

## (1) NON-GAAP FINANCIAL MEASURES

This letter includes the following financial measure that has not been calculated in accordance with accounting principles generally accepted in the U.S., or GAAP, and is therefore referred to as a non-GAAP financial measure:

- Adjusted earnings per share

This non-GAAP financial measure excludes the following item:

- *Adoption of highly inflationary accounting for our Venezuelan operations.* The company recorded a one-time after tax loss in first quarter 2010 for the remeasurement of the local currency balance sheet in Venezuela as a result of the adoption of highly inflationary accounting in that country effective January 1, 2010. Management does not consider this loss to be part of our earnings from ongoing operations for the purposes of evaluating the performance of its business units and their managers and excludes this loss when making decisions to allocate resources among its business units. This item was excluded from the calculation of the company's earnings per share, calculated in accordance with GAAP, for the twelve months ended December 31, 2010.

The company provides this non-GAAP financial measure as supplemental information to our GAAP financial measures. Management and the company's Board of Directors use adjusted earnings per share to (a) evaluate the company's historical and prospective financial performance and its performance relative to its competitors, (b) allocate resources and (c) measure the operational performance of the company's business units and their managers.

Additionally, the Management Development and Compensation Committee of the company's Board of Directors has used this non-GAAP financial measure when setting and assessing achievement of incentive compensation goals. These goals are based, in part, on the company's adjusted earnings per share and improvement in the company's adjusted return on invested capital and adjusted operating profit return on sales determined by excluding the charge that is used in calculating this non-GAAP financial measure.

In addition, Kimberly-Clark management believes that investors' understanding of the company's performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing the company's ongoing results of operations. Many investors are interested in understanding the performance of our businesses by comparing our results from ongoing operations from one period to the next. By providing information on this non-GAAP financial measure, we believe we are enhancing investors' understanding of our businesses and our results of operations. Also, many financial analysts who follow our company focus on and publish both historical results and future projections based on non-GAAP financial measures. We believe that it is in the best interests of our investors for us to provide this information to analysts so that those analysts accurately report the non-GAAP financial information.

This non-GAAP financial measure is not meant to be considered in isolation or as a substitute for the comparable GAAP measure. There are limitations to non-GAAP financial measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled measures of other companies due to potential differences in methods of calculation and items being excluded. The company compensates for these limitations by using non-GAAP financial measures as a supplement to GAAP measures. The non-GAAP financial measure should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP.

## **(2) FORWARD-LOOKING STATEMENTS**

*Certain matters contained in this letter concerning the business outlook, including anticipated costs, scope, timing and effects of the pulp and tissue restructuring, raw material and energy costs, market demand and economic conditions, anticipated currency rates and exchange risk, anticipated impact of acquisitions, cost savings, changes in finished product selling prices, cash flow and uses of cash, capital spending, marketing, research and innovation spending, anticipated financial and operating results, contingencies and anticipated transactions of the company 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 1A of the company's Annual Report on Form 10-K for the year ended December 31, 2010 entitled "Risk Factors."*