (b) on the last day of the Interest Period for each other A Advance made to the Borrower or Borrowing Subsidiary, as the case may be, the unpaid principal amount of such A Advance.

SECTION 2.07. Interest on A Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay interest on the unpaid principal amount of each A Advance made by each Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Base Rate Advances. If such A 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 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) Adjusted CD Rate Advances. If such A Advance is an Adjusted CD Rate Advance, a rate per annum equal during the Interest Period for such A Advance to the sum of the Adjusted CD Rate for such Interest Period plus the per annum rate equal from time to time to the rate set forth

below opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

Moody's	S&P	Rate
A3 or above	A- or above	.3600%
Baa1 or below, or unrated	BBB+ or below, or unrated	.4750%

payable on the last day of such Interest Period and, if such Interest Period has a duration of more than 90 days, on each day which occurs during such Interest Period every 90 days 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 A 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.

(c) Eurodollar Rate Advances. If such A Advance is a Eurodollar Rate Advance, a rate per annum equal during the Interest Period for such A Advance to the sum of the Eurodollar Rate for such Interest Period plus the per annum rate equal from time to time to the rate set forth below opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

Moody's	S&P	Rate
A3 or above	A- or above	.2350%
Baa1 or below, or unrated	BBB+ or below, or unrated	.3500%

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 A 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 2.08. Additional Interest on Eurodollar Rate Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and the Borrower or Borrowing Subsidiary, as the case may be, shall be notified of such additional interest.

SECTION 2.09. Interest Rate Determination. (a) The Reference Bank agrees to furnish to the Agent timely information for the purpose of determining the Base Rate from time to time in effect and each Adjusted CD Rate or Eurodollar Rate, as applicable.

(b) The Agent shall give prompt notice to the Borrower or Borrowing Subsidiary and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.03(i)(y) or Section 2.07, and the rate, if any, furnished by the Reference Bank for the purpose of determining the interest rate.

(c) If no Reference Bank furnishes timely information to the Agent for determining the Base Rate in effect from time to time when Base Rate Advances are outstanding, the Agent shall immediately give notice to each Lender and the Required Lenders shall immediately designate an additional Reference Bank for the purpose of determining the Base Rate, but such designation shall terminate if a replacement Reference Bank is nominated and approved as provided in the following sentence. Whenever a Reference Bank either ceases to be a Lender or repeatedly fails to give timely information to the Agent for determining the Base Rate, the Adjusted CD Rate or the Eurodollar Rate, the Agent will give prompt notice thereof to the Lenders and will nominate another Lender to replace such Reference Bank, and such Lender shall, if approved by the Required Lenders and the Borrower, replace such Reference Bank.

SECTION 2.10. Prepayments of A Advances. The Borrower or Borrowing Subsidiary, as the case may be, may, upon notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, or if the Borrower or Borrowing Subsidiary, as the case may be, is required to prepay any A Advance pursuant to Section 2.11(c) or 5.02(b)(ii) hereof, the Borrower or Borrowing Subsidiary, as the case may be, shall, prepay the outstanding principal amounts of the A Advances comprising part of the same A Borrowing in whole or ratably in part (provided that with regard to prepayments made pursuant to Section 2.11(c), the Borrower or such Borrowing Subsidiary shall be required to prepay only the outstanding principal amounts of the A Advances owing to the Lender or Lenders affected by Section 2.11(c)), 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 Agent not later than 11:00 A.M. (New York City time), on the third Business Day prior to the date of the proposed prepayment in the case of Eurodollar Rate Advances, on the second Business Day prior to such date in the case of Adjusted CD Rate Advances or on the Business Day prior to such date in the case of Base Rate Advances. Except for prepayments made pursuant to Section 2.11(c) or 5.02(b), each partial prepayment shall be in an aggregate principal amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and any partial prepayment of any Adjusted CD Rate Advances or Eurodollar Rate Advances shall not leave outstanding less than \$25,000,000 aggregate principal amount of such A Advances comprising part of any A Borrowing.

SECTION 2.11. 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 Adjusted CD Rate Advances, included in the Adjusted CD Rate Reserve Percentage or, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the costs to any Lender of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances or Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the 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 Agent by such Lender, setting forth in reasonable detail the calculation of the increased costs, shall be conclusive and binding for all purposes, absent manifest error.

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

(c) Within 30 days after the receipt of (A) notice from a Lender as described in Section 2.02(b)(i), or (B) a demand for compensation from a Lender under subsection (a) or (b) above, the Borrower may, by at least three Business Days' notice to the Agent, terminate the Commitment (in whole but not in part) of any Lender which has provided such notice under Section 2.02(b)(i), or demanded compensation under subsection (a) or (b) above in an amount (expressed as a percentage per annum of its unused Commitment) which exceeds the compensation demanded by the other Lenders, provided that (i) the Borrower shall first pay to the Agent for the account of such Lender all compensation required to be paid under subsection (a) or (b) above accrued to the termination date of such Commitment, (ii) the Borrower shall first prepay all outstanding A Advances owing to such Lender in accordance with the provisions of Section 2.10 hereof, (iii) the Borrower shall not terminate the Commitment of any Lender under this subsection unless it also terminates the Commitment of all other Lenders providing similar notice to the Agent under Section 2.02(b)(i) or demanding compensation at a rate equal to or higher than that demanded by such Lender under subsection (a) or (b) above, and (iv) the Borrower shall not take any action under this subsection which would reduce the aggregate of the Commitments below the aggregate of the Advances outstanding. Effective with such termination, the Borrower may substitute for such Lender one or more other banks or entities which will assume the Commitment and other obligations hereunder of such terminated Lender or Lenders, and will become a Lender or Lenders hereunder upon executing an assumption agreement in form and substance reasonably satisfactory to the Borrower and the Required Lenders.

SECTION 2.12. Payments and Computations. (a) The Borrower or Borrowing Subsidiary, as the case may be, shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in immediately available funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or utilization or facility fees ratably (other than amounts payable pursuant to Section 2.03, 2.11, 2.14 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 Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender's assignee thereunder, and the parties to such Assignment and Acceptance 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 Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Adjusted CD Rate, the Eurodollar Rate, a Quoted Rate or the Federal Funds Rate and of commitment fees and facility fees shall be made by the 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 Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

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

(e) Unless the 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 Agent may assume that the Borrower has made such payment in full to the Agent on such date and the 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 Agent, each Lender shall repay to the 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 Agent, at the Federal Funds Rate.

(f) The date and amount of each A Advance owing to each Lender, the date on which it is due, the interest rate applicable thereto and any prepayments thereof shall be recorded by the Agent in the Register, which shall be presumptive evidence thereof, whether or not the same is endorsed on the grid annexed to such Lender's A Note.

SECTION 2.13. Taxes. (a) Subject to subsection (f) below, any and all payments hereunder or under the A Notes shall be made, in accordance with Section 2.12, (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 (w) in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by any jurisdiction under the laws of which such Lender or the 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, (x) in the case of each Lender and the 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 Agent (as the case may be) (other than as a result of such Lender's or the Agent's having entered into this Agreement, performing hereunder or enforcing this Agreement), (y) 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 and (z) Other Taxes as defined in subsection (b) below, (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower or any Borrowing Subsidiary shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any A Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13) such Lender or the 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 the A Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the A Notes (hereinafter referred to as "Other Taxes"). Each Bank and the Agent represents that at the date of this Agreement it is not aware of any Other Taxes applicable to it. Each Lender and the 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 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 2.13) paid by such Lender or the 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

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 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. If no such Taxes are payable in respect of any payment hereunder or under the A Notes, the Borrower or such Borrowing Subsidiary will at the request of a Lender or the Agent furnish to the Agent, an opinion of counsel for the Borrower or such Borrowing Subsidiary stating that such payment is exempt from or not subject to Taxes.

(e) Each Lender and the 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 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 Agent hereunder and under the A Notes, if the Lender or the Agent is entitled to such an exemption or reduction.

(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 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 1001 or Form 4224 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 the A Notes. If as a result of an erroneous certification made by a Lender or the Agent, the Borrower or such Borrowing Subsidiary makes a payment to it without deduction for United States withholding taxes, but would have made such a deduction had such certification not been erroneous and the Borrower or such Borrowing Subsidiary subsequently is required to account, and does account, to the United States tax authorities for any amount which should have been deducted, such Lender or the Agent (as the case may be) shall pay to the Borrower or such Borrowing Subsidiary an amount sufficient to reimburse the Borrower or such Borrowing Subsidiary for such amount.

(g) At the request of a Borrower or a Borrowing Subsidiary, any Lender claiming any additional amounts payable pursuant to this Section 2.13 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) 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 2.13 shall survive the payment in full of principal and interest hereunder and under the A 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 2.14. 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 A Advances (whether for principal, interest, fees or otherwise) made by it (other than pursuant to Section 2.08, 2.11 or 2.13) in excess of its ratable share of payments on account of the A Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the A 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 2.14 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.

### ARTICLE III CONDITIONS OF LENDING

SECTION 3.01. Condition Precedent to Initial Advances. The obligation of each Lender to make its initial Advance is subject to the condition precedent that the Agent shall have received, on or before the date of such Advance, the following, each dated such date, in form and substance satisfactory to each Lender and (except for the Notes) in sufficient copies for each Lender:

(a) The A Note and, if applicable, the B Note payable to the order of such Lender.

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

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

(d) A certificate of a duly authorized officer of the Borrower certifying that the representations and warranties contained in Section 4.01 are correct 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 an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

(e) A favorable opinion of the General Counsel or an Associate General Counsel of the Borrower, substantially in the form of Exhibit D hereto.

(f) A favorable opinion of Shearman & Sterling, counsel for the Agent, substantially in the form of Exhibit E hereto.

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

(i) The representations and warranties contained in Section 4.01 are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) No event has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

provided, however, that, on the occasion of an A Borrowing which would not increase the aggregate outstanding amount of A Advances owing to each Lender over the aggregate outstanding amount of A Advances owing to such Lender immediately prior to making such A Borrowing, the statements set forth in subsections (i) and (ii) above shall be modified as follows:

(i) In subsection (i) the phrase "(excluding those contained in the last sentence of subsection (e) and in subsection (f) thereof)" shall be inserted immediately after "Section 4.01"; and

(ii) In subsection (ii) the words "or would constitute an Event of Default but for the requirement that notice be given or time elapse or both" shall be omitted;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request, evidencing the accuracy of the representations and warranties and compliance with other conditions of lending.

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender which is to make a B Advance on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of B Borrowing with respect thereto, (ii) on or before the date of such B Borrowing, but prior to such B Borrowing, the Agent shall have received a B Note payable to the order of such Lender for each of the one or more B Advances to be made by such Lender as part of such B Borrowing, each in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.03, and (iii) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower or any Borrowing Subsidiary of the proceeds of such B Borrowing shall constitute a representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.01 are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) No event has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and

(c) The information concerning the Borrower that has been provided in writing to the Agent by the Borrower in connection herewith as required by the provisions of this Agreement did not include an untrue



statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided that with regard to any information delivered to a Lender pursuant to Section 5.01(e)(vii), the representation and warranty in this Section 3.03(c) shall apply only to such information that is specifically identified to the Borrower at the time the request is made as information (i) that may be delivered to a purchaser of a B Note, or (ii) that is otherwise requested to be subject to this Section 3.03(c).

SECTION 3.04. 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 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) law or any 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, 1993 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 an opinion of Arthur Andersen & Co., independent public accountants, 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 disclosed to each of the Lenders in writing prior to the date hereof, since December 31, 1993 there has been no Material Adverse Change.

(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 on Schedule 4.01(f) (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or Guaranty, 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 on Schedule 4.01(f) which is reasonably likely to have a Material Adverse Effect.

(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 the imposition of a lien in excess of \$25,000,000 on the assets of the

Borrower and/or any of its ERISA Affiliates in favor of the PBGC or the Plan or in a requirement that the Borrower or any of its ERISA Affiliates provide security to the Plan in an amount exceeding \$25,000,000.

(k) The most recently filed Schedule B (Actuarial Information) annual report (Form 5500 Series) for each Plan was complete and accurate and fairly presented the funding status of such Plan as of the date of such Schedule B, and since the date of such Schedule B, 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 or has been terminated, within the meaning of Title IV of ERISA, which in either 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, which in either 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 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) Each of the Existing Bank Agreements remains in full force and effect and the commitments thereunder remain available to the Borrower for borrowing an aggregate amount of not less than \$400,000,000.

#### ARTICLE V COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Note 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(c); provided, however, that the Borrower or any Significant Subsidiary shall not be required to preserve the corporate existence of any Significant Subsidiary if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Significant Subsidiary, as the case may be, and that the liquidation thereof is not disadvantageous in any material respect to the Lenders.

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

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

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

(e) Reporting Requirements. Furnish to each Lender:

(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 or chief financial officer of the Borrower;

(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 Arthur Andersen & Co. or other independent public accountants acceptable to the Required Lenders;

(iii) concurrently with the financial statements delivered pursuant to clause (ii) above, a certificate of the Treasurer, principal financial officer or the principal accounting officer of the Borrower, and concurrently with the financial statements delivered pursuant to clause (i) above, a certificate of the Treasurer or 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 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 knowledge, (x) neither an Event of Default nor an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default has occurred, or (y) if any such Event of Default or event exists, specifying such Event of Default or event, 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 Event of Default and each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to its security holders generally, and copies of all publicly available reports and registration statements except registration statements on Form S-8 which the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(vi) promptly after the filing or receiving thereof each notice that the Borrower or any Subsidiary receives from the PBGC regarding the Insufficiency of any Plan, and, to any Lender requesting same, copies of each Form 5500 annual return/report (including Schedule B thereto) filed with respect to each Plan under ERISA with the Internal Revenue Service;

(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 Agent may from time to time reasonably request; and

(viii) promptly after any corporation shall become a Principal Domestic Subsidiary, written notice thereof, including the name of such corporation, the jurisdiction of its incorporation and the nature of its business.

SECTION 5.02. Negative Covenants. So long as any Note 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 Notes 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 \$10,000,000 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 120 days after the acquisition thereof or prior to, at the time of or within 120 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 sum of (A) 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 Notes plus (B) the aggregate amount of all outstanding Sale and Leaseback Debt of the Borrower and its Principal Domestic Subsidiaries, 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 Notes 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 Notes have been secured in accordance with such requirements.

(b) Sale and Leaseback Transactions. The Borrower will not, and will not permit any Principal Domestic Subsidiary to, enter into any Sale and Leaseback Transaction unless either:

(i) immediately after giving effect to such Sale and Leaseback Transaction, the sum of (A) the aggregate amount of all outstanding Sale and Leaseback Debt of the Borrower and its Principal Domestic Subsidiaries and (B) 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 Section 5.02(a) and which do not equally and ratably secure the Notes, shall not exceed 15% of Consolidated Net Tangible Assets; or

(ii) within 90 days after the effective date of such Sale and Leaseback Transaction, the Borrower shall apply or cause to be applied an amount equal to the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction to the prepayment or other retirement (other than any mandatory prepayment or retirement) of the A Notes in accordance with the provisions of Section 2.10 hereof and/or Senior Funded Debt of the Borrower or any of its Principal Domestic Subsidiaries which is then subject to optional prepayment or other retirement, and shall deliver to the holders of the A Notes a certificate executed by the principal financial officer, treasurer or the chief executive officer of the Borrower specifying the Debt so prepaid or retired; or

(iii) within 90 days after the effective date of such Sale and Leaseback Transaction, the Borrower shall deliver to the holders of the A Notes a certificate executed by the principal financial officer, treasurer or the chief executive officer of the Borrower stating that an amount equal to the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction has been applied, or is in good faith being retained for application within a reasonable time after the date of such Sale and Leaseback Transaction (and the Borrower covenants and agrees that such proceeds will be so applied), to the payment of the cost of the purchase, construction or improvement of one or more Principal

(c) 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 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, and (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 Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of 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.

(d) Debt. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Debt if (after giving effect to the applications of the proceeds of any Debt) the ratio of (x) the Operating Cash Flow of the Borrower and its Subsidiaries on a consolidated basis for the most recent four consecutive calendar quarters then ended to (y) the aggregate amount of Debt of the Borrower and its Subsidiaries on a consolidated basis is less than 0.25 to 1.

(e) 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 (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) which are subject to the restrictions of Section 5.02(a) or (b) or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender, relating to Debt and within the scope of Section 6.01(d) (without giving effect to any limitation in principal amount contained therein) will be margin stock (as defined in such Regulation U).

#### ARTICLE VI EVENTS OF DEFAULT

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

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

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

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.02, 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 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 \$50,000,000 in the aggregate (but excluding Debt evidenced by the Notes) 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 (i) to accelerate the maturity of such Debt or (ii) if the long-term senior debt of the Borrower is not then rated either at or above BBB by S&P or at or above Baa2 by Moody's, to permit the acceleration of 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 \$25,000,000 (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 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 20 consecutive days during which 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 in excess of \$50,000,000 in the aggregate 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 or termination of a Multiemployer Plan; or

(h) Any Guaranty or any provision of any Guaranty after delivery thereof pursuant to Section 8.06(b) shall for any reason cease to be valid and binding on the Borrower, or the Borrower shall so state in writing; or

(i) The Borrower shall fail to be entitled to borrow at least \$400,000,000 in the aggregate under the Existing Bank Agreements;

then, and in any such event, the 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 Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, 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 Notes, 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 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 AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or any Borrowing

Subsidiary or to inspect the property (including the books and records) of the Borrower or any Borrowing Subsidiary; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, Citibank, N.A. shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank, N.A. in its individual capacity. Citibank, N.A. and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank, N.A. were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other 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 Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the A Notes then held by each of such Lenders (or if no A Notes are at the time outstanding or if any A 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 Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the 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 Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the 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 Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, which successor Agent, so long as no Event of Default has occurred and is continuing, shall be approved by the Borrower, which approval shall not be unreasonably withheld or delayed. If no successor Agent shall have been so appointed by the Required Lenders in accordance with the immediately preceding sentence, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$50,000,000, which successor Agent, so long as no Event of Default has occurred and is continuing, shall be approved by the Borrower, which approval shall not be unreasonably withheld or delayed. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

#### ARTICLE VIII MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the A 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 Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03 (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 A Advances over the aggregate amount of A Advances outstanding immediately prior to such Borrowing), (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action

hereunder or (f) 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 Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note. No amendment or waiver of any provision of a B Note, nor any 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 holder of such B Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to the Borrower, at its address at 300 Park Avenue, New York, New York 10022, Attention: Treasurer; if to any Borrowing Subsidiary, c/o the Borrower at its above address; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; and if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 1 Court Square, 7th Floor, Long Island City, New York 11120, Attention: John Makrinos, with a copy to 399 Park Avenue, New York, New York 10043, Attention: Jay Schiff; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II shall not be effective until received by the Agent.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses, Etc. (a) The Borrower agrees to pay on demand all out-of-pocket costs and expenses of the 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 Agent, with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses of the 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 Agent, Citicorp Securities, Inc. and J.P. Morgan Securities, Inc. (each, an "Arranger") and each Lender 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 the Agent, such Arranger or such Lender (as the case may be), except where the direct result of the Agent's, such Arranger's or such Lender's own negligence or willful misconduct, in connection with or arising out of any investigation, litigation, or proceeding (whether or not the Agent, any Arranger or any of the Lenders 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.

(c) If any payment of principal of any Adjusted CD Rate Advance or Eurodollar Rate Advance is made other than on the last day of the Interest Period for such A Advance, as a result of a prepayment pursuant to Section 2.10, 2.11(c) or 5.02(b)(ii) or acceleration of the maturity of the Notes 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 Agent) pay to the 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 A 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 2.13 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 Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates 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 or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not (in the case of obligations other than principal and interest) such Lender shall have made any demand under this Agreement or such Note and although such obligations (other than principal) may be unmaturing. Each Lender agrees promptly to notify the



Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender and its Affiliates 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 Agent and when the 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 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 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 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 the 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") and (iii) the Borrower and such Subsidiary furnish the Agent with such other documents and legal opinions as the Agent or the Required Lenders may reasonably request relating to the existence of such Subsidiary, its corporate 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. No such assignment and assumption shall substitute a 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.

SECTION 8.07. Assignments and Participations. (a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the A Advances owing to it and the A Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any B Advances or B Notes), (ii) each assignee shall be subject to the prior written approval and acceptance of the Borrower (unless the assignee is an Affiliate of the assignor), and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance consented to by the Borrower, together with any A Note or Notes subject to such assignment and a processing and recordation fee of \$3,000, and give notice of such assignment to each other Lender. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any Borrowing Subsidiary or the performance or observance by the Borrower or any Borrowing Subsidiary of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and/or Section 5.01(e)(i) and (ii) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent to take such action on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the A Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, with regard to the names, addresses and Commitments of each Lender, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be

available for inspection and copying by any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any A Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and signed by the Borrower and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the other Lenders. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered A Note or Notes a new A Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new A Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new A Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered A Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any B Note or Notes held by it. Each Lender may assign to any Affiliate of such Lender, without the consent of the Borrower, its interest in this Agreement, the A Advances owing to it and the A Note held by it, but such assignment shall not relieve such assigning Lender of its obligations hereunder including, without limitation, its Commitment.

(f) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) such Lender shall not grant to any such participant the right to participate in the Lender's actions on amendments, waivers or consents permitted under this Agreement, except to the extent that such actions would change the amount of the Commitment, the principal amount, payment dates or maturity of any Notes or Advances, the interest rate, or the method of computing the interest rate thereon, or any fees payable hereunder.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender.

(h) No assignee of a Lender shall be entitled to the benefits of Sections 2.11 and 2.13 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 2.11 and 2.13 than those which it would have been under in the absence of such assignment.

(i) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time, without the consent of the Borrower, create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

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 in Control, by notice to the Borrower (with a copy to the 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 in Control" shall mean the happening of any of the following events:

(i) An acquisition, directly or indirectly, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then outstanding shares of common stock of the Borrower or (B) the combined voting power of the then outstanding voting securities of the Borrower entitled to vote generally in the election of directors; excluding, however (1) any acquisition by the Borrower, or (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Borrower or any corporation controlled by the Borrower; or

(ii) A change in composition of the Board of Directors of the Borrower (the "Board") such that the individuals who, as of the date hereof, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 8.08, that any individual who becomes a member of the Board subsequent to the date hereof, whose election, or nomination for election by the Borrower's stockholders, was approved by a vote of at least a majority of

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

SECTION 8.09. Mitigation of Adverse Circumstances. 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), 2.11 or 2.12, or which would result in a Lender being unable to make Eurodollar Rate Advances by reason of Section 2.02(b) then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under any of the such Sections, such Lender shall promptly, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower, take such reasonable steps as may be open to it to mitigate the effects of such circumstances, including the transfer of its Applicable Lending Office to another jurisdiction; provided that such Lender shall be under no obligation to make any such transfer if in the bona fide opinion of such Lender, such transfer would or would likely have an adverse effect upon its business, operations or financial condition.

SECTION 8.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.11. [Intentionally omitted.]

SECTION 8.12. 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 telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.13 Jurisdiction, Etc. (a) Each of the parties hereto (including each Borrowing Subsidiary) hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the Notes, or any Guaranty, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State or, to the extent permitted by 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. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement, the Notes or any Guaranty in the courts of any jurisdiction.

(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.

SECTION 8.14. Waiver of Jury Trial. Each of the Borrower, the Borrowing Subsidiaries 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 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

Brian J. Heidtke

By \_\_\_\_\_  
Vice President and Corporate Treasurer

CITIBANK, N.A., as Agent

Michel R.R. Pendill

By \_\_\_\_\_  
Vice President

Banks

Commitment

\$200,000,000

CITIBANK, N.A.

By Michel R.R. Pendill  
Vice President

\$200,000,000

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By Mathias Blumschein  
Title: Associate

\$400,000,000

Total of the Commitments

SCHEDULE I  
Colgate-Palmolive Company  
\$400,000,000 CREDIT AGREEMENT  
APPLICABLE LENDING OFFICES

Name of Bank	Domestic Lending Office	CD Lending Office	Eurodollar Lending Office
Citibank, N.A.	399 Park Avenue New York, NY 10043	399 Park Avenue New York, NY 10043	399 Park Avenue New York, NY 10043
Morgan Guaranty Trust Company of New York	500 Stanton Christiana Rd Newark, DE 19713	500 Stanton Christiana Rd Newark, DE 19713	500 Stanton Christiana Rd Newark, DE 19713

None.

EXHIBIT A-1 - FORM OF  
A NOTE

U.S.\$ Dated: , 19

FOR VALUE RECEIVED, the undersigned, COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the principal sum of U.S.\$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of each Base Rate Advance (as defined in the Credit Agreement referred to below) on the Termination Date (as defined in the Credit Agreement referred to below) and the principal amount of each other A Advance (as defined in the Credit Agreement referred to below) owing to the Lender by the Borrower pursuant to the \$400,000,000 Credit Agreement dated as of January 8, 1995 among the Borrower, the Lender and certain other lenders parties thereto, and Citibank, N.A., as Agent for the Lender and such other lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) on the last day of the Interest Period for such Advance.

The Borrower promises to pay interest on the unpaid principal amount of each A Advance from the date of such A Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, as Agent, at its offices at 1 Court Square, Long Island City, New York 11120, in immediately available funds. Each A Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, the date on which it is due, the interest rate thereon and all prepayments made on account of principal thereof shall be recorded by the Lender on its books, and for each A Advance outstanding at the time of any transfer hereof the same information shall be endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the A Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of A Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such A Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States.

COLGATE-PALMOLIVE COMPANY

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

- - - - -  
[Note: Upon request by a Lender, the Borrower will issue separate A Notes payable to one or more offices of the Lender, for Base Rate Advances, CD Rate Advances and Eurodollar Rate Advances. This form will be modified to refer to the specific type of A Advance and to the appropriate maturity of such type of A Advance.]





EXHIBIT A-2 - FORM OF  
B NOTE

U.S.\$

Dated: \_\_\_\_\_, 199\_\_

FOR VALUE RECEIVED, the undersigned, COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), on \_\_\_\_\_, 19\_\_\_\_, the principal amount of Dollars (U.S.\$\_\_\_\_\_).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: \_\_\_\_\_% per annum (calculated on the basis of a year of 360 days for the actual number of days elapsed).

Interest Payment Date or Dates: \_\_\_\_\_

Both principal and interest are payable in lawful money of the United States of America to the Lender at its office at \_\_\_\_\_, in immediately available funds.

This Promissory Note is one of the B Notes referred to in, and is entitled to the benefits of, the \$400,000,000 Credit Agreement dated as of January 8, 1995 (as amended or otherwise modified from time to time, the "Credit Agreement") among the Borrower, the Lender and certain other lenders party thereto and Citibank, N.A., as Agent for the Lender and such other parties. The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States.

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT B-1 - FORM OF  
NOTICE OF A BORROWING

Citibank, N.A., as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
1 Court Square, 7th Floor  
Long Island City, NY 11120

Attention: John Makrinos

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the \$400,000,000 Credit Agreement, dated as of January 8, 1995 (as amended or otherwise modified through the date hereof, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests an A Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such A Borrowing (the "Proposed A Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed A Borrowing is \_\_\_\_\_, 199 .

(ii) The Type of A Advances comprising the Proposed A Borrowing is [Adjusted CD Rate Advances] [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed A Borrowing is \$\_\_\_\_\_.

[(iv) The Interest Period for each A Advance made as part of the Proposed A Borrowing is [\_\_ days] [\_\_ weeks] [\_\_ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed A Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed A Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

[As an alternative, the following three representations may be substituted if the proviso in Section 3.02 is applicable:

(A) the Proposed A Borrowing will not increase the aggregate outstanding amount of A Advances owing to each Lender over the aggregate outstanding amount of A Advances owing to such Lender immediately prior to such A Borrowing;

(B) the representations and warranties contained in Section 4.01 (excluding those contained in the last sentence of subsection (e) and in subsection (f) thereof) are correct, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(C) no event has occurred and is continuing, or would result from such Proposed A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default.]

Very truly yours,

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT B-2 - FORM OF  
NOTICE OF B BORROWING

Citibank, N.A., as Agent for  
the Lenders parties to  
the Credit Agreement  
referred to below  
1 Court Square, 7th Floor  
Long Island City, NY 11120

[Date]

Attention: John Makrinos

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the \$400,000,000 Credit Agreement dated as of January 8, 1995 (as amended or otherwise modified through the date hereof, the "Credit Agreement", the terms defined therein being used herein as therein defined) among the undersigned, certain Lenders party thereto and Citibank, N.A., as Agent for such Lenders, and hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests a B Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such B Borrowing (the "Proposed B Borrowing") is requested to be made:

- |  |       |
|--|-------|
| (A) Date of Proposed B Borrowing             | _____ |
| (B) Aggregate Amount of Proposed B Borrowing | _____ |
| (C) Interest Rate Basis                      | _____ |
| (D) Maturity Date                            | _____ |
| (E) Interest Payment Date(s)                 | _____ |
| (F) _____                                    | _____ |
| (G) _____                                    | _____ |
| (H) _____                                    | _____ |

The undersigned hereby certifies that the following statements are true on the date hereof and will be true on the date of the Proposed B Borrowing:

(a) the representations and warranties contained in Section 4.01 are correct, before and after giving effect to the Proposed B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) no event has occurred and is continuing, or would result from the Proposed B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

(c) The information concerning the undersigned that has been provided in writing to the Agent or each Lender by the undersigned in connection with the Credit Agreement as required by the terms of the Credit Agreement did not include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided that with regard to any information delivered to a Lender pursuant to Section 5.01(e)(vii) of the Credit Agreement, the representation and warranty in this paragraph (c) shall apply only to such information that is specifically identified to the undersigned at the time the request is made as information (i) that may be delivered to a purchaser of a B Note, or (ii) that is otherwise requested to be subject to this paragraph (c).

(d) the aggregate amount of the Proposed B Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the unused Commitments of the Lenders.

The undersigned hereby confirms that the Proposed B Borrowing is to be made available to it in accordance with Section 2.03(e) of the Credit Agreement.

Very truly yours,

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT C - FORM OF  
ASSIGNMENT AND ACCEPTANCE

Reference is made to the \$400,000,000 Credit Agreement dated as of January 8, 1995 (as amended or modified from time to time, the "Credit Agreement") among COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the Lenders (as defined in the Credit Agreement) and Citibank, N.A., as agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

\_\_\_\_\_ (the "Assignor") and \_\_\_\_\_ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof (other than in respect of B Advances and B Notes) which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement (other than in respect of B Advances and B Notes), including, but not limited to, such interest in the Assignor's Commitment, the A Advances owing to the Assignor, and the A Note[s] held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the A Advances owing to the Assignee will be as set forth in Section 2 of Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the A Note[s] referred to in paragraph 1 above and requests that the Borrower exchange such A Note[s] for a new A Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new A Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and to the order of the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 or delivered pursuant to Section 5.01(e) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; [and] (v) specifies as its CD Lending Office, Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof; [and (vi) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty].\*

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date of this Assignment and Acceptance shall be the date of acceptance thereof by the Agent, unless otherwise specified on Schedule 1 hereto (the "Effective Date").

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the A Notes in respect of the interest assigned hereby (including, but not limited to, all payments of principal, interest and commitment and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the A Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance 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 Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

---

\* If the Assignee is organized under the laws of a jurisdiction outside the United States.

Schedule 1  
to  
Assignment and Acceptance  
Dated \_\_\_\_\_, 19\_\_\_\_

Section 1.

Percentage Interest: \_\_\_\_\_%

Section 2.

Assignee's Commitment: \$ \_\_\_\_\_  
Assignor's Retained Commitment: \$ \_\_\_\_\_  
Aggregate Outstanding Principal  
Amount of A Advances owing to the Assignee: \$ \_\_\_\_\_  
Aggregate Outstanding Principal  
Amount of A Advances owing to the Assignor: \$ \_\_\_\_\_

An A Note payable to the order of the Assignee  
Dated: \_\_\_\_\_, 19\_\_\_\_  
Principal amount:

An A Note payable to the order of the Assignor  
Dated: \_\_\_\_\_, 19\_\_\_\_  
Principal amount:

Section 3.

Effective Date\*: \_\_\_\_\_, 19\_\_\_\_

[NAME OF ASSIGNOR]

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

\* This date should be no earlier than the date of acceptance by the Agent.



[NAME OF ASSIGNEE]

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

CD Lending Office:  
[Address]

Domestic Lending Office (and address for  
notices):  
[Address]

Eurodollar Lending Office:  
[Address]

Accepted this \_\_\_ day  
of \_\_\_\_\_, 19\_\_

CITIBANK, N.A., as Agent

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

Accepted this \_\_\_ day  
of \_\_\_\_\_, 19\_\_

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT D

January \_\_, 1995

To each of the Lenders party  
to the Credit Agreement  
referred to below and Citibank, N.A.,  
as Agent

Ladies and Gentlemen:

As Senior Vice President, General Counsel and Secretary for Colgate-Palmolive Company (hereinafter referred to as the "Borrower"), I am familiar with the \$400,000,000 Credit Agreement, dated as of January 8, 1995 among the Borrower, the Lenders parties thereto and Citibank, N.A. as Agent for the Lenders thereto (the "Credit Agreement"). This opinion is being furnished to you pursuant to Section 3.01(e) of the Credit Agreement. Terms used in this opinion which are defined in the Credit Agreement are used herein as so defined.

I or attorneys under my supervision in the Borrower's Legal Department have examined such records, certificates, and other documents and such questions of law as I have considered necessary or appropriate for purposes of this opinion. In addition, I or attorneys under my supervision in the Borrower's Legal Department have examined such records, certificates, and other documents, relied on upon certificates of the officers of the Borrower and performed such investigations as I have considered necessary or appropriate for purposes of this opinion in respect of matters of fact. I believe that both you and I are justified in relying upon such certificates. Based upon, and subject to, the foregoing, it is my opinion that:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

2. The execution, delivery and performance by the Borrower of the Credit Agreement, the Notes and the Guaranties 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) law or (to my knowledge after due inquiry) any contractual restriction binding on or affecting the Borrower. The Credit Agreement and the A Note have been duly executed and delivered on behalf of the Borrower.

3. No authorization, 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 the Credit Agreement, the Notes and the Guaranties.

4. The Credit Agreement is and the A Note will be, and each of the Guaranties and B Notes when executed and delivered will be, upon the receipt of due consideration therefor, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

5. The Borrower has a procedure of reviewing its material litigation on a quarterly basis and has imposed an ongoing obligation on its Subsidiaries whereby they must advise me, or attorneys under my supervision, immediately of any material litigation matter arising between reviews. Based on this review, to my actual knowledge, there is no pending or threatened action or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator which may have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of the Credit Agreement, any Notes and any Guaranties; provided, however, that I express no opinion with respect to certain Brazilian regulatory risks discussed with you.

I am licensed to practice law in the State of New York and do not purport to be an expert on, or to express any opinion (other than to the extent necessary to render the opinions set forth in paragraph (1) above, which opinion is based on certificates of public officials) concerning any law other than the law of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States. The opinions expressed herein are solely for your benefit and may not be relied upon in any manner or for any purpose by any other persons.

The opinion set forth in paragraph (4) above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding equity or at law).

Very truly yours,

OPINION OF COUNSEL TO THE AGENT

January \_\_, 1995

To the Lenders party to the  
Credit Agreement referred  
to below and Citibank, N.A.,  
as Agent

Colgate-Palmolive Company

Ladies and Gentlemen:

We have acted as counsel to Citibank, N.A., as Agent, in connection with the preparation, execution and delivery of the Credit Agreement dated as of January 8, 1995 (the "Credit Agreement") among Colgate-Palmolive Company (the "Borrower"), each of you and Citibank, N.A., as Agent. Terms defined in the Credit Agreement are used herein as therein defined.

In that connection, we have examined the following documents:

- (1) A counterpart of the Credit Agreement, executed by each of the parties thereto.
- (2) The documents furnished by the Borrower pursuant to Section 3.01 of the Credit Agreement, including the opinion of Andrew D. Hendry, General Counsel of the Borrower.

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents, and the conformity to the originals of all such documents submitted to us as copies. We have also assumed that each of you has duly executed and delivered, with all necessary power and authority (corporate and otherwise), the Credit Agreement.

To the extent that our opinions expressed below involve conclusions as to the matters set forth in paragraphs 1, 2 and 3 of the above-mentioned opinion of counsel for the Borrower, we have assumed without independent investigation the correctness of the matters set forth in such paragraphs, our opinion being subject to the assumptions, qualifications and limitations set forth in such opinion with respect thereto.

Based upon the foregoing and upon such other investigation as we have deemed necessary, we are of the following opinion:

1. The Credit Agreement and each Note delivered on the date hereof are the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.
2. The above-mentioned opinion of counsel for the Borrower, and the other documents referred to in item (2) above, are substantially responsive to the requirements of the Credit Agreement.

Our opinions above are subject to the following qualifications:

- (a) Our opinion in paragraph 1 above is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).
- (b) Our opinion in paragraph 1 above is also subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.
- (c) Our opinions expressed above are limited to the law of the State of New York and the Federal law of the United States, and we do not express any opinion herein concerning any other law. Without limiting the generality of the foregoing, we express no opinion as to the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein enforcement of the Credit Agreement or the Notes may be sought which limits the rates of interest legally chargeable or collectible.

Very truly yours,

SHEARMAN & STERLING

LCJ:SLH

## FORM OF GUARANTY

GUARANTY, dated \_\_\_\_\_, 19\_\_\_\_, made by COLGATE-PALMOLIVE COMPANY, a corporation organized and existing under the laws of Delaware (the "Guarantor"), in favor of Citibank, N.A., as agent (the "Agent") for each of the Lenders (the "Lenders") parties to the Credit Agreement (as defined below).

## PRELIMINARY STATEMENTS.

(1) The Agent, the Lenders and the Guarantor have entered into a \$400,000,000 Credit Agreement dated as of January 8, 1995 (said Agreement, as it may heretofore have been or hereafter be amended or otherwise modified from time to time, being the "Credit Agreement", the terms defined therein and not otherwise defined herein being used herein as therein defined). Pursuant to Section 8.06(b) of the Credit Agreement and an Assignment and Assumption Agreement dated \_\_\_\_\_, 19\_\_\_\_ the Guarantor has assigned to \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_ (the "Assignee"), certain rights under the Credit Agreement, so that the Assignee may borrow and receive Advances under the Credit Agreement. The Assignee is a Subsidiary of the Guarantor and engages in business transactions with the Guarantor, and the Guarantor represents that it will derive substantial direct and indirect benefit from all Advances to the Assignee.

(2) It is a condition precedent to the making of such assignment to the Assignee that the Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to accept such assignment and to make Advances to the Assignee under the Credit Agreement, the Guarantor hereby agrees as follows:

SECTION 1. Guaranty. The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of the Assignee now or hereafter existing under the Credit Agreement and under the Notes evidencing Advances to the Assignee (the "Notes"), whether for principal, interest, fees, expenses or otherwise (such obligations being the "Obligations"), and agrees to pay any and all expenses (including counsel fees and expenses) incurred by the Agent and the Lenders in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts which constitute part of the Obligations and would be owed by the Assignee to the Lenders under the Credit Agreement and the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Assignee.

SECTION 2. Guaranty Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Agreement and the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lenders with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Assignee or whether the Assignee is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the Credit Agreement, the Notes or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Credit Agreement or the Notes, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Assignee or any of its subsidiaries or otherwise;

(iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations;

(iv) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Assignee or any of its subsidiaries;

(v) any change, restructuring or termination of the corporate structure or existence of the Assignee or any of its subsidiaries or its status as a Subsidiary of the Guarantor; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Assignee or a guarantor.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Assignee or otherwise, all as though such payment had not been made.

SECTION 3. Waiver. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the

Obligations, this Guaranty or any circumstance referred to in Section 2, and waives any requirement that the Agent or any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Assignee or any other person or entity or any collateral.

SECTION 4. Subrogation. (a) The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all the Obligations and all other amounts payable under this Guaranty shall have been paid in full and the Commitments shall have expired or terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of, the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement or to be held by the Agent as collateral security for any Obligations thereafter existing. If (i) the Guarantor shall make payment to the Agent of all or any part of the Obligations, (ii) all the Obligations and all other amounts payable under this Guaranty shall be paid in full and (iii) the Commitments shall have expired or terminated, the Agent will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor.

[The preceding Section 4(a) will be used if the Assignee is incorporated and has its principal office in a jurisdiction other than the United States of America, or a State, Territory or possession thereof. Otherwise, the following Section 4(a) will be used.]

SECTION 4. Waiver of Subrogation. (a) The Guarantor hereby irrevocably waives any claim or other right which it may now or hereafter acquire against the Assignee that arises from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, any right to participate in any claim or remedy of the Agent or any Lender against the Assignee or any collateral which the Agent or any Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including without limitation, the right to take or receive from the Assignee, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other right. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement or to be held by the Agent as collateral security for any Obligations thereafter existing. The waiver set forth in this Section 4(a) is knowingly made in contemplation of the benefits referred to in the Preliminary Statements.

(b) The Guarantor agrees that, to the extent that the Assignee makes a payment or payments to the Agent or any Lender or the Agent or any Lender receives any proceeds of collateral, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or otherwise required to be repaid to the Assignee, its estate, trustee, receiver or any other party, including, without limitation, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligation or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred. The Guarantor shall defend and indemnify the Agent and each Lender from and against any claim or loss under this Section 4(b) (including reasonable attorneys' fees and expenses) in the defense of any such action or suit.

SECTION 5. Payments With Respect to Taxes, Etc. Any and all payments made by the Guarantor hereunder shall be subject to and made in accordance with Section 2.13 of the Credit Agreement as if all such payments were being made by the Borrower.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(a) The Guarantor is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and has all corporate power required to carry on its business as now conducted.

(b) The execution and delivery by the Guarantor of this Guaranty, and the performance of its obligations hereunder, are within the Guarantor's corporate power, have been duly authorized by all necessary corporate and other action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Guarantor or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting the Guarantor or result in the creation or imposition of any Lien on any asset of the Guarantor or any of its Subsidiaries.

(c) This Guaranty has been duly executed and delivered by the Guarantor and constitutes a valid and binding agreement of the Guarantor enforceable in accordance with its terms.

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

(e) The Assignee is a Subsidiary of the Guarantor and is a corporation duly incorporated, validly existing and in good standing under the laws of \_\_\_\_\_.

(f) There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

(g) The Guarantor has, independently and without reliance upon any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty.

SECTION 7. Amendments, Etc. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, (a) limit or release the liability of the Guarantor hereunder, (b) postpone any date fixed for payment hereunder, or (c) change the number of Lenders required to take any action hereunder.

SECTION 8. Addresses for Notices. All notices and other communications provided for hereunder shall be given and effective as provided in Section 8.02 of the Credit Agreement.

SECTION 9. No Waiver; Remedies. No failure on the part of any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10. Right of Set-off. If the Guarantor shall fail to make any payment promptly when due hereunder after notice by the Agent or any Lender to the Guarantor that the Assignee has failed to pay any Obligation when due, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty, whether or not such Lender shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Each Lender agrees to notify the Guarantor, the Agent and each other Lender promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 11. Continuing Guaranty; Assignments under Credit Agreement. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and any Note held by it) to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Section 8.07 of the Credit Agreement.

SECTION 12. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

COLGATE-PALMOLIVE COMPANY

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

U.S. \$ 770,000,000

FIVE YEAR CREDIT AGREEMENT

Dated as of January 8, 1995

Among

COLGATE-PALMOLIVE COMPANY

as Borrower

THE BANKS NAMED HEREIN

as Banks

CITIBANK, N.A.

as Agent

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

as Co-Agent

and

CITICORP SECURITIES, INC.

and

J.P. MORGAN SECURITIES, INC.

as Arrangers

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Exhibit F - Form of Guaranty

Schedule I - List of Applicable Lending Offices

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FIVE YEAR CREDIT AGREEMENT

Dated as of January 8, 1995

COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the banks (the "Banks") listed on the signature pages hereof, Citibank, N.A., as agent (the "Agent") for the Lenders (as hereinafter defined), and Morgan Guaranty Trust Company of New York, as co-agent (the "Co-Agent"), 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):

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

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

"A Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the A Advances made by such Lender.

"Advance" means an A Advance or a B Advance.

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

"Agent's Account" means the account of the Agent, maintained by the Agent at Citibank, N.A. with its office at 1 Court Square, 7th Floor, Long Island City, New York 11120, account no. 36852248, Attention: John Makrinos.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance, such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a B Advance, the office of such Lender notified by such Lender to the Borrower as its Applicable Lending Office with respect to such B Advance.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Borrower and the Agent, in substantially the form of Exhibit C hereto.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"B Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a B Advance made by such Lender.

"B Reduction" has the meaning specified in Section 2.01.

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

(a) the average of the rates of interest announced publicly by the Reference Banks in New York, New York, from time to time, as their base or prime rate;

(b) 1/4 of one percent per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average being determined weekly on each Monday (or, if any such date is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by the Reference Banks on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of the average of the quotations for such rates received by each Reference Bank from three New York certificate of deposit dealers of recognized standing selected by it, in either case adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent; and

(c) 1/2 of 1% per annum above the Federal Funds Rate.

"Base Rate Advance" means an A Advance which bears interest as provided in Section 2.07(a).

"Borrowing" means an A Borrowing or a B Borrowing.

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

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

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

"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, at any time, the excess of (a) all assets which appear on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries prepared in accordance with generally accepted accounting principles, after deducting therefrom the sum of:

(i) the book amount appearing on such consolidated balance sheet of good will, trademarks, trademark rights, trade names, trade name rights, copyrights, patents, patent rights, licenses, unamortized debt discount and expense and other like intangibles;

(ii) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to December 31, 1993, except write-ups of assets located outside of the United States of America pursuant to applicable law or custom;

(iii) all reserves, including reserves for deferred taxes, depreciation, obsolescence, depletion, insurance and inventory valuation, but excluding contingency reserves not allocated for any particular purpose and not deducted from assets;

(iv) the amount, if any, at which any shares of capital stock of the Borrower appear on the asset side of such consolidated balance sheet; and

(v) the amount of the minority interest, if any, in the shares of stock and surplus of any Consolidated Subsidiary;

over (b) all current liabilities of the Borrower and its Consolidated Subsidiaries on a consolidated basis.

"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.

"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.

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

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower.

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

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

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to the

environment or Hazardous Materials and applicable to the Borrower or its Subsidiaries or any property owned or operated by the Borrower or its Subsidiaries under the laws of the jurisdiction where the Borrower or such Subsidiary or property is located.

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

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue 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(f)(1) of ERISA are satisfied; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

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

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Borrowing (or, if such Borrowing is a B Borrowing, equal to \$1,000,000) and for a period equal to such Interest Period. The Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Eurodollar Rate Advance" means an A Advance which bears interest as provided in Section 2.07(c) or a B Advance which bears interest as provided in Section 2.03(h) for a Quoted Margin Advance.

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

"Events of Default" has the meaning specified in Section 6.01.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by each Reference Bank from three Federal funds brokers of recognized standing selected by it.

"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, 3 or 6 months in the case of a Eurodollar Rate Advance, or in the case of a B Advance, such period as the Borrower may select by notice received by the 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;

(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 Eurodollar Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(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.

"Lenders" means the Banks listed on the signature pages hereof and each assignee that shall become a party hereto pursuant to Section 8.07 or Section 2.11(c).

"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 2.5% of Consolidated Net Tangible Assets.

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

"Material Adverse Effect" means a material adverse effect on the business, condition or operations of the Borrower and its Consolidated Subsidiaries taken as a whole.

"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 an A Note or a B Note.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(b).

"Offer" has the meaning specified in Section 2.03(c).

"Operating Cash Flow" of the Borrower and its Subsidiaries for any period means (A) net income for such period plus (B) the sum of all non-cash expenses and charges deducted in arriving at net income for such period, including but not limited to allowances for depreciation and amortization and accruals for interest and taxes to the extent that they exceed payments for interest and taxes during the period, less (C) (i) all payments of interest and taxes during the period to the extent that they exceed accruals for interest and taxes for the period and (ii) other payments of expenses not deducted in arriving at net income for the period and (D) less net gains or plus net losses from the sale or other

disposition of fixed assets or businesses for the period, to the extent they were included in computing net income for the period, but the Borrower may exclude from the computation under this clause (D) any gains from the sale of certain parcels of real estate in New Jersey pursuant to its present program to develop and sell them over a period of years; provided that the aggregate number of parcels in the program shall not exceed 35.

"PBGCC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Person" means an individual, partnership, corporation (including a business trust), 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 2.5% 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.

"Quoted Margin", "Quoted Margin Advance", "Quoted Rate" and "Quoted Rate Advance" shall have the respective meanings specified in Section 2.03(b).

"Reference Banks" means Citibank, N.A. and Morgan Guaranty Trust Company of New York.

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

"Rentals" with respect to any lease and for any period means the aggregate amounts payable by the lessee pursuant to the terms of the lease for such period, whether or not referred to as rent. Whenever it is necessary to determine the amount of Rentals for any period in the future and to the extent that such Rentals are not definitely determinable by the terms of the lease, for the purpose of this definition such Rentals may be estimated in such reasonable manner as the Borrower may determine.

"Required Lenders" means at any time Lenders holding at least 66-2/3% of the then aggregate unpaid principal amount of the A Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 66-2/3% of the Commitments (provided that, for purposes hereof, neither the Borrower, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the A Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the A Advances or the total Commitments).

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

"S&P" means Standard & Poor's Corporation or any successor to its business of rating long-term debt.

"Sale and Leaseback Debt" of any Person means, at the date of determination thereof, the aggregate amount of Rentals required to be paid by such Person under all Sale and Leaseback Transactions to which such Person is a party during the respective remaining terms thereof (after giving effect to any renewals and extensions at the option of the lessor) discounted from the respective dates of payment of such Rentals to such date of determination at the actual interest factor included in such Rentals or, if such interest factor cannot be readily determined, at an interest factor calculated in such manner as the Borrower shall reasonably determine; provided, however, that if any portion of the net proceeds of the sale of the property leased pursuant to a Sale and Leaseback Transaction has been or is being applied as provided in Section 5.02(b)(ii) and/or Section 5.02(b)(iii), there shall be excluded in determining Sale and Leaseback Debt that portion of the discounted Rentals required to be paid under such Sale and Leaseback Transaction which bears the same ratio to the total discounted Rentals required to be paid under such Sale and Leaseback Transaction as the portion of such net proceeds which has been or is being applied as provided in Section 5.02(b)(ii) and/or Section 5.02(b)(iii) bears to the total amount of such net proceeds.

"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.

"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 (x) each Subsidiary which is a Principal Domestic Subsidiary by operation of clause (i), (ii) or (iii) of the definition of Principal Domestic Subsidiary, and (y) each other Subsidiary whose assets as at the end of the fiscal year immediately preceding the time of determination exceeded 2% of consolidated assets of the Borrower and its Subsidiaries as at the end of such fiscal year.

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

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

"Termination Date" means the earlier of (a) January 31, 2000 and (b) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

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

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

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

## ARTICLE II AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The A Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to the Borrower or a 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 not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the B Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "B Reduction"). Each A Borrowing shall be in an aggregate amount not less than \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof (unless the aggregate amount of the unused Commitments is less than \$25,000,000, in which case such Borrowing shall be equal to the aggregate amount of the unused Commitments) and shall consist of A Advances of the same Type and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, repay pursuant to Section 2.06 or prepay pursuant to Section 2.10 or 2.11(b) and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice given by the Borrower or a Borrowing Subsidiary, as the case may be, and received by the Agent, which shall give prompt notice thereof to each Lender by telecopier or telex, not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed A Borrowing in the case of Eurodollar Rate Advances, or the same Business Day in the case of Base Rate Advances. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be given by telecopier, telex or cable, confirmed immediately by hand or by

mail, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of Eurodollar Rate Advances, the Interest Period for each such A 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 A Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in immediately available funds, such Lender's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will promptly make such funds available to the Borrower at the 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 Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, the Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for the portion of such Borrowing advanced by the Lender which has provided the notice described above or the portion of any subsequent Borrowing advanced by such Lender shall be suspended until such Lender shall notify the Agent and the Agent will notify the Borrower that the circumstances causing such suspension no longer exist, and each such Advance shall be a Base Rate Advance;

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

(iii) if the Required Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Agent that the Eurodollar Rate for Eurodollar Rate Advances comprising such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Borrowing, the Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended, and each Advance comprising such Borrowing shall be a Base Rate Advance. The Lenders will review regularly the circumstances causing such suspension, and as soon as such circumstances no longer exist the Required Lenders will notify the Agent and the Agent shall notify the Borrower that such suspension is terminated.

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrower or Borrowing Subsidiary, as the case may be. In the case of any A Borrowing that the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower or Borrowing Subsidiary, as the case may be, shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A 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 A Advance to be made by such Lender as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any A Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such A Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the 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 Agent, such Lender and the Borrower severally agree to repay to the 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 Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's A Advance as part of such A Borrowing for purposes of this Agreement.

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

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower or a Borrowing Subsidiary, as the case may be, may request B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring one week prior to the Termination Date, in the manner set forth below; provided that, following the making of each B Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any B Reduction).



(b) The Borrower or a Borrowing Subsidiary, as the case may be, may request a B Borrowing under this Section 2.03 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately by hand or by mail, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying:

(i) the date and aggregate amount of the proposed B Borrowing (which shall not be less than \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof; provided that if the aggregate amount of the unused Commitments is less than \$25,000,000, the amount of such proposed Borrowing shall be equal to the aggregate amount of the unused Commitments),

(ii) whether each Lender should quote (x) a rate of interest (a "Quoted Rate") to be the entire rate applicable to the proposed B Advance (a "Quoted Rate Advance") or (y) a marginal per annum rate (a "Quoted Margin") to be added to the Eurodollar Rate for an Interest Period equal to the term of the proposed B Borrowing (a "Quoted Margin Advance"),

(iii) the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than the date occurring one week after the date of such B Borrowing and may not be later than the Termination Date),

(iv) the interest payment date or dates relating thereto, and

(v) any other terms to be applicable to such B Borrowing,

not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed B Borrowing, in the case of a Quoted Rate Advance and (B) at least five Business Days prior to the date of the proposed B Borrowing, in the case of a Quoted Margin Advance. The Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower or a Borrowing Subsidiary, as the case may be, by sending such Lender a copy of the related Notice of B Borrowing.

(c) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more B Advances to the Borrower or Borrowing Subsidiary, as the case may be, as part of such proposed B Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by delivering written notice (an "Offer") to the Agent (which shall give prompt notice thereof to the Borrower or Borrowing Subsidiary, as the case may be) before 9:30 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Quoted Rate Advance and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Quoted Margin Advance, specifying (x) the minimum amount and maximum amount of each B Advance which such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to Section 2.03(a), exceed such Lender's Commitment, if any), (y) a Quoted Rate or a Quoted Margin therefor (as requested by the Notice of B Borrowing) and (z) such Lender's Applicable Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such Offer, it shall notify the Borrower of such Offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make an Offer, such Lender shall so notify the Agent before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing.

(d) The Borrower or Borrowing Subsidiary, as the case may be, shall, in turn, (A) before 10:30 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Quoted Rate Advance and (B) before 11:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Quoted Margin Advance, either

(i) cancel such B Borrowing by giving the Agent notice to that effect, and such B Borrowing shall not be made, or

(ii) accept one or more of the Offers made by any Lender or Lenders pursuant to paragraph (c) above, in its sole discretion, by giving notice to the Agent of the amount of each B Advance to be made by each Lender as part of such B Borrowing (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, offered to the Borrower or Borrowing Subsidiary, as the case may be, by the Agent on behalf of such Lender for such B Advance in such Lender's notice given pursuant to subsection (c) above), and such notice shall reject any remaining Offers made by Lenders pursuant to subsection (c) above, provided that (x) the Borrower or Borrowing Subsidiary, as the case may be, shall not accept Offers for an aggregate principal amount of B Advances in excess of the aggregate principal amount stated in the Notice of B Borrowing, (y) the Borrower or Borrowing Subsidiary, as the case may be, shall not accept any Offer unless all Offers specifying a lower Quoted Rate or Quoted Margin, as the case may be, are also accepted, and (z) if all Offers specifying the same Quoted Rate or Quoted Margin, as the case may be, are not accepted in full, the Borrower or Borrowing Subsidiary, as the case may be, shall apportion its acceptances among such Offers in proportion to the respective principal amounts of such Offers (rounded, where necessary, to the nearest \$1,000,000).

(iii) If the Borrower notifies the Agent that such B Borrowing is cancelled pursuant to paragraph (d)(i) above, the Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(e) If the Borrower accepts one or more of the Offers, the Agent shall in turn promptly (but in any event, not later than 11:30 A.M. on such date) notify (A) each Lender that has made an Offer, of the date and aggregate

amount of such B Borrowing and whether or not any Offer made by such Lender has been accepted by the Borrower, (B) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (C) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in immediately available funds, such Lender's portion of such B Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds promptly available to the Borrower at the Agent's address referred to in Section 8.02. Promptly after each B Borrowing the Agent will notify each Lender of the amount of the B Borrowing, the consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(f) If the Borrower notifies the Agent that it accepts one or more of the Offers made by any Lender or Lenders pursuant to paragraph (d)(ii) above, such notice of acceptance shall be irrevocable and binding on the Borrower. The Borrower 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 the related Notice of B Borrowing for such B 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 B Advance to be made by such Lender as part of such B Borrowing when such B Advance, as a result of such failure, is not made on such date.

(g) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (h) below, and reborrow under this Section 2.03, provided that a B Borrowing shall not be made within three Business Days of the date of any other B Borrowing.

(h) The Borrower shall repay to the Agent for the account of each Lender that has made a B Advance, or for the account of each other holder of a B Note, on the maturity date of such B Advance (such maturity date being that specified by the Borrower for repayment of such B Advance in the related Notice of B Borrowing and provided in the B Note evidencing such B Advance), the then unpaid principal amount of such B Advance. The Borrower shall have no right to prepay any principal amount of any B Advance.

(i) The Borrower shall pay interest on the unpaid principal amount of each B Advance from the date of such B Advance to the date the principal amount of such B Advance is repaid in full, at (x) the Quoted Rate, in the case of a Quoted Rate Advance, and (y) at the sum of the Eurodollar Rate for the Interest Period of such B Advance plus the Quoted Margin, in the case of a Quoted Margin Advance, in each case as specified for such B Advance by the Lender making such B Advance in its Offer with respect thereto, payable on the interest payment date or dates specified by the Borrower for such B Advance in the related Notice of B Borrowing and set forth in the B Note evidencing such B Advance.

(j) The indebtedness of the Borrower resulting from each B Advance made to the Borrower as part of a B Borrowing shall be evidenced by a separate B Note of the Borrower payable to the order of the Lender making such B Advance.

(k) Upon delivery of each Notice of B Borrowing, the Borrower shall pay a non-refundable fee to the Agent for its own account in such amount as shall have been agreed to in writing by the Borrower and the Agent.

SECTION 2.04. Utilization and Facility Fees. (a) The Borrower agrees to pay to the Agent for the account of each Lender (i) a utilization fee on the average daily amount of such Lender's Commitment (whether or not used) and (ii) a facility fee on the average daily amount of such Lender's Commitment (whether or not used), each 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 Assignment and Acceptance 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 March 31, 1995, and on the Termination Date, computed from time to time at the rates per annum set forth below under the headings Utilization Fee and Facility Fee, respectively, opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

Moody's	S&P	Utilization Fee	Facility Fee
A3 or above and	A- or above	0.000 %	0.125 %
Baa2 or above and	BBB or above	0.070 %	0.175 %
Lower than above or not rated		0.150 %	0.250 %

provided, however, that the utilization fee shall be payable only with respect to days on which the sum of the average daily unpaid principal amount of all Advances hereunder is in excess of fifty percent of the average daily amount of the sum of the Commitments hereunder.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the 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 (other than a reduction pursuant to Section 2.11) shall be in the aggregate amount of \$25,000,000 or an integral multiple thereof.

SECTION 2.06. Repayment of A Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall repay to the Agent for the ratable account of the Lenders (a) on the Termination Date the unpaid principal amount of each Base Rate Advance made to the Borrower or Borrowing Subsidiary, as the case may be, and (b) on the last day of the Interest Period for each other A Advance made to the Borrower or Borrowing Subsidiary, as the case may be, the unpaid principal amount of such A Advance.

SECTION 2.07. Interest on A Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay interest on the unpaid principal amount of each A Advance made by each Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

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

(b) Eurodollar Rate Advances. If such A Advance is a Eurodollar Rate Advance, a rate per annum equal during the Interest Period for such A Advance to the sum of the Eurodollar Rate for such Interest Period plus the per annum rate equal from time to time to the rate set forth below opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

Moody's	S&P	Rate
A3 or above	A- or above	0.200 %
Baa2	BBB	0.225 %
Lower than above or not rated		0.300 %

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 A 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 2.08. Additional Interest on Eurodollar Rate Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and the Borrower or Borrowing Subsidiary, as the case may be, shall be notified of such additional interest.

SECTION 2.09. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining the Base Rate from time to time in effect and each Eurodollar Rate, as applicable.

(b) The Agent shall give prompt notice to the Borrower or Borrowing Subsidiary and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.03(i)(y) or Section 2.07, and the rate, if any, furnished by the Reference Banks for the purpose of determining the interest rate.

(c) If no Reference Bank furnishes timely information to the Agent for determining the Base Rate in effect from time to time when Base Rate Advances are outstanding, the Agent shall immediately give notice to each Lender and the Required Lenders shall immediately designate an additional Reference Bank for the purpose of determining the Base Rate, but such designation shall terminate if a replacement Reference Bank is nominated and approved as provided in the following sentence. Whenever a Reference Bank either ceases to be a Lender or repeatedly fails to give timely information to the Agent for determining the Base Rate or the Eurodollar Rate, the Agent will give prompt notice thereof to the Lenders and will nominate another Lender to replace such Reference Bank, and such Lender shall, if approved by the Required Lenders and the Borrower, replace such Reference Bank.

SECTION 2.10. Prepayments of A Advances. The Borrower or a Borrowing Subsidiary, as the case may be, may, upon notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, or if the Borrower or Borrowing Subsidiary, as the case may be, is required to prepay any A Advance pursuant to Section 2.11(c) or 5.02(b)(ii) hereof, the Borrower or Borrowing Subsidiary, as the case may be, shall, prepay the outstanding principal amounts of the A Advances comprising part of the same A Borrowing in whole or ratably in part (provided that with regard to prepayments made pursuant to Section 2.11(c), the Borrower or such Borrowing Subsidiary shall be required to prepay only the outstanding principal amounts of the A Advances owing to the Lender or Lenders affected by Section 2.11(c)), 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 Agent, not later than 11:00 A.M. (New York City time), on the third Business Day prior to the date of the proposed prepayment in the case of Eurodollar Rate Advances, or on the Business Day prior to such date in the case of Base Rate Advances. Except for prepayments made pursuant to Section 2.11(c) or 5.02(b), each partial prepayment shall be in an aggregate principal amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and any partial prepayment of any Eurodollar Rate Advances shall not leave outstanding less than \$25,000,000 aggregate principal amount of such A Advances comprising part of any A Borrowing.

SECTION 2.11. Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the costs to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the 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 Agent by such Lender, setting forth in reasonable detail the calculation of the increased costs, shall be conclusive and binding for all purposes, absent manifest error.

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

(c) Within 30 days after the receipt of (A) notice from a Lender as described in Section 2.02(b)(i), or (B) a demand for compensation from a Lender under subsection (a) or (b) above, the Borrower may, by at least three Business Days' notice to the Agent, terminate the Commitment (in whole but not in part) of any Lender which has provided such notice under Section 2.02(b)(i), or demanded compensation under subsection (a) or (b) above in an amount (expressed as a percentage per annum of its unused Commitment) which exceeds the compensation demanded by the other Lenders, provided that (i) the Borrower shall first pay to the Agent for the account of such Lender all compensation required to be paid under subsection (a) or (b) above accrued to the termination date of such Commitment, (ii) the Borrower shall first prepay all outstanding A Advances owing to such Lender in accordance with the provisions of Section 2.10 hereof, (iii) the Borrower shall not terminate the Commitment of any Lender under this subsection unless it also terminates the Commitment of all other Lenders

providing similar notice to the Agent under Section 2.02(b)(i) or demanding compensation at a rate equal to or higher than that demanded by such Lender under subsection (a) or (b) above, and (iv) the Borrower shall not take any action under this subsection which would reduce the aggregate of the Commitments below the aggregate of the Advances outstanding. Effective with such termination, the Borrower may substitute for such Lender one or more other banks or entities which will assume the Commitment and other obligations hereunder of such terminated Lender or Lenders, and will become a Lender or Lenders hereunder upon executing an assumption agreement in form and substance reasonably satisfactory to the Borrower and the Required Lenders.

SECTION 2.12. Payments and Computations. (a) The Borrower or Borrowing Subsidiary, as the case may be, shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in immediately available funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or utilization or facility fees ratably (other than amounts payable pursuant to Section 2.03, 2.11, 2.14, 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 Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender's assignee thereunder, and the parties to such Assignment and Acceptance 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 Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate, a Quoted Rate or the Federal Funds Rate and of commitment fees and facility fees shall be made by the 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 Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

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

(e) Unless the 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 Agent may assume that the Borrower has made such payment in full to the Agent on such date and the 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 Agent, each Lender shall repay to the 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 Agent, at the Federal Funds Rate.

(f) The date and amount of each A Advance owing to each Lender, the date on which it is due, the interest rate applicable thereto and any prepayments thereof shall be recorded by the Agent in the Register, which shall be presumptive evidence thereof, whether or not the same is endorsed on the grid annexed to such Lender's A Note.

SECTION 2.13. Taxes. (a) Subject to subsection (f) below, any and all payments hereunder or under the A Notes shall be made, in accordance with Section 2.12, (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 (w) in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by any jurisdiction under the laws of which such Lender or the 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, (x) in the case of each Lender and the 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 Agent (as the case may be) (other than as a result of such Lender's or the Agent's having entered into this Agreement, performing hereunder or enforcing this Agreement), (y) 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 and (z) Other Taxes as defined in subsection (b) below, (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower or any Borrowing Subsidiary shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any A Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13) such Lender or the 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 the A Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the A Notes (hereinafter referred to as "Other Taxes"). Each Bank and the Agent represents that at the date of this Agreement it is not aware of any Other Taxes applicable to it. Each Lender and the 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 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 2.13) paid by such Lender or the 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 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 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. If no such Taxes are payable in respect of any payment hereunder or under the A Notes, the Borrower or such Borrowing Subsidiary will at the request of a Lender or the Agent furnish to the Agent, an opinion of counsel for the Borrower or such Borrowing Subsidiary stating that such payment is exempt from or not subject to Taxes.

(e) Each Lender and the 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 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 Agent hereunder and under the A Notes, if the Lender or the Agent is entitled to such an exemption or reduction.

(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 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 1001 or Form 4224 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 the A Notes. If as a result of an erroneous certification made by a Lender or the Agent the Borrower or such Borrowing Subsidiary makes a payment to it without deduction for United States withholding taxes, but would have made such a deduction had such certification not been erroneous and the Borrower or such Borrowing Subsidiary subsequently is required to account, and does account, to the United States tax authorities for any amount which should have been deducted, such Lender or the Agent (as the case may be) shall pay to the Borrower or such Borrowing Subsidiary an amount sufficient to reimburse the Borrower or such Borrowing Subsidiary for such amount.

(g) At the request of a Borrower or a Borrowing Subsidiary, any Lender claiming any additional amounts payable pursuant to this Section 2.13 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) 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 2.13 shall survive the payment in full of principal and interest hereunder and under the A 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 2.14. 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 A Advances (whether for principal, interest, fees or otherwise) made by it (other than pursuant to Section 2.08, 2.11 or 2.13) in excess of its ratable share of payments on account of the A Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the A 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 2.14 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.

ARTICLE III  
CONDITIONS OF LENDING

SECTION 3.01. Condition Precedent to Initial Advances. The obligation of each Lender to make its initial Advance is subject to the condition precedent that the Agent shall have received, on or before the date of such Advance, the following, each dated such date, in form and substance satisfactory to each Lender and (except for the Notes) in sufficient copies for each Lender:

(a) The A Note and, if applicable, the B Note payable to the order of such Lender.

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

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

(d) A certificate of a duly authorized officer of the Borrower certifying that the representations and warranties contained in Section 4.01 are correct 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 an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

(e) A favorable opinion of the General Counsel or an Associate General Counsel of the Borrower, substantially in the form of Exhibit D hereto.

(f) A favorable opinion of Shearman & Sterling, counsel for the Agent, substantially in the form of Exhibit E hereto.

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

(i) The representations and warranties contained in Section 4.01 are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) No event has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

provided, however, that, on the occasion of an A Borrowing which would not increase the aggregate outstanding amount of A Advances owing to each Lender over the aggregate outstanding amount of A Advances owing to such Lender immediately prior to making such A Borrowing, the statements set forth in subsections (i) and (ii) above shall be modified as follows:

(i) In subsection (i) the phrase "(excluding those contained in the last sentence of subsection (e) and in subsection (f) thereof)" shall be inserted immediately after "Section 4.01"; and

(ii) In subsection (ii) the words "or would constitute an Event of Default but for the requirement that notice be given or time elapse or both" shall be omitted;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request, evidencing the accuracy of the representations and warranties and compliance with other conditions of lending.

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender which is to make a B Advance on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of B Borrowing with respect thereto, (ii) on or before the date of such B Borrowing, but prior to such B Borrowing, the Agent shall have received a B Note payable to the order of such Lender for each of the one or more B Advances to be made by such Lender as part of such B Borrowing, each in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.03, and (iii) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower or any Borrowing Subsidiary of the proceeds of such B Borrowing shall constitute a representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):



(a) The representations and warranties contained in Section 4.01 are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) No event has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and

(c) The information concerning the Borrower that has been provided in writing to the Agent and each Lender by the Borrower in connection herewith as required by the provisions of this Agreement did not include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided that with regard to any information delivered to a Lender pursuant to Section 5.01(e)(vii), the representation and warranty in this Section 3.03(c) shall apply only to such information that is specifically identified to the Borrower at the time the request is made as information (i) that may be delivered to a purchaser of a B Note, or (ii) that is otherwise requested to be subject to this Section 3.03(c).

SECTION 3.04. 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 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) law or any 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, 1993 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 an opinion of Arthur Andersen & Co., independent public accountants, 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 disclosed to each of the Lenders in writing prior to the date hereof, since December 31, 1993 there has been no Material Adverse Change.

(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 on Schedule 4.01(f) (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or Guaranty, 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 on Schedule 4.01(f) which is reasonably likely to have a Material Adverse Effect.

(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 the imposition of a lien in excess of \$25,000,000 on the assets of the Borrower and/or any of its ERISA Affiliates in favor of the PBGC or the Plan or in a requirement that the Borrower or any of its ERISA Affiliates provide security to the Plan in an amount exceeding \$25,000,000.

(k) The most recently filed Schedule B (Actuarial Information) annual report (Form 5500 Series) for each Plan was complete and accurate and fairly presented the funding status of such Plan as of the date of such Schedule B, and since the date of such Schedule B, 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 or has been terminated, within the meaning of Title IV of ERISA, which in either 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, which in either 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 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.

#### ARTICLE V COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Note 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(c); provided, however, that the Borrower or any Significant Subsidiary shall not be required to preserve the corporate existence of any Significant Subsidiary if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Significant Subsidiary, as the case may be, and that the liquidation thereof is not disadvantageous in any material respect to the Lenders.

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

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

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

(e) Reporting Requirements. Furnish to each Lender:

(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 or chief financial officer of the Borrower;

(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 Arthur Andersen & Co. or other independent public accountants acceptable to the Required Lenders;

(iii) concurrently with the financial statements delivered pursuant to clause (ii) above, a certificate of the Treasurer, principal financial officer or the principal accounting officer of the Borrower, and concurrently with the financial statements delivered pursuant to clause (i) above, a certificate of the Treasurer or 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 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 knowledge, (x) neither an Event of Default nor an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default has occurred, or (y) if any such Event of Default or event exists, specifying such Event of Default or event, 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 Event of Default and each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to its security holders generally, and copies of all publicly available reports and registration statements except registration statements on Form S-8 which the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(vi) promptly after the filing or receiving thereof each notice that the Borrower or any Subsidiary receives from the PBGC regarding the Insufficiency of any Plan, and, to any Lender requesting same, copies of each Form 5500 annual return/report (including Schedule B thereto) filed with respect to each Plan under ERISA with the Internal Revenue Service;

(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 Agent may from time to time reasonably request; and

(viii) promptly after any corporation shall become a Principal Domestic Subsidiary, written notice thereof, including the name of such corporation, the jurisdiction of its incorporation and the nature of its business.

SECTION 5.02. Negative Covenants. So long as any Note 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 Notes 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 \$10,000,000 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 120 days after the acquisition thereof or prior to, at the time of or within 120 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 sum of (A) 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 Notes plus (B) the aggregate amount of all outstanding Sale and Leaseback Debt of the Borrower and its Principal Domestic Subsidiaries, 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 Notes 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 Notes have been secured in accordance with such requirements.

(b) Sale and Leaseback Transactions. The Borrower will not, and will not permit any Principal Domestic Subsidiary to, enter into any Sale and Leaseback Transaction unless either:

(i) immediately after giving effect to such Sale and Leaseback Transaction, the sum of (A) the aggregate amount of all outstanding Sale and Leaseback Debt of the Borrower and its Principal Domestic Subsidiaries and (B) 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 Section 5.02(a) and which do not equally and ratably secure the Notes, shall not exceed 15% of Consolidated Net Tangible Assets; or

(ii) within 90 days after the effective date of such Sale and Leaseback Transaction, the Borrower shall apply or cause to be applied an amount equal to the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction to the prepayment or other retirement (other than any mandatory prepayment or retirement) of the A Notes in accordance with the provisions of Section 2.10 hereof, and/or Senior Funded Debt of the Borrower or any of its Principal Domestic Subsidiaries which is then subject to optional prepayment or other retirement, and shall deliver to the holders of the A Notes a certificate executed by the principal financial officer, treasurer or the chief executive officer of the Borrower specifying the Debt so prepaid or retired; or

(iii) within 90 days after the effective date of such Sale and Leaseback Transaction, the Borrower shall deliver to the holders of the A Notes a certificate executed by the principal financial officer, treasurer or the chief executive officer of the Borrower stating that an amount equal to the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction has been applied, or is in good faith being retained for application within a reasonable time after the date of such Sale and Leaseback

Transaction (and the Borrower covenants and agrees that such proceeds will be so applied), to the payment of the cost of the purchase, construction or improvement of one or more Principal Domestic Manufacturing Properties.

(c) 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 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, and (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 Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of 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.

(d) Debt. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Debt if (after giving effect to the applications of the proceeds of any Debt) the ratio of (x) the Operating Cash Flow of the Borrower and its Subsidiaries on a consolidated basis for the most recent four consecutive calendar quarters then ended to (y) the aggregate amount of Debt of the Borrower and its Subsidiaries on a consolidated basis is less than 0.25 to 1.

(e) 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 (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) which are subject to the restrictions of Section 5.02(a) or (b) or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender, relating to Debt and within the scope of Section 6.01(d) (without giving effect to any limitation in principal amount contained therein) will be margin stock (as defined in such Regulation U).

#### ARTICLE VI EVENTS OF DEFAULT

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

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

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

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.02, 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 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 \$50,000,000 in the aggregate (but excluding Debt evidenced by the Notes) 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 (i) to accelerate the maturity of such Debt or (ii) if the long-term senior debt of the Borrower is not then rated either at or above BBB by S&P or at or above Baa2 by Moody's, to permit the acceleration of 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 \$25,000,000 (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 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 20 consecutive days during which 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 in excess of \$50,000,000 in the aggregate 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 or termination of a Multiemployer Plan; 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 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 Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, 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 Notes, 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 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 AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. (a) Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or any Borrowing Subsidiary or to inspect the property (including the books and records) of the Borrower or any Borrowing Subsidiary; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness,

sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

(b) the Co-Agent, as such, shall have no duties or obligations whatsoever with respect to this Agreement, the Notes or any matter related thereto.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, Citibank, N.A. shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank, N.A. in its individual capacity. Citibank, N.A. and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank, N.A. were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other 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 Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the A Notes then held by each of such Lenders (or if no A Notes are at the time outstanding or if any A 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 Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the 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 Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the 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 Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, which successor Agent, so long as no Event of Default has occurred and is continuing, shall be approved by the Borrower, which approval shall not be unreasonably withheld or delayed. If no successor Agent shall have been so appointed by the Required Lenders in accordance with the immediately preceding sentence, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$50,000,000, which successor Agent, so long as no Event of Default has occurred and is continuing, shall be approved by the Borrower, which approval shall not be unreasonably withheld or delayed. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

#### ARTICLE VIII MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the A 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 Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03 (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 A Advances over the aggregate amount of A Advances outstanding immediately prior to such Borrowing), (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Notes, or the number of Lenders,

which shall be required for the Lenders or any of them to take any action hereunder or (f) 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 Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note. No amendment or waiver of any provision of a B Note, nor any 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 holder of such B Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to the Borrower, at its address at 300 Park Avenue, New York, New York 10022, Attention: Treasurer; if to any Borrowing Subsidiary, c/o the Borrower at its above address; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; and if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 1 Court Square, 7th Floor, Long Island City, New York 11120, Attention: John Makrinos, with a copy to 399 Park Avenue, New York, New York 10043, Attention: Jay Schiff; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II shall not be effective until received by the Agent.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses, Etc. (a) The Borrower agrees to pay on demand all out-of-pocket costs and expenses of the 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 Agent, with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses of the 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 Agent, Citicorp Securities, Inc. and J.P. Morgan Securities, Inc. (each, an "Arranger") and each Lender 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 the Agent, such Arranger or such Lender (as the case may be), except where the direct result of the Agent's, such Arranger's or such Lender's own gross negligence or willful misconduct, in connection with or arising out of any investigation, litigation, or proceeding (whether or not the Agent, any Arranger or any of the Lenders 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.

(c) If any payment of principal of any Eurodollar Rate Advance is made other than on the last day of the Interest Period for such A Advance, as a result of a prepayment pursuant to Section 2.10, 2.11(c) or 5.02(b)(ii) or acceleration of the maturity of the Notes 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 Agent) pay to the 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 A 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 2.13 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 Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates 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 or such Affiliate 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 and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender and its Affiliates 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 Agent and when the 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 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 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 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 the 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") and (iii) the Borrower and such Subsidiary furnish the Agent with such other documents and legal opinions as the Agent or the Required Lenders may reasonably request relating to the existence of such Subsidiary, its corporate 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. No such assignment and assumption shall substitute a 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.

SECTION 8.07. Assignments and Participations. (a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the A Advances owing to it and the A Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any B Advances or B Notes), (ii) each assignee shall be subject to the prior written approval and acceptance (not to be unreasonably withheld or delayed) of the Agent and the Borrower (unless the assignee is an Affiliate of the assignor), and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance consented to by the Borrower, together with any A Note or Notes subject to such assignment and a processing and recordation fee of \$3,000, and give notice of such assignment to each other Lender. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any Borrowing Subsidiary or the performance or observance by the Borrower or any Borrowing Subsidiary of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and/or Section 5.01(e)(i) and (ii) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the A Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, with regard to the names, addresses and Commitments of each Lender, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be

available for inspection and copying by any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any A Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and signed by the Borrower and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the other Lenders. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered A Note or Notes a new A Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new A Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new A Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered A Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any B Note or Notes held by it. Each Lender may assign to any Affiliate of such Lender, without the consent of the Borrower, its interest in this Agreement, the A Advances owing to it and the A Note held by it, but such assignment shall not relieve such assigning Lender of its obligations hereunder including, without limitation, its Commitment.

(f) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) such Lender shall not grant to any such participant the right to participate in the Lender's actions on amendments, waivers or consents permitted under this Agreement, except to the extent that such actions would change the amount of the Commitment, the principal amount, payment dates or maturity of any Notes or Advances, the interest rate, or the method of computing the interest rate thereon, or any fees payable hereunder.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender.

(h) No assignee of a Lender shall be entitled to the benefits of Sections 2.11 and 2.13 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 2.11 and 2.13 than those which it would have been under in the absence of such assignment.

(i) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time, without the consent of the Borrower, create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

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 in Control, by notice to the Borrower (with a copy to the 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 in Control" shall mean the happening of any of the following events:

(i) An acquisition, directly or indirectly, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then outstanding shares of common stock of the Borrower or (B) the combined voting power of the then outstanding voting securities of the Borrower entitled to vote generally in the election of directors; excluding, however (1) any acquisition by the Borrower, or (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Borrower or any corporation controlled by the Borrower; or

(ii) A change in composition of the Board of Directors of the Borrower (the "Board") such that the individuals who, as of the date hereof, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 8.08, that any individual who becomes a member of the Board subsequent to the date hereof, whose election, or nomination for election by the Borrower's stockholders, was approved by a vote of at least a majority of

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

SECTION 8.09. Mitigation of Adverse Circumstances. 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), 2.11 or 2.12, or which would result in a Lender being unable to make Eurodollar Rate Advances by reason of Section 2.02(b), then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under any of the such Sections, such Lender shall promptly, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower, take such reasonable steps as may be open to it to mitigate the effects of such circumstances, including the transfer of its Applicable Lending Office to another jurisdiction; provided that such Lender shall be under no obligation to make any such transfer if in the bona fide opinion of such Lender, such transfer would or would likely have an adverse effect upon its business, operations or financial condition.

SECTION 8.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12 Jurisdiction, Etc. (a) Each of the parties hereto (including each Borrowing Subsidiary) hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the Notes, or any Guaranty, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State or, to the extent permitted by 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. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement, the Notes or any Guaranty in the courts of any jurisdiction.

(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.

SECTION 8.13. Waiver of Jury Trial. Each of the Borrower, the Borrowing Subsidiaries 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 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

Brian J. Heidtke

By \_\_\_\_\_  
Vice President and Corporate Treasurer

CITIBANK, N.A., as Agent

Michel R.R. Pendill

By \_\_\_\_\_  
Vice President

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK, as Co-Agent

Mathias Blumschein

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

Banks

Commitment

\$490,000,000

CITIBANK, N.A.,

By Michel R.R. Pendill  
Vice President

\$280,000,000

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK,

By Mathias Blumschein  
Title: Associate

\$770,000,000

Total of the Commitments

SCHEDULE I  
Colgate-Palmolive Company  
\$770,000,000 CREDIT AGREEMENT  
APPLICABLE LENDING OFFICES

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
Citibank, N.A.	399 Park Avenue New York, New York 10043	399 Park Avenue New York, New York 10043
Morgan Guaranty Trust Company of New York	500 Stanton Christiana Road Newark, Del. 19713	500 Stanton Christiana Road Newark, Del. 19713

None.







EXHIBIT A-2 - FORM OF  
B NOTE

U.S.\$

Dated: \_\_\_\_\_, 199

FOR VALUE RECEIVED, the undersigned, COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of (the "Lender") for the account of its Applicable Lending Office (as defined in the Five Year Credit Agreement referred to below), on \_\_\_\_\_, 19\_\_\_\_, the principal amount of \_\_\_\_\_ Dollars (U.S.\$\_\_\_\_\_).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: \_\_\_\_\_% per annum (calculated on the basis of a year of 360 days for the actual number of days elapsed).

Interest Payment Date or Dates: \_\_\_\_\_

Both principal and interest are payable in lawful money of the United States of America to the Lender at its office at \_\_\_\_\_, in immediately available funds.

This Promissory Note is one of the B Notes referred to in, and is entitled to the benefits of, the Five Year Credit Agreement dated as of January 8, 1995 (as amended or otherwise modified from time to time, the "Five Year Credit Agreement") among the Borrower, the Lender and certain other lenders party thereto Citibank, N.A., as Agent for the Lender and such other parties, and Morgan Guaranty Trust Company of New York, as Co-Agent. The Five Year Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States.

COLGATE-PALMOLIVE COMPANY

By \_\_\_\_\_

Title:

EXHIBIT B-1 - FORM OF  
NOTICE OF A BORROWING

Citibank, N.A., as Agent  
for the Lenders parties  
to the Five Year Credit Agreement  
referred to below  
1 Court Square, 7th Floor  
Long Island City, NY 11120

[Date]

Attention: John Makrinos

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the Five Year Credit Agreement, dated as of January 8, 1995 (as amended or otherwise modified through the date hereof, the "Five Year Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto Citibank, N.A., as Agent for said Lenders, and Morgan Guaranty Trust Company of New York, as Co-Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Five Year Credit Agreement that the undersigned hereby requests an A Borrowing under the Five Year Credit Agreement, and in that connection sets forth below the information relating to such A Borrowing (the "Proposed A Borrowing") as required by Section 2.02(a) of the Five Year Credit Agreement:

- (i) The Business Day of the Proposed A Borrowing is \_\_\_\_\_, 199 .
- (ii) The Type of A Advances comprising the Proposed A Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
- (iii) The aggregate amount of the Proposed A Borrowing is \$ \_\_\_\_\_.
- (iv) The Interest Period for each A Advance made as part of the Proposed A Borrowing is \_\_\_\_\_ month[s].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed A Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Five Year Credit Agreement are correct, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed A Borrowing or from the application of the proceeds therefrom, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

[As an alternative, the following three representations may be substituted if the proviso in Section 3.02 is applicable:

(A) the Proposed A Borrowing will not increase the aggregate outstanding amount of A Advances owing to each Lender over the aggregate outstanding amount of A Advances owing to such Lender immediately prior to such A Borrowing;

(B) the representations and warranties contained in Section 4.01 (excluding those contained in the last sentence of subsection (e) and in subsection (f) thereof, in each case as incorporated by reference) are correct, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(C) no event has occurred and is continuing, or would result from such Proposed A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default.]

Very truly yours,

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT B-2 - FORM OF  
NOTICE OF B BORROWING

Citibank, N.A, as Agent  
for the Lenders parties  
to the Five Year Credit Agreement  
referred to below  
1 Court Square, 7th Floor  
Long Islan City, NY 11120

[Date]

Attention: John Makrinos

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the Five Year Credit Agreement dated as of January 8, 1995 (as amended or otherwise modified through the date hereof, the "Five Year Credit Agreement", the terms defined therein being used herein as therein defined) among the undersigned, certain Lenders party thereto, Citibank, N.A., as Agent for such Lenders, and Morgan Guaranty Trust Company of New York, as Co-Agent, and hereby gives you notice pursuant to Section 2.03 of the Five Year Credit Agreement that the undersigned hereby requests a B Borrowing under the Five Year Credit Agreement, and in that connection sets forth the terms on which such B Borrowing (the "Proposed B Borrowing") is requested to be made:

- (A) Date of Proposed B Borrowing \_\_\_\_\_
- (B) Aggregate Amount of Proposed B Borrowing \_\_\_\_\_
- (C) Interest Rate Basis \_\_\_\_\_
- (D) Maturity Date \_\_\_\_\_
- (E) Interest Payment Date(s) \_\_\_\_\_
- (F) \_\_\_\_\_
- (G) \_\_\_\_\_
- (H) \_\_\_\_\_

The undersigned hereby certifies that the following statements are true on the date hereof and will be true on the date of the Proposed B Borrowing:

(a) the representations and warranties contained in Section 4.01 are correct, before and after giving effect to the Proposed B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) no event has occurred and is continuing, or would result from the Proposed B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

(c) The information concerning the undersigned that has been provided in writing to the Agent or each Lender by the undersigned in connection with the Five Year Credit Agreement as required by the terms of the Five Year Credit Agreement did not include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided that with regard to any information delivered to a Lender pursuant to Section 5.01(e)(vii) of the Five Year Credit Agreement, the representation and warranty in this paragraph (c) shall apply only to such information that is specifically identified to the undersigned at the time the request is made as information (i) that may be delivered to a purchaser of a B Note, or (ii) that is otherwise requested to be subject to this paragraph (c).

(d) the aggregate amount of the Proposed B Borrowing and all other Borrowings to be made on the same day under the Five Year Credit Agreement is within the aggregate amount of the unused Commitments of the Lenders.

The undersigned hereby confirms that the Proposed B Borrowing is to be made available to it in accordance with Section 2.03(e) of the Five Year Credit Agreement.

Very truly yours,

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT C - FORM OF  
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Five Year Credit Agreement dated as of January 8, 1995 (as amended or modified from time to time, the "Five Year Credit Agreement") among COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the Lenders (as defined in the Five Year Credit Agreement), Citibank, N.A., as agent for the Lenders (the "Agent"), and Morgan Guaranty Trust Company of New York, as co-agent. Terms defined in the Five Year Credit Agreement are used herein with the same meaning.

\_\_\_\_\_ (the "Assignor") and \_\_\_\_\_ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Five Year Credit Agreement as of the date hereof (other than in respect of B Advances and B Notes) which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Five Year Credit Agreement (other than in respect of B Advances and B Notes), including, but not limited to, such interest in the Assignor's Commitment, the A Advances owing to the Assignor, and the A Note[s] held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the A Advances owing to the Assignee will be as set forth in Section 2 of Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Five Year Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Five Year Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Five Year Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the A Note[s] referred to in paragraph 1 above and requests that the Borrower exchange such A Note[s] for a new A Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new A Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and to the order of the Assignor in an amount equal to the Commitment retained by the Assignor under the Five Year Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Five Year Credit Agreement, together with copies of the financial statements referred to in Section 4.01 or delivered pursuant to Section 5.01(e) (in each case as incorporated into the Five Year Credit Agreement by reference) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Five Year Credit Agreement; (iii) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Five Year Credit Agreement are required to be performed by it as a Lender; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Five Year Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; [and] (v) specifies as its Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof; [and (vi) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Five Year Credit Agreement and the Notes or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty].\*

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date of this Assignment and Acceptance shall be the date of acceptance thereof by the Agent, unless otherwise specified on Schedule 1 hereto (the "Effective Date").

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Five Year Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Five Year Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Five Year Credit Agreement and the A Notes in respect of the interest assigned hereby (including, but not limited to, all payments of principal, interest and commitment, facility and utilization fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Five Year Credit Agreement and the A Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance 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 Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

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\* If the Assignee is organized under the laws of a jurisdiction outside the United States.



Schedule 1  
to  
Assignment and Acceptance  
Dated \_\_\_\_\_, 19

Section 1.

Percentage Interest: \_\_\_\_\_%

Section 2.

Assignee's Commitment: \$ \_\_\_\_\_  
Assignor's Retained Commitment: \$ \_\_\_\_\_  
Aggregate Outstanding Principal  
Amount of A Advances owing to the Assignee: \$ \_\_\_\_\_  
Aggregate Outstanding Principal  
Amount of A Advances owing to the Assignor: \$ \_\_\_\_\_

An A Note payable to the order of the Assignee  
Dated: \_\_\_\_\_, 19  
Principal amount:

An A Note payable to the order of the Assignor  
Dated: \_\_\_\_\_, 19  
Principal amount:

Section 3.

Effective Date\*: \_\_\_\_\_, 19

[NAME OF ASSIGNOR]

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

\* This date should be no earlier than the date of acceptance by the Agent.

[NAME OF ASSIGNEE]

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

CD Lending Office:  
[Address]

Domestic Lending Office (and address for notices):  
[Address]  
Eurodollar Lending Office:  
[Address]

Accepted this \_\_\_ day  
of \_\_\_\_\_, 19\_\_

CITIBANK, N.A., as Agent

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

Accepted this \_\_\_ day  
of \_\_\_\_\_, 19\_\_

COLGATE-PALMOLIVE COMPANY

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

January \_\_, 1995

To each of the Lenders party to the Five Year Credit Agreement referred to below and Citibank, N.A., as Agent

Ladies and Gentlemen:

As Senior Vice President, General Counsel and Secretary for Colgate-Palmolive Company (hereinafter referred to as the "Borrower"), I am familiar with the \$770,000,000 Five Year Credit Agreement, dated as of January 8, 1995 among the Borrower, the Lenders parties thereto, Citibank, N.A. as Agent for the Lenders thereto, and Morgan Guaranty Trust Company of New York, as Co-Agent (the "Five Year Credit Agreement"). This opinion is being furnished to you pursuant to Section 3.01(e) of the Five Year Credit Agreement. Terms used in this opinion which are defined in the Five Year Credit Agreement are used herein as so defined.

I or attorneys under my supervision in the Borrower's Legal Department have examined such records, certificates, and other documents and such questions of law as I have considered necessary or appropriate for purposes of this opinion. In addition, I or attorneys under my supervision in the Borrower's Legal Department have examined such records, certificates, and other documents, relied on upon certificates of the officers of the Borrower and performed such investigations as I have considered necessary or appropriate for purposes of this opinion in respect of matters of fact. I believe that both you and I are justified in relying upon such certificates. Based upon, and subject to, the foregoing, it is my opinion that:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

2. The execution, delivery and performance by the Borrower of the Five Year Credit Agreement, the Notes and the Guaranties 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) law or (to my knowledge after due inquiry) any contractual restriction binding on or affecting the Borrower. The Five Year Credit Agreement and the A Note have been duly executed and delivered on behalf of the Borrower.

3. No authorization, 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 the Five Year Credit Agreement, the Notes and the Guaranties.

4. The Five Year Credit Agreement is and the A Note will be, and each of the Guaranties and B Notes when executed and delivered will be, upon the receipt of due consideration therefor, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

5. The Borrower has a procedure of reviewing its material litigation on a quarterly basis and has imposed an ongoing obligation on its Subsidiaries whereby they must advise me, or attorneys under my supervision, immediately of any material litigation matter arising between reviews. Based on this review, to my actual knowledge, there is no pending or threatened action or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator which may have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of the Five Year Credit Agreement, any Notes and any Guaranties; provided, however, that I express no opinion with respect to certain Brazilian regulatory risks discussed with you.

I am licensed to practice law in the State of New York and do not purport to be an expert on, or to express any opinion (other than to the extent necessary to render the opinions set forth in paragraph (1) above, which opinion is based on certificates of public officials) concerning any law other than the law of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States. The opinions expressed herein are solely for your benefit and may not be relied upon in any manner or for any purpose by any other persons.

The opinion set forth in paragraph (4) above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding equity or at law).

Very truly yours,

OPINION OF COUNSEL TO THE AGENT

January \_\_, 1995

To the Lenders party to the Five Year Credit Agreement referred to below and  
Citibank, N.A., as Agent

Colgate-Palmolive Company

Ladies and Gentlemen:

We have acted as counsel to Citibank, N.A., as Agent, in connection with the preparation, execution and delivery of the Five Year Credit Agreement dated as of January 8, 1995 (the "Five Year Credit Agreement") among Colgate-Palmolive Company (the "Borrower"), each of you, Citibank, N.A., as Agent, and Morgan Guaranty Trust Company of New York, as Co-Agent. Terms defined in the Five Year Credit Agreement are used herein as therein defined.

In that connection, we have examined the following documents:

(1) A counterpart of the Five Year Credit Agreement, executed by each of the parties thereto.

(2) The documents furnished by the Borrower pursuant to Section 3.01 of the Five Year Credit Agreement, including the opinion of Andrew D. Hendry, General Counsel of the Borrower.

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents, and the conformity to the originals of all such documents submitted to us as copies. We have also assumed that each of you has duly executed and delivered, with all necessary power and authority (corporate and otherwise), the Five Year Credit Agreement.

To the extent that our opinions expressed below involve conclusions as to the matters set forth in paragraphs 1, 2 and 3 of the above-mentioned opinion of counsel for the Borrower, we have assumed without independent investigation the correctness of the matters set forth in such paragraphs, our opinion being subject to the assumptions, qualifications and limitations set forth in such opinion with respect thereto.

Based upon the foregoing and upon such other investigation as we have deemed necessary, we are of the following opinion:

1. The Five Year Credit Agreement and each Note delivered on the date hereof are the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

2. The above-mentioned opinion of counsel for the Borrower, and the other documents referred to in item (2) above, are substantially responsive to the requirements of the Five Year Credit Agreement.

Our opinions above are subject to the following qualifications:

(a) Our opinion in paragraph 1 above is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(b) Our opinion in paragraph 1 above is also subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.

(c) Our opinions expressed above are limited to the law of the State of New York and the Federal law of the United States, and we do not express any opinion herein concerning any other law. Without limiting the generality of the foregoing, we express no opinion as to the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein enforcement of the Five Year Credit Agreement or the Notes may be sought which limits the rates of interest legally chargeable or collectible.

Very truly yours,

SHEARMAN & STERLING

## FORM OF GUARANTY

GUARANTY, dated \_\_\_\_\_, 19\_\_\_, made by COLGATE-PALMOLIVE COMPANY, a corporation organized and existing under the laws of Delaware (the "Guarantor"), in favor of Citibank, N.A., as agent (the "Agent") for each of the Lenders (the "Lenders") parties to the Five Year Credit Agreement (as defined below).

## PRELIMINARY STATEMENTS.

(1) The Agent, the Lenders, the Guarantor, and Morgan Guaranty Trust Company of New York, as co-Agent have entered into a Five Year Credit Agreement dated as of January 8, 1995 (said Agreement, as it may heretofore have been or hereafter be amended or otherwise modified from time to time, being the "Five Year Credit Agreement", the terms defined therein and not otherwise defined herein being used herein as therein defined). Pursuant to Section 8.06(b) of the Five Year Credit Agreement and an Assignment and Assumption Agreement dated \_\_\_\_\_, 19\_\_\_ the Guarantor has assigned to \_\_\_\_\_, a corporation organized and existing under the laws of (the "Assignee"), certain rights under the Five Year Credit Agreement, so that the Assignee may borrow and receive Advances under the Five Year Credit Agreement. The Assignee is a Subsidiary of the Guarantor and engages in business transactions with the Guarantor, and the Guarantor represents that it will derive substantial direct and indirect benefit from all Advances to the Assignee.

(2) It is a condition precedent to the making of such assignment to the Assignee that the Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to accept such assignment and to make Advances to the Assignee under the Five Year Credit Agreement, the Guarantor hereby agrees as follows:

SECTION 1. Guaranty. The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of the Assignee now or hereafter existing under the Five Year Credit Agreement and under the Notes evidencing Advances to the Assignee (the "Notes"), whether for principal, interest, fees, expenses or otherwise (such obligations being the "Obligations"), and agrees to pay any and all expenses (including counsel fees and expenses) incurred by the Agent and the Lenders in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts which constitute part of the Obligations and would be owed by the Assignee to the Lenders under the Five Year Credit Agreement and the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Assignee.

SECTION 2. Guaranty Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Five Year Credit Agreement and the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lenders with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Assignee or whether the Assignee is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the Five Year Credit Agreement, the Notes or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Five Year Credit Agreement or the Notes, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Assignee or any of its subsidiaries or otherwise;

(iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations;

(iv) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Assignee or any of its subsidiaries;

(v) any change, restructuring or termination of the corporate structure or existence of the Assignee or any of its subsidiaries or its status as a Subsidiary of the Guarantor; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Assignee or a guarantor.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Assignee or otherwise, all as though such payment had not been made.

SECTION 3. Waiver. The Guarantor hereby waives promptness, diligence,

notice of acceptance and any other notice with respect to any of the Obligations, this Guaranty or any circumstance referred to in Section 2, and waives any requirement that the Agent or any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Assignee or any other person or entity or any collateral.

SECTION 4. Subrogation. (a) The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all the Obligations and all other amounts payable under this Guaranty shall have been paid in full and the Commitments shall have expired or terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of, the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the Five Year Credit Agreement or to be held by the Agent as collateral security for any Obligations thereafter existing. If (i) the Guarantor shall make payment to the Agent of all or any part of the Obligations, (ii) all the Obligations and all other amounts payable under this Guaranty shall be paid in full and (iii) the Commitments shall have expired or terminated, the Agent will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor.

[The preceding Section 4(a) will be used if the Assignee is incorporated and has its principal office in a jurisdiction other than the United States of America, or a State, Territory or possession thereof. Otherwise, the following Section 4(a) will be used.]

SECTION 4. Waiver of Subrogation. (a) The Guarantor hereby irrevocably waives any claim or other right which it may now or hereafter acquire against the Assignee that arises from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, any right to participate in any claim or remedy of the Agent or any Lender against the Assignee or any collateral which the Agent or any Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including without limitation, the right to take or receive from the Assignee, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other right. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the Five Year Credit Agreement or to be held by the Agent as collateral security for any Obligations thereafter existing. The waiver set forth in this Section 4(a) is knowingly made in contemplation of the benefits referred to in the Preliminary Statements.

(b) The Guarantor agrees that, to the extent that the Assignee makes a payment or payments to the Agent or any Lender or the Agent or any Lender receives any proceeds of collateral, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or otherwise required to be repaid to the Assignee, its estate, trustee, receiver or any other party, including, without limitation, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligation or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred. The Guarantor shall defend and indemnify the Agent and each Lender from and against any claim or loss under this Section 4(b) (including reasonable attorneys' fees and expenses) in the defense of any such action or suit.

SECTION 5. Payments With Respect to Taxes, Etc. Any and all payments made by the Guarantor hereunder shall be subject to and made in accordance with Section 2.13 of the Five Year Credit Agreement as if all such payments were being made by the Borrower.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(a) The Guarantor is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and has all corporate power required to carry on its business as now conducted.

(b) The execution and delivery by the Guarantor of this Guaranty, and the performance of its obligations hereunder, are within the Guarantor's corporate power, have been duly authorized by all necessary corporate and other action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Guarantor or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting the Guarantor or result in the creation or imposition of any Lien on any asset of the Guarantor or any of its Subsidiaries.

(c) This Guaranty has been duly executed and delivered by the Guarantor and constitutes a valid and binding agreement of the Guarantor enforceable in accordance with its terms.

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

(e) The Assignee is a Subsidiary of the Guarantor and is a corporation duly incorporated, validly existing and in good standing under the laws of \_\_\_\_\_.

(f) There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

(g) The Guarantor has, independently and without reliance upon any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty.

SECTION 7. Amendments, Etc. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, (a) limit or release the liability of the Guarantor hereunder, (b) postpone any date fixed for payment hereunder, or (c) change the number of Lenders required to take any action hereunder.

SECTION 8. Addresses for Notices. All notices and other communications provided for hereunder shall be given and effective as provided in Section 8.02 of the Five Year Credit Agreement.

SECTION 9. No Waiver; Remedies. No failure on the part of any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10. Right of Set-off. If the Guarantor shall fail to make any payment promptly when due hereunder after notice by the Agent or any Lender to the Guarantor that the Assignee has failed to pay any Obligation when due, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty, whether or not such Lender shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Each Lender agrees to notify the Guarantor, the Agent and each other Lender promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 11. Continuing Guaranty; Assignments under Five Year Credit Agreement. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Five Year Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and any Note held by it) to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Section 8.07 of the Five Year Credit Agreement.

SECTION 12. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

COLGATE-PALMOLIVE COMPANY

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

U.S. \$330,000,000

364 DAY CREDIT AGREEMENT

Dated as of January 8, 1995

Among

COLGATE-PALMOLIVE COMPANY

as Borrower

THE BANKS NAMED HEREIN

as Banks

CITIBANK, N.A.

as Agent

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

as Co-Agent

and

CITICORP SECURITIES, INC.

and

J.P. MORGAN SECURITIES, INC.

as Arrangers

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- Exhibit F - Form of Guaranty
- Schedule I - List of Applicable Lending Offices
- Schedule 4.01(f) - Disclosed Litigation

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EXECUTION COPY

364 DAY CREDIT AGREEMENT

Dated as of January 8, 1995

COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the banks (the "Banks") listed on the signature pages hereof, Citibank, N.A., as agent (the "Agent") for the Lenders (as herein defined), and Morgan Guaranty Trust Company of New York, as co-agent (the "Co-Agent"), 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):

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

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

"A Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the A Advances made by such Lender.

"Advance" means an A Advance or a B Advance.

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

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank, N.A. with its office at 1 Court Square, 7th Floor, Long Island City, New York 11120, account no. 36852248, Attention: John Makrinos.

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

Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a B Advance, the office of such Lender notified by such Lender to the Borrower as its Applicable Lending Office with respect to such B Advance.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Borrower and the Agent, in substantially the form of Exhibit C hereto.

"B Advance" means an advance by a Lender to the Borrower as part of a B Borrowing resulting from the auction bidding procedure described in Section 2.03.

"B Borrowing" means a borrowing consisting of simultaneous B Advances from each of the Lenders whose offer to make one or more B Advances as part of such borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"B Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a B Advance made by such Lender.

"B Reduction" has the meaning specified in Section 2.01.

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

(a) the average of the rates of interest announced publicly by the Reference Banks in New York, New York, from time to time, as their base or prime rate;

(b) 1/4 of one percent per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average being determined weekly on each Monday (or, if any such date is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by the Reference Banks on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of the average of the quotations for such rates received by each Reference Bank from three New York certificate of deposit dealers of recognized standing selected by it, in either case adjusted to the nearest 1/4 of

one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent; and

(c) 1/2 of 1% per annum above the Federal Funds Rate.

"Base Rate Advance" means an A Advance which bears interest as provided in Section 2.07(a).

"Borrowing" means an A Borrowing or a B Borrowing.

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

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

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

"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, at any time, the excess of (a) all assets which appear on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries prepared in accordance with generally accepted accounting principles, after deducting therefrom the sum of:

(i) the book amount appearing on such consolidated balance sheet of good will, trademarks, trademark rights, trade names, trade name rights, copyrights, patents, patent rights, licenses, unamortized debt discount and expense and other like intangibles;

(ii) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to December 31, 1993, except write-ups of assets located outside of the United States of America pursuant to applicable law or custom;

(iii) all reserves, including reserves for deferred taxes, depreciation, obsolescence, depletion, insurance and inventory valuation, but excluding

contingency reserves not allocated for any particular purpose and not deducted from assets;

(iv) the amount, if any, at which any shares of capital stock of the Borrower appear on the asset side of such consolidated balance sheet; and

(v) the amount of the minority interest, if any, in the shares of stock and surplus of any Consolidated Subsidiary;

over (b) all current liabilities of the Borrower and its Consolidated Subsidiaries on a consolidated basis.

"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.

"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.

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

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower.

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

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

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

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

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue 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(f)(1) of ERISA are satisfied; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of

ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

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

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Borrowing (or, if such Borrowing is a B Borrowing, equal to \$1,000,000) and for a period equal to such Interest Period. The Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.09.

"Eurodollar Rate Advance" means an A Advance which bears interest as provided in Section 2.07(c) or a B Advance which bears interest as provided in Section 2.03(h) for a Quoted Margin Advance.

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



respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by each Reference Bank from three Federal funds brokers of recognized standing selected by it.

"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, 3 or 6 months in the case of a Eurodollar Rate Advance, or in the case of a B Advance, such period as the Borrower may select by notice received by the 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;

(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 Eurodollar Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(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.

"Lenders" means the Banks listed on the signature pages hereof and each assignee that shall become a party hereto pursuant to Section 8.07 or Section 2.11(c).

"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 2.5% of Consolidated Net Tangible Assets.

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

"Material Adverse Effect" means a material adverse effect on the business, condition or operations of the Borrower and its Consolidated Subsidiaries taken as a whole.

"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 an A Note or a B Note.

"Notice of A Borrowing" has the meaning specified in Section 2.02(a).

"Notice of B Borrowing" has the meaning specified in Section 2.03(b).

"Offer" has the meaning specified in Section 2.03(c).

"Operating Cash Flow" of the Borrower and its Subsidiaries for any period means (A) net income for such period plus (B) the sum of all non-cash expenses and charges deducted in arriving at net income for such period, including but not limited to allowances for depreciation and amortization and accruals for interest and taxes to the extent that they exceed payments for interest and taxes during the period, less (C) (i) all payments of interest and taxes during the period to the extent that they exceed accruals for interest and taxes for the period and (ii) other payments of expenses not deducted in arriving at net income for the period and (D) less net gains or plus net losses from the sale or other disposition of fixed assets or businesses for the period, to the extent they were included in computing net income for the period, but the Borrower may exclude from the computation under this clause (D) any gains from the sale of certain parcels of real estate in New Jersey pursuant to its present program to develop and sell them over a period of years; provided that the aggregate number of parcels in the program shall not exceed 35.

"PBGCC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Person" means an individual, partnership, corporation (including a business trust), 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 2.5% 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.

"Quoted Margin", "Quoted Margin Advance", "Quoted Rate" and "Quoted Rate Advance" shall have the respective meanings specified in Section 2.03(b).

"Reference Banks" means Citibank, N.A. and Morgan Guaranty Trust Company of New York.

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

"Rentals" with respect to any lease and for any period means the aggregate amounts payable by the lessee pursuant to the terms of the lease for such period, whether or not referred to as rent. Whenever it is necessary to determine the amount of Rentals for any period in the future and to the extent that such Rentals are not definitely determinable by the terms of the lease, for the purpose of this definition such Rentals may be estimated in such reasonable manner as the Borrower may determine.

"Required Lenders" means at any time Lenders holding at least 66-2/3% of the then aggregate unpaid principal amount of the A Notes held by Lenders, or, if no such principal amount is then outstanding, Lenders having at least 66-2/3% of the Commitments (provided that, for purposes hereof, neither the Borrower, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the A Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the A Advances or the total Commitments).

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

"S&P" means Standard & Poor's Corporation or any successor to its business of rating long-term debt.

"Sale and Leaseback Debt" of any Person means, at the date of determination thereof, the aggregate amount of Rentals required to be paid by such Person under all Sale and Leaseback Transactions to which such Person is a party during the respective remaining terms thereof (after giving effect to any renewals and extensions at the option of the lessor) discounted from the respective dates of payment of such Rentals to such date of determination at the actual interest factor included in such Rentals or, if such interest factor cannot be readily determined, at an interest factor calculated in such manner as the Borrower shall reasonably determine; provided, however, that if any portion of the net proceeds of the sale of the property leased pursuant to a Sale and Leaseback Transaction has been or is being applied as provided in Section 5.02(b)(ii) and/or Section 5.02(b)(iii), there shall be excluded in determining Sale and Leaseback Debt that portion of the discounted Rentals required to be paid under such Sale and Leaseback Transaction which bears the same ratio to the total discounted Rentals required to be paid under such Sale and Leaseback Transaction as the portion of such net proceeds which has been or is being applied as provided in Section 5.02(b)(ii) and/or Section 5.02(b)(iii) bears to the total amount of such net proceeds.

"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.

"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 (x) each Subsidiary which is a Principal Domestic Subsidiary by operation of clause (i), (ii) or (iii) of the definition of Principal Domestic Subsidiary, and (y) each other Subsidiary whose assets as at the end of the fiscal year immediately preceding the time of determination exceeded 2% of consolidated assets of the Borrower and its Subsidiaries as at the end of such fiscal year.

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

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

"Termination Date" means the earlier of (a) subject to the provisions of Section 8.11, the 364th day after the date hereof and (b) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

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

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

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SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

ARTICLE II  
AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The A Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make A Advances to the Borrower or a 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 not to exceed at any time outstanding the amount set opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.05 (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of the aggregate amount of the B Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "B Reduction"). Each A Borrowing shall be in an aggregate amount not less than \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof (unless the aggregate amount of the unused Commitments is less than \$25,000,000, in which case such Borrowing shall be equal to the aggregate amount of the unused Commitments) and shall consist of A Advances of the same Type and having the same Interest Period made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may from time to time borrow, repay pursuant to Section 2.06 or prepay pursuant to Section 2.10 or 2.11(b) and reborrow under this Section 2.01.

SECTION 2.02. Making the A Advances. (a) Each A Borrowing shall be made on notice given by the Borrower or a Borrowing Subsidiary, as the case may be, and received by the Agent, which shall give prompt notice thereof to each Lender by telecopier or telex, not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed A Borrowing in the case of Eurodollar Rate Advances, or the same Business Day in the case of Base Rate Advances. Each such notice of an A Borrowing (a "Notice of A Borrowing") shall be given by telecopier, telex or cable, confirmed immediately by hand or by mail, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such A Borrowing, (ii) Type of A Advances comprising such A Borrowing, (iii) aggregate amount of such A Borrowing, and (iv) in the case of an A Borrowing comprised of Eurodollar Rate Advances, the Interest Period for each such

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A 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 A Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in immediately available funds, such Lender's ratable portion of such A Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will promptly make such funds available to the Borrower at the 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 Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, the Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for the portion of such Borrowing advanced by the Lender which has provided the notice described above or the portion of any subsequent Borrowing advanced by such Lender shall be suspended until such Lender shall notify the Agent and the Agent will notify the Borrower that the circumstances causing such suspension no longer exist, and each such Advance shall be a Base Rate Advance;

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

(iii) if the Required Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Agent that the Eurodollar Rate for Eurodollar Rate Advances comprising such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Borrowing, the Agent shall immediately notify the Borrower and each other Lender and the right of the Borrower and any Borrowing Subsidiary to select Eurodollar Rate Advances for such Borrowing or any subsequent Borrowing shall be suspended, and each Advance comprising such Borrowing shall be a Base Rate Advance. The Lenders will review regularly the circumstances causing such



suspension, and as soon as such circumstances no longer exist the Required Lenders will notify the Agent and the Agent will notify the Borrower that such suspension is terminated.

(c) Each Notice of A Borrowing shall be irrevocable and binding on the Borrower or Borrowing Subsidiary, as the case may be. In the case of any A Borrowing that the related Notice of A Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower or Borrowing Subsidiary, as the case may be, shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of A Borrowing for such A 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 A Advance to be made by such Lender as part of such A Borrowing when such A Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any A Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such A Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such A Borrowing in accordance with subsection (a) of this Section 2.02 and the 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 Agent, such Lender and the Borrower severally agree to repay to the 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 Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to A Advances comprising such A Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's A Advance as part of such A Borrowing for purposes of this Agreement.

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

SECTION 2.03. The B Advances. (a) Each Lender severally agrees that the Borrower or a Borrowing Subsidiary, as the case may be, may request B Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring one week prior to the Termination Date, in the manner

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set forth below; provided that, following the making of each B Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any B Reduction).

(b) The Borrower or a Borrowing Subsidiary, as the case may be, may request a B Borrowing under this Section 2.03 by delivering to the Agent, by telecopier, telex or cable, confirmed immediately by hand or by mail, a notice of a B Borrowing (a "Notice of B Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying:

(i) the date and aggregate amount of the proposed B Borrowing (which shall not be less than \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof; provided that if the aggregate amount of the unused Commitments is less than \$25,000,000, the amount of such proposed Borrowing shall be equal to the aggregate amount of the unused Commitments),

(ii) whether each Lender should quote (x) a rate of interest (a "Quoted Rate") to be the entire rate applicable to the proposed B Advance (a "Quoted Rate Advance") or (y) a marginal per annum rate (a "Quoted Margin") to be added to the Eurodollar Rate for an Interest Period equal to the term of the proposed B Borrowing (a "Quoted Margin Advance"),

(iii) the maturity date for repayment of each B Advance to be made as part of such B Borrowing (which maturity date may not be earlier than the date occurring one week after the date of such B Borrowing and may not be later than the Termination Date),

(iv) the interest payment date or dates relating thereto, and

(v) any other terms to be applicable to such B Borrowing,

not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed B Borrowing, in the case of a Quoted Rate Advance and (B) at least five Business Days prior to the date of the proposed B Borrowing, in the case of a Quoted Margin Advance. The Agent shall in turn promptly notify each Lender of each request for a B Borrowing received by it from the Borrower or a Borrowing Subsidiary, as the case may be, by sending such Lender a copy of the related Notice of B Borrowing.

(c) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more B Advances to the Borrower or Borrowing Subsidiary, as the case may be, as part of such proposed B Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by delivering written notice (an "Offer") to the Agent (which shall give prompt notice thereof to the Borrower or Borrowing

Subsidiary, as the case may be) before 9:30 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Quoted Rate Advance and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Quoted Margin Advance, specifying (x) the minimum amount and maximum amount of each B Advance which such Lender would be willing to make as part of such proposed B Borrowing (which amounts may, subject to the proviso to Section 2.03(a), exceed such Lender's Commitment, if any), (y) a Quoted Rate or a Quoted Margin therefor (as requested by the Notice of B Borrowing) and (z) such Lender's Applicable Lending Office with respect to such B Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such Offer, it shall notify the Borrower of such Offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make an Offer, such Lender shall so notify the Agent before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any B Advance as part of such B Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any B Advance as part of such proposed B Borrowing.

(d) The Borrower or Borrowing Subsidiary, as the case may be, shall, in turn, (A) before 10:30 A.M. (New York City time) on the date of such proposed B Borrowing, in the case of a Quoted Rate Advance and (B) before 11:00 A.M. (New York City time) three Business Days before the date of such proposed B Borrowing, in the case of a Quoted Margin Advance, either

(i) cancel such B Borrowing by giving the Agent notice to that effect, and such B Borrowing shall not be made, or

(ii) accept one or more of the Offers made by any Lender or Lenders pursuant to paragraph (c) above, in its sole discretion, by giving notice to the Agent of the amount of each B Advance to be made by each Lender as part of such B Borrowing (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, offered to the Borrower or Borrowing Subsidiary, as the case may be, by the Agent on behalf of such Lender for such B Advance in such Lender's notice given pursuant to subsection (c) above), and such notice shall reject any remaining Offers made by Lenders pursuant to subsection (c) above, provided that (x) the Borrower or Borrowing Subsidiary, as the case may be, shall not accept Offers for an aggregate principal amount of B Advances in excess of the aggregate principal amount stated in the Notice of B Borrowing, (y) the Borrower or Borrowing Subsidiary, as the case may be, shall not accept any Offer unless all Offers specifying a lower Quoted Rate or Quoted Margin, as the case may be, are also accepted, and (z) if all Offers specifying the same Quoted Rate or Quoted Margin, as the case may be, are not accepted in full, the Borrower or Borrowing

Subsidiary, as the case may be, shall apportion its acceptances among such Offers in proportion to the respective principal amounts of such Offers (rounded, where necessary, to the nearest \$1,000,000).

(iii) If the Borrower notifies the Agent that such B Borrowing is cancelled pursuant to paragraph (d)(i) above, the Agent shall give prompt notice thereof to the Lenders and such B Borrowing shall not be made.

(e) If the Borrower accepts one or more of the Offers, the Agent shall in turn promptly (but in any event, not later than 11:30 A.M. on such date) notify (A) each Lender that has made an Offer, of the date and aggregate amount of such B Borrowing and whether or not any Offer made by such Lender has been accepted by the Borrower, (B) each Lender that is to make a B Advance as part of such B Borrowing, of the amount of each B Advance to be made by such Lender as part of such B Borrowing, and (C) each Lender that is to make a B Advance as part of such B Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a B Advance as part of such B Borrowing shall, before 12:00 noon (New York City time) on the date of such B Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in immediately available funds, such Lender's portion of such B Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds promptly available to the Borrower at the Agent's address referred to in Section 8.02. Promptly after each B Borrowing the Agent will notify each Lender of the amount of the B Borrowing, the consequent B Reduction and the dates upon which such B Reduction commenced and will terminate.

(f) If the Borrower notifies the Agent that it accepts one or more of the Offers made by any Lender or Lenders pursuant to paragraph (d)(ii) above, such notice of acceptance shall be irrevocable and binding on the Borrower. The Borrower 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 the related Notice of B Borrowing for such B Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding in any event loss of any anticipated profit), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the B Advance to be made by such Lender as part of such B Borrowing when such B Advance, as a result of such failure, is not made on such date.

(g) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay

pursuant to subsection (h) below, and reborrow under this Section 2.03, provided that a B Borrowing shall not be made within three Business Days of the date of any other B Borrowing.

(h) The Borrower shall repay to the Agent for the account of each Lender that has made a B Advance, or for the account of each other holder of a B Note, on the maturity date of such B Advance (such maturity date being that specified by the Borrower for repayment of such B Advance in the related Notice of B Borrowing and provided in the B Note evidencing such B Advance), the then unpaid principal amount of such B Advance. The Borrower shall have no right to prepay any principal amount of any B Advance.

(i) The Borrower shall pay interest on the unpaid principal amount of each B Advance from the date of such B Advance to the date the principal amount of such B Advance is repaid in full, at (x) the Quoted Rate, in the case of a Quoted Rate Advance, and (y) at the sum of the Eurodollar Rate for the Interest Period of such B Advance plus the Quoted Margin, in the case of a Quoted Margin Advance, in each case as specified for such B Advance by the Lender making such B Advance in its Offer with respect thereto, payable on the interest payment date or dates specified by the Borrower for such B Advance in the related Notice of B Borrowing and set forth in the B Note evidencing such B Advance.

(j) The indebtedness of the Borrower resulting from each B Advance made to the Borrower as part of a B Borrowing shall be evidenced by a separate B Note of the Borrower payable to the order of the Lender making such B Advance.

(k) Upon delivery of each Notice of B Borrowing, the Borrower shall pay a non-refundable fee to the Agent for its own account in such amount as shall have been agreed to in writing by the Borrower and the Agent.

SECTION 2.04. Utilization and Facility Fees. (a) The Borrower agrees to pay to the Agent for the account of each Lender (i) a utilization fee on the average daily amount of such Lender's Commitment (whether or not used) and (ii) a facility fee on the average daily amount of such Lender's Commitment (whether or not used), each 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 Assignment and Acceptance 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 March 31, 1995, and on the Termination Date, computed from time to time at the rates per annum set forth below under the headings Utilization Fee and Facility Fee, respectively, opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

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Moody's		S&P	Utilization Fee	Facility Fee
A3 or above	and	A- or above	0.000%	0.075%
Baa2 or above	and	BBB or above	0.070%	0.125%
Lower than above or not rated			0.150%	0.175%

provided, however, that the utilization fee shall be payable only with respect to days on which the sum of the average daily unpaid principal amount of all Advances hereunder is in excess of fifty percent of the average daily amount of the sum of the Commitments hereunder.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days' notice to the 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 (other than a reduction pursuant to Section 2.11) shall be in the aggregate amount of \$25,000,000 or an integral multiple thereof.

SECTION 2.06. Repayment of A Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall repay to the Agent for the ratable account of the Lenders (a) on the Termination Date, the unpaid principal amount of each Base Rate Advance made to the Borrower or Borrowing Subsidiary, as the case may be, and (b) on the last day of the Interest Period for each other A Advance made to the Borrower or Borrowing Subsidiary, as the case may be, the unpaid principal amount of such A Advance.

SECTION 2.07. Interest on A Advances. The Borrower or Borrowing Subsidiary, as the case may be, shall pay interest on the unpaid principal amount of each A Advance made by each Lender to the Borrower or Borrowing Subsidiary, as the case may be, from the date of such A Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) Base Rate Advances. If such A Advance is a Base Rate Advance, a rate per annum equal at all times to the Base Rate in effect from time to time, payable quarterly on the last day of each March, June, September, and December during such

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

(b) Eurodollar Rate Advances. If such A Advance is a Eurodollar Rate Advance, a rate per annum equal during the Interest Period for such A Advance to the sum of the Eurodollar Rate for such Interest Period plus the per annum rate equal from time to time to the rate set forth below opposite the lower of the ratings then applicable to the Borrower's long-term senior debt as published by S&P and Moody's:

Moody's		S&P	Rate
A3 or above	and	A- or above	0.250%
Baa2 or above	and	BBB or above	0.275%
Lower than above or not rated			0.375%

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 A 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 2.08. Additional Interest on Eurodollar Rate Advances.

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

Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and the Borrower or Borrowing Subsidiary, as the case may be, shall be notified of such additional interest.

SECTION 2.09. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining the Base Rate from time to time in effect and each Eurodollar Rate, as applicable.

(b) The Agent shall give prompt notice to the Borrower or Borrowing Subsidiary and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.03(i)(y) or Section 2.07, and the rate, if any, furnished by the Reference Banks for the purpose of determining the interest rate.

(c) If no Reference Bank furnishes timely information to the Agent for determining the Base Rate in effect from time to time when Base Rate Advances are outstanding, the Agent shall immediately give notice to each Lender and the Required Lenders shall immediately designate an additional Reference Bank for the purpose of determining the Base Rate, but such designation shall terminate if a replacement Reference Bank is nominated and approved as provided in the following sentence. Whenever a Reference Bank either ceases to be a Lender or repeatedly fails to give timely information to the Agent for determining the Base Rate or the Eurodollar Rate, the Agent will give prompt notice thereof to the Lenders and will nominate another Lender to replace such Reference Bank, and such Lender shall, if approved by the Required Lenders and the Borrower, replace such Reference Bank.

SECTION 2.10. Prepayments of A Advances. The Borrower or Borrowing Subsidiary, as the case may be, may, upon notice to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, or if the Borrower or Borrowing Subsidiary, as the case may be, is required to prepay any A Advance pursuant to Section 2.11(c) or 5.02(b)(ii) hereof, the Borrower or Borrowing Subsidiary, as the case may be, shall, prepay the outstanding principal amounts of the A Advances comprising part of the same A Borrowing in whole or ratably in part (provided that with regard to prepayments made pursuant to Section 2.11(c), the Borrower or such Borrowing Subsidiary shall be required to prepay only the outstanding principal amounts of the A Advances owing to the Lender or Lenders affected by Section 2.11(c)), 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 Agent not later than 11:00 A.M. (New York City time), on the third Business Day prior to the date of the proposed prepayment in the case of Eurodollar Rate Advances, or on the Business Day prior to such date in the case of Base Rate Advances. Except for prepayments made pursuant to Section 2.11(c) or 5.02(b), each partial prepayment shall be in an aggregate

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principal amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and any partial prepayment of any Eurodollar Rate Advances shall not leave outstanding less than \$25,000,000 aggregate principal amount of such A Advances comprising part of any A Borrowing.

SECTION 2.11. Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the costs to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the 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 Agent by such Lender, setting forth in reasonable detail the calculation of the increased costs, shall be conclusive and binding for all purposes, absent manifest error.

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

(c) Within 30 days after the receipt of (A) notice from a Lender as described in Section 2.02(b)(i), or (B) a demand for compensation from a Lender under subsection (a) or (b) above, the Borrower may, by at least three Business Days' notice to the Agent, terminate the Commitment (in whole but not in part) of any Lender which has

provided such notice under Section 2.02(b)(i), or demanded compensation under subsection (a) or (b) above in an amount (expressed as a percentage per annum of its unused Commitment) which exceeds the compensation demanded by the other Lenders, provided that (i) the Borrower shall first pay to the Agent for the account of such Lender all compensation required to be paid under subsection (a) or (b) above accrued to the termination date of such Commitment, (ii) the Borrower shall first prepay all outstanding A Advances owing to such Lender in accordance with the provisions of Section 2.10 hereof, (iii) the Borrower shall not terminate the Commitment of any Lender under this subsection unless it also terminates the Commitment of all other Lenders providing similar notice to the Agent under Section 2.02(b)(i) or demanding compensation at a rate equal to or higher than that demanded by such Lender under subsection (a) or (b) above, and (iv) the Borrower shall not take any action under this subsection which would reduce the aggregate of the Commitments below the aggregate of the Advances outstanding. Effective with such termination, the Borrower may substitute for such Lender one or more other banks or entities which will assume the Commitment and other obligations hereunder of such terminated Lender or Lenders, and will become a Lender or Lenders hereunder upon executing an assumption agreement in form and substance reasonably satisfactory to the Borrower and the Required Lenders.

SECTION 2.12. Payments and Computations. (a) The Borrower or Borrowing Subsidiary, as the case may be, shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in immediately available funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or utilization or facility fees ratably (other than amounts payable pursuant to Section 2.03, 2.11, 2.14 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 Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender's assignee thereunder, and the parties to such Assignment and Acceptance 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 Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate, a Quoted Rate or the Federal Funds Rate and of commitment fees and facility fees shall be made by the 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 Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

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

(e) Unless the 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 Agent may assume that the Borrower has made such payment in full to the Agent on such date and the 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 Agent, each Lender shall repay to the 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 Agent, at the Federal Funds Rate.

(f) The date and amount of each A Advance owing to each Lender, the date on which it is due, the interest rate applicable thereto and any prepayments thereof shall be recorded by the Agent in the Register, which shall be presumptive evidence thereof, whether or not the same is endorsed on the grid annexed to such Lender's A Note.

SECTION 2.13. Taxes. (a) Subject to subsection (f) below, any and all payments hereunder or under the A Notes shall be made, in accordance with Section 2.12, (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 (w) in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by any jurisdiction under the laws of which such Lender or the 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, (x) in the case of each Lender and the 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 Agent (as the case may be) (other than as a result of such Lender's or the Agent's having entered into this Agreement, performing hereunder or enforcing this Agreement), (y) 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 and (z) Other Taxes as defined in subsection (b) below, (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower or any Borrowing Subsidiary shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any A Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13) such Lender or the 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 the A Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the A Notes (hereinafter referred to as "Other Taxes"). Each Bank and the Agent represents that at the date of this Agreement it is not aware of any Other Taxes applicable to it. Each Lender and the 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 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 2.13) paid by such Lender or the 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 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 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. If no such Taxes are payable in respect of any payment hereunder or under the A Notes, the Borrower or such Borrowing Subsidiary will at the request of a Lender or the Agent furnish to the Agent, an opinion of counsel for the Borrower or such Borrowing Subsidiary stating that such payment is exempt from or not subject to Taxes.

(e) Each Lender and the 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 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 Agent hereunder and under the A Notes, if the Lender or the Agent is entitled to such an exemption or reduction.

(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 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 1001 or Form 4224 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 the A Notes. If as a result of an erroneous certification made by a Lender or the Agent the Borrower or such Borrowing Subsidiary makes a payment to it without deduction for United States withholding taxes, but would have made such a deduction had such certification not been erroneous and the Borrower or such Borrowing Subsidiary subsequently is required to account, and does account, to the United States tax authorities for any amount which should have been deducted, such Lender or the Agent (as the case may be) shall pay to the Borrower or such Borrowing Subsidiary an amount sufficient to reimburse the Borrower or such Borrowing Subsidiary for such amount.

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(g) At the request of a Borrower or a Borrowing Subsidiary, any Lender claiming any additional amounts payable pursuant to this Section 2.13 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) 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 2.13 shall survive the payment in full of principal and interest hereunder and under the A 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 2.14. 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 A Advances (whether for principal, interest, fees or otherwise) made by it (other than pursuant to Section 2.08, 2.11 or 2.13) in excess of its ratable share of payments on account of the A Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the A 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 2.14 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.

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ARTICLE III  
CONDITIONS OF LENDING

SECTION 3.01. Condition Precedent to Initial Advances. The obligation of each Lender to make its initial Advance is subject to the condition precedent that the Agent shall have received, on or before the date of such Advance, the following, each dated such date, in form and substance satisfactory to each Lender and (except for the Notes) in sufficient copies for each Lender:

(a) The A Note and, if applicable, the B Note payable to the order of such Lender.

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

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

(d) A certificate of a duly authorized officer of the Borrower certifying that the representations and warranties contained in Section 4.01 are correct 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 an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

(e) A favorable opinion of the General Counsel or an Associate General Counsel of the Borrower, substantially in the form of Exhibit D hereto.

(f) A favorable opinion of Shearman & Sterling, counsel for the Agent, substantially in the form of Exhibit E hereto.

SECTION 3.02. Conditions Precedent to Each A Borrowing. The obligation of each Lender to make an A Advance on the occasion of each A Borrowing (including the initial A Borrowing) shall be subject to the further conditions precedent that on the date of such A Borrowing (a) the following statements shall be true (and each of the giving of the applicable Notice of A Borrowing and the acceptance by the Borrower or any Borrowing

Subsidiary of the proceeds of such A Borrowing shall constitute a representation and warranty by the Borrower that on the date of such A Borrowing such statements are true):

(i) The representations and warranties contained in Section 4.01 are correct on and as of the date of such A Borrowing, before and after giving effect to such A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) No event has occurred and is continuing, or would result from such A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

provided, however, that, on the occasion of an A Borrowing which would not increase the aggregate outstanding amount of A Advances owing to each Lender over the aggregate outstanding amount of A Advances owing to such Lender immediately prior to making such A Borrowing, the statements set forth in subsections (i) and (ii) above shall be modified as follows:

(i) In subsection (i) the phrase "(excluding those contained in the last sentence of subsection (e) and in subsection (f) thereof)" shall be inserted immediately after "Section 4.01"; and

(ii) In subsection (ii) the words "or would constitute an Event of Default but for the requirement that notice be given or time elapse or both" shall be omitted;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request, evidencing the accuracy of the representations and warranties and compliance with other conditions of lending.

SECTION 3.03. Conditions Precedent to Each B Borrowing. The obligation of each Lender which is to make a B Advance on the occasion of a B Borrowing (including the initial B Borrowing) to make such B Advance as part of such B Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of B Borrowing with respect thereto, (ii) on or before the date of such B Borrowing, but prior to such B Borrowing, the Agent shall have received a B Note payable to the order of such Lender for each of the one or more B Advances to be made by such Lender as part of such B Borrowing, each in a principal amount equal to the principal amount of the B Advance to be evidenced thereby and otherwise on such terms as were agreed to for such B Advance in accordance with Section 2.03, and (iii) on the date of such B Borrowing the following statements shall be true (and each of the giving of the applicable Notice of B Borrowing and the acceptance by the Borrower or any Borrowing Subsidiary of the



proceeds of such B Borrowing shall constitute a representation and warranty by the Borrower that on the date of such B Borrowing such statements are true):

(a) The representations and warranties contained in Section 4.01 are correct on and as of the date of such B Borrowing, before and after giving effect to such B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) No event has occurred and is continuing, or would result from such B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and

(c) The information concerning the Borrower that has been provided in writing to the Agent and each Lender by the Borrower in connection herewith as required by the provisions of this Agreement did not include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided that with regard to any information delivered to a Lender pursuant to Section 5.01(e)(vii), the representation and warranty in this Section 3.03(c) shall apply only to such information that is specifically identified to the Borrower at the time the request is made as information (i) that may be delivered to a purchaser of a B Note, or (ii) that is otherwise requested to be subject to this Section 3.03(c).

SECTION 3.04. 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 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) law or any 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, 1993 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 an opinion of Arthur Andersen & Co., independent public accountants, 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 disclosed to each of the Lenders in writing prior to the date hereof, since December 31, 1993 there has been no Material Adverse Change.

(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 on Schedule 4.01(f) (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or Guaranty, 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 on Schedule 4.01(f) which is reasonably likely to have a Material Adverse Effect.

(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 the imposition of a lien in excess of \$25,000,000 on the assets of the Borrower and/or any of its ERISA Affiliates in favor of the PBGC or the Plan or in a requirement that the Borrower or any of its ERISA Affiliates provide security to the Plan in an amount exceeding \$25,000,000.

(k) The most recently filed Schedule B (Actuarial Information) annual report (Form 5500 Series) for each Plan was complete and accurate and fairly presented the funding status of such Plan as of the date of such Schedule B, and since the date of such Schedule B, 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 or has been terminated, within the meaning of Title IV of ERISA, which in either 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, which in either 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 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.

ARTICLE V  
COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Note 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(c); provided, however, that the Borrower or any Significant Subsidiary shall not be required to preserve the corporate existence of any Significant Subsidiary if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Significant Subsidiary, as the case may be, and that the liquidation thereof is not disadvantageous in any material respect to the Lenders.

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

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

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

(e) Reporting Requirements. Furnish to each Lender:

(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 or chief financial officer of the Borrower;

(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 Arthur Andersen & Co. or other independent public accountants acceptable to the Required Lenders;

(iii) concurrently with the financial statements delivered pursuant to clause (ii) above, a certificate of the Treasurer, principal financial officer or the principal accounting officer of the Borrower, and concurrently with the financial statements delivered pursuant to clause (i) above, a certificate of the Treasurer or 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 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 knowledge, (x) neither an Event of Default nor an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default has occurred, or (y) if any such Event of Default or event exists, specifying such Event of Default or event, 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 Event of Default and each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to its security holders generally, and copies of all publicly available reports and registration statements except registration statements on Form S-8 which the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(vi) promptly after the filing or receiving thereof each notice that the Borrower or any Subsidiary receives from the PBGC regarding the Insufficiency of any Plan, and, to any Lender requesting same, copies of each Form 5500 annual return/report (including Schedule B thereto) filed with respect to each Plan under ERISA with the Internal Revenue Service;

(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 Agent may from time to time reasonably request; and

(viii) promptly after any corporation shall become a Principal Domestic Subsidiary, written notice thereof, including the name of such corporation, the jurisdiction of its incorporation and the nature of its business.

SECTION 5.02. Negative Covenants. So long as any Note 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 Notes 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 \$10,000,000 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 120 days after the acquisition thereof or prior to, at the time of or within 120 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 sum of (A) 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 Notes plus (B) the aggregate amount of all outstanding Sale and Leaseback Debt of the Borrower and its Principal Domestic Subsidiaries, 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 Notes 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 Notes have been secured in accordance with such requirements.

(b) Sale and Leaseback Transactions. The Borrower will not, and will not permit any Principal Domestic Subsidiary to, enter into any Sale and Leaseback Transaction unless either:



(i) immediately after giving effect to such Sale and Leaseback Transaction, the sum of (A) the aggregate amount of all outstanding Sale and Leaseback Debt of the Borrower and its Principal Domestic Subsidiaries and (B) 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 Section 5.02(a) and which do not equally and ratably secure the Notes, shall not exceed 15% of Consolidated Net Tangible Assets; or

(ii) within 90 days after the effective date of such Sale and Leaseback Transaction, the Borrower shall apply or cause to be applied an amount equal to the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction to the prepayment or other retirement (other than any mandatory prepayment or retirement) of the A Notes in accordance with the provisions of Section 2.10 hereof and/or Senior Funded Debt of the Borrower or any of its Principal Domestic Subsidiaries which is then subject to optional prepayment or other retirement, and shall deliver to the holders of the A Notes a certificate executed by the principal financial officer, treasurer or the chief executive officer of the Borrower specifying the Debt so prepaid or retired; or

(iii) within 90 days after the effective date of such Sale and Leaseback Transaction, the Borrower shall deliver to the holders of the A Notes a certificate executed by the principal financial officer, treasurer or the chief executive officer of the Borrower stating that an amount equal to the net proceeds of the sale of the property leased pursuant to such Sale and Leaseback Transaction has been applied, or is in good faith being retained for application within a reasonable time after the date of such Sale and Leaseback Transaction (and the Borrower covenants and agrees that such proceeds will be so applied), to the payment of the cost of the purchase, construction or improvement of one or more Principal Domestic Manufacturing Properties.

(c) 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 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, and (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 Event of

Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of 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.

(d) Debt. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Debt if (after giving effect to the applications of the proceeds of any Debt) the ratio of (x) the Operating Cash Flow of the Borrower and its Subsidiaries on a consolidated basis for the most recent four consecutive calendar quarters then ended to (y) the aggregate amount of Debt of the Borrower and its Subsidiaries on a consolidated basis is less than 0.25 to 1.

(e) 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 (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) which are subject to the restrictions of Section 5.02(a) or (b) or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender, relating to Debt and within the scope of Section 6.01(d) (without giving effect to any limitation in principal amount contained therein) will be margin stock (as defined in such Regulation U).

#### ARTICLE VI EVENTS OF DEFAULT

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

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

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

(c) The Borrower shall fail to perform or observe (i) any term, covenant or agreement contained in Section 5.02, 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 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 \$50,000,000 in the aggregate (but excluding Debt evidenced by the Notes) 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 (i) to accelerate the maturity of such Debt or (ii) if the long-term senior debt of the Borrower is not then rated either at or above BBB by S&P or at or above Baa2 by Moody's, to permit the acceleration of 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 \$25,000,000 (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 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 20 consecutive days during which 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 in excess of \$50,000,000 in the aggregate 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 or termination of a Multiemployer Plan; 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 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 Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, 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 Notes, 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 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 AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. (a) Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or any Borrowing Subsidiary or to inspect the property (including the books and records) of the Borrower or any Borrowing Subsidiary; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

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(b) The Co-Agent, as such, shall have no duties or obligations whatsoever with respect to this Agreement, the Notes or any matter related thereto.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, Citibank, N.A. shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank, N.A. in its individual capacity. Citibank, N.A. and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank, N.A. were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other 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 Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the A Notes then held by each of such Lenders (or if no A Notes are at the time outstanding or if any A 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 Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the 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 Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the 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 Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, which successor Agent, so long as no Event of Default has occurred and is continuing, shall be approved by the Borrower, which approval shall not be unreasonably withheld or delayed. If no successor Agent shall have been so appointed by the Required Lenders in accordance with the immediately preceding sentence, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$50,000,000, which successor Agent, so long as no Event of Default has occurred and is continuing, shall be approved by the Borrower, which approval shall not be unreasonably withheld or delayed. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

ARTICLE VIII  
MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the A 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 Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (a) waive any of the conditions specified in Section 3.01, 3.02 or 3.03 (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 A Advances over the aggregate amount of A Advances outstanding immediately prior to such Borrowing), (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the A Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the A Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder or

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(f) 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 Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note. No amendment or waiver of any provision of a B Note, nor any 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 holder of such B Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered, if to the Borrower, at its address at 300 Park Avenue, New York, New York 10022, Attention: Treasurer; if to any Borrowing Subsidiary, c/o the Borrower at its above address; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; and if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 1 Court Square, 7th Floor, Long Island Island City, New York 11120, Attention: John Makrinos, with a copy to 399 Park Avenue, New York, New York 10043, Attention: Jay Schiff; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed, telexed or cabled, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Agent pursuant to Article II shall not be effective until received by the Agent.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses, Etc. (a) The Borrower agrees to pay on demand all out-of-pocket costs and expenses of the 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 Agent, with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all costs and expenses of the 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

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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 Agent, Citicorp Securities, Inc. and J.P. Morgan Securities, Inc. (each, an "Arranger") and each Lender 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 the Agent, such Arranger or such Lender (as the case may be), except where the direct result of the Agent's, such Arranger's or such Lender's own gross negligence or willful misconduct, in connection with or arising out of any investigation, litigation, or proceeding (whether or not the Agent, any Arranger or any of the Lenders 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.

(c) If any payment of principal of any Eurodollar Rate Advance is made other than on the last day of the Interest Period for such A Advance, as a result of a prepayment pursuant to Section 2.10, 2.11(c) or 5.02(b)(ii) or acceleration of the maturity of the Notes 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 Agent) pay to the 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 A 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 2.13 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 Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates 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 or such Affiliate 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

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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 and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender and its Affiliates 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 Agent and when the 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 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 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 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 the 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") and (iii) the Borrower and such Subsidiary furnish the Agent with such other documents and legal opinions as the Agent or the Required Lenders may reasonably request relating to the existence of such Subsidiary, its corporate 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. No such assignment and assumption shall substitute a 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.

SECTION 8.07. Assignments and Participations. (a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the A Advances owing to it and the A Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any B Advances or B Notes), (ii) each assignee shall be subject to the prior written approval and acceptance (not to be unreasonably

withheld or delayed) of the Agent and the Borrower (unless the assignee is an Affiliate of the assignor), and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance consented to by the Borrower, together with any A Note or Notes subject to such assignment and a processing and recordation fee of \$3,000, and give notice of such assignment to each other Lender. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any Borrowing Subsidiary or the performance or observance by the Borrower or any Borrowing Subsidiary of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and/or Section 5.01(e)(i) and (ii) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

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(c) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the A Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, with regard to the names, addresses and Commitments of each Lender, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection and copying by any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any A Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and signed by the Borrower and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the other Lenders. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered A Note or Notes a new A Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new A Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new A Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered A Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(e) Each Lender may assign to one or more banks or other entities any B Note or Notes held by it. Each Lender may assign to any Affiliate of such Lender, without the consent of the Borrower, its interest in this Agreement, the A Advances owing to it and the A Note held by it, but such assignment shall not relieve such assigning Lender of its obligations hereunder including, without limitation, its Commitment.

(f) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's

rights and obligations under this Agreement and (v) such Lender shall not grant to any such participant the right to participate in the Lender's actions on amendments, waivers or consents permitted under this Agreement, except to the extent that such actions would change the amount of the Commitment, the principal amount, payment dates or maturity of any Notes or Advances, the interest rate, or the method of computing the interest rate thereon, or any fees payable hereunder.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender.

(h) No assignee of a Lender shall be entitled to the benefits of Sections 2.11 and 2.13 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 2.11 and 2.13 than those which it would have been under in the absence of such assignment.

(i) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time, without the consent of the Borrower, create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

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 in Control, by notice to the Borrower (with a copy to the 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 in Control" shall mean the happening of any of the following events:

(i) An acquisition, directly or indirectly, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the

then outstanding shares of common stock of the Borrower or (B) the combined voting power of the then outstanding voting securities of the Borrower entitled to vote generally in the election of directors; excluding, however (1) any acquisition by the Borrower, or (2) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Borrower or any corporation controlled by the Borrower; or

(ii) A change in composition of the Board of Directors of the Borrower (the "Board") such that the individuals who, as of the date hereof, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 8.08, that any individual who becomes a member of the Board subsequent to the date hereof, whose election, or nomination for election by the Borrower's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board.

SECTION 8.09. Mitigation of Adverse Circumstances. 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), 2.11 or 2.12, or which would result in a Lender being unable to make Eurodollar Rate Advances by reason of Section 2.02(b) then, without in any way limiting, reducing or otherwise qualifying the obligations of the Borrower under any of the such Sections, such Lender shall promptly, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower, take such reasonable steps as may be open to it to mitigate the effects of such circumstances, including the transfer of its Applicable Lending Office to another jurisdiction; provided that such Lender shall be under no obligation to make any such transfer if in the bona fide opinion of such Lender, such transfer would or would likely have an adverse effect upon its business, operations or financial condition.

SECTION 8.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.11. Extensions of Termination Date for Commitments. The Borrower may from time to time request through the Agent that the Lenders agree in writing to extend the Termination Date then in effect (the "Specified Date") for the Commitments to

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the 364th day after such Specified Date; such request shall be received by the Agent at least 20 days (but not more than 30 days) prior to the expiration of the Termination Date then in effect. If at least five days prior to the expiration of the Termination Date for the Commitments then in effect the Borrower receives written acceptance of its request from at least five Lenders, the Termination Date for the Commitments then in effect will be extended as to those Lenders who accept the Borrower's request but shall not be extended as to any other Lender. Such extended Commitments shall become effective on the Specified Date. To the extent that the Termination Date for the Commitments in effect at any time is not extended as to any Lender pursuant to this Section 8.11 or by other prior written agreement executed by such Lender on or before such Termination Date, the Commitment of such Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Borrower, such Lender or any other Person. It is understood that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for the extension of the Termination Date for the Commitments.

SECTION 8.12. 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 telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.13 Jurisdiction, Etc. (a) Each of the parties hereto (including each Borrowing Subsidiary) hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the Notes, or any Guaranty, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State or, to the extent permitted by 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. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement, the Notes or any Guaranty in the courts of any jurisdiction.

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(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.

SECTION 8.14. Waiver of Jury Trial. Each of the Borrower, the Borrowing Subsidiaries 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 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

Brian J. Heidtke

By \_\_\_\_\_  
Vice President and Corporate  
Treasurer

CITIBANK, N.A., as Agent

Michel R.R. Pendill

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

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK, as Co-Agent

Mathias Blumschein

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



Banks

Commitment

\$210,000,000

CITIBANK, N.A.,

Michel R.R. Pendill

By \_\_\_\_\_

Title

\$120,000,000

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK,

Mathias Blumschein

By \_\_\_\_\_

Title: Associate

\$330,000,000

Total of the Commitments

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SCHEDULE I  
Colgate-Palmolive Company  
\$330,000,000 CREDIT AGREEMENT  
APPLICABLE LENDING OFFICES

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
Citibank, N.A.	399 Park Avenue New York, New York 10043	399 Park Avenue New York, New York 10043
Morgan Guaranty Trust Company of New York	500 Stanton Christiana Road Newark, Del. 19713	500 Stanton Christiana Road Newark, Del. 19713

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Schedule 4.01(f)

None.

EXHIBIT A-1 - FORM OF  
A NOTE

U.S.\$ Dated: , 19

FOR VALUE RECEIVED, the undersigned, COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of (the "Lender") for the account of its Applicable Lending Office (as defined in the 364 Day Credit Agreement referred to below) the principal sum of U.S.\$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of each Base Rate Advance (as defined in the 364 Day Credit Agreement referred to below) on the Termination Date (as defined in the 364 Day Credit Agreement referred to below) and the principal amount of each other A Advance (as defined in the 364 Day Credit Agreement referred to below) owing to the Lender by the Borrower pursuant to the 364 Day Credit Agreement dated as of January 8, 1995 among the Borrower, the Lender and certain other lenders parties thereto, Citibank, N.A., as Agent for the Lender and such other lenders, and Morgan Guaranty Trust Company of New York, as Co-Agent (as amended or modified from time to time, the "364 Day Credit Agreement"; the terms defined therein being used herein as therein defined) on the last day of the Interest Period for such Advance.

The Borrower promises to pay interest on the unpaid principal amount of each A Advance from the date of such A Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the 364 Day Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, as Agent, at its offices at 1 Court Square, 7th Floor, Long Island City, New York 11120, in immediately available funds. Each A Advance owing to the Lender by the Borrower pursuant to the 364 Day Credit Agreement, the date on which it is due, the interest rate thereon and all prepayments made on account of principal thereof shall be recorded by the Lender on its books, and for each A Advance outstanding at the time of any transfer hereof, the same information shall be endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the A Notes referred to in, and is entitled to the benefits of, the 364 Day Credit Agreement. The 364 Day Credit Agreement, among other things, (i) provides for the making of A Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such A Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States.

COLGATE-PALMOLIVE COMPANY

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

- - - - -

[Note: Upon request by a Lender, the Borrower will issue separate A Notes payable to one or more offices of the Lender, for Base Rate Advances and Eurodollar Rate Advances. This form will be modified to refer to the specific type of A Advance and to the appropriate maturity of such type of A Advance.]



EXHIBIT A-2 - FORM OF  
B NOTE

U.S.\$ \_\_\_\_\_

Dated: \_\_\_\_\_, 199\_

FOR VALUE RECEIVED, the undersigned, COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office (as defined in the 364 Day Credit Agreement referred to below), on \_\_\_\_\_, 19\_\_, the principal amount of \_\_\_\_\_ Dollars (U.S.\$ \_\_\_\_\_).

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: \_\_\_% per annum (calculated on the basis of a year of 360 days for the actual number of days elapsed).

Interest Payment Date or Dates: \_\_\_\_\_

Both principal and interest are payable in lawful money of the United States of America to the Lender at its office at \_\_\_\_\_, in immediately available funds.

This Promissory Note is one of the B Notes referred to in, and is entitled to the benefits of, the 364 Day Credit Agreement dated as of January 8, 1995 (as amended or otherwise modified from time to time, the "364 Day Credit Agreement") among the Borrower, the Lender and certain other lenders party thereto, Citibank, N.A., as Agent for the Lender and such other parties, and Morgan Guaranty Trust Company of New York, as Co-Agent. The 364 Day Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

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This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States.

COLGATE-PALMOLIVE COMPANY

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

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EXHIBIT B-1 - FORM OF  
NOTICE OF A BORROWING

Citibank, N.A., as Agent  
for the Lenders parties  
to the 364 Day Credit Agreement  
referred to below  
1 Court Square, 7th Floor  
Long Island City, NY 11120

[Date]

Attention: John Makrinos

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the 364 Day Credit Agreement, dated as of January 8, 1995 (as amended or otherwise modified through the date hereof, the "364 Day Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto, Citibank, N.A., as Agent for said Lenders, and Morgan Guaranty Trust Company of New York, as Co-Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the 364 Day Credit Agreement that the undersigned hereby requests an A Borrowing under the 364 Day Credit Agreement, and in that connection sets forth below the information relating to such A Borrowing (the "Proposed A Borrowing") as required by Section 2.02(a) of the 364 Day Credit Agreement:

(i) The Business Day of the Proposed A Borrowing is \_\_\_\_\_, 199 .

(ii) The Type of A Advances comprising the Proposed A Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed A Borrowing is \$ \_\_\_\_\_.

(iv) The Interest Period for each A Advance made as part of the Proposed A Borrowing is \_\_\_\_\_ month[s].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed A Borrowing:

(A) the representations and warranties contained in Section 4.01 of the 364 Day Credit Agreement are correct, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed A Borrowing or from the application of the proceeds therefrom, that

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constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

[As an alternative, the following three representations may be substituted if the proviso in Section 3.02 is applicable:

(A) the Proposed A Borrowing will not increase the aggregate outstanding amount of A Advances owing to each Lender over the aggregate outstanding amount of A Advances owing to such Lender immediately prior to such A Borrowing;

(B) the representations and warranties contained in Section 4.01 (excluding those contained in the last sentence of subsection (e) and in subsection (f) thereof, in each case as incorporated by reference) are correct, before and after giving effect to the Proposed A Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(C) no event has occurred and is continuing, or would result from such Proposed A Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default.]

Very truly yours,

COLGATE-PALMOLIVE COMPANY

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

EXHIBIT B-2 - FORM OF  
NOTICE OF B BORROWING

Citibank, N.A, as Agent for  
the Lenders parties to  
the 364 Day Credit Agreement  
referred to below  
1 Court Square, 7th Floor  
Long Island City, NY 11120  
[Date]

Attention: John Makrinos

Ladies and Gentlemen:

The undersigned, Colgate-Palmolive Company, refers to the 364 Day Credit Agreement dated as of January 8, 1995 (as amended or otherwise modified through the date hereof, the "364 Day Credit Agreement", the terms defined therein being used herein as therein defined) among the undersigned, certain Lenders party thereto, Citibank, N.A., as Agent for such Lenders, and Morgan Guaranty Trust Company of New York, as Co-Agent, and hereby gives you notice pursuant to Section 2.03 of the 364 Day Credit Agreement that the undersigned hereby requests a B Borrowing under the 364 Day Credit Agreement, and in that connection sets forth the terms on which such B Borrowing (the "Proposed B Borrowing") is requested to be made:

- |  |       |
|--|-------|
| (A) Date of Proposed B Borrowing             | _____ |
| (B) Aggregate Amount of Proposed B Borrowing | _____ |
| (C) Interest Rate Basis                      | _____ |
| (D) Maturity Date                            | _____ |
| (E) Interest Payment Date(s)                 | _____ |
| (F) _____                                    | _____ |
| (G) _____                                    | _____ |
| (H) _____                                    | _____ |

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The undersigned hereby certifies that the following statements are true on the date hereof and will be true on the date of the Proposed B Borrowing:

(a) the representations and warranties contained in Section 4.01 are correct, before and after giving effect to the Proposed B Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) no event has occurred and is continuing, or would result from the Proposed B Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

(c) The information concerning the undersigned that has been provided in writing to the Agent or each Lender by the undersigned in connection with the 364 Day Credit Agreement as required by the terms of the 364 Day Credit Agreement did not include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided that with regard to any information delivered to a Lender pursuant to Section 5.01(e)(vii) of the 364 Day Credit Agreement, the representation and warranty in this paragraph (c) shall apply only to such information that is specifically identified to the undersigned at the time the request is made as information (i) that may be delivered to a purchaser of a B Note, or (ii) that is otherwise requested to be subject to this paragraph (c).

(d) the aggregate amount of the Proposed B Borrowing and all other Borrowings to be made on the same day under the 364 Day Credit Agreement is within the aggregate amount of the unused Commitments of the Lenders.

The undersigned hereby confirms that the Proposed B Borrowing is to be made available to it in accordance with Section 2.03(e) of the 364 Day Credit Agreement.

Very truly yours,

COLGATE-PALMOLIVE COMPANY

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

Title:

EXHIBIT C - FORM OF  
ASSIGNMENT AND ACCEPTANCE

Reference is made to the 364 Day Credit Agreement dated as of January 8, 1995 (as amended or modified from time to time, the "364 Day Credit Agreement") among COLGATE-PALMOLIVE COMPANY, a Delaware corporation (the "Borrower"), the Lenders (as defined in the 364 Day Credit Agreement), Citibank, N.A., as agent for the Lenders (the "Agent"), and Morgan Guaranty Trust Company of New York, as co-agent. Terms defined in the 364 Day Credit Agreement are used herein with the same meaning.

\_\_\_\_\_ (the "Assignor") and \_\_\_\_\_ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the 364 Day Credit Agreement as of the date hereof (other than in respect of B Advances and B Notes) which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the 364 Day Credit Agreement (other than in respect of B Advances and B Notes), including, but not limited to, such interest in the Assignor's Commitment, the A Advances owing to the Assignor, and the A Note[s] held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the A Advances owing to the Assignee will be as set forth in Section 2 of Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the 364 Day Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the 364 Day Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the 364 Day Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the A Note[s] referred to in paragraph 1 above and requests that the Borrower exchange such A Note[s] for a new A Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new A Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and to the order of the Assignor in an amount equal to the Commitment retained by the Assignor under the 364 Day Credit Agreement, respectively, as specified on Schedule 1 hereto.

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3. The Assignee (i) confirms that it has received a copy of the 364 Day Credit Agreement, together with copies of the financial statements referred to in Section 4.01 or delivered pursuant to Section 5.01(e) (in each case as incorporated into the 364 Day Credit Agreement by reference) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the 364 Day Credit Agreement; (iii) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the 364 Day Credit Agreement are required to be performed by it as a Lender; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the 364 Day Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; [and] (v) specifies as its Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof; [and (vi) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the 364 Day Credit Agreement and the Notes or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty].\*

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date of this Assignment and Acceptance shall be the date of acceptance thereof by the Agent, unless otherwise specified on Schedule 1 hereto (the "Effective Date").

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the 364 Day Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the 364 Day Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the 364 Day Credit Agreement and the A Notes in respect of the interest assigned hereby (including, but not limited to, all payments of principal, interest and commitment, facility and utilization fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments

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\* If the Assignee is organized under the laws of a jurisdiction outside the United States.

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in payments under the 364 Day Credit Agreement and the A Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance 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 Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

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Schedule 1  
to

Assignment and Acceptance  
Dated , 19

Section 1.

Percentage Interest: \_\_\_\_\_%

Section 2.

Assignee's Commitment: \$ \_\_\_\_\_

Assignor's Retained Commitment: \$ \_\_\_\_\_

Aggregate Outstanding Principal  
Amount of A Advances owing to the Assignee: \$ \_\_\_\_\_

Aggregate Outstanding Principal

Amount of A Advances owing to the Assignor: \$ \_\_\_\_\_

An A Note payable to the order of the Assignee

Dated: \_\_\_\_\_, 19\_\_

Principal amount: \_\_\_\_\_

An A Note payable to the order of the Assignor

Dated: \_\_\_\_\_, 19\_\_

Principal amount: \_\_\_\_\_

Section 3.

Effective Date\*: \_\_\_\_\_, 19\_\_

[NAME OF ASSIGNOR]

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

Title:

- - - - -  
\* This date should be no earlier than the date of acceptance by the Agent and the Borrower.

[NAME OF ASSIGNEE]

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

CD Lending Office:  
[Address]

Domestic Lending Office (and address for notices):  
[Address]

Eurodollar Lending Office:  
[Address]

Accepted this \_\_\_\_ day  
of \_\_\_\_\_, 19\_\_

CITIBANK, N.A., as Agent

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

Accepted this \_\_\_\_ day  
of \_\_\_\_\_, 19\_\_

COLGATE-PALMOLIVE COMPANY

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

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January \_\_, 1995

To each of the Lenders party  
to the 364 Day Credit Agreement  
referred to below and Citibank, N.A.,  
as Agent

Ladies and Gentlemen:

As Senior Vice President, General Counsel and Secretary for Colgate-Palmolive Company (hereinafter referred to as the "Borrower"), I am familiar with the \$330,000,000 364 Day Credit Agreement, dated as of January 8, 1995 among the Borrower, the Lenders parties thereto, Citibank, N.A. as Agent for the Lenders thereto, and Morgan Guaranty Trust Company of New York, as Co-Agent (the "364 Day Credit Agreement"). This opinion is being furnished to you pursuant to Section 3.01(e) of the 364 Day Credit Agreement. Terms used in this opinion which are defined in the 364 Day Credit Agreement are used herein as so defined.

I or attorneys under my supervision in the Borrower's Legal Department have examined such records, certificates, and other documents and such questions of law as I have considered necessary or appropriate for purposes of this opinion. In addition, I or attorneys under my supervision in the Borrower's Legal Department have examined such records, certificates, and other documents, relied upon certificates of the officers of the Borrower and performed such investigations as I have considered necessary or appropriate for purposes of this opinion in respect of matters of fact. I believe that both you and I are justified in relying upon such certificates. Based upon, and subject to, the foregoing, it is my opinion that:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

2. The execution, delivery and performance by the Borrower of the 364 Day Credit Agreement, the Notes and the Guaranties 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) law or (to my knowledge after due inquiry) any contractual restriction binding on or affecting the Borrower. The 364 Day Credit Agreement and the A Note have been duly executed and delivered on behalf of the Borrower.

3. No authorization, 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 the 364 Day Credit Agreement, the Notes and the Guaranties.

4. The 364 Day Credit Agreement is and the A Note will be, and each of the Guaranties and B Notes when executed and delivered will be, upon the receipt of due consideration therefor, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

5. The Borrower has a procedure of reviewing its material litigation on a quarterly basis and has imposed an ongoing obligation on its Subsidiaries whereby they must advise me, or attorneys under my supervision, immediately of any material litigation matter arising between reviews. Based on this review, to my actual knowledge, there is no pending or threatened action or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator which may have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of the 364 Day Credit Agreement, any Notes and any Guaranties; provided, however, that I express no opinion with respect to certain Brazilian regulatory risks discussed with you.

I am licensed to practice law in the State of New York and do not purport to be an expert on, or to express any opinion (other than to the extent necessary to render the opinions set forth in paragraph (1) above, which opinion is based on certificates of public officials) concerning any law other than the law of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States. The opinions expressed herein are solely for your benefit and may not be relied upon in any manner or for any purpose by any other persons.

The opinion set forth in paragraph (4) above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding equity or at law).

Very truly yours,

OPINION OF COUNSEL TO THE AGENT

January \_\_, 1995

To the Lenders party to the  
364 Day Credit Agreement referred  
to below and Citibank, N.A.,  
as Agent

Colgate-Palmolive Company

Ladies and Gentlemen:

We have acted as counsel to Citibank, N.A., as Agent, in connection with the preparation, execution and delivery of the 364 Day Credit Agreement dated as of January 8, 1995 (the "364 Day Credit Agreement") among Colgate-Palmolive Company (the "Borrower"), each of you, Citibank, N.A., as Agent, and Morgan Guaranty Trust Company of New York, as Co-Agent. Terms defined in the 364 Day Credit Agreement are used herein as therein defined.

In that connection, we have examined the following documents:

(1) A counterpart of the 364 Day Credit Agreement, executed by each of the parties thereto.

(2) The documents furnished by the Borrower pursuant to Section 3.01 of the 364 Day Credit Agreement, including the opinion of Andrew D. Hendry, General Counsel of the Borrower.

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents, and the conformity to the originals of all such documents submitted to us as copies. We have also assumed that each of you has duly executed and delivered, with all necessary power and authority (corporate and otherwise), the 364 Day Credit Agreement.

To the extent that our opinions expressed below involve conclusions as to the matters set forth in paragraphs 1, 2 and 3 of the above-mentioned opinion of counsel for the

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Borrower, we have assumed without independent investigation the correctness of the matters set forth in such paragraphs, our opinion being subject to the assumptions, qualifications and limitations set forth in such opinion with respect thereto.

Based upon the foregoing and upon such other investigation as we have deemed necessary, we are of the following opinion:

1. The 364 Day Credit Agreement and each Note delivered on the date hereof are the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

2. The above-mentioned opinion of counsel for the Borrower, and the other documents referred to in item (2) above, are substantially responsive to the requirements of the 364 Day Credit Agreement.

Our opinions above are subject to the following qualifications:

(a) Our opinion in paragraph 1 above is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(b) Our opinion in paragraph 1 above is also subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.

(c) Our opinions expressed above are limited to the law of the State of New York and the Federal law of the United States, and we do not express any opinion herein concerning any other law. Without limiting the generality of the foregoing, we express no opinion as to the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein enforcement of the 364 Day Credit Agreement or the Notes may be sought which limits the rates of interest legally chargeable or collectible.

Very truly yours,

SHEARMAN & STERLING

LCJ:SLH

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## FORM OF GUARANTY

GUARANTY, dated \_\_\_\_\_, 19\_\_\_, made by COLGATE-PALMOLIVE COMPANY, a corporation organized and existing under the laws of Delaware (the "Guarantor"), in favor of Citibank, N.A., as agent (the "Agent") for each of the Lenders (the "Lenders") parties to the 364 Day Credit Agreement (as defined below).

## PRELIMINARY STATEMENTS.

(1) The Agent, the Lenders, the Guarantor, and Morgan Guaranty Trust Company of New York, as co-agent have entered into a 364 Day Credit Agreement dated as of January 8, 1995 (said Agreement, as it may heretofore have been or hereafter be amended or otherwise modified from time to time, being the "364 Day Credit Agreement", the terms defined therein and not otherwise defined herein being used herein as therein defined). Pursuant to Section 8.06(b) of the 364 Day Credit Agreement and an Assignment and Assumption Agreement dated \_\_\_\_\_, 19\_\_\_ the Guarantor has assigned to \_\_\_\_\_, a corporation organized and existing under the laws of \_\_\_\_\_ (the "Assignee"), certain rights under the 364 Day Credit Agreement, so that the Assignee may borrow and receive Advances under the 364 Day Credit Agreement. The Assignee is a Subsidiary of the Guarantor and engages in business transactions with the Guarantor, and the Guarantor represents that it will derive substantial direct and indirect benefit from all Advances to the Assignee.

(2) It is a condition precedent to the making of such assignment to the Assignee that the Guarantor shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to accept such assignment and to make Advances to the Assignee under the 364 Day Credit Agreement, the Guarantor hereby agrees as follows:

SECTION 1. Guaranty. The Guarantor hereby unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of the Assignee now or hereafter existing under the 364 Day Credit Agreement and under the Notes evidencing Advances to the Assignee (the "Notes"), whether for principal, interest, fees, expenses or otherwise (such obligations being the "Obligations"), and agrees to pay any and all expenses (including counsel fees and expenses) incurred by the Agent and the Lenders in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts which constitute part of the Obligations and would be owed by the Assignee to the Lenders under the 364 Day Credit Agreement and the Notes but for the fact that they are unenforceable or

not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Assignee.

SECTION 2. Guaranty Absolute. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the 364 Day Credit Agreement and the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lenders with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Assignee or whether the Assignee is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the 364 Day Credit Agreement, the Notes or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the 364 Day Credit Agreement or the Notes, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Assignee or any of its subsidiaries or otherwise;

(iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations;

(iv) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Assignee or any of its subsidiaries;

(v) any change, restructuring or termination of the corporate structure or existence of the Assignee or any of its subsidiaries or its status as a Subsidiary of the Guarantor; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Assignee or a guarantor.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Assignee or otherwise, all as though such payment had not been made.

SECTION 3. Waiver. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations, this Guaranty or any circumstance referred to in Section 2, and waives any requirement that the Agent or any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Assignee or any other person or entity or any collateral.

SECTION 4. Subrogation. (a) The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all the Obligations and all other amounts payable under this Guaranty shall have been paid in full and the Commitments shall have expired or terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of, the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the 364 Day Credit Agreement or to be held by the Agent as collateral security for any Obligations thereafter existing. If (i) the Guarantor shall make payment to the Agent of all or any part of the Obligations, (ii) all the Obligations and all other amounts payable under this Guaranty shall be paid in full and (iii) the Commitments shall have expired or terminated, the Agent will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor.

[The preceding Section 4(a) will be used if the Assignee is incorporated and has its principal office in a jurisdiction other than the United States of America, or a State, Territory or possession thereof. Otherwise, the following Section 4(a) will be used.]

SECTION 4. Waiver of Subrogation. (a) The Guarantor hereby irrevocably waives any claim or other right which it may now or hereafter acquire against the Assignee that arises from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or any other Loan Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, any right to participate in any claim or remedy of the Agent or any Lender against the Assignee or any collateral which the Agent or any Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including without limitation, the right to take or receive from the Assignee, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other right. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time prior to the later of (x) the

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payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for the benefit of the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the 364 Day Credit Agreement or to be held by the Agent as collateral security for any Obligations thereafter existing. The waiver set forth in this Section 4(a) is knowingly made in contemplation of the benefits referred to in the Preliminary Statements.

(b) The Guarantor agrees that, to the extent that the Assignee makes a payment or payments to the Agent or any Lender or the Agent or any Lender receives any proceeds of collateral, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or otherwise required to be repaid to the Assignee, its estate, trustee, receiver or any other party, including, without limitation, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligation or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred. The Guarantor shall defend and indemnify the Agent and each Lender from and against any claim or loss under this Section 4(b) (including reasonable attorneys' fees and expenses) in the defense of any such action or suit.

SECTION 5. Payments With Respect to Taxes, Etc. Any and all payments made by the Guarantor hereunder shall be subject to and made in accordance with Section 2.13 of the 364 Day Credit Agreement as if all such payments were being made by the Borrower.

SECTION 6. Representations and Warranties. The Guarantor hereby represents and warrants as follows:

(a) The Guarantor is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and has all corporate power required to carry on its business as now conducted.

(b) The execution and delivery by the Guarantor of this Guaranty, and the performance of its obligations hereunder, are within the Guarantor's corporate power, have been duly authorized by all necessary corporate and other action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Guarantor or of any agreement, judgment, injunction, order, decree or other instrument binding upon

or affecting the Guarantor or result in the creation or imposition of any Lien on any asset of the Guarantor or any of its Subsidiaries.

(c) This Guaranty has been duly executed and delivered by the Guarantor and constitutes a valid and binding agreement of the Guarantor enforceable in accordance with its terms.

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

(e) The Assignee is a Subsidiary of the Guarantor and is a corporation duly incorporated, validly existing and in good standing under the laws of \_\_\_\_\_.

(f) There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

(g) The Guarantor has, independently and without reliance upon any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty.

SECTION 7. Amendments, Etc. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, (a) limit or release the liability of the Guarantor hereunder, (b) postpone any date fixed for payment hereunder, or (c) change the number of Lenders required to take any action hereunder.

SECTION 8. Addresses for Notices. All notices and other communications provided for hereunder shall be given and effective as provided in Section 8.02 of the 364 Day Credit Agreement.

SECTION 9. No Waiver; Remedies. No failure on the part of any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10. Right of Set-off. If the Guarantor shall fail to make any payment promptly when due hereunder after notice by the Agent or any Lender to the



Guarantor that the Assignee has failed to pay any Obligation when due, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guaranty, whether or not such Lender shall have made any demand under this Guaranty and although such obligations may be contingent and unmatured. Each Lender agrees to notify the Guarantor, the Agent and each other Lender promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 11. Continuing Guaranty; Assignments under 364 Day Credit Agreement. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, (ii) be binding upon the Guarantor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the 364 Day Credit Agreement (including, without limitation, all or any portion of its Commitment, the Advances owing to it and any Note held by it) to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Section 8.07 of the 364 Day Credit Agreement.

SECTION 12. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

COLGATE-PALMOLIVE COMPANY

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

## COLGATE-PALMOLIVE COMPANY

## COMPUTATION OF EARNINGS PER COMMON SHARE

Dollars in Millions Except Per Share Amounts (Unaudited)

	1994	Year Ended December 31, 1993	1992
PRIMARY			
Earnings:			
Income before changes in accounting .....	\$580.2	\$548.1	\$477.0
Deduct: Dividends on preferred shares .....	21.6	21.6	20.7
Income applicable to common shares before cumulative effect on prior years of accounting changes .....	558.6	526.5	456.3
Cumulative effect on prior years of accounting changes .....	--	(358.2)	--
Net income applicable to common shares .....	\$558.6	\$168.3	\$456.3
Shares (in millions):			
Weighted average shares outstanding .....	146.2	155.9	156.5
Earnings per common share, primary:			
Income before changes in accounting .....	\$ 3.82	\$3.38	\$ 2.92
Cumulative effect on prior years of accounting changes .....	--	(2.30)	--
Net income per share .....	\$ 3.82	\$ 1.08	\$ 2.92

## COLGATE-PALMOLIVE COMPANY

## COMPUTATION OF EARNINGS PER COMMON SHARE

Dollars in Millions Except Per Share Amounts (Unaudited)

	1994	Year Ended December 31, 1993	1992
ASSUMING FULL DILUTION			
Earnings:			
Income before changes in accounting .....	\$580.2	\$548.1	\$477.0
Deduct: Dividends on preferred shares .....	.5	.5	.5
Deduct: Replacement funding .....	7.8	9.5	5.8
Income applicable to common shares before cumulative effect on prior years of accounting changes .....	571.9	538.1	470.7
Cumulative effect on prior years of accounting changes .....	--	(358.2)	--
Net income applicable to common shares .....	\$571.9	\$179.9	\$470.7
Shares (in millions):			
Weighted average shares outstanding .....	146.2	155.9	156.5
Add: Assumed exercise of options reduced by the number of shares purchased with the proceeds .....	1.9	2.5	3.1
Add: Assumed conversion of Series B Convertible Preference Stock .....	12.2	12.4	12.5
Adjusted weighted average shares outstanding .....	160.3	170.8	172.1
Earnings per common share, assuming full dilution:			
Income before changes in accounting .....	\$ 3.56	\$ 3.15	\$ 2.74
Cumulative effect on prior years of accounting changes .....	--	(2.10)	--
Net income per share .....	\$ 3.56	\$ 1.05	\$ 2.74

## EXHIBIT 12

## COLGATE-PALMOLIVE COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
Dollars in Millions (Unaudited)

	Year Ended December 31, 1994
Income before income taxes and cumulative effect on prior years of accounting changes .....	\$ 879.9
Add:	
Interest on indebtedness and amortization of debt expense and discount or premium .....	120.9
Portion of rents representative of interest factor .....	27.8
Interest on ESOP debt, net of dividends .....	1.9
Less:	
Income of less than fifty-percent-owned subsidiaries .....	(1.3)
Income as adjusted .....	\$1,029.2
Fixed Charges:	
Interest on indebtedness and amortization of debt expense and discount or premium .....	\$ 120.9
Portion of rents representative of interest factor .....	27.8
Interest on ESOP debt, net of dividends .....	1.9
Capitalized interest .....	9.7
Total fixed charges .....	\$ 160.3
Ratio of earnings to fixed charges .....	6.4

In June 1989, the Company's leveraged employee stock ownership plan (ESOP) issued \$410.0 long-term notes due through 2009 bearing an average interest rate of 8.6%. These notes are guaranteed by the Company. Interest incurred on the ESOP's notes was \$34.2 in 1994. This interest is funded through preferred and common stock dividends. The fixed charges presented above include interest on ESOP indebtedness to the extent it is not funded through preferred and common stock dividends.

## SUBSIDIARIES OF THE REGISTRANT

Name of Company	State in which Incorporated or Country in which Organized
Colgate Juncos, Inc.	Delaware
Colgate-Palmolive, Inc.	Delaware
Colgate-Palmolive (Caribbean), Inc.	Delaware
Colgate-Palmolive (Central America), Inc.	Delaware
Colgate-Palmolive Cia	Delaware
Colgate-Palmolive Development Corp.	Delaware
Colgate-Palmolive (Dominican Republic), Inc.	Delaware
Colgate-Palmolive Global Trading Company	Delaware
Colgate-Palmolive International Incorporated	Delaware
Colgate-Palmolive (P.R.) Inc.	Delaware
Colgate-Palmolive (Istanbul), Inc.	Delaware
Colgate Oral Pharmaceuticals, Inc.	Delaware
CPC Funding Company	Delaware
Southampton-Hamilton Company	Delaware
Purity Holding Company	Delaware
Hill's Pet Nutrition, Inc.	Delaware
Mennen Limited	Delaware
Mennen de Puerto Rico, Ltd	Delaware
Mission Hill's Property Corporation	Delaware
Newgrange Financial Services Company	Delaware
Norwood International Incorporated	Delaware
Vipont Pharmaceutical, Inc.	Delaware
Former PHI, Inc	Massachusetts
Softsoap Enterprises, Inc.	Minnesota
The Mennen Company	New Jersey
The Murphy-Phoenix Company	Ohio
Colgate-Palmolive Sociedad Anonima Industrial Y Commercial	Argentina
Colgate-Palmolive Pty. Limited	Australia
Hill's Pet Products Pty.Ltd	Australia
Colgate-Palmolive Gesellschaft m.b.H	Austria
Colgate-Palmolive Belgium S.A	Belgium
Colgate-Palmolive Europe S.A	Belgium
Hill's Pet Products (Benelux) S.A	Belgium
ELM Company Limited	Bermuda
Colgate-Palmolive (Botswana) (Proprietary) Ltd	Botswana
Colgate-Palmolive, Ltda	Brazil
CP Textil Industria e Comercia Ltd	Brazil
Hawley & Hazel (BVI) Company Ltd	British Virgin Islands
Colgate-Palmolive (Bulgaria)	Bulgaria
Colgate-Palmolive Cameroun S.A	Cameroons
Colgate-Palmolive Canada, Inc.	Canada
Hill's Distribution Services Ltd	Canada
Colgate (Guangzhou) Limited	China
Colgate-Palmolive (Czechoslovakia) SRO	Czech Republic
Colgate-Palmolive A/S	Denmark
Colgate-Palmolive del Ecuador, S.A	Ecuador
Colgate-Palmolive (Egypt) S.A.E	Egypt
Colgate-Palmolive (Fiji) Limited	Fiji Islands
Colgate-Palmolive	France
Cotelle, S.A	France
Hill's Pet Products SNC	France
Colgate-Palmolive G.m.b.H	Germany
Hill's Pet Products G.m.b.H	Germany
Colgate-Palmolive (Hellas) S.A	Greece
Colgate-Palmolive (Centro America) S.A	Guatemala

Name of Company	State in which Incorporated or Country in which Organized
Colgate-Palmolive (H.K.) Limited	Hong Kong
Colgate-Palmolive (Hungary) Kft	Hungary
Colgate-Palmolive (India) Limited	India
P.T. Colgate-Palmolive Indonesia	Indonesia
Colgate-Palmolive (Ireland) Limited	Ireland
Colgate-Palmolive S.p.A	Italy
Hill's Pet Products S.p.A	Italy
Colgate-Palmolive Cote. d'Ivoire, S.A	Ivory Coast
Colgate-Palmolive Co. (Jamaica) Ltd	Jamaica
Hill's-Colgate (Japan) Ltd	Japan
Colgate-Palmolive (East Africa) Limited	Kenya
Colgate-Palmolive (Malaysia) SDN. BHD	Malaysia
Colgate-Palmolive (Malaysia) Marketing SDN. BHD	Malaysia
Colgate-Palmolive, S.A. de C.V	Mexico
Hill's Pet Products de Mexico, S.A. de C.V	Mexico
Mennen de Mexico, S.A	Mexico
Colgate-Palmolive	Morocco
Colgate-Palmolive (Mocambique) Limitada	Mozambique
CKR Nederland B.V	Netherlands
Hill's International Sales FSC B.V	Netherlands

Colgate-Palmolive Limited .....	New Zealand
Colgate-Palmolive Investments (PNG) Pty Ltd .....	Papua, New Guinea
Colgate-Palmolive Philippines, Inc. ....	Philippines
Colgate-Palmolive (Poland) Sp.z O.O .....	Poland
Colgate-Palmolive, S.A .....	Portugal
SonadeSociedad Nacional de Detergents, S.A .....	Portugal
Colgate-Palmolive (Romania) Ltd .....	Romania
A/O Colgate-Palmolive (Russia) .....	Russia
Societe Africaine de Detergents, S.A .....	Senegal
Colgate-Palmolive (Eastern) Pte. Ltd .....	Singapore
Colgate-Palmolive (Pty) Limited .....	South Africa
Colgate-Palmolive, S.A.E .....	Spain
Cristasol S.A .....	Spain
Colgate-Palmolive A.G .....	Switzerland
Colgate-Palmolive (Tanzania) Limited .....	Tanzania
Siam Purity Distribution (Thailand) Ltd .....	Thailand
Colgate-Palmolive (Thailand) Ltd .....	Thailand
Colgate-Palmolive Haci Sakir Sabun Sanayi ve Ticaret Anonim Sirketi .....	Turkiye
Colgate-Palmolive (Uganda) Limited .....	Uganda
Colgate-Palmolive SP .....	Ukraine
Colgate-Palmolive (Ukraine) A/O .....	Ukraine
Colgate Holdings (U.K.) Limited .....	United Kingdom
Colgate-Palmolive Limited .....	United Kingdom
Colgate-Palmolive Mennen Limited .....	United Kingdom
Hill's Pet Products Limited .....	United Kingdom
Hill's Pet Nutrition Ltd .....	United Kingdom
Alexandril S.A .....	Uruguay
Colgate-Palmolive Compania Anonima .....	Venezuela
Colgate-Palmolive (Zambia) Ltd .....	Zambia
Colgate-Palmolive (Zimbabwe) (Private) Limited .....	Zimbabwe

EXHIBIT 23

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 2-76922, 2-96982, 33-17136, 33-27227, 33-34952, 33-48832, 33-48840, 33-58746, 33-61038 and 33-78424.

/s/ ARTHUR ANDERSEN LLP

New York, New York  
March 17, 1995

COLGATE-PALMOLIVE COMPANY  
ANNUAL REPORT ON FORM 10-K  
POWER OF ATTORNEY

WHEREAS, COLGATE-PALMOLIVE COMPANY is filing with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 1994 ("Annual Report") pursuant to Section 13 of the Securities Exchange Act of 1934;

NOW, THEREFORE, the undersigned in his capacity as a director or officer, or both, of COLGATE-PALMOLIVE COMPANY hereby appoints REUBEN MARK, ANDREW HENDRY and ROBERT AGATE, and each of them severally, his true and lawful attorneys or attorney with power to act with or without the other and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director, officer, or both, of COLGATE-PALMOLIVE COMPANY, its Annual Report and any and all amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person. The undersigned hereby ratifies and approves the acts of said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ VERNON R. ALDEN  
Vernon R. Alden

COLGATE-PALMOLIVE COMPANY  
ANNUAL REPORT ON FORM 10-K  
POWER OF ATTORNEY

WHEREAS, COLGATE-PALMOLIVE COMPANY is filing with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 1994 ("Annual Report") pursuant to Section 13 of the Securities Exchange Act of 1934;

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ JILL K. CONWAY  
Jill K. Conway

## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ RONALD E. FERGUSON  
Ronald E. Ferguson



## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ ELLEN M. HANCOCK  
Ellen M. Hancock

## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ DAVID W. JOHNSON  
David W. Johnson

## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ JOHN P. KENDALL  
John P. Kendall

## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

WHEREAS, COLGATE-PALMOLIVE COMPANY is filing with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 1994 ("Annual Report") pursuant to Section 13 of the Securities Exchange Act of 1934;

NOW, THEREFORE, the undersigned in his capacity as a director or officer, or both, of COLGATE-PALMOLIVE COMPANY hereby appoints ANDREW HENDRY and ROBERT AGATE, and each of them severally, his true and lawful attorneys or attorney with power to act with or without the other and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director, officer, or both, of COLGATE-PALMOLIVE COMPANY, its Annual Report and any and all amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person. The undersigned hereby ratifies and approves the acts of said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ DELANO E. LEWIS  
Delano E. Lewis

## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

WHEREAS, COLGATE-PALMOLIVE COMPANY is filing with the Securities and Exchange Commission its Annual Report on Form 10-K for the year ended December 31, 1994 ("Annual Report") pursuant to Section 13 of the Securities Exchange Act of 1934;

NOW, THEREFORE, the undersigned in his capacity as a director or officer, or both, of COLGATE-PALMOLIVE COMPANY hereby appoints REUBEN MARK, ANDREW HENDRY and ROBERT AGATE, and each of them severally, his true and lawful attorneys or attorney with power to act with or without the other and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as a director, officer, or both, of COLGATE-PALMOLIVE COMPANY, its Annual Report and any and all amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person. The undersigned hereby ratifies and approves the acts of said attorneys and each of them.

IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ REUBEN MARK  
Reuben Mark

## COLGATE-PALMOLIVE COMPANY

## ANNUAL REPORT ON FORM 10-K

## POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument on March 9, 1995.

/s/ HOWARD B. WENTZ, JR.  
Howard B. Wentz, Jr.

This schedule contains summary financial information extracted from the annual report on Form 10-K for the year ended December 31, 1994 and is qualified in its entirety by reference to such financial statements.

1,000,000

12-MOS		
	DEC-31-1994	
	JAN-01-1994	
	DEC-31-1994	170
		48
		1,073
		23
		714
		2,178
		3,103
		1,115
		6,142
	1,529	
		1,778
		183
	0	
		408
		1,231
6,142		
		7,588
	7,588	
		3,913
		2,625
		83
		0
		87
		880
		300
	580	
		0
		0
		0
		580
		3.82
		3.56