

KIMBERLY CLARK CORP  
Form 10-Q  
November 07, 2008

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

OR

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

For the transition period from.....to.....

Commission file number 1-225

KIMBERLY-CLARK CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware 39-0394230  
(State or other (I.R.S. Employer  
jurisdiction of  
incorporation or Identification No.)  
organization)

P. O. Box 619100  
Dallas, Texas  
75261-9100  
(Address of principal executive offices)  
(Zip Code)

(972) 281-1200  
(Registrant's telephone number, including area code)

No change  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

Edgar Filing: KIMBERLY CLARK CORP - Form 10-Q

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of October 31, 2008, there were 413,759,859 shares of the Corporation's common stock outstanding.

---

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENT  
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
(Millions of dollars, except per share amounts)				
Net Sales	\$ 4,998.2	\$ 4,620.6	\$ 14,817.1	\$ 13,507.9
Cost of products sold	3,535.0	3,177.1	10,413.7	9,266.1
Gross Profit	1,463.2	1,443.5	4,403.4	4,241.8
Marketing, research and general expenses	849.0	783.7	2,474.7	2,313.9
Other (income) and expense, net	4.7	(22.9)	5.0	(19.6)
Operating Profit	609.5	682.7	1,923.7	1,947.5
Nonoperating expense	-	(6.5)	-	(81.6)
Interest income	14.9	9.3	30.6	23.3
Interest expense	(75.5)	(78.6)	(223.0)	(181.4)
Income Before Income Taxes, Equity Interests and Extraordinary Loss	548.9	606.9	1,731.3	1,707.8
Provision for income taxes	(154.5)	(167.5)	(493.7)	(391.1)
Income Before Equity Interests and Extraordinary Loss	394.4	439.4	1,237.6	1,316.7
Share of net income of equity companies	52.7	39.1	144.5	126.9
Minority owners' share of subsidiaries' net income	(34.0)	(25.4)	(103.7)	(76.7)
Extraordinary loss, net of income taxes	-	-	(7.7)	-
Net Income	\$ 413.1	\$ 453.1	\$ 1,270.7	\$ 1,366.9

## Per Share Basis:

Net Income				
Basic				
Before extraordinary loss	\$ 1.00	\$ 1.05	\$ 3.06	\$ 3.05
Extraordinary loss	-	-	(.02)	-
Net Income	\$ 1.00	\$ 1.05	\$ 3.04	\$ 3.05
Diluted				
Before extraordinary loss	\$ .99	\$ 1.04	\$ 3.05	\$ 3.03
Extraordinary loss	-	-	(.02)	-

Edgar Filing: KIMBERLY CLARK CORP - Form 10-Q

Net Income	\$	.99	\$	1.04	\$	3.03	\$	3.03
Cash Dividends Declared	\$	.58	\$	.53	\$	1.74	\$	1.59

See Notes to Consolidated Financial Statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEET  
(Unaudited)

(Millions of dollars)	September 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 524.1	\$ 472.7
Accounts receivable, net	2,478.1	2,560.6
Inventories	2,569.8	2,443.8
Other current assets	470.8	619.5
<b>Total Current Assets</b>	<b>6,042.8</b>	<b>6,096.6</b>
<b>Property</b>	<b>16,138.1</b>	<b>16,243.0</b>
Less accumulated depreciation	8,289.4	8,149.0
<b>Net Property</b>	<b>7,848.7</b>	<b>8,094.0</b>
Investments in Equity Companies	418.2	390.0
<b>Goodwill</b>	<b>2,907.0</b>	<b>2,942.4</b>
Long-Term Notes Receivable	602.2	-
<b>Other Assets</b>	<b>882.3</b>	<b>916.7</b>
	\$ 18,701.2	\$ 18,439.7
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Debt payable within one year	\$ 1,870.9	\$ 1,097.9
Accounts payable	1,742.6	1,768.3
Accrued expenses	1,684.8	1,782.8
Other current liabilities	357.2	279.6
<b>Total Current Liabilities</b>	<b>5,655.5</b>	<b>4,928.6</b>
Long-Term Debt	4,369.5	4,393.9
Noncurrent Employee Benefits	1,493.8	1,558.5
Long-Term Income Taxes Payable	159.9	288.3
Deferred Income Taxes	414.3	369.7
Other Liabilities	200.8	188.3
Minority Owners' Interests in Subsidiaries	401.4	484.1
Redeemable Preferred Securities of Subsidiary	1,011.0	1,004.6
<b>Stockholders' Equity</b>	<b>4,995.0</b>	<b>5,223.7</b>
	\$ 18,701.2	\$ 18,439.7

See Notes to Consolidated Financial Statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 (Unaudited)

(Millions of dollars)	Nine Months Ended September 30	
	2008	2007
<b>Operating Activities</b>		
Net income	\$ 1,270.7	\$ 1,366.9
Extraordinary loss, net of income taxes	7.7	-
Depreciation and amortization	595.5	626.4
Stock-based compensation	38.4	48.6
Increase in operating working capital	(180.3)	(295.8)
Deferred income tax provision	15.7	(67.0)
Net losses on asset dispositions	35.0	28.3
Equity companies' earnings in excess of dividends paid	(70.7)	(62.9)
Minority owners' share of subsidiaries' net income	103.7	76.7
Postretirement benefits	3.6	6.4
Other	18.5	16.0
<b>Cash Provided by Operations</b>	<b>1,837.8</b>	<b>1,743.6</b>
<b>Investing Activities</b>		
Capital spending	(652.4)	(776.8)
Acquisition of businesses, net of cash acquired	(97.9)	(15.7)
Proceeds from sales of investments	40.6	34.1
Proceeds from dispositions of property	3.4	70.9
Net decrease in time deposits	76.3	1.6
Investments in marketable securities	(8.7)	(4.0)
Other	3.2	(26.5)
<b>Cash Used for Investing</b>	<b>(635.5)</b>	<b>(716.4)</b>
<b>Financing Activities</b>		
Cash dividends paid	(709.4)	(707.7)
Net increase in short-term debt	161.6	361.3
Proceeds from issuance of long-term debt	46.5	2,117.4
Repayments of long-term debt	(70.3)	(337.5)
Cash paid on redeemable preferred securities of subsidiary	(33.5)	-
Proceeds from exercise of stock options	103.9	284.9
Acquisitions of common stock for the treasury	(573.2)	(2,543.7)
Other	(48.0)	(29.4)
<b>Cash Used for Financing</b>	<b>(1,122.4)</b>	<b>(854.7)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(28.5)</b>	<b>6.3</b>
Increase in Cash and Cash Equivalents	51.4	178.8
Cash and Cash Equivalents, beginning of year	472.7	360.8

Cash and Cash Equivalents, end of period	\$	524.1	\$	539.6
--	----	-------	----	-------

See Notes to Consolidated Financial Statements.

4

---



KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Note 1. Accounting Policies

Basis of Presentation

The accompanying unaudited condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S.”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

For further information, refer to the Consolidated Financial Statements and footnotes thereto included in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2007.

New Accounting Standards

In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”). SFAS 159 allows entities to choose, at specified election dates, to measure financial instruments (financial assets and liabilities) at fair value (the “Fair Value Option”). The election is made on an instrument-by-instrument basis and is irrevocable. If the Fair Value Option is elected for an instrument, SFAS 159 specifies that all subsequent changes in fair value for that instrument be reported in earnings. SFAS 159 was effective as of the beginning of the first fiscal year that began after November 15, 2007. The Corporation has not applied the Fair Value Option to any of its existing financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (“SFAS 141(R)"). SFAS 141(R) requires the acquirer in a business combination to:

- recognize 100 percent of the fair values of acquired assets, including goodwill, and assumed liabilities, with only limited exceptions, even if the acquirer has not acquired 100 percent of the target entity,
  - fair-value contingent consideration arrangements at the acquisition date,
- expense transaction costs as incurred rather than being considered part of the fair value of an acquirer’s interest,
  - fair-value certain pre-acquisition contingencies, such as environmental or legal issues,
  - limit accrual of the costs for a restructuring plan to pre-acquisition date restructuring obligations, and
  - capitalize the value of acquired research and development as an indefinite-lived intangible asset, subject to impairment accounting, rather than being expensed at the acquisition date.

SFAS 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Adoption is prospective, and early adoption is not permitted. Adoption of SFAS 141(R) is not expected to have a material effect on the Corporation’s financial statements.



Note 1. (Continued)

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 ("SFAS 160"). SFAS 160 clarifies the classification of noncontrolling interests (i.e., minority owners' interests in subsidiaries) in consolidated balance sheets and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests.

Under SFAS 160:

- Noncontrolling interests are reported as an element of consolidated equity, thereby eliminating the current practice of classifying minority owners' interests within a mezzanine section of the balance sheet.
- The current practice of reporting minority owners' share of subsidiaries' net income will change. Reported net income will include the total income of all consolidated subsidiaries, with separate disclosure on the face of the income statement of the split of net income between the controlling and noncontrolling interests.
- Increases and decreases in the noncontrolling ownership interest amount will be accounted for as equity transactions. If the controlling interest loses control and deconsolidates a subsidiary, full gain or loss on the transition will be recognized.

SFAS 160 is effective for fiscal years, and interim periods within fiscal years, beginning on or after December 15, 2008. Early adoption is not permitted. Adoption is prospective, except for the following provisions, which are required to be adopted retrospectively:

- Noncontrolling interests are required to be reclassified from the mezzanine to equity, separate from the parent's shareholders' equity, in the consolidated balance sheet.
- Consolidated net income must be recast to include net income attributable to both controlling and noncontrolling interests.

Except for the reclassification of minority owners' interests into equity and the inclusion of all of the income of less than 100 percent owned subsidiaries in reported net income, adoption of SFAS 160 is not expected to have a material effect on the Corporation's financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 ("SFAS 161"). SFAS 161 applies to all derivative instruments and related hedged items accounted for under SFAS 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 161 requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations, and cash flows.

SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Since SFAS 161 only requires additional disclosures, it will not have a material impact on the Corporation's financial statements.

In June 2008, the FASB issued Staff Position No. EITF 03-6-1 ("FSP"), Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. The FSP specifies that certain share-based payment awards are participating securities, which must be included in the computation of basic and diluted earnings per share under the two-class method prescribed in SFAS No. 128, Earnings per Share. Under the two-class method, earnings per share is computed by allocating net income of an entity to both common shareholders and participating securities.



Note 1. (Continued)

The FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted. The FSP requires that earnings per share presented for prior periods be retrospectively restated. Adoption of the FSP is not expected to have a material effect on the Corporation's financial statements.

In October 2008, the FASB issued Staff Position No. FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active. The FSP clarifies the application of FASB Statement No. 157, Fair Value Measurements, in the determination of the fair value of a financial asset when the market for that financial asset is not active. The FSP is effective upon issuance, including prior periods for which financial statements have not been issued. The FSP is applicable to the Corporation's required disclosures in its annual financial statements of the fair values of certain notes receivable held by two consolidated financing entities, discussed in Note 2 below. Adoption of the FSP is not expected to have a material effect on the Corporation's financial statements.

Note 2. Monetization Financing Entities

The Corporation has minority voting interests in two financing entities (the "Financing Entities") used to monetize long-term notes (the "Notes") received from the sale of certain nonstrategic timberlands and related assets to nonaffiliated buyers. The Notes have an aggregate face value of \$617 million and are backed by irrevocable standby letters of credit issued by money center banks. The Notes and certain other assets were transferred to the Financing Entities in 1999 and 2000. A nonaffiliated financial institution (the "Third Party") has made substantive capital investments in each of the Financing Entities and has majority voting control over them. The Third Party also made monetization loans aggregating \$617 million to the Corporation, which were assumed by the Financing Entities at the time they acquired the Notes. These monetization loans are secured by the Notes. The Corporation also contributed to the Financing Entities intercompany notes receivable aggregating \$662 million and intercompany preferred stock of \$50 million, which serve as secondary collateral for the monetization loans.

In 2003 upon adoption of FIN 46(R), Consolidation of Variable Interest Entities, ("FIN 46(R)"), the Corporation determined that the Third Party was the primary beneficiary of the Financing Entities as a result of the interest rate variability allocated to it in accordance with FIN 46(R).

On June 30, 2008, the maturity dates of the lending arrangements with the Third Party were extended. FASB Staff Position FIN 46(R)-6, Determining the Variability to be Considered in Applying FASB Interpretation No. 46(R), ("FSP 46(R)"), which was issued in 2006, requires that certain interest rate variability no longer be considered in determining the primary beneficiary of variable interest entities. As required by FIN 46(R) in connection with the extensions, the Corporation reconsidered the primary beneficiary determination and concluded, after excluding the interest rate variability as required by FSP 46(R), that it was now the primary beneficiary.

Because the Corporation became the primary beneficiary of the Financing Entities on June 30, 2008, it began consolidating them. In accordance with FIN 46(R), the assets and liabilities of the Financing Entities were recorded at fair value as of June 30, 2008. Because the fair value of the monetization loans exceeded the fair value of the Notes, the Corporation recorded an after-tax extraordinary charge of \$7.7 million on its Consolidated Income Statement for the period ended June 30, 2008, as required by FIN 46(R). In accordance with FIN 46(R), prior period financial statements have not been adjusted to reflect the consolidation of the Financing Entities.



## Note 2. (Continued)

Interest income on the Notes and interest expense on the monetization loans were reported on the Corporation's Consolidated Income Statement. The Notes and monetization loans are being adjusted from their June 30, 2008 fair values to their face values through their respective maturity dates with the adjustment included in interest income and interest expense, respectively.

The following summarizes the terms of the Notes and the monetization loans as of September 30, 2008:

Description	Face Value	Carrying Amount	Maturity	Interest Rate (a) (b)
Note 1	\$397 million	\$390.2 million	September 30, 2014	LIBOR minus 15 bps
Note 2	220 million	212.0 million	July 7, 2011	LIBOR minus 12.5 bps
Loan 1	397 million	393.1 million	September 30, 2009	LIBOR plus 75 bps
Loan 2	220 million	219.8 million	July 1, 2009	LIBOR plus 75 bps

(a) Payable quarterly

(b) 3 month LIBOR

## Note 3. Fair Value Measurements

Effective January 1, 2008, the Corporation adopted SFAS 157, for its financial assets and liabilities, as required. In February 2008, the FASB issued FASB Staff Position No. 157-2 which deferred the effective date of SFAS 157 for nonfinancial assets and liabilities except for those recognized or disclosed on a recurring basis. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels in the hierarchy used to measure fair value are:

Level 1 – Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are significant to the valuation and are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## Note 3. (Continued)

Set forth below are the financial assets and liabilities measured at fair value as of September 30, 2008, together with the inputs used to develop those fair value measurements. The Corporation has no financial assets or liabilities for which fair value was measured on a recurring basis using Level 3 inputs.

(Millions of dollars)	September 30, 2008	Fair Value Measurements	
		Level 1	Level 2
<b>Assets</b>			
Company-owned life insurance (“COLI”)	\$ 44.5	\$ -	\$ 44.5
Available-for-sale securities	13.9	13.9	-
Derivatives	47.0	-	47.0
<b>Total</b>	<b>\$ 105.4</b>	<b>\$ 13.9</b>	<b>\$ 91.5</b>
<b>Liabilities</b>			
Derivatives	\$ 40.9	\$ -	\$ 40.9

The COLI policies are a source of funding primarily for the Corporation’s nonqualified employee benefits and are included in other assets. Available-for-sale securities are included in other assets. The derivative assets and liabilities are included in other current assets, other assets, accrued expenses and other liabilities, as appropriate.

Level 1 Fair Values - The fair values of available-for-sale securities are based on quoted market prices in active markets for identical assets.

Level 2 Fair Values - The fair value of the COLI policies is derived from investments in a mix of money market, fixed income and equity funds managed by unrelated fund managers. The fair values of derivatives used to manage interest rate risk and commodity price risk are based on LIBOR rates and the interest rate swap curves and NYMEX price quotations, respectively. The fair value of hedging instruments used to manage foreign currency risk is based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates.

## Note 4. Strategic Cost Reduction Plan

In July 2005, the Corporation authorized a multi-year plan to further improve its competitive position by accelerating investments in targeted growth opportunities and strategic cost reductions aimed at streamlining manufacturing and administrative operations, primarily in North America and Europe.

The strategic cost reductions commenced in the third quarter of 2005 and will be completed by December 31, 2008. Based on current estimates, the strategic cost reductions are expected to result in cumulative charges of approximately \$880 to \$900 million before tax (\$610 - \$620 million after tax) over that three and one-half year period.

By the end of 2008, it is anticipated there will be a net workforce reduction of about 10 percent, or approximately 6,000 employees. Since the inception of the strategic cost reductions, a net workforce reduction of approximately



5,300 has occurred. Charges have been recorded related to strategic cost reduction initiatives for all affected facilities. To date, 14 facilities have been disposed of and three additional facilities have been closed and are being marketed for sale. Two other facilities will be closed prior to December 31, 2008. In addition, streamlining at four facilities has been completed.

Note 4. (Continued)

The following pretax charges were incurred in connection with the strategic cost reductions:

(Millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Noncash charges	\$ 5.7	\$ 9.0	\$ 17.4	\$ 53.6
Charges (credits) for workforce reductions	.7	4.6	13.4	(1.4)
Other cash charges	9.2	6.9	19.7	22.2
Charges for special pension and other benefits	.5	2.3	3.9	6.8
<b>Total pretax charges</b>	<b>\$ 16.1</b>	<b>\$ 22.8</b>	<b>\$ 54.4</b>	<b>\$ 81.2</b>

The following table summarizes the noncash charges:

(Millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Incremental depreciation	\$ 4.0	\$ 11.8	\$ 12.0	\$ 61.5
Asset write-offs	1.7	1.4	3.7	6.1
Net (gain) loss on asset dispositions	-	(4.2)	1.7	(14.0)
<b>Total noncash charges</b>	<b>\$ 5.7</b>	<b>\$ 9.0</b>	<b>\$ 17.4</b>	<b>\$ 53.6</b>

The following table summarizes the cash charges recorded and reconciles such charges to accrued expenses at September 30:

(Millions of dollars)	2008	2007
Accrued expenses – beginning of the year	\$ 53.8	\$ 111.2
Charges (credits) for workforce reductions	13.4	(1.4)
Other cash charges	19.7	22.2
Cash payments	(57.2)	(85.3)
Currency	(.3)	1.9
Accrued expenses at September 30	\$ 29.4	\$ 48.6

Termination benefits related to workforce reductions were accrued in accordance with the requirements of SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities (“SFAS 146”), SFAS No. 112, Employers’ Accounting for Postemployment Benefits, and SFAS No. 88, Employers’ Accounting for Settlements & Curtailments of Defined Benefit Pension Plans and for Termination

## Note 4. (Continued)

Benefits, as appropriate. Retention bonuses related to workforce reductions were accrued in accordance with SFAS 146. The majority of the termination benefits and retention bonuses will be paid within 12 months of accrual. The termination benefits were provided under: a special-benefit arrangement for affected employees in the U.S.; standard benefit practices in the United Kingdom; applicable union agreements; or local statutory requirements, as appropriate. Incremental depreciation was based on changes in useful lives and estimated residual values of assets that are continuing to be used, but will be removed from service before the end of their originally assumed service period.

Costs of the initiatives have not been recorded at the business segment level, as the strategic cost reductions are corporate decisions. These charges are included in the following income statement captions:

(Millions of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Cost of products sold	\$ 11.0	\$ 18.9	\$ 31.5	\$ 71.4
Marketing, research and general expenses	5.0	7.8	21.2	23.0
Other (income) and expense, net	.1	(3.9)	1.7	(13.2)
Pretax charges	16.1	22.8	54.4	81.2
Provision for income taxes	(4.7)	(2.5)	(17.9)	(36.0)
Minority owners' share of subsidiaries' net income	(.1)	-	(.1)	(.1)
<b>Total after tax charges</b>	<b>\$ 11.3</b>	<b>\$ 20.3</b>	<b>\$ 36.4</b>	<b>\$ 45.1</b>

See Note 10 for additional information on the strategic cost reductions by business segment.

Actual pretax charges recorded for the strategic cost reductions relate to activities in the following geographic areas for the three months ended September 30:

(Millions of dollars)	2008			
	North America	Europe	Other	Total
Incremental depreciation	\$ .9	\$ 3.1	\$ -	\$ 4.0
Asset write-offs	.7	.9	.1	1.7
Charges for workforce reductions and special pension and other benefits	.8	.4	-	1.2
Loss on asset disposals and other charges	7.8	.7	.7	9.2
<b>Total charges</b>	<b>\$ 10.2</b>	<b>\$ 5.1</b>	<b>\$ .8</b>	<b>\$ 16.1</b>



Note 4. (Continued)

(Millions of dollars)	2007			
	North America	Europe	Other	Total
Incremental depreciation	\$ 8.4	\$ 3.4	\$ -	\$ 11.8
Asset write-offs	1.3	-	.1	1.4
Charges for workforce reductions and special pension and other benefits	1.9	3.8	1.2	6.9
Loss (gain) on asset disposals and other charges	5.4	(2.6)	(.1)	2.7
<b>Total charges</b>	<b>\$ 17.0</b>	<b>\$ 4.6</b>	<b>\$ 1.2</b>	<b>\$ 22.8</b>

Actual pretax charges recorded for the strategic cost reductions relate to activities in the following geographic areas for the nine months ended September 30:

(Millions of dollars)	2008			
	North America	Europe	Other	Total
Incremental depreciation	\$ 4.0	\$ 8.0	\$ -	\$ 12.0
Asset write-offs	2.6	1.0	.1	3.7
Charges for workforce reductions and special pension and other benefits	10.0	6.9	.4	17.3
Loss on asset disposals and other charges	15.7	4.5	1.2	21.4
<b>Total charges</b>	<b>\$ 32.3</b>	<b>\$ 20.4</b>	<b>\$ 1.7</b>	<b>\$ 54.4</b>

(Millions of dollars)	2007			
	North America	Europe	Other	Total
Incremental depreciation	\$ 37.8	\$ 23.1	\$ .6	\$ 61.5
Asset write-offs	4.3	1.2	.6	6.1
Charges (credits) for workforce reductions and special pension and other benefits	13.5	(13.2)	5.1	5.4
Loss (gain) on asset disposals and other charges	13.3	(4.8)	(.3)	8.2
<b>Total charges</b>	<b>\$ 68.9</b>	<b>\$ 6.3</b>	<b>\$ 6.0</b>	<b>\$ 81.2</b>

## Note 5. Inventories

The following schedule presents inventories by major class:

(Millions of dollars)	September 30, 2008	December 31, 2007
<b>At lower of cost on the First-In, First-Out (FIFO) method or market:</b>		
Raw materials	\$ 511.7	\$ 476.3
Work in process	413.0	357.3
Finished goods	1,639.0	1,564.1
Supplies and other	273.0	261.0
	2,836.7	2,658.7
<b>Excess of FIFO cost over Last-In, First-Out (LIFO) cost</b>	<b>(266.9)</b>	<b>(214.9)</b>
<b>Total</b>	<b>\$ 2,569.8</b>	<b>\$ 2,443.8</b>

The Corporation uses the LIFO method of valuing inventory for financial reporting purposes for most U.S. inventories. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs and are subject to the final year-end LIFO inventory valuation.

FIFO cost of total inventories on the LIFO method was \$1,217.7 million and \$1,203.0 million at September 30, 2008 and December 31, 2007, respectively.

## Note 6. Synthetic Fuel Partnerships

The Corporation had minority interests in two synthetic fuel partnerships. The production of synthetic fuel resulted in pretax losses that were reported as nonoperating expense on the Corporation's Consolidated Income Statement. Synthetic fuel produced by the partnerships was eligible for synthetic fuel tax credits through the end of 2007 at which time the law giving rise to the tax benefit expired. The partnerships will be dissolved during 2008 at no cost to the Corporation. In addition, in 2007 there were tax deductions for the nonoperating losses, which reduced the Corporation's income tax expense. The effects of those losses and benefits for 2007 are shown in the following table:

(Millions of dollars)	Periods Ended September 30, 2007	
	Three Months	Nine Months
Nonoperating expense	\$ (6.5)	\$ (81.6)
Tax credits	\$ 6.1	\$ 75.6
Tax benefit of nonoperating expense	1.6	26.3
Net synthetic fuel benefit	\$ 1.2	\$ 20.3
<b>Per share basis – diluted</b>	<b>\$ -</b>	<b>\$ .04</b>



## Note 7. Employee Postretirement Benefits

The table below presents the interim period disclosure required by SFAS No. 132 (revised 2003), Employers' Disclosures about Pensions and Other Postretirement Benefits:

(Millions of dollars)	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Three Months Ended September 30			
	2008	2007	2008	2007
Service cost	\$ 18.5	\$ 20.9	\$ 3.4	\$ 3.4
Interest cost	82.1	78.9	13.3	13.0
Expected return on plan assets	(93.7)	(93.5)	-	-
Recognized net actuarial loss	14.1	19.2	.2	1.3
Other	2.1	4.2	.7	.7
Net periodic benefit cost	\$ 23.1	\$ 29.7	\$ 17.6	\$ 18.4

(Millions of dollars)	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Nine Months Ended September 30			
	2008	2007	2008	2007
Service cost	\$ 57.1	\$ 62.5	\$ 10.0	\$ 10.0
Interest cost	246.9	235.5	38.7	38.0
Expected return on plan assets	(282.4)	(278.4)	-	-
Recognized net actuarial loss	42.6	57.1	.5	3.9
Other	9.4	12.0	2.2	2.3
Net periodic benefit cost	\$ 73.6	\$ 88.7	\$ 51.4	\$ 54.2

The Corporation made cash contributions to its pension trusts outside the U.S. as follows:

(Millions of dollars)	2008	2007
Quarter ended March 31	\$ 36	\$ 42
Quarter ended June 30	17	17
Quarter ended September 30	14	21
September 30 year-to-date	\$ 67	\$ 80

The Corporation currently anticipates contributing about \$50 million to its pension trust in the U.S. and \$100 million to its pension trusts outside the U.S. for the full year 2008.



## Note 8. Earnings Per Share

There are no adjustments required to be made to net income for purposes of computing basic and diluted EPS. The average number of common shares outstanding used in the basic EPS computations is reconciled to those used in the diluted EPS computation as follows:

(Millions of shares)	Average Common Shares Outstanding			
	Three Months		Nine Months	
	Ended September 30 2008	2007	Ended September 30 2008	2007
Basic	415.1	432.2	417.7	447.8
Dilutive effect of stock options	.9	2.3	1.3	2.5
Dilutive effect of restricted share and restricted share unit awards	.8	1.3	.7	1.3
Dilutive effect of accelerated share repurchase	-	.2	-	.1
Diluted	416.8	436.0	419.7	451.7

Options outstanding during the three- and nine-month periods ended September 30, 2008 to purchase 16.5 million and 12.0 million shares of common stock, respectively, were not included in the computation of diluted EPS because the exercise prices of the options were greater than the average market price of the common shares during the periods.

Options outstanding during the three- and nine-month periods ended September 30, 2007 to purchase 8.3 million and 2.5 million shares of common stock, respectively, were not included in the computation of diluted EPS because the exercise prices of the options were greater than the average market price of the common shares during the periods.

The number of common shares outstanding as of September 30, 2008 and 2007 was 414.7 million and 423.7 million, respectively.

## Note 9. Comprehensive Income

Comprehensive income includes all changes in stockholders' equity during the periods except those resulting from investments by and distributions to stockholders.

The following schedule presents the components of comprehensive income:

(Millions of dollars)	Nine Months	
	Ended September 30 2008	2007
Net income	\$ 1,270.7	\$ 1,366.9
Unrealized currency translation adjustments	(382.3)	418.4
Employee postretirement benefits, net of tax	37.0	49.5
Deferred losses on cash flow hedges, net of tax	(5.9)	(3.8)
Unrealized holding losses on available-for-sale securities, net of tax	(3.3)	-
Comprehensive income	\$ 916.2	\$ 1,831.0



Note 9. (Continued)

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of non-U.S. subsidiaries, except those in highly inflationary economies, are accumulated in a separate section of stockholders' equity. For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in stockholders' equity rather than income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation adjustment would be removed from stockholders' equity and reported as part of the gain or loss on the sale or liquidation.

Also included are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.

The net unrealized currency translation adjustments for the nine months ended September 30, 2008 are primarily due to a strengthening of the U.S. dollar versus the Australian dollar, Brazilian real, British pound, and South Korean won.

Note 10. Description of Business Segments

The Corporation is organized into operating segments based on product groupings. These operating segments have been aggregated into four reportable global business segments: Personal Care; Consumer Tissue; K-C Professional & Other; and Health Care. The reportable segments were determined in accordance with how the Corporation's executive managers develop and execute the Corporation's global strategies to drive growth and profitability of the Corporation's worldwide Personal Care, Consumer Tissue, K-C Professional & Other and Health Care operations. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management, and capacity and capital investments for each of these businesses. Segment management is evaluated on several factors, including operating profit. Segment operating profit excludes other income and (expense), net; income and expense not associated with the business segments; and the costs of corporate decisions related to the strategic cost reductions described in Note 4.

The principal sources of revenue in each global business segment are described below.

- The Personal Care segment manufactures and markets disposable diapers, training and youth pants and swimpants; baby wipes; feminine and incontinence care products; and related products. Products in this segment are primarily for household use and are sold under a variety of brand names, including Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and other brand names.
- The Consumer Tissue segment manufactures and markets facial and bathroom tissue, paper towels, napkins and related products for household use. Products in this segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Hakle, Page and other brand names.
- The K-C Professional & Other segment manufactures and markets facial and bathroom tissue, paper towels, napkins, wipers and a range of safety products for the away-from-home marketplace. Products in this segment are sold under the Kimberly-Clark, Kleenex, Scott, WypAll, Kimtech, Kleeguard and Kimcare brand names.

## Note 10. (Continued)

- The Health Care segment manufactures and markets disposable health care products such as surgical gowns, drapes, infection control products, sterilization wrap, face masks, exam gloves, respiratory products and other disposable medical products. Products in this segment are sold under the Kimberly-Clark, Ballard and other brand names.

The following schedules present information concerning consolidated operations by business segment:

(Millions of dollars)	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	2008	2007	2008	2007
NET SALES:				
Personal Care	\$ 2,146.4	\$ 1,920.8	\$ 6,357.5	\$ 5,599.9
Consumer Tissue	1,711.4	1,629.8	5,108.0	4,791.5
K-C Professional & Other	842.8	780.5	2,443.6	2,240.9
Health Care	302.8	292.1	907.0	891.5
Corporate & Other	16.7	10.5	61.5	27.5
Intersegment sales	(21.9)	(13.1)	(60.5)	(43.4)
Consolidated	\$ 4,998.2	\$ 4,620.6	\$ 14,817.1	\$ 13,507.9

Note 10. (Continued)

(Millions of dollars)	Three Months		Nine Months	
	Ended September 30 2008	2007	Ended September 30 2008	2007
OPERATING PROFIT (reconciled to income before income taxes):				
Personal Care	\$ 404.4	\$ 396.3	\$ 1,269.0	\$ 1,136.7
Consumer Tissue	132.9	166.1	418.8	542.1
K-C Professional & Other	119.5	125.1	327.1	353.7
Health Care	21.9	43.4	97.9	151.0
Other income and (expense), net(a)	(4.7)	22.9	(5.0)	19.6
Corporate & Other(a) (b)	(64.5)	(71.1)	(184.1)	(255.6)
<b>Total Operating Profit</b>	<b>609.5</b>	<b>682.7</b>	<b>1,923.7</b>	<b>1,947.5</b>
Nonoperating expense	-	(6.5)	-	(81.6)
Interest income	14.9	9.3	30.6	23.3
Interest expense	(75.5)	(78.6)	(223.0)	(181.4)
<b>Income Before Income Taxes</b>	<b>\$ 548.9</b>	<b>\$ 606.9</b>	<b>\$ 1,731.3</b>	<b>\$ 1,707.8</b>

Notes:

(a) Other income and (expense), net and Corporate & Other include the following amounts of pretax charges for the strategic cost reductions:

(Millions of dollars)	Three Months		Nine Months	
	Ended September 30 2008	2007	Ended September 30 2008	2007
Other income and (expense), net	\$ (.1)	\$ 3.9	\$ (1.7)	\$ 13.2
Corporate & Other	(16.0)	(26.7)	(52.7)	(94.4)

(b) In 2007, Corporate & Other also includes the related implementation costs of \$2.0 million and \$25.2 million for the three and nine months ended September 30, respectively.

## Note 10. (Continued)

The following table presents the pretax charges for the strategic cost reductions related to activities in the Corporation's business segments:

(Millions of dollars)	Three Months		Nine Months	
	Ended September 30 2008	2007	Ended September 30 2008	2007
Personal Care	\$ 6.4	\$ 16.1	\$ 21.1	\$ 66.3
Consumer Tissue	3.1	5.5	10.4	8.5
K-C Professional & Other	1.9	1.7	4.3	8.3
Health Care	4.6	3.4	16.9	11.3
Other (income) and expense, net	.1	(3.9)	1.7	(13.2)
Total	\$ 16.1	\$ 22.8	\$ 54.4	\$ 81.2

Cumulative pretax charges expected to be incurred for the strategic cost reductions of \$880 to \$900 million by business segment are: Personal Care - \$485 to \$495 million; Consumer Tissue - \$195 to \$200 million; K-C Professional & Other - \$70 to \$72 million; and Health Care - \$130 to \$133 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

This management's discussion and analysis of financial condition and results of operations is intended to provide investors with an understanding of the Corporation's recent performance, its financial condition and its prospects. The following will be discussed and analyzed:

- Overview of Third Quarter 2008 Results
- Results of Operations and Related Information
- Liquidity and Capital Resources
- New Accounting Standards
- Environmental Matters
- Business Outlook

Overview of Third Quarter 2008 Results

- Net sales increased 8.2 percent.
- Operating profit and net income decreased 10.7 percent and 8.8 percent, respectively.
- Cash provided by operations was \$640.9 million, an increase of 12.9 percent over last year.

Results of Operations and Related Information

This section presents a discussion and analysis of the Corporation's third quarter and first nine months of 2008 net sales, operating profit and other information relevant to an understanding of the results of operations.

## Third Quarter of 2008 Compared With Third Quarter of 2007

## Analysis of Net Sales

By Business Segment  
(Millions of dollars)

Net Sales	2008	2007
Personal Care	\$ 2,146.4	\$ 1,920.8
Consumer Tissue	1,711.4	1,629.8
K-C Professional & Other	842.8	780.5
Health Care	302.8	292.1
Corporate & Other	16.7	10.5
Intersegment sales	(21.9)	(13.1)
<b>Consolidated</b>	<b>\$ 4,998.2</b>	<b>\$ 4,620.6</b>

## Commentary:

## Percent Change in Net Sales Versus Prior Year

	Total Change	Volume Growth	Changes Due To		Mix/ Other
			Net Price	Currency	
<b>Consolidated</b>	8.2	(1)	4	3	2
Personal Care	11.7	4	4	3	1
Consumer Tissue	5.0	(7)	7	3	2
K-C Professional & Other	8.0	(1)	4	3	2
Health Care	3.7	5	(2)	1	-

• Personal care net sales in North America improved about 7 percent versus the year-ago quarter, reflecting higher net selling prices of 4 percent, along with sales volume growth and favorable product mix of more than 1 percent each. Price increases were implemented for Depend and Poise incontinence and Kotex feminine care products in the second quarter and for Huggies diapers and Pull-Ups training pants in both the first and third quarters. Sales volumes for Huggies diapers were up slightly, while volumes for the Corporation's child care, feminine care and incontinence care brands were down low single-digits. Meanwhile, sales volumes rose at a double-digit rate for Huggies baby wipes.

In Europe, personal care net sales rose approximately 2 percent in the quarter. Favorable currency effects increased sales by 9 percent, while net selling prices overall were unchanged. Sales volumes decreased nearly 8 percent, driven primarily by lower sales of Huggies diapers in the Corporation's four core markets of the U.K., France, Italy and Spain, where promotional activity remained intense.



In developing and emerging markets, personal care net sales climbed almost 20 percent, as the Corporation continued to benefit from strong product and customer programs in rapidly growing markets. Sales volumes increased by more than 9 percent, while net selling prices improved about 4 percent and product mix was better by more than 2 percent. Stronger foreign currencies positively impacted sales comparisons by more than 4 percent. The growth in sales volumes was broad-based, with particular strength throughout Latin America and in South Korea, Russia, Turkey and Vietnam.

- In North America, net sales of consumer tissue products decreased 2 percent in the third quarter, as an increase in net selling prices of about 6 percent and improved product mix of 1 percent were more than offset by a 9 percent decline in sales volumes. The improvement in net selling prices was primarily attributable to price increases for bathroom tissue and paper towels implemented during the first and third quarters in the U.S. List prices for facial tissue were raised late in the third quarter. Sales volumes were down mid-single digits in bathroom tissue and facial tissue and double-digits in paper towels, primarily as a result of the Corporation's focus on improving revenue realization. A portion of the overall volume decline is also due to the Corporation's decision in late 2007 to shed certain low-margin private label business. Although branded bathroom tissue volumes declined, revenue growth was solid, with particular strength in the mainline Scott 1000 and super premium Cottonelle Ultra brands. Meanwhile, sales of Viva and Scott paper towels have been impacted by high levels of competitive spending and a shift in the category toward lower-priced, private label products.

In Europe, consumer tissue net sales increased about 7 percent compared with the third quarter of 2007. Currency exchange rates strengthened by an average of more than 6 percent, accounting for virtually all of the increase. Sales volumes were down approximately 4 percent, due mainly to lower sales of Andrex and Scottex bathroom tissue and Kleenex facial tissue in response to higher prices and a slowdown in category sales, particularly in the U.K. Net selling prices improved 4 percent, reflecting list price increases across multiple markets, partially offset by competitive promotional activity, while product mix also was better by 1 percent.

Consumer tissue net sales in developing and emerging markets rose approximately 18 percent. Net selling prices and product mix increased 12 percent and 4 percent, respectively, as the Corporation has raised prices in response to higher raw materials costs and improved mix with more differentiated, value-added products. Currency gains also benefited sales by nearly 5 percent. Although sales volumes grew in a number of key markets, including Australia, Russia, Israel and Brazil, volumes declined about 3 percent overall, mainly as a result of the Corporation's strategies to drive price and mix.

- Globally, KCP continued to generate double-digit growth in sales of higher-margin workplace and safety products. In North America, improvements of 3 percent in both price and mix were partially offset by a 4 percent reduction in sales volumes. Sales volumes softened somewhat as a result of slowing economic growth in combination with the Corporation's strategies to raise prices and enhance the mix of products sold and in comparison to strong growth in the year-ago quarter. In Europe, KCP achieved 20-plus percent net sales growth, as innovative product offerings contributed to a 10 percent rise in sales volumes, net selling prices were about 2 percent higher and favorable currency effects added 9 percent to sales. Across developing and emerging markets, net sales were up 16 percent on sales volume gains of 2 percent, net selling price/mix improvements of 10 percent and currency benefits of 4 percent.

- The improvement in sales volumes for health care was paced by double-digit growth in exam gloves, while overall sales volumes for both surgical supplies and medical devices were up at a mid-single digit rate. The price decline was mainly attributable to competitive conditions affecting surgical supplies in North America and Europe.

By Geography  
(Millions of dollars)

Net Sales	2008	2007
North America	\$2,664.5	\$2,590.1
Outside North America	2,501.9	2,191.6
Intergeographic sales	(168.2)	(161.1)
Consolidated	\$4,998.2	\$4,620.6

Commentary:

- Net sales in North America increased 2.9 percent primarily due to higher net selling prices for personal care and consumer tissue, and favorable product mix in both of those segments, partially offset by lower consumer tissue sales volumes.
- Net sales outside North America increased 14.2 percent due to higher sales volumes for personal care and increased net selling prices, favorable product mix and favorable currency for both personal care and consumer tissue.

## Analysis of Operating Profit

By Business Segment  
(Millions of dollars)

Operating Profit	2008	2007
Personal Care	\$ 404.4	\$ 396.3
Consumer Tissue	132.9	166.1
K-C Professional & Other	119.5	125.1
Health Care	21.9	43.4
Other income and (expense), net(a)	(4.7)	22.9
Corporate & Other(a) (b)	(64.5)	(71.1)
<b>Consolidated</b>	<b>\$ 609.5</b>	<b>\$ 682.7</b>

## Notes:

(a) Other income and (expense), net and Corporate & Other include the following pretax amounts for the strategic cost reductions:

(Millions of dollars)	Three Months Ended September 30	
	2008	2007
Other income and (expense), net	\$ (.1)	\$ 3.9
Corporate & Other	(16.0)	(26.7)

In 2007, Corporate & Other also includes the incremental implementation costs of \$2.0 million related to the (b) transfer of certain administrative processes to third-party providers.

## Commentary:

	Percentage Change in Operating Profit Versus Prior Year						
	Total Change	Volume	Net Price	Changes Due To			Other (a)
Raw Materials Cost				Energy and Distribution Expense	Currency		
Consolidated	(10.7)	(3)	30	(25)	(11)	1	(3) (b)
Personal Care	2.0	7	17	(21)	(4)	2	1
Consumer Tissue	(20.0)	(22)	67	(33)	(26)	2	(8)
K-C Professional & Other	(4.5)	(15)	23	(19)	(13)	5	15
Health Care	(49.5)	10	(12)	(25)	(5)	(2)	(16)

(a) Includes cost savings.

(b) Charges for the strategic cost reductions were \$6.7 million lower in 2008 than in 2007.

Consolidated operating profit for the third quarter of 2008 was 10.7 percent lower than in the prior year. Charges for the strategic cost reductions of \$16.1 million in the third quarter of 2008 were \$6.7 million lower than in the prior year. Charges for the strategic cost reductions, discussed later in this MD&A and in Note 4 to the Consolidated Financial Statements, are not included in the results of the business segments. The effect of higher net sales, primarily due to increased net selling prices, plus approximately \$47 million in cost savings were more than offset by significant inflation in key manufacturing cost inputs and higher manufacturing costs. Cost inflation for the quarter totaled \$250 million, an all-time high, consisting of approximately \$110 million for raw materials other than fiber, primarily polymer resins and other oil-based materials, more than \$60 million in fiber costs, nearly \$50 million of energy costs and about \$30 million in distribution costs. The higher manufacturing costs included downtime to reduce inventory levels. Cost savings in the quarter from the company's FORCE (Focused On Reducing Costs Everywhere) program and strategic cost reduction plan totaled \$19 million and \$28 million, respectively.

Strategic marketing expense increased by \$25 million. In addition, administrative and general expenses increased about \$20 million, in part to support growth in the developing and emerging markets. Operating profit benefited from about \$9 million of favorable currency effects compared with the prior year, including gains and losses from currency transactions reported in other income and (expense), net. The third quarter of 2007 included a gain of \$16.4 million for a litigation settlement.

- Personal care segment operating profit increased 2.0 percent as the benefits of increased net selling prices and cost savings more than offset raw materials and other cost inflation. In North America, operating profit increased primarily because of the higher net selling prices tempered by materials and other cost inflation. In Europe, operating profit declined as cost savings were more than offset by inflation and the effect of the lower sales volumes. Operating profit in the developing and emerging markets increased because the higher sales volumes and net selling prices more than offset increased marketing and general expenses.
- Consumer tissue segment operating profit decreased 20.0 percent. Increased net selling prices and cost savings were more than offset by cost inflation, the lower sales volumes and the effect of planned production downtime. Operating profit in North America decreased due to the same factors that affected the overall segment. In Europe, operating profit declined as higher net selling prices were more than offset by cost inflation and the lower sales volumes. Operating profit in the developing and emerging markets increased due to higher net selling prices, tempered by the lower sales volumes, cost inflation and increased marketing expenses.
- Operating profit for K-C Professional & Other products declined 4.5 percent as higher net selling prices, improved product mix and cost savings were more than offset by cost inflation and lower sales volumes.
- Health care operating profit decreased principally due to significant raw materials cost inflation. In addition, higher sales volumes and cost savings were more than offset by lower net selling prices and cost for planned production downtime.
- Other income and (expense), net for 2008 includes approximately \$4 million of foreign currency transaction losses compared with gains of about \$3 million in 2007. Also included in 2007 was the previously mentioned litigation settlement gain of \$16.4 million.

By Geography  
(Millions of dollars)

Operating Profit	2008	2007
North America	\$ 440.4	\$ 491.1
Outside North America	238.3	239.8
Other income and (expense), net(a)	(4.7)	22.9
Corporate & Other(a) (b)	(64.5)	(71.1)
Consolidated	\$ 609.5	\$ 682.7

Notes:

(a) Other income and (expense), net and Corporate & Other include the previously mentioned pretax amounts for the strategic cost reductions.

(b) In 2007, Corporate & Other also includes incremental implementation costs of \$2.0 million related to the transfer of certain administrative processes to third-party providers.

#### Commentary:

- Operating profit in North America decreased 10.3 percent due to cost inflation and higher manufacturing costs, tempered by higher net selling prices and cost savings.
- Operating profit outside of North America declined .6 percent primarily due to lower earnings in Europe.

#### Strategic Cost Reduction Plan

The Corporation is in the final stages of implementing the strategic cost reduction plan that supports the targeted growth initiatives announced in 2005.

During the third quarter of 2008, the Corporation continued to successfully execute planned cost reduction activities, the most significant of which involved consolidating infant and child care operations in North America, improving the cost structure in health care and streamlining administrative operations in North America and Europe. Savings for the third quarter and nine months year-to-date totaled approximately \$28 million and \$94 million, respectively.

Employees have been notified about workforce reductions and other actions at all 23 facilities slated for sale, closure or streamlining as part of the cost reduction plan. To date, pretax charges of \$875 million (about \$610 million after tax), have been incurred. Cumulative charges for implementing the plan, through its completion by the end of this year, are expected to total \$880 to \$900 million pretax (\$610 to \$620 million after tax).

The strategic cost reductions are corporate decisions and are not included in the business segments' operating profit performance. See Note 10 to the Consolidated Financial Statements for the costs of the strategic cost reductions related to the activities in the Corporation's business segments. Third quarter 2008 charges have been recorded in cost of products sold (\$11.0 million) and marketing, research and general expenses (\$5.0 million); and a loss on the disposal of assets totaling (\$.1 million) has been included in other income and (expense), net. See Note 4 to the Consolidated Financial Statements for detail on the costs incurred during the third quarter of 2008.



Additional Income Statement Commentary

- Nonoperating expense of \$6.5 million for the third quarter of 2007 was the Corporation's pretax loss associated with its ownership interest in the synthetic fuel partnerships described in Note 6 to the Consolidated Financial Statements. No expense was incurred in 2008 since the law giving rise to the related tax benefits for these investments expired at the end of 2007.
- Interest expense for the third quarter of 2008 decreased approximately \$3 million from the prior year, primarily due to lower interest rates partially offset by a higher average level of debt as a result of the consolidation of the financing entities described in Note 2 to the Consolidated Financial Statements and long-term debt issued to fund the Corporation's \$2.0 billion accelerated share repurchase ("ASR") program in July 2007.
- Interest income for the third quarter of 2008 increased \$5.6 million primarily due to the consolidation of the financing entities described in Note 2 to the Consolidated Financial Statements.
- The Corporation's effective income tax rate was 28.1 percent in 2008 compared with 27.6 percent in 2007.
- The Corporation's share of net income of equity companies in the third quarter increased to about \$53 million from approximately \$39 million in 2007, primarily as a result of higher net income at Kimberly-Clark de Mexico, S.A.B. de C.V. ("KCM"). Results at KCM benefited from double-digit growth in net sales and a favorable income tax settlement, partially offset by cost inflation and currency losses incurred on approximately \$300 million of U.S. dollar-denominated debt. The benefit to the Corporation in the third quarter from KCM's tax settlement was equivalent to 3 cents per share, while the negative impact of the currency losses amounted to 1 cent per share.
- Minority owners' share of subsidiaries' net income was approximately \$34 million in the third quarter of 2008 compared with about \$25 million in the prior year. The increase was due mainly to minority owners' share of increased earnings at majority-owned subsidiaries in Latin America and the Middle East and higher returns payable on the redeemable preferred securities issued by the Corporation's consolidated financing subsidiary.
- As a result of the Corporation's ongoing share repurchase program the average number of common shares outstanding declined, which benefited third quarter 2008 net income by about \$.04 per share. This benefit was partially offset by the higher interest expense associated with the July 2007 debt issuances that funded the ASR program.



## First Nine Months of 2008 Compared With First Nine Months of 2007

## Analysis of Net Sales

By Business Segment  
(Millions of dollars)

Net Sales	2008	2007
Personal Care	\$ 6,357.5	\$ 5,599.9
Consumer Tissue	5,108.0	4,791.5
K-C Professional & Other	2,443.6	2,240.9
Health Care	907.0	891.5
Corporate & Other	61.5	27.5
Intersegment sales	(60.5)	(43.4)
<b>Consolidated</b>	<b>\$ 14,817.1</b>	<b>\$ 13,507.9</b>

## Commentary:

## Percent Change in Net Sales Versus Prior Year

	Total Change	Volume Growth	Changes Due To		
			Net Price	Currency	Mix/ Other
Consolidated	9.7	2	3	4	1
Personal Care	13.5	7	2	4	1
Consumer Tissue	6.6	(3)	5	4	1
K-C Professional & Other	9.0	1	3	4	1
Health Care	1.7	3	(2)	2	(1)

- Personal care net sales increased 13.5 percent due to higher sales volumes and net selling prices in the developing and emerging markets and in North America, and favorable currency effects, principally in Europe, Brazil and Australia.
- Consumer tissue net sales increased 6.6 percent on overall higher net selling prices and favorable currency effects, in the same countries as in personal care, tempered by lower sales volumes, primarily in North America.
- Net sales of K-C Professional & Other products increased 9.0 percent due to favorable currency effects, primarily in Europe, higher net selling prices in each geographic region and improved product mix, mainly in North America.
- Health care net sales increased 1.7 percent as higher sales volumes and favorable currency effects were nearly offset by lower net selling prices and a less favorable product mix.



By Geography  
(Millions of dollars)

Net Sales	2008	2007
North America	\$ 7,860.5	\$ 7,596.0
Outside North America	7,450.8	6,388.1
Intergeographic sales	(494.2)	(476.2)
Consolidated	\$ 14,817.1	\$ 13,507.9

Commentary:

- Net sales in North America increased 3.5 percent due to higher personal care sales volumes and higher net selling prices for both personal care and consumer tissue, partially offset by lower consumer tissue sales volumes.
- Net sales outside North America increased 16.6 percent due to higher sales volumes, net selling prices and favorable currency effects for personal care and higher selling prices and favorable currency effects for consumer tissue in the developing and emerging markets.

Analysis of Operating Profit

By Business Segment  
(Millions of dollars)

Operating Profit	2008	2007
Personal Care	\$ 1,269.0	\$ 1,136.7
Consumer Tissue	418.8	542.1
K-C Professional & Other	327.1	353.7
Health Care	97.9	151.0
Other income and (expense), net(a)	(5.0)	19.6
Corporate & Other(a) (b)	(184.1)	(255.6)
Consolidated	\$ 1,923.7	\$ 1,947.5

Notes:

(a) Other income and (expense), net and Corporate & Other include the following pretax amounts for the strategic cost reductions:

(Millions of dollars)	Nine Months Ended September 30	
	2008	2007
Other income and (expense), net	\$ (1.7)	\$ 13.2
Corporate & Other	(52.7)	(94.4)

(b) In 2007, Corporate & Other also includes the incremental implementation costs of \$25.2 million related to the transfer of certain administrative processes to third-party providers.

Commentary:

	Percentage Change in Operating Profit Versus Prior Year						
	Total Change	Volume	Net Price	Changes Due To			Other (a)
Raw Materials Cost				Energy and Distribution Expense	Currency		
Consolidated	(1.2)	5	21	(22)	(9)	4	-
Personal Care	11.6	13	11	(15)	(3)	3	3
Consumer Tissue	(22.7)	(7)	44	(31)	(18)	1	(12)
K-C Professional & Other	(7.5)	(5)	20	(21)	(9)	5	2
Health Care	(35.2)	7	(10)	(9)	(2)	3	(24)

(a) Includes cost savings.

Consolidated operating profit decreased \$23.8 million or 1.2 percent from the prior year. Charges for the strategic cost reductions were \$26.8 million lower in 2008 compared with 2007. As previously stated, these charges are not included in the business segments. For the first nine months of 2008, the benefits of increased net sales, along with cost savings of \$137 million, were more than offset by inflation in key cost components totaling approximately \$590 million, an increase in strategic marketing spending of more than \$70 million and higher levels of selling and administrative expenses, mainly to support growth in developing and emerging markets. The Corporation also incurred higher manufacturing costs in 2008 for product improvements, maintenance and planned production downtime. During the first nine months of 2007, the Corporation incurred incremental charges of approximately \$25 million related to the transfer of certain administrative processes to third-party providers.

- Personal care segment operating profit increased 11.6 percent as higher sales volumes, increased net selling prices and cost savings more than offset materials cost inflation.
- Consumer tissue segment operating profit decreased 22.7 percent because increased net selling prices and cost savings were more than offset by materials and other cost inflation combined with higher manufacturing costs and lower sales volumes.



- Operating profit for K-C Professional & Other declined 7.5 percent due to increased net selling prices and cost savings being more than offset by cost inflation.
- Health care segment operating profit decreased 35.2 percent because of lower net selling prices, cost inflation and higher manufacturing costs.
- Other income and (expense), net for 2008 includes foreign currency transaction gains of approximately \$2 million versus losses of more than \$7 million in 2007. Gains of more than \$13 million on properties disposed of as part of the strategic cost reduction plan are also included in 2007 compared with losses of about \$2 million in 2008. Also included in 2007 was the previously mentioned litigation settlement gain of \$16.4 million.

By Geography  
(Millions of dollars)

Operating Profit	2008	2007
North America	\$ 1,367.0	\$ 1,478.5
Outside North America	745.8	705.0
Other income and (expense), net(a)	(5.0)	19.6
Corporate & Other(a) (b)	(184.1)	(255.6)
<b>Consolidated</b>	<b>\$ 1,923.7</b>	<b>\$ 1,947.5</b>

Notes:

- (a) Other income and (expense), net and Corporate & Other include the previously mentioned pretax amounts for the strategic cost reductions.
- (b) In 2007, Corporate & Other also includes incremental implementation costs of \$25.2 million related to the transfer of certain administrative processes to third-party providers.

Commentary:

- Operating profit in North America decreased 7.5 percent due to cost inflation and higher manufacturing costs, tempered by higher net selling prices and cost savings.
- Operating profit outside North America increased 5.8 percent because of the higher net selling prices for personal care and consumer tissue and the higher personal care sales volumes in the developing and emerging markets tempered by cost inflation.

Additional Income Statement Commentary

- Nonoperating expense of \$81.6 million for the first nine months of 2007 was the Corporation's pretax loss associated with its ownership interest in the synthetic fuel partnerships described in Note 6 to the Consolidated Financial Statements. No expense was incurred in 2008 since the law giving rise to the related tax benefits for these investments expired at the end of 2007.



- Interest expense for the first nine months of 2008 increased approximately \$42 million from the prior year, primarily as a result of long-term debt issued to fund the Corporation's \$2.0 billion ASR program in July 2007, partially offset by lower interest rates.
- The Corporation's effective income tax rate was 28.5 percent in 2008 compared with 22.9 percent in 2007. The increase in 2008 was primarily due to the benefit of synthetic fuel credits in 2007.
- The Corporation's share of net income of equity companies in 2008 increased to about \$145 million from approximately \$127 million in 2007, due mainly to higher net income at KCM including the benefit of the tax settlement realized in the third quarter of 2008.
- Minority owners' share of subsidiaries' net income was approximately \$104 million in 2008 compared with about \$77 million in the prior year. The increase was due mainly to minority owners' share of increased earnings at majority-owned subsidiaries in Latin America and the Middle East and higher returns payable on the redeemable preferred securities issued by the Corporation's consolidated financing subsidiary.
- As a result of the Corporation's ongoing share repurchase program, including the ASR program, the average number of common shares outstanding declined, which benefited 2008 net income by about \$.21 per share. This benefit was partially offset by the higher interest expense associated with the July 2007 debt issuances that funded the ASR program.

#### Liquidity and Capital Resources

- Cash provided by operations for the first nine months of 2008 increased over 5 percent to \$1,838 million from \$1,744 million in 2007 reflecting a decreased investment in working capital tempered by lower cash earnings.
- Capital spending for the first nine months was \$652 million in 2008 compared with \$777 million in the prior year. The Corporation still expects capital spending in 2008 will be in a range of \$850 to \$950 million.
- At September 30, 2008, total debt and redeemable preferred securities was \$7.3 billion compared with \$6.5 billion at the end of 2007. The increase was primarily due to the consolidation of the financing entities described in Note 2 to the Consolidated Financial Statements. At September 30, 2008, the related loans are classified as debt payable within one year on the Consolidated Balance Sheet. The Corporation currently anticipates that these loans will be extended prior to their current maturity dates.
- In August 2008, Standard & Poor's ("S&P") lowered the Corporation's long-term senior unsecured debt rating from A+ to A but reaffirmed the short-term commercial paper A1 rating. S&P also removed both the long- and short-term ratings from negative outlook and both ratings are now classified as stable. Also, in August 2008, Moody's Investor Services reaffirmed the Corporation's long- and short-term ratings of A2 and P1, respectively, with an outlook of stable.
- In November 2008, the Corporation issued \$500 million of 7.50% Notes due November 1, 2018. Proceeds from the sale of the notes will be used to reduce borrowings under the Corporation's commercial paper program.



- The Corporation has not experienced any difficulty in issuing commercial paper in 2008 despite the current constrained credit environment in the United States. The Corporation has decided to limit its commercial paper issues to \$1.33 billion because one of the lender participants in the Corporation's \$1.5 billion unused revolving credit facility is in bankruptcy. The Corporation is evaluating the need to find a replacement lender.
- During the third quarter of 2008, the Corporation repurchased approximately 2.2 million shares of its common stock at a cost of about \$130 million. Year-to-date, the Corporation has spent about \$550 million to repurchase approximately 8.7 million shares. As previously announced, the Corporation has reduced its full year target for share repurchases in 2008 to \$600 million to \$650 million from its previous range of \$700 million to \$800.
- Management believes that the Corporation's ability to generate cash from operations and its capacity to issue short-term and long-term debt are adequate to fund working capital, capital spending, payment of dividends, repurchases of common stock and other needs in the foreseeable future.

#### New Accounting Standards

See Note 1 to the Consolidated Financial Statements for information on recently issued accounting standards.

#### Environmental Matters

The Corporation has been named a potentially responsible party under the provisions of the federal Comprehensive Environmental Response, Compensation and Liability Act, or analogous state statutes, at a number of waste disposal sites, none of which, individually or in the aggregate, in management's opinion, is likely to have a material adverse effect on the Corporation's business, financial condition, results of operations, or liquidity.

#### Business Outlook

Based on the plans it has in place, the Corporation is targeting continued solid organic sales growth over the balance of the year, driven primarily by higher net selling prices and improved product mix. Sales volume growth will likely be relatively weak due to the Corporation's focus on revenue realization and areas of economic weakness. The Corporation still expects to maintain higher levels of investment in strategic marketing and customer development. Given the significant changes in foreign currency exchange rates over the last month, the Corporation now anticipates currency will have a negative effect on fourth quarter sales comparisons instead of a benefit.

Meanwhile, the price increases implemented during the third quarter, along with some benefit from recent commodity cost reductions, should help drive a sequential improvement in operating profit in the fourth quarter versus the third quarter, assuming no significant decline in consumer demand and no further material changes in input costs and key foreign currencies. The Corporation believes it could take up to six months before the recent declines in commodity costs are fully realized in its results, while offsetting currency effects are reflected almost immediately. The Corporation estimates that the effects of recent changes in currency exchange rates, including currency translation and transaction losses at KCM, will have an adverse impact on its fourth quarter results by more than 10 cents per share versus its previous plan.



#### Information Concerning Forward-Looking Statements

Certain matters discussed in this report concerning, among other things, the business outlook, including new product introductions, cost savings, anticipated costs and benefits related to the competitive improvement initiatives, anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation, constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that these events will occur or that the Corporation's results will be as estimated.

The assumptions used as a basis for the forward-looking statements include many estimates that, among other things, depend on the achievement of future cost savings and projected volume increases. In addition, many factors outside the control of the Corporation, including the prices of the Corporation's raw materials, energy and distribution costs, potential competitive pressures on selling prices or advertising and promotion expenses for the Corporation's products, and fluctuations in foreign currency exchange rates, as well as general economic conditions in the markets in which the Corporation does business, could impact the realization of such estimates.

For a description of these and other factors that could cause the Corporation's future results to differ materially from those expressed in any such forward-looking statements, see Part I, Item 1A of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2007 entitled "Risk Factors."

#### Item 4. Controls and Procedures.

As of September 30, 2008, an evaluation was performed under the supervision and with the participation of the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Corporation's disclosure controls and procedures were effective as of September 30, 2008. There have been no significant changes during the quarter covered by this report in the Corporation's internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting.

## PART II – OTHER INFORMATION

## Item 1. Legal Proceedings.

In May 2007, a wholly-owned subsidiary of the Corporation was served a summons in Pennsylvania state court by the Delaware County Regional Water Quality Authority ("Delcora"). Also in May 2007, Delcora initiated an administrative action against the Corporation. Delcora is a public agency that operates a sewerage system and a wastewater treatment facility serving industrial and municipal customers, including Kimberly-Clark's Chester Mill. Delcora also regulates the discharge of wastewater from the Chester Mill. Delcora has alleged in the summons and the administrative action that the Corporation underreported the quantity of effluent discharged to Delcora from the Chester Mill for several years due to an inaccurate effluent metering device and owes additional amounts. The Corporation's action for declaratory judgment in the Federal District Court for the Eastern District of Pennsylvania was dismissed in December 2007 on grounds of abstention. The Corporation appealed this dismissal to the Third Circuit Court of Appeals. The Third Circuit directed the parties to mediation, which during the third quarter of 2008, resulted in a procedural agreement to appoint a neutral and qualified hearing officer. As a result of this arrangement with Delcora, the Corporation has dismissed its appeal to the Third Circuit. The Corporation continues to believe that Delcora's allegations lack merit and is vigorously defending against Delcora's actions. In management's opinion, this matter is not expected to have a material adverse effect on the Corporation's business, financial condition, results of operations or liquidity.

## Item 2. Stock Repurchases.

The Corporation regularly repurchases shares of Kimberly-Clark common stock pursuant to publicly announced share repurchase programs. All share repurchases by the Corporation were made through brokers in the open market. During 2008, the Corporation anticipates purchasing about \$600 million to \$650 million of its common stock. The following table contains information for shares repurchased during the third quarter of 2008. None of the shares in this table were repurchased directly from any officer or director of the Corporation.

Period (2008)	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
July 1 to 31	1,095,000	\$ 57.67	15,662,411	34,337,589
August 1 to 31	547,000	60.98	16,209,411	33,790,589
September 1 to 30	523,000	64.09	16,732,411	33,267,589
Total	2,165,000			

(1) Share repurchases were made pursuant to a share repurchase program authorized by the Corporation's Board of Directors on July 23, 2007, which allows for the repurchase of 50 million shares in an amount not to exceed \$5 billion.



In addition, during July, August and September 2008, the Corporation purchased the following shares from current or former employees in connection with the exercise of employee stock options and other awards.

Month	Shares	Amount (in thousands)
July	2,853	\$ 168,157
August	3,187	184,368
September	968	59,664

Item 6. Exhibits.

(a) Exhibits

- (3)a Amended and Restated Certificate of Incorporation, dated April 17, 2008, incorporated by reference to Exhibit No. (3)a of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.
- (3)b By-Laws, as amended September 14, 2006, incorporated by reference to Exhibit No. (3)b of the Corporation's Current Report on Form 8-K dated September 18, 2006.
- (4) Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.
- (10)s Letter Agreement between Kimberly-Clark Corporation and Christian A. Brickman, dated July 29, 2008, filed herewith.
- (31)a Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.
- (31)b Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.
- (32)a Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.
- (32)b Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

SIGNATURES

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

KIMBERLY-CLARK CORPORATION  
(Registrant)

By: /s/ Mark A. Buthman

Mark A. Buthman  
Senior Vice President and  
Chief Financial Officer  
(principal financial officer)

By: /s/ Randy J. Vest

Randy J. Vest  
Vice President and Controller  
(principal accounting officer)

November 7, 2008



EXHIBIT INDEX

Exhibit No.	Description
(3)a	Amended and Restated Certificate of Incorporation, dated April 17, 2008, incorporated by reference to Exhibit No. (3)a of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.
(3)b	By-Laws, as amended September 14, 2006, incorporated by reference to Exhibit No. (3)b of the Corporation's Current Report on Form 8-K dated September 18, 2006.
(4)	Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.
(10)s	Letter Agreement between Kimberly-Clark Corporation and Christian A. Brickman, dated July 29, 2008, filed herewith.
(31)a	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.
(31)b	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.
(32)a	Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.
(32)b	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

---

