



Kimberly-Clark



Q3 2009 Results and 2009 Outlook

A Premier Health & Hygiene Company

October 22, 2009

Conference Call Reminders

Forward-Looking Information

Certain matters in this presentation and conference call constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the company. There can be no assurance that these future events will occur as anticipated or that the company's results will be as estimated. 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 Item IA of the company's Annual Report on Form 10-K for the year ended December 31, 2008 entitled "Risk Factors."

Non-GAAP Financial Measures

2009 results are compared to adjusted results in 2008, which exclude charges for the strategic cost reduction plan that was completed in 2008 and an extraordinary loss. Management believes that reporting in this manner enhances investors' understanding and analysis of the company's performance. For additional information on why we make these adjustments and reconciliations to comparable measures under generally accepted accounting principles, see today's news release and additional information on our web site (www.kimberly-clark.com).



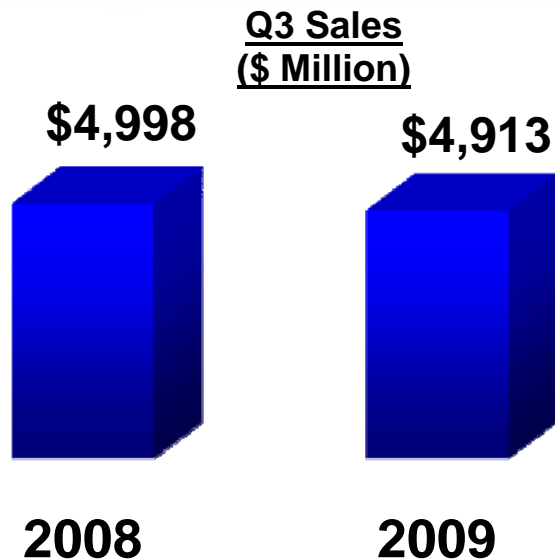
Q3 2009 Results

Mark Buthman

Q3 Headlines

- **Organic sales growth about 3 percent**
 - Double-digit growth in developing and emerging markets, very strong performance in Health Care
- **Gross and operating margins improved more than 500 basis points**
- **Record earnings per share**
 - Up more than 35 percent
- **Cash provided by operations up 23 percent to more than \$790 million**

Consolidated Net Sales

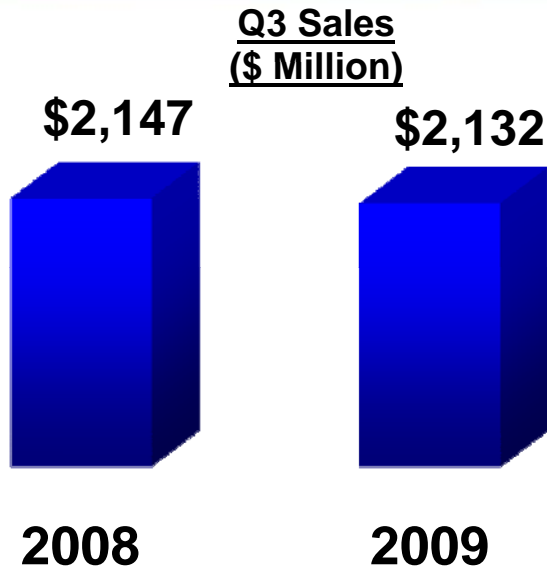


<u>Net sales</u>	<u>-1.7%</u>
• Volume	0%
• Net price	3%
• Mix/other	0%
• Currency	-5%

- Total sales decreased about 2 percent due to significant currency headwinds
- Organic growth driven by focus on net realized revenue



Personal Care Segment

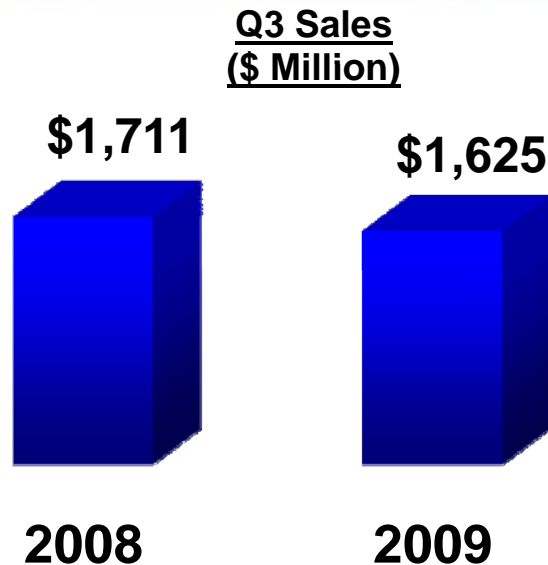


<u>Net sales</u>	<u>-0.7%</u>
• Volume	1%
• Net price	5%
• Mix/other	-1%
• Currency	-6%

- North America organic sales even with prior year: price +2; volume -2
 - HUGGIES diaper volumes off 3 percent, child care volumes down 7 percent reflecting category softness, market shares in both categories even with prior year; Adult Care volumes up double-digits, including benefits from gender-specific DEPEND underwear launch
- Europe organic sales +4 percent: volumes +7 percent, improved performance of HUGGIES diapers in Poland and core markets in Western Europe; price -2 percent; mix -1 percent
- D&E organic sales +13 percent (price +10, volume +4, mix -1)
 - Volumes: double-digit growth in BRICIT countries overall and South Africa



Consumer Tissue Segment

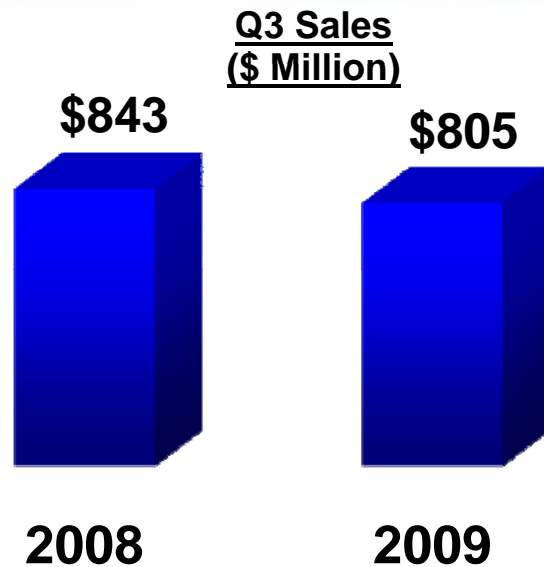


<u>Net sales</u>	<u>-5.0%</u>
• Volume	-2%
• Net price	1%
• Mix/other	1%
• Currency	-5%

- Sales volumes continue to be impacted by weakness in economy and focus on revenue realization
- North America sales -2 percent (price +2, volume -4)
 - Lower volumes mostly in paper towels and facial tissue
 - Price: increases taken last year, partially offset by somewhat higher competitive promotional spending
- Europe organic sales -4 percent (price -2, volume -1)
 - Continued competitive environment
- D&E organic sales +4 percent, driven by higher prices



K-C Professional (KCP) & Other Segment

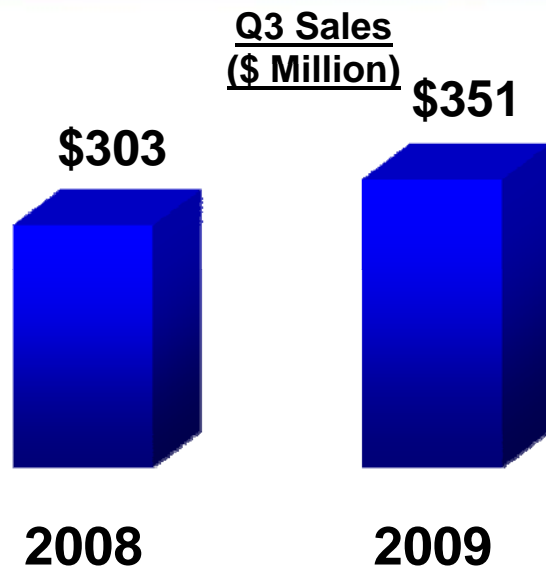


<u>Net sales</u>	<u>-4.5%</u>
• Volume	-4%
• Net price	4%
• Mix/other	-1%
• Currency	-4%

- Sales volumes down 4 percent, net of 3 point benefit from Jackson Safety acquisition
 - Volumes continue to reflect challenging economic environment, particularly in North America and Europe



Health Care Segment

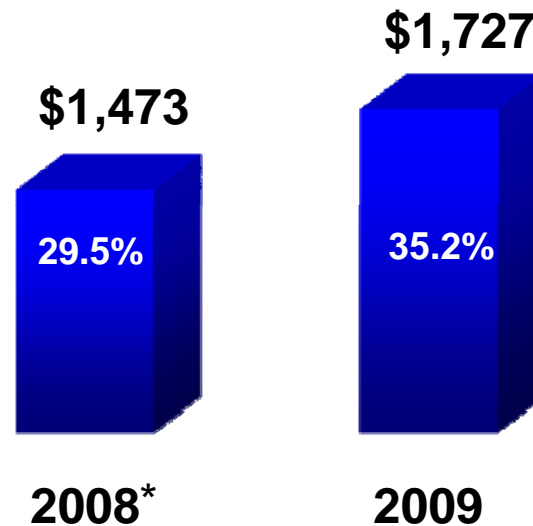


<u>Net sales</u>	<u>15.8%</u>
• Volume	18%
• Net price	-1%
• Mix/other	1%
• Currency	-2%

- Organic growth 18 percent
- Sales volumes up in several product categories
 - Double-digit growth in exam gloves for sixth consecutive quarter
 - Volumes, particularly medical supplies, benefiting from increased infection prevention concerns
 - Approximately 40 percent of total volume growth from increased demand for face masks as a result of H1N1 flu virus

Consolidated Gross Profit/Margin (*\$ Million*)

Q3 vs. Prior Year +17%

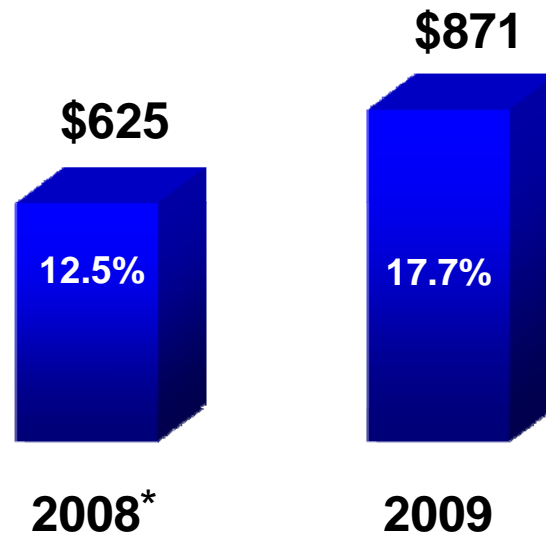


- Fourth consecutive quarter of year-on-year gross margin improvement
- Key drivers:
 - Price realization
 - Cost savings
 - Lower input costs of about \$270 million

* Adjusted to exclude strategic cost reduction plan charges

Consolidated Operating Profit/Margin *(\$ Million)*

Q3 vs. Prior Year +39%



- Negative currency effects \$75 million
- Increase in pension expense approximately \$25 million
- Strategic marketing up about \$50 million in local currency terms

* Adjusted to exclude strategic cost reduction plan charges

Cost Savings / Organization Optimization Initiative

- Cost Savings
 - Q3 \$61 million, YTD about \$190 million
 - Q3 break-down:
 - Strategic cost reduction plan \$14 million
 - FORCE \$47 million, benefits from sourcing and supply chain activities
 - Raised full-year target for second consecutive quarter
 - Now expecting about \$250 million in total savings
 - \$50 million higher than previous target
- Organization Optimization Initiative
 - Q3 severance and related costs \$12 million
 - Q3 savings \$24 million

Segment Operating Profit Margin

	<u>Q309</u>	<u>Q308</u>	<u>Q209</u>	Effect of Severance Charges on <u>Q209 Margins</u>
Personal Care	21.9%	18.8%	18.6%	(190) bps
Consumer Tissue	14.3%	7.8%	10.4%	(270) bps
K-C Professional & Other	20.2%	14.1%	13.9%	(190) bps
Health Care	22.2%	7.3%	18.5%	(180) bps

Cash Flow

- Cash provided by operations \$791 million, up 23 percent
- Higher cash earnings
- Further reductions in working capital
 - Improved cash conversion cycle by 5 days compared to second quarter: extended payables, 2 day reduction in inventory levels
- Q309 defined benefit pension plan contributions \$223 million
 - \$200 million contribution to U.S. plan, incremental to previous plan

Q3 Summary

- Achieved 3 percent organic sales growth
- Delivered record earnings, fueled by strong gross and operating margin improvement
- Outstanding cash flow performance



Q3 2009 Recap and 2009 Outlook



Tom Falk

Introduction

- Executing very well
- Making excellent progress managing factors we control
- Significant increase in outlook for 2009
- Continue to do what's right for sustainable, long-term growth

Q3 2009 Recap

- Very strong performance in number of areas
 - Significant margin improvement
 - All-time record earnings per share
 - Outstanding cash generation
- Revenue realization and cost reduction focus helped deliver gross and operating margin expansion 500+ basis points
 - Net realized revenue - third quarter selling price benefit 3 percent
 - Excellent cost savings performance and management of overhead spending
 - Reflects company-wide focus on driving efficiencies across organization

Q3 2009 Recap

- Record earnings per share of \$1.40
 - Up 37 percent vs. 2008 adjusted earnings
 - Despite 15 percent currency headwind and relatively weak demand environment
- Continued cash flow momentum
 - Strong cash flow allows funding of growth initiatives
 - Additional flexibility as we maintain solid balance sheet

Q3 2009 Recap

- Made additional progress with targeted growth initiatives
 - Organic sales growth 10 percent in D&E markets
 - Primarily due to higher selling prices, volumes up 3 percent
 - Continue to execute plans in high-potential markets like China, Russia, Latin America
 - Remain very optimistic about prospects in D&E markets overall – currently represent about 1/3 of total sales
 - Health Care delivered another quarter of very strong sales and profit growth
 - Recently announced acquisitions of I-Flow Corporation and Baylis Medical's pain management business
 - Transactions consistent with strategy to invest in higher-growth, higher-margin medical device market
 - Integration of Jackson Safety into K-C Professional business progressing well

Q3 2009 Recap

- Continued to strengthen brands
 - Several recent innovations delivered solid performance
 - HUGGIES Pure and Natural diapers, gender-specific DEPEND products, LAVENDER Nitrile exam gloves
 - Significant increase in strategic marketing spending
- Terrific third quarter – spurring significantly improved outlook for the year

2009 Outlook

- Assuming business conditions remain stable for balance of year
- Continue to focus on:
 - Improving margins
 - Maximizing cash flow
 - Pursuing targeted growth initiatives
 - Further building brands

2009 Outlook

- Key changes to planning assumptions:
 - Organic sales expected to grow about 3 percent
 - Previous assumption of growth in 1 to 2 percent range
 - Increase from continued strong price realization, volume growth in Health Care and modest pick-up in volumes across D&E markets
 - Increased cost savings target \$50 million
 - Currency effects less negative than previously estimated
- Well ahead of plan for year and raising earnings guidance for second consecutive quarter

2009 Outlook

- Expect EPS in range of \$4.50 to \$4.60
 - Expect fourth quarter to be strong finish to year
 - Pulp and polymer costs expected to increase sequentially from third quarter
 - Promotional activity anticipated to rise modestly
- EPS expected to grow 9 to 11 percent compared to 2008 adjusted earnings
 - High end or slightly above long-range Global Business Plan objective of mid- to high-single digit growth
- Longer-term objective - consistently deliver results at least in line with Global Business Plan, while investing for future growth

Summary

- Current environment continues to be difficult
- Worldwide teams delivering excellent near-term results
- Investing for long-term success
- Building a leaner, stronger, faster company
- Right strategies to drive sustainable growth and shareholder value



Q&A Session

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