



## **Kimberly-Clark's Top-Line Growth Accelerates to 10 Percent in the Fourth Quarter of 1999; Earnings From Operations of 79 Cents Per Share Establish New Quarterly Record**

**Reported Fourth Quarter Earnings Were 77 Cents Per Share; Including Charges for Unusual Items of 2 Cents Per Share**

**Results Highlighted by Strong Performance in Global Personal Care With Continued Improvement in Europe**

DALLAS, Jan. 25 -- Driven by a double-digit gain in sales volumes, fourth quarter sales for Kimberly-Clark Corporation (NYSE: KMB) jumped 10.2 percent to \$3.4 billion in 1999. The strong top-line growth led to all-time record quarterly earnings from operations of 79 cents per share, an increase of 16.2 percent compared with 68 cents per share in the prior year. The fourth quarter capped a year of record-setting margin and earnings performance for Kimberly-Clark.

Fourth quarter earnings included net charges for restructuring and other unusual items of 2 cents per share in 1999 and 19 cents per share in 1998. Including these items, the company reported diluted net income per share for the fourth quarter of 1999 of 77 cents per share, an increase of 57.1 percent compared with 49 cents per share in the fourth quarter of 1998.

The record operating results were driven primarily by strong performance of the company's global personal care business, with continued improvement in Europe, and by higher earnings in Mexico. Additionally, tissue earnings increased despite investments to support growth initiatives for consumer bathroom tissue and paper towels in North America and higher raw materials costs. Sales improved in each of the company's core businesses -- tissue (7 percent), personal care (12 percent) and health care (26 percent). New and improved products and business expansion were primarily responsible for the growth in sales.

Wayne R. Sanders, chairman and chief executive officer of Kimberly-Clark, said: "Our business gained momentum throughout 1999, finishing the year with the strongest quarter in our history. The results of investments in new and improved products and in global expansion of our core businesses are evident - - a rapid acceleration in top-line growth and outstanding growth in earnings per share from operations.

"The record performance of our personal care business stood out as the highlight of the year. Sales and operating profit hit new highs in every region of the world. I am also particularly encouraged by our continued progress in Europe, where the Attisholz acquisition has contributed to strong volume growth in tissue and where sales of diapers surged following product improvements in the third quarter. In fact, our European businesses combined to generate more than \$200 million in operating profit in 1999.

"Today, Kimberly-Clark is focused, growing, global and in great shape financially," Mr. Sanders said. "We plan to continue to build on our momentum with new product introductions and ongoing manufacturing efficiencies. Looking ahead, we expect top-line growth to continue rising 6 to 8 percent annually in our global markets and are committed to delivering consistent double-digit earnings growth."

### **Review of fourth quarter operating results**

Sales of \$3.4 billion for the fourth quarter were up 10.2 percent compared with 1998. Sales would have grown approximately 12 percent if the revenues of the company's pulp and timberlands operations in the southeastern United States and pulp operations in Spain, which were sold or closed earlier in 1999, were excluded. Worldwide sales volumes, excluding divestitures, were more than 13 percent higher, while changes in foreign currency exchange rates reduced sales by about 2 percent.

Sales of personal care products were 12.1 percent greater than in 1998, due to a 13 percent gain in sales volumes. Huggies diapers posted double-digit sales growth, and Pull-Ups training and youth pants showed continued strength. Successful new products, such as Kotex feminine pads in North America and Korea, and Depend protective underwear and Poise Ultra Plus incontinence pads in North America also boosted growth in personal care.

Tissue sales were up 7.2 percent from the fourth quarter of 1998, however, excluding the revenues of divested businesses, sales climbed 10 percent, driven by an increase in sales volumes of approximately 12 percent. The acquisition of Attisholz's tissue businesses in Europe, as well as higher shipments of Kleenex facial tissue and improved Kleenex Cottonelle and Scott bathroom tissue in North America were important contributors to the volume gains.

Sales of health care and other products rose 25.7 percent, as a result of the addition of Ballard Medical Products and

continued double-digit growth in sales volumes of the company's other professional health care products.

Operating profit in the fourth quarter of 1999 was \$602.5 million, 56.9 percent greater than in the prior year. Excluding restructuring and other unusual items, operating profit was \$611.5 million in the fourth quarter of 1999 compared with \$536.0 million in 1998, an increase of 14.1 percent. The increase in sales, along with productivity gains and other manufacturing cost benefits, were responsible for the improved profitability, more than offsetting the investment in marketing costs for new Kleenex Cottonelle bathroom tissue, improved Scott towels and Scott bathroom tissue in North America and higher fiber costs.

Kimberly-Clark's share of net income of equity companies in the fourth quarter was \$56.3 million in 1999 compared with \$43.0 million in 1998, excluding a nonoperating gain related to the change in the value of the Mexican peso in the prior year. The increase was primarily attributable to higher earnings at Kimberly-Clark de Mexico, S.A. de C.V., which benefited from increased sales and continued strong margins.

The company continued to generate substantial cash flow during the fourth quarter, bringing cash provided by operations to \$2.1 billion in 1999 versus \$2.0 billion in 1998. During the quarter, the company repurchased 5.25 million shares of common stock at a cost of approximately \$340 million. Since 1995, nearly 60 million shares have been repurchased.

#### Unusual items

The company recorded unusual items in the fourth quarter of 1999 and 1998, including additional depreciation, as previously announced, and severance costs related to restructuring programs, as well as certain restructuring credits. In total, these items decreased net income by \$8.5 million, or 2 cents per share, in 1999 and \$104.8 million, or 19 cents per share, in 1998.

#### Year-to-date results

For the full year of 1999, sales of \$13.0 billion were up 5.8 percent from \$12.3 billion last year. Excluding the sales of divested businesses, however, sales were about 8 percent higher. Operating profit was \$2,435.4 million in 1999 versus \$1,697.7 million in 1998. However, before restructuring and other unusual items, operating profit for the year increased 18.2 percent to \$2,338.1 million from \$1,977.8 million in 1998. Diluted earnings per share were \$3.09 in 1999, 55.3 percent greater than \$1.99 per share in 1998. Earnings before unusual items and after gains on asset disposals were \$2.98 per share in 1999 compared with \$2.44 per share in 1998, an increase of 22.1 percent.

Kimberly-Clark Corporation is a leading global manufacturer of tissue, personal care and health care products. The company's global brands include Huggies, Pull-Ups, Kotex, Depend, Kleenex, Scott, Kimberly-Clark, Tecnol, Kimwipes and WypAll. Other brands well known outside the U.S. include Andrex, Scottex, Page, Popee and Kimbies. Kimberly-Clark also is a major producer of premium business, correspondence and technical papers. The company has manufacturing operations in 40 countries and sells its products in more than 150 countries.

Certain matters contained in this news release concerning the business outlook, anticipated financial and operating results, strategies, contingencies and transactions of the company constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the company. For a description of certain factors that could cause the company's future results to differ materially from those expressed in any such forward-looking statements, see the section of Part I, Item 1 of the company's Annual Report on Form 10-K/A for the year ended December 31, 1998 entitled "Factors That May Affect Future Results."

KIMBERLY-CLARK CORPORATION  
PERIOD ENDED DECEMBER 31  
(Millions except per share amounts)

EARNINGS PER SHARE SUMMARY:

	Fourth Quarter			Twelve Months		
	1999	1998 As Restated	Change	1999	1998	Change
Net Income Per Share - Diluted	\$ .77	\$ .49	57.1%	\$3.09	\$1.99	55.3%
Adjusted for:						
Restructuring and Other Unusual Items	.02	.19		.10	.55	
Gains On Asset Disposals	---	---		(.21)	(.12)	
Cumulative Effect of Accounting Change	---	---		---	.02	
Earnings From Operations	\$ .79	\$ .68	16.2%	\$2.98	\$2.44	22.1%

AVERAGE NUMBER OF COMMON  
SHARES OUTSTANDING:

Basic	543.6	541.3	536.3	550.3
Diluted	548.3	544.2	540.1	553.1

OTHER INFORMATION:

TWELVE MONTHS ENDED DECEMBER 31	1999	1998	Change
Cash Dividends Declared Per Share	\$1.04	\$1.00	4.0%
Capital Spending	786.4	669.5	17.5%
Net Income Return on Average Stockholders' Equity	36.6%	26.4%	38.6%
AS OF DECEMBER 31	1999	1998	Change
Net Debt to Capital	28.9%	35.6%	-18.8%
Number of Common Shares Outstanding	540.6	538.3	

Unaudited

KIMBERLY-CLARK CORPORATION  
 FOURTH QUARTER ENDED DECEMBER 31  
 (Millions except per share amounts)

	1999	1998 As Restated	Change
Net Sales	\$3,425.5	\$3,108.2	+ 10.2%
Cost of products sold	2,016.5	1,915.9	+ 5.3%
Gross Profit	1,409.0	1,192.3	+ 18.2%
Advertising, promotion and selling expenses	523.1	476.1	+ 9.9%
Research expense	70.6	62.9	+ 12.2%
General expense	205.6	162.7	+ 26.4%
Goodwill amortization	14.2	8.2	+ 73.2%
Restructuring items	(10.1)	80.7	N.M.
Other (income) expense, net	3.1	17.6	- 82.4%
Operating Profit	602.5	384.1	+ 56.9%
Interest income	11.7	5.3	+120.8%
Interest expense	(51.4)	(50.9)	+ 1.0%
Income Before Income Taxes	562.8	338.5	+ 66.3%
Provision for income taxes	180.6	111.9	+ 61.4%
Income Before Equity Interests	382.2	226.6	+ 68.7%
Share of net income of equity companies	56.3	45.0	+ 25.1%
Minority owners' share of subsidiaries' net income	(14.5)	(4.9)	+195.9%
Net Income	\$ 424.0	\$ 266.7	+ 59.0%
Net Income Per Share:			
Basic	\$ .78	\$ .49	+ 59.2%
Diluted	\$ .77	\$ .49	+ 57.1%

Notes:

1. In 1999, charges or (credits) for restructuring and other unusual items, including business improvement and other programs, included in operating profit are as follows: cost of products sold - \$10.3 million; advertising, promotion and selling expenses - \$2.1 million; general expense - \$6.7 million; and restructuring items - \$(10.1) million.

2. In 1998, charges or (credits) for restructuring and other unusual items, primarily business improvement and other programs, included in operating profit are as follows: cost of products sold - \$69.8 million; general expense - \$1.4 million; and restructuring items - \$80.7 million.

N.M.-Not meaningful  
 Unaudited

KIMBERLY-CLARK CORPORATION  
 TWELVE MONTHS ENDED DECEMBER 31  
 (Millions except per share amounts)

	1999	1998	Change
Net Sales	\$13,006.8	\$12,297.8	+ 5.8%
Cost of products sold	7,681.6	7,700.2	- 0.2%
Gross Profit	5,325.2	4,597.6	+15.8%
Advertising, promotion and selling expenses	2,097.8	1,937.4	+ 8.3%
Research expense	249.8	224.8	+11.1%
General expense	707.4	717.0	- 1.3%
Goodwill amortization	41.8	33.3	+25.5%
Restructuring items	(27.0)	111.8	N.M.
Other (income) expense, net	(180.0)	(124.4)	+44.7%
Operating Profit	2,435.4	1,697.7	+43.5%
Interest income	29.4	24.3	+21.0%
Interest expense	(213.1)	(198.7)	+ 7.2%
Income Before Income Taxes	2,251.7	1,523.3	+47.8%
Provision for income taxes	730.2	522.2	+39.8%
Income Before Equity Interests	1,521.5	1,001.1	+52.0%
Share of net income of equity companies	189.6	137.1	+38.3%
Minority owners' share of subsidiaries' net income	(43.0)	(23.9)	+79.9%
Income Before Cumulative Effect of Accounting Change	1,668.1	1,114.3	+49.7%
Cumulative effect of accounting change, net of income taxes	---	(11.2)	N.M.
Net Income	\$ 1,668.1	\$ 1,103.1	+51.2%
Per Share Basis:			
Basic:			
Income Before Cumulative Effect of Accounting Change	\$ 3.11	\$ 2.02	+54.0%
Cumulative effect of accounting change, net of income taxes	---	(.02)	N.M.
Net Income	\$ 3.11	\$ 2.00	+55.5%
Diluted:			
Income Before Cumulative Effect of Accounting Change	\$ 3.09	\$ 2.01	+53.7%
Cumulative effect of accounting change, net of income taxes	---	(.02)	N.M.
Net Income	\$ 3.09	\$ 1.99	+55.3%

Notes:

1. In 1999, charges or (credits) for restructuring and other unusual items, primarily business improvement and other programs, and gains on asset disposals included in operating profit are as follows: cost of products sold - \$89.2 million; advertising, promotion and selling expenses - \$2.2 million; general expense - \$15.0 million; restructuring items - \$(27.0) million; and other (income) expense, net - \$(176.7) million.

2. In 1998, charges or (credits) for restructuring and other unusual items, primarily business improvement and other programs, and gains on asset disposals included in operating profit are as follows: cost of products sold - \$233.9 million; general expense - \$74.4 million; restructuring items - \$111.8 million; and other (income) expense, net -

\$(140.0) million.

3. In accordance with Staff Accounting Bulletin 101, issued by the Securities and Exchange Commission on December 3, 1999, the Corporation has classified other (income) expense, net, as part of operating profit. This item, which is substantially comprised of gains and losses on certain disposals of assets, was previously reported below operating profit.

N.M.-Not meaningful  
Unaudited

KIMBERLY-CLARK CORPORATION  
SELECTED BUSINESS SEGMENT DATA  
PERIOD ENDED DECEMBER 31  
(Millions)

	Fourth Quarter			Twelve Months		
	1999	1998 As Restated	Change	1999	1998	Change
<b>NET SALES:</b>						
Tissue	\$1,848.8	\$1,725.0	+ 7.2%	\$ 6,968.8	\$ 6,733.1	+ 3.5%
Personal Care	1,316.2	1,174.4	+12.1%	5,138.1	4,596.5	+11.8%
Health Care and Other	271.1	215.6	+25.7%	936.4	1,001.5	- 6.5%
Intersegment Sales	(10.6)	(6.8)	N.M.	(36.5)	(33.3)	N.M.
Consolidated	\$3,425.5	\$3,108.2	+10.2%	\$13,006.8	\$12,297.8	+ 5.8%
<b>OPERATING PROFIT (A):</b>						
Tissue	\$ 307.4	\$ 203.8	+50.8%	\$ 1,114.1	\$ 921.3	+20.9%
Personal Care	304.4	175.1	+73.8%	1,092.8	588.7	+85.6%
Health Care and Other	34.5	46.6	-26.0%	154.3	161.2	- 4.3%
Unallocated items - net	(43.8)	(41.4)	N.M.	74.2	26.5	N.M.
Consolidated	\$ 602.5	\$ 384.1	+56.9%	\$ 2,435.4	\$ 1,697.7	+43.5%

(A) Operating profit includes charges or (credits) for restructuring and other unusual items and gains on asset disposals as follows:

	Fourth Quarter		Twelve Months	
	1999	1998 As Restated	1999	1998
Tissue	\$ 9.0	\$100.6	\$ 57.2	\$214.4
Personal Care	(5.2)	47.8	16.3	196.6
Health Care and Other	4.4	2.7	7.6	12.5
Unallocated items - net	.8	.8	(178.4)	(143.4)
Consolidated	\$ 9.0	\$151.9	\$ (97.3)	\$280.1

**Description of Business Segments**

The Tissue segment manufactures and markets facial and bathroom tissue, paper towels and wipers for household and away-from-home use; wet wipes; printing, premium business and correspondence papers; and related products.

The Personal Care segment manufactures and markets disposable diapers, training and youth pants; feminine and incontinence care products; and related products.

The Health Care and Other segment manufactures and markets health care products such as disposable medical devices for respiratory care.

products such as disposable medical devices for respiratory care, gastroenterology and cardiology, surgical packs and gowns, sterilization wraps and disposable face masks; specialty and technical papers and related products; and other products.

N.M.-Not meaningful  
Unaudited