TRINITY BIOTECH PLC
Form 20-F
April 02, 2008

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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
FORM 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2007

OR

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

For the transition period from _____ to _____

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report .....

Commission file number: 0-22320

Trinity Biotech plc

(Exact Name of Registrant as specified in its charter
and translation of Registrant s name into English)

Ireland

(Jurisdiction of incorporation or organization)

IDA Business Park, Bray, Co. Wicklow, Ireland

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	**None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

American Depositary Shares (each representing 4 A Ordinary Shares, par value $0.0109)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:

74,756,765 Class A Ordinary Shares and 700,000 Class B Shares

(as of December 31, 2007)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No þ

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 o Item 18 þ

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

This Annual Report on Form 20-F is incorporated by reference into our Registration Statements on Form F-3 File No. 333-113091, 333-112568, 333-116537, 333-103033, 333-107363, 333-114099 and 333-124385 and our Registration Statements on Form S-8 File No. 33-76384, 333-220, 333-5532, 333-7762 and 333-124384.

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As used herein, references to we , us , Trinity Biotech or the Group in this form 20-F shall mean Trinity Biotech and its world-wide subsidiaries, collectively. References to the Company in this annual report shall mean Trinity Biotech plc.

Our financial statements are presented in US Dollars and are prepared in accordance with International Financial Reporting Standards (IFRS) both as issued by the International Accounting Standards Board (IASB) and as subsequently adopted by the European Union (EU). The IFRS applied are those effective for accounting periods beginning on or after 1 January 2007. Consolidated financial statements are required by Irish law to comply with IFRS as adopted by the EU which differ in certain respects from IFRS as issued by the IASB. These differences predominantly relate to the timing of adoption of new standards by the EU. However, as none of the differences are relevant in the context of Trinity Biotech, the consolidated financial statements for the periods presented comply with IFRS both as issued by the IASB and as adopted by the EU. All references in this annual report to Dollars and $ are to US Dollars, and all references to euro or are to European Union euro. Except as otherwise stated herein, all monetary amounts in this annual report have been presented in US Dollars. For presentation purposes all financial information, including comparative figures from prior periods, have been stated in round thousands.

During the year, a resolution was passed by the shareholders of Trinity Biotech at an Extraordinary General Meeting held on October 1, 2007 to de-list from the Irish Stock Exchange with effect from expiry of the relevant notice to the Irish Stock Exchange, being November 5, 2007. The Company s shares continue to be traded on the NASDAQ National Market Listing.

Item 1 ***Identity of Directors, Senior Management and Advisers***

Not applicable.

Item 2 ***Offer Statistics and Expected Timetable***

Not applicable.

Item 3 ***Selected Consolidated Financial Data***

The following selected consolidated financial data of Trinity Biotech as at December 31, 2007 and 2006 and for each of the years ended December 31, 2007, 2006 and 2005 have been derived from, and should be read in conjunction with, the audited consolidated financial statements and notes thereto set forth in Item 18 of this annual report. The selected consolidated financial data as at December 31, 2005 and 2004 and for the year ended December 31, 2004 are derived from the audited consolidated financial statements not appearing in this Annual Report. This data should be read in conjunction with the financial statements, related notes and other financial information included elsewhere herein.

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CONSOLIDATED STATEMENT OF OPERATIONS DATA

	Year ended December, 31			
	2007 Total US$ 000	*2006 Total US$ 000*	*2005 Total US$ 000*	*2004 Total US$ 000*
Revenues	**143,617**	**118,674**	**98,560**	**80,008**
Cost of sales	(75,643)	(62,090)	(51,378)	(40,047)
Cost of sales restructuring expenses	(953)			
Cost of sales inventory write off/ provision	(11,772)	(5,800)		
Total cost of sales	**(88,368)**	**(67,890)**	**(51,378)**	**(40,047)**
Gross profit	**55,249**	**50,784**	**47,182**	**39,961**
Other operating income	413	275	161	302
Research and development expenses	(6,802)	(6,696)	(6,070)	(4,744)
Research and development restructuring expenses	(6,907)			
Total research and development expenses	**(13,709)**	**(6,696)**	**(6,070)**	**(4,744)**
Selling, general and administrative expenses	(51,010)	(42,422)	(34,651)	(29,332)
Selling, general and administrative restructuring expenses (including goodwill impairment of US$19,156,000)	(20,315)			
Total selling, general and administrative expenses	**(71,325)**	**(42,422)**	**(34,651)**	**(29,332)**
Operating (loss)/ profit	**(29,372)**	**1,941**	**6,622**	**6,187**
Financial income	457	1,164	389	302
Financial expenses	(3,148)	(2,653)	(1,058)	(824)
Net financing costs	**(2,691)**	**(1,489)**	**(669)**	**522**
(Loss)/ profit before tax	**(32,063)**	**452**	**5,953**	**5,665**
Income tax (expense)/ credit	(3,309)	2,824	(673)	49
	(35,372)	**3,276**	**5,280**	**5,714**

(Loss)/ profit for the year (all attributable to equity holders)				
Basic (loss)/ earnings per A ordinary share (US Dollars)	(0.47)	0.05	0.09	0.10
Basic (loss)/ earnings per B ordinary share (US Dollars)	(0.94)	0.10	0.18	0.20
Diluted (loss)/ earnings per A ordinary share (US Dollars)	(0.47)	0.05	0.09	0.09
Diluted (loss)/ earnings per B ordinary share (US Dollars)	(0.94)	0.10	0.18	0.18
Basic (loss)/ earnings per ADS (US Dollars)	(1.86)	0.19	0.36	0.41
Diluted (loss)/ earnings per ADS (US Dollars)	(1.86)	0.19	0.35	0.37
Weighted average number of A shares used in computing basic EPS	76,036,579	70,693,753	58,890,084	55,132,024
Weighted average number of A shares used in computing diluted EPS	76,036,579	72,125,740	67,032,382	65,527,802

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Consolidated Balance Sheet Data

	December 31,2007 US$ 000	*December 31,2006 US$ 000*	*December 31, 2005 US$ 000*	*December 31, 2004 US$ 000*
Net current assets (current assets less current liabilities)	36,298	61,435	44,964	53,448
Non current liabilities	(35,623)	(45,928)	(19,083)	(16,636)
Total assets	215,979	249,131	184,602	156,040
Capital stock	991	978	830	776
Shareholders equity	136,845	167,262	133,618	118,894

No dividends were declared in any of the periods from December 31, 2004 to December 31, 2007.

Risk Factors

Before you invest in our shares, you should be aware that there are various risks, which are described below. You should consider carefully these risks together with all of the other information included in this annual report before you decide to purchase our shares.

Trinity Biotech s operating results may be subject to fluctuations.

Trinity Biotech s operating results may fluctuate as a result of many factors related to its business, including the competitive conditions in the industry, major reorganisations of the Groups activities, loss of significant customers, delays in the development of new products and currency fluctuations, as described in more detail below, and general factors such as the size and timing of orders, the prevalence of various diseases and general economic conditions. In the event of lower operating profits, this could have a negative impact on cash generated from operations and also negatively impact shareholder value.

A need for capital might arise in the future if Trinity Biotech s capital requirements increase or revenues decrease.

Up to now Trinity Biotech has funded its operations through the sale of its shares and securities convertible into shares, cashflows from operations and bank borrowings. Trinity Biotech expects that the proceeds of equity financings, bank borrowings, lease financing, current working capital and sales revenues will fund its existing operations and payment obligations. However, if our capital requirements are greater than expected, or if our revenues do not generate sufficient cashflows to fund our operations, we may need to find additional financing which may not be available on attractive terms or at all. Any future financing could have an adverse effect on our current shareholders or the price of our shares in general.

Trinity Biotech s acquisition strategy may be less successful than expected, and therefore, growth may be limited.

Trinity Biotech has historically grown organically and through the acquisition of, and investment in, other companies, product lines and technologies. There can be no guarantees that recent or future acquisitions can be successfully assimilated or that projected growth in revenues or synergies in operating costs can be achieved. Our ability to integrate future acquisitions may also be adversely affected by inexperience in dealing with new technologies, and changes in regulatory or competitive environments. Additionally, even during a successful integration, the investment of management s time and resources in the new enterprise may be detrimental to the consolidation and growth of our existing business.

The diagnostics industry is highly competitive, and Trinity Biotech s research and development could be rendered obsolete by technological advances of competitors.

Trinity Biotech s principal business is the supply of medical diagnostic test kits and related diagnostic instrumentation. The diagnostics industry is extremely competitive. Trinity Biotech is competing directly with companies which have greater capital resources and larger marketing and business organisations than Trinity Biotech. Trinity Biotech s ability to grow revenue and earnings may be adversely impacted by competitive product and pricing pressures and by its inability to gain or retain market share as a result of the action of competitors.

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We have invested in research and development (R&D) but there can be no guarantees that our R&D programmes will not be rendered technologically obsolete or financially non-viable by the technological advances of our competitors, which would also adversely affect our existing product lines and inventory. The main competitors of Trinity Biotech (and their principal products with which Trinity Biotech competes) include Dade-Behring (Sysmex® CA, D-Dimer plus, Enzygnost®), Zeus Scientific Inc. (Zeus EIA, IFA), Diasorin Inc. (ETI), Abbott Diagnostics (AxSYM , IMx), Diagnostic Products Corp. DPC (Immulite), Bio-Rad (ELISA, WB & A1c), Roche Diagnostics (COBAS AMPLICOR , Ampliscreen , Accutrend) and OraSure Technologies, Inc (OraQuick®).

Trinity Biotech is highly dependent on suitable distributors worldwide.

Trinity Biotech currently distributes its product portfolio through distributors in approximately 80 countries worldwide. Our continuing economic success and financial security is dependent on our ability to secure effective channels of distribution on favourable trading terms with suitable distributors.

Trinity Biotech s business could be adversely affected by changing market conditions resulting in the reduction of the number of institutional customers.

The diagnostics industry is in transition with a number of changes that affect the market for diagnostic test products. Changes in the healthcare industry delivery system have resulted in major consolidation among reference laboratories and in the formation of multi-hospital alliances, reducing the number of institutional customers for diagnostic test products. There can be no assurance that we will be able to enter into and/or sustain contractual or other marketing or distribution arrangements on a satisfactory commercial basis with these institutional customers.

Trinity Biotech s long-term success depends on its ability to develop new products subject to stringent regulatory control. Even if new products are successfully developed, Trinity Biotech s proprietary know-how, manufacturing techniques and trade secrets may be copied by competitors. Furthermore, Trinity Biotech s patents have a limited life time and are thereafter subject to competition with generic products. Also, competitors might claim an exclusive patent for products Trinity Biotech plans to develop.

We are committed to significant expenditure on research and development (R&D). However, there is no certainty that this investment in research and development will yield technically feasible or commercially viable products. Our organic growth and long-term success is dependent on our ability to develop and market new products but this work is subject to very stringent regulatory control and very significant costs in research, development and marketing. Failure to introduce new products could significantly slow our growth and adversely affect our market share.

Even when products are successfully developed and marketed, Trinity Biotech s ownership of the technology behind these products has a finite life. In general, generic competition, which can arise through replication of the Trinity Biotech s proprietary know-how, manufacturing techniques and trade secrets or after the expiration of a patent, can have a detrimental effect on a product s revenue, profitability and market share. There can be no guarantee that the net income and financial position of Trinity Biotech will not be adversely affected by competition from generic products. Conversely, on occasion, certain companies have claimed exclusive patent, copyright and other intellectual property rights to technologies in the diagnostics industry. If these technologies relate to Trinity Biotech s planned products, Trinity Biotech would be obliged to seek licences to use this technology and, in the event of being unable to obtain such licences or it being obtainable on grounds that would be materially disadvantageous to Trinity Biotech, we would be precluded from marketing such products, which could adversely impact our revenues, sales and financial position.

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Trinity Biotech s patent applications could be rejected or the existing patents could be challenged; our technologies could be subject to patent infringement claims; and trade secrets and confidential know-how could be obtained by competitors.

We can provide no assurance that the patents Trinity Biotech may apply for will be obtained or that existing patents will not be challenged. The patents owned by Trinity Biotech and its subsidiaries may be challenged by third parties through litigation and could adversely affect the value of our patents. We can provide no assurance that our patents will continue to be commercially valuable.

Trinity Biotech currently owns 30 US patents with remaining patent lives varying from less than one year to 16 years. In addition to these US patents, Trinity Biotech owns a total of 7 additional non-US patents with expiration dates varying between the years 2008 and 2023.

Also, our technologies could be subject to claims of infringement of patents or proprietary technology owned by others. The cost of enforcing our patent and technology rights against infringers or defending our patents and technologies against infringement charges by others may be high and could adversely affect our business.

Trade secrets and confidential know-how are important to our scientific and commercial success. Although we seek to protect our proprietary information through confidentiality agreements and other contracts, we can provide no assurance that others will not independently develop the same or similar information or gain access to our proprietary information.

Trinity Biotech s business is heavily regulated and non-compliance with applicable regulations could reduce revenues and profitability.

Our manufacturing and marketing of diagnostic test kits are subject to government regulation in the United States of America by the Food and Drug Administration (FDA), and by comparable regulatory authorities in other jurisdictions. The approval process for our products, while variable across countries, is generally lengthy, time consuming, detailed and expensive. Our continued success is dependent on our ability to develop and market new products, some of which are currently awaiting approval from these regulatory authorities. There is no certainty that such approval will be granted or, even once granted, will not be revoked during the continuing review and monitoring process.

We are required to comply with extensive post market regulatory requirements. Non-compliance with applicable regulatory requirements of the FDA or comparable foreign regulatory bodies can result in enforcement action which may include recalling products, ceasing product marketing, paying significant fines and penalties, and similar actions that could limit product sales, delay product shipment, and adversely affect profitability.

Trinity Biotech s success is dependent on certain key management personnel.

Trinity Biotech s success is dependent on certain key management personnel. Our key employees at December 31, 2007 were Ronan O Caoimh, our Executive Chairman, Brendan Farrell, our CEO, Rory Nealon, our COO, Jim Walsh, Director and Kevin Tansley, our CFO and Secretary. Competition for qualified employees among biotechnology companies is intense, and the loss of such personnel or the inability to attract and retain the additional highly skilled employees required for the expansion of our activities, could adversely affect our business. In the USA, the UK, France, Germany and Sweden we have been able to attract and retain qualified personnel. In Ireland, we have experienced some difficulties in attracting and retaining staff due to competition from other employers in our industry and due to the strength of the Irish economy.

Trinity Biotech is dependent on its suppliers for the primary raw materials required for its test kits.

The primary raw materials required for Trinity Biotech s test kits consist of antibodies, antigens or other reagents, glass fibre and packaging materials which are acquired from third parties. Although Trinity Biotech does not expect to be dependent upon any one source for these raw materials, alternative sources of antibodies with the characteristics and quality desired by Trinity Biotech may not be available. Such unavailability could affect the quality of our products and our ability to meet orders for specific products.

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Trinity Biotech may be subject to liability resulting from its products or services.

Trinity Biotech may be subject to claims for personal injuries or other damages resulting from its products or services. Trinity Biotech has global product liability insurance in place for its manufacturing subsidiaries up to a maximum of 6,500,000 (US$9,569,000) for any one accident, limited to a maximum of 6,500,000 (US$9,569,000) in any one year period of insurance. A deductible of US$25,000 is applicable to each insurance event that may arise. There can be no assurance that our product liability insurance is sufficient to protect us against liability that could have a material adverse effect on our business.

Currency fluctuations may adversely affect our earnings and assets.

Trinity Biotech records its transactions in US Dollars, euro and Swedish Kroner and prepares its financial statements in US Dollars. A substantial portion of our expenses is denominated in euro. However, Trinity Biotech s revenues are primarily denominated in US Dollars. As a result, the Group is affected by fluctuations in currency exchange rates, especially the exchange rate between the US dollar and the euro, which may adversely affect our earnings and assets. The percentage of 2007 consolidated revenue denominated in US Dollars was approximately 65%. Of the remaining 35% revenue, 27% relates to revenue denominated in Euro and 8% relates to sterling, yen and Swedish Kroner denominated revenues. Thus, a 10% decrease in the value of the euro would have approximately a 3% adverse impact on consolidated revenues.

As part of the process of mitigating foreign exchange risk, the principal exchange risk identified by Trinity Biotech is with respect to fluctuations in the euro. This is attributable to the level of euro denominated expenses exceeding the level of euro denominated revenues thus creating a euro deficit. Trinity Biotech continuously monitors its exposure to foreign currency movements and based on expectations on future exchange rate exposure implements a hedging policy which may include covering a portion of this exposure through the use of forward contracts. In the medium term, our objective is to increase the level of non-US Dollar denominated revenue, thus creating a natural hedge of the non-US Dollar expenditure.

The conversion of our outstanding employee share options and warrants would dilute the ownership interest of existing shareholders.

The warrants issued in 2004 and the total share options exercisable at December 2007, as described in Item 18, note 20 to the consolidated financial statements, are convertible into American Depository Shares (ADSs), 1 ADS representing 4 Class A Ordinary Shares. The exercise of the share options exercisable and of the warrants will likely occur only when the conversion price is below the trading price of our ADSs and will dilute the ownership interests of existing shareholders. For instance, should the options and warrant holders of the 6,417,223 A Ordinary shares (1,604,306 ADSs) exercisable at December 31, 2007 be exercised, Trinity Biotech would have to issue 6,417,223 additional A ordinary shares (1,604,306 ADSs). On the basis of 74,756,765 A ordinary shares outstanding at December 31, 2007, this would effectively dilute the ownership interest of the existing shareholders by approximately 8%.

It could be difficult for US holders of ADSs to enforce any securities laws claims against Trinity Biotech, its officers or directors in Irish Courts.

At present, no treaty exists between the United States and Ireland for the reciprocal enforcement of foreign judgements. The laws of Ireland do however, as a general rule, provide that the judgements of the courts of the United States have in Ireland the same validity as if rendered by Irish Courts. Certain important requirements must be satisfied before the Irish Courts will recognise the United States judgement. The originating court must have been a court of competent jurisdiction, the judgement may not be recognised if it is based on public policy, was obtained by fraud or its recognition would be contrary to Irish public policy. Any judgement obtained in contravention of the rules of natural justice will not be enforced in Ireland.

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Item 4 ***Information on the Company***

History and Development of the Company

Trinity Biotech (the Group) develops, acquires, manufactures and markets medical diagnostic products for the clinical laboratory and point-of-care (POC) segments of the diagnostic market. These products are used to detect autoimmune, infectious and sexually transmitted diseases, diabetes and disorders of the blood, liver and intestine. The Group is also a significant provider of raw materials to the life sciences industry. The Group sells worldwide in over 80 countries through its own sales force and a network of international distributors and strategic partners.

Trinity Biotech was incorporated as a public limited company (plc) registered in Ireland in 1992. The Company commenced operations in 1992 and, in October 1992, completed an initial public offering of its securities in the US. The principal officers of the Group are located at IDA Business Park, Bray, Co Wicklow, Ireland. The Group has expanded its product base through internal development and acquisitions.

The Group, which has its headquarters in Bray Ireland, employs in excess of 750 people worldwide and markets its portfolio of over 500 products to customers in 80 countries around the world. Trinity Biotech markets its products in the US and the rest of the world through a combination of direct selling and a network of national and international distributors. The Group has established direct sales forces in the US, Germany, France and the UK. Trinity Biotech has manufacturing facilities in Bray, Ireland, Umea, Sweden and Lemgo, Germany, in Europe and in Jamestown, New York, Carlsbad, California and Kansas City, Missouri in the USA.

The following represents the acquisitions made by Trinity Biotech in recent years.

Acquisition of the immuno-technology business of Cortex Biochem Inc

In September 2007, the Group acquired the immuno-technology business of Cortex Biochem Inc (Cortex) for a total consideration of US$2,925,000, consisting of cash consideration of US$2,887,000 and acquisition expenses of US$38,000.

Acquisition of certain components of the distribution business of Sterilab Services UK

In October 2007, the Group acquired certain components of the distribution business of Sterilab Services UK (Sterilab), a distributor of Infectious Diseases products, for a total consideration of US$1,489,000, consisting of cash consideration of US$1,480,000 and acquisition expenses of US$9,000.

Acquisition of Haemostasis business of bioMerieux Inc

In June 2006, Trinity Biotech acquired the haemostasis business of bioMerieux Inc. (bioMerieux) for a total consideration of US$44.4 million, consisting of cash consideration of US$38.2 million, deferred consideration of US$5.5 million (net of discounting) and acquisition expenses of US$0.7 million. At December 31, 2006, Trinity Biotech had accrued US$5,688,000 for the deferred consideration to be paid in June 2007 and June 2008 (see Item 18, note 24 to the consolidated financial statements). Deferred consideration of US$3,208,000 was paid to bioMerieux in June 2007. At December 31, 2007, the Group has accrued deferred consideration US$2,725,000 (net of discounting) to be paid in June 2008.

Acquisition of the distribution business of Laboratoires Nephrotek SARL

In October, 2006, Trinity Biotech acquired the French distribution business of Laboratoires Nephrotek SARL (Nephrotek) for a total consideration of US$1,175,000, consisting of cash consideration of US$1,060,000 and acquisition expenses of US$115,000.

Acquisition of Primus Corporation

In July 2005, Trinity Biotech completed the acquisition of Primus Corporation for US$14.3 million before costs, consisting of a cash consideration of US$8.6 million and a one year promissory note of US$3.0 million. An additional US$2.7 million of additional consideration was paid to the shareholders in 2006 based on the growth of the business during 2005 less an adjustment for the working capital at the date of acquisition. Primus Corporation is a leader in the field of providing tests for the detection and monitoring of diabetes patients.

Acquisition of Research Diagnostics Inc

In March 2005, Trinity Biotech purchased the assets of Research Diagnostics Inc (RDI) for US$4.2 million in cash. RDI provides a comprehensive range of immunodiagnostic products to pharmaceutical companies, diagnostic manufacturers and research facilities worldwide.

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Principal Markets

The primary market for Trinity Biotech s tests remains the US. During fiscal year 2007, the Group sold 48% (US$68.4 million) (2006: 51% or US$60.7 million) (2005: 51% or US$50.6 million) of product in the US. Sales to non-US (principally European and Asian/ African) countries represented 52% (US$75.2 million) for fiscal year 2007 (2006: 49% or US$57.9 million) (2005: 49% or US$47.9 million).

For a more comprehensive segmental analysis please refer to Item 5, Results of Operations and Item 18, note 2 to the consolidated financial statements.

Principal Products

Trinity Biotech develops, acquires, manufactures and markets a wide range of diagnostic products. The complete portfolio is divided into 4 product lines which are sold under the following established brand names:

Haemostasis	Infectious Diseases	Clinical Chemistry	Point of Care
Biopool®	Bartels®	Primus	UniGold
Amax	CAPTIA	EZ	Capillus
Destiny	MarDx®		Recombigen®
	MicroTrak		
	MarBlot®		

In December 2007, the haemostasis, infectious diseases and clinical chemistry product lines were amalgamated into a single product line, Clinical Laboratory.

Haemostasis

The haemostasis product line comprises of test kits and instrumentation used for the detection of blood disorders. Trinity Biotech has two established ranges of haemostasis products, Biopool® and Amax , which were acquired by the Group in 2001 and 2002 respectively. The Amax range of products includes a portfolio of diagnostic instrumentation including the Destiny range.

Following the acquisition of the bioMerieux haemostasis product line in 2006, the haemostasis product line has been rationalised into a single core Trini brand and has become the largest product line in revenue terms within Trinity Biotech. The acquisition of bioMerieux has significantly increased the market share of Trinity Biotech within the haemostasis market. In particular, the acquisition has strengthened the Group s position in our direct selling markets in the USA, the UK, France and Germany.

The haemostasis market continues to grow, driven by increasing demands for blood clotting and bleeding tests due to an aging population and improvement in healthcare systems.

Trinity Biotech instrumentation and assays for haemostasis are recognised as being among the highest quality available. The comprehensive product offering is marketed globally to hospitals, clinical laboratories, commercial reference laboratories and research institutions.

As part of the Group restructuring announced in December 2007, a number of Haemostasis products were identified to be culled (See item 18, note 3, Restructuring expenses and impairment).

Infectious Diseases

The infectious diseases product line is the most diverse within Trinity Biotech. The products are used to perform tests on patient samples and the results generated are reported to physicians to guide diagnosis for a broad range of infectious diseases. The Trinity Biotech product line has grown to include diagnostic kits for autoimmune diseases (e.g. lupus, celiac and rheumatoid arthritis), hormonal imbalances, sexually transmitted diseases (syphilis, chlamydia and herpes), intestinal infections, lung/bronchial infections, cardiovascular and a wide range of other diseases.

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The vast majority of the infectious diseases product line is FDA cleared for sale in the USA and CE marked for sale in Europe. Products are sold in over 80 countries, with the focus on North America, Europe and Asia.
The main drivers of expansion and opportunity for the product line have been:

1. The increased Trinity Biotech instrumentation offering/portfolio through collaboration with Adaltis and Dynex and implementation of a system sell (i.e. combining instruments and reagents) strategy;

2. Focus on key accounts in affiliate markets;

3. Expansion of product portfolio to meet market demands.

As part of the Group restructuring announced in December 2007, a number of Infectious Diseases products were identified to be culled (See item 18, note 3, Restructuring expenses and impairment).

Clinical Chemistry

The Trinity Biotech speciality clinical chemistry business includes products such as ACE, Bile Acids, Lactate, Oxalate and G6PDH that are clearly differentiated in the marketplace. These products are suitable for both manual and automated testing and have proven performance in the diagnosis of many disease states from liver and kidney disease to G6PDH deficiency which is an indicator of haemolytic anaemia.
In 2005 Trinity Biotech acquired Primus Corporation, a leader in the field of in-vitro diagnostic testing for haemoglobin A1c and haemoglobin variants, used in the detection of diabetes. Primus manufactures a range of instrumentation using patented HPLC (high pressure liquid chromatography) technology. These products are the most accurate and precise methods available for detection and monitoring the patient status and overall diabetic control. Primus sells the products to physicians offices and reference laboratories directly in the USA and via a distribution network in other countries. In addition, the Group is in the process of developing a variant haemoglobin assay for neo-natal screening and a sub one minute HbA1c test.

Point of Care (POC)

Point of Care refers to diagnostic tests which are carried out in the presence of the patient. Trinity Biotech s current range of POC tests principally test for the presence of HIV antibodies. The Group s principal products are UniGold and Capillus .
UniGold and Capillus products have been used for several years in voluntary counselling and testing centres (VCTs) in sub-Saharan Africa where they provide a cornerstone to early detection and treatment intervention. In the USA, the Centres for Disease Control (CDC) recommend the use of rapid tests to control the spread of HIV/AIDS. As part of this, UniGold HIV is used in public health facilities, hospitals and other outreach facilities. Trinity Biotech, through both UniGold and Capillus , make a very significant contribution to the global effort to meet the challenge of HIV.
In November 2007, Trinity Biotech received FDA clearance on the Tristat point-of-care system, which will be used in physician laboratories, diabetes clinics and health centres for the rapid determination of Haemoglobin A1c.

Sales and Marketing

Trinity Biotech sells its product through its own direct sales-force in four countries: the United States, Germany, France and the United Kingdom. In the United States there are approximately 97 sales and marketing professionals responsible for the sale of the Trinity Biotech range of haemostasis reagents and instrumentation, clinical chemistry, point of care and infectious disease products. The Group also has sales forces of 26 in Germany, 11 in France and 16 in the UK. In addition to our direct sales operations, Trinity Biotech also operates in approximately 80 countries, through over 300 independent distributors and strategic partners.

Manufacturing and Raw Materials

Trinity Biotech uses a wide range of biological and non-biological raw materials. The primary raw materials required for Trinity Biotech s test kits consist of antibodies, antigens, human plasma, latex beads, rabbit brain phospholipids, bovine source material, other reagents, glass fibre and packaging materials. The reagents used as raw materials have been acquired for the most part from third parties. Although Trinity Biotech is not dependent upon any one source for such raw materials, alternative sources of antibodies and antigens with the specificity and sensitivity desired by Trinity Biotech may not be available from time-to-time. Such unavailability could affect the supply of its products and its ability to meet orders for specific products, if such orders are obtained. Trinity Biotech s growth may be limited by

its ability to obtain or develop the necessary quantity of antibodies or antigens required for specific products. Thus, Trinity Biotech s strategy is, whenever possible, to establish alternative sources of supply of antibodies.

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Competition

The diagnostic industry is very competitive. There are many companies, both public and private, engaged in the sale of medical diagnostic products and diagnostics-related research and development, including a number of well-known pharmaceutical and chemical companies. Competition is based primarily on product reliability, customer service and price. The Group s competition includes several large companies such as, but not limited to, Roche, Abbott, Johnson & Johnson, Bayer and Dade-Behring.

Patents and Licences

Patents

Many of the Trinity Biotech s tests are not protected by specific patents, due to the significant cost of putting patents in place for Trinity Biotech s wide range of products. However, Trinity Biotech believes that substantially all of its tests are protected by proprietary know-how, manufacturing techniques and trade secrets.

From time-to-time, certain companies have asserted exclusive patent, copyright and other intellectual property rights to technologies that are important to the industry in which Trinity Biotech operates. In the event that any of such claims relate to its planned products, Trinity Biotech intends to evaluate such claims and, if appropriate, seek a licence to use the protected technology. There can be no assurance that Trinity Biotech would, firstly, be able to obtain licences to use such technology or, secondly, obtain such licences on satisfactory commercial terms. If Trinity Biotech or its suppliers are unable to obtain or maintain a licence to any such protected technology that might be used in Trinity Biotech s products, Trinity Biotech could be prohibited from marketing such products. It could also incur substantial costs to redesign its products or to defend any legal action taken against it. If Trinity Biotech s products should be found to infringe protected technology, Trinity Biotech could also be required to pay damages to the infringed party.

Licences

Trinity Biotech has entered into a number of key licensing arrangements including the following:

In 2005 Trinity Biotech obtained a license from the University of Texas for the use of Lyme antigen (Vlse), thus enabling the inclusion of this antigen in the Group s Lyme diagnostic products. Trinity also entered a Biological Materials License Agreement with the Centre for Disease Control (CDC) in Atlanta, GA, USA for the rights to produce and sell the CDC developed HIV Incidence assay.

In 2002, Trinity Biotech obtained the Unipath and Carter Wallace lateral flow licences under agreement with Inverness Medical Innovations (IMI). In 2006, Trinity Biotech renewed its license agreement with Inverness Medical Innovations covering IMI s most up to date broad portfolio of lateral flow patents, and expanded the field of use to include over the counter (OTC) for HIV products, thus ensuring Trinity Biotech s freedom to operate in the lateral flow market with its UniGold technology.

On December 20, 1999 Trinity Biotech obtained a non-exclusive commercial licence from the National Institute of Health (NIH) in the US for NIH patents relating to the general method of producing HIV-1 in cell culture and methods of serological detection of antibodies to HIV-1.

Trinity Biotech has also entered into a number of licence/supply agreements for key raw materials used in the manufacture of its products.

Government Regulation

The preclinical and clinical testing, manufacture, labelling, distribution, and promotion of Trinity Biotech s products are subject to extensive and rigorous government regulation in the United States and in other countries in which Trinity Biotech s products are sought to be marketed. The process of obtaining regulatory clearance varies, depending on the product categorisation and the country, from merely notifying the authorities of intent to sell, to lengthy formal approval procedures which often require detailed laboratory and clinical testing and other costly and time-consuming processes. The main regulatory bodies which require extensive clinical testing are the Food and Drug Administration (FDA) in the US, the Irish Medicines Board (as the authority over Trinity Biotech in Europe) and Health Canada.

The process in each country varies considerably depending on the nature of the test, the perceived risk to the user and patient, the facility at which the test is to be used and other factors. As 48% of Trinity Biotech s 2007 revenues were generated in the US and the US represents approximately 43% of the worldwide diagnostics market, an overview of FDA regulation has been included below.

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FDA Regulation

Our products are medical devices subject to extensive regulation by the FDA under the Federal Food, Drug, and Cosmetic Act. The FDA s regulations govern, among other things, the following activities: product development, testing; labelling, storage, premarket clearance or approval, advertising and promotion and sales and distribution.

Access to US Market. Each medical device that Trinity Biotech may wish to commercially distribute in the US will require either pre-market notification (more commonly know as 510(k)) clearance or premarket application (PMA) approval prior to commercial distribution. Devices intended for use in blood bank environments fall under even more stringent review and require a Blood Licence Application (BLA). Some low risk devices are exempted from these requirements. The FDA has introduced fees for the review of 510(k) and PMA applications. The fee for a PMA or BLA in 2007 is in excess of US$280,000.

510(k) Clearance Pathway. To obtain 510(k) clearance, Trinity Biotech must submit a premarket notification demonstrating that the proposed device is substantially equivalent in intended use and in safety and effectiveness to a predicate device either a previously cleared class I or II device or a class III preamendment device, for which the FDA has not called for PMA applications. The FDA s 510(k) clearance pathway usually takes from 3 to 9 months, but it can take longer. After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could even require a PMA approval.

PMA Approval Pathway. A device that does not qualify for 510(k) clearance generally will be placed in class III and required to obtain PMA approval, which requires proof of the safety and effectiveness of the device to the FDA s satisfaction. A PMA application must provide extensive preclinical and clinical trial data and also information about the device and its components regarding, among other things, device design, manufacturing and labeling. In addition, an advisory committee made up of clinicians and/or other appropriate experts is typically convened to evaluate the application and make recommendations to the FDA as to whether the device should be approved. It generally takes from one to three years but can take longer.

Although the FDA is not bound by the advisory panel decision, the panel s recommendation is important to the FDA s overall decision making process. The PMA approval pathway is more costly, lengthy and uncertain than the 510(k) clearance process. It generally takes from one to three years or even longer. After approval of a PMA, a new PMA or PMA supplement is required in the event of a modification to the device, its labeling or its manufacturing process. The FDA has recently implemented substantial fees for the submission and review of PMA applications.

BLA approval pathway. BLA approval is required for some products intended for use in a blood bank environment, where the blood screened using these products may be administered to an individual following processing. This approval pathway involves even more stringent review of the product.

Clinical Studies. A clinical study is required to support a PMA application and is required for a 510(k) premarket notification. Such studies generally require submission of an application for an Investigational Device Exemption (IDE) showing that it is safe to test the device in humans and that the testing protocol is scientifically sound.

Postmarket Regulation

After the FDA permits a device to enter commercial distribution, numerous regulatory requirements apply, including the Quality System Regulation (QSR), which requires manufacturers to follow comprehensive testing, control, documentation and other quality assurance procedures during the manufacturing process; labeling regulations; the FDA s general prohibition against promoting products for unapproved or off-label uses; and the Medical Device Reporting (MDR) regulation, which requires that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur.

Trinity Biotech is subject to inspection by the FDA to determine compliance with regulatory requirements. If the FDA finds any failure to comply, the agency can institute a wide variety of enforcement actions, ranging from a public warning letter to more severe sanctions such as fines, injunctions, and civil penalties; recall or seizure of products; the issuance of public notices or warnings; operating restrictions, partial suspension or total shutdown of production; refusing requests for 510(k) clearance or PMA approval of new products; withdrawing 510(k) clearance or PMA approvals already granted; and criminal prosecution.

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Unanticipated changes in existing regulatory requirements or adoption of new requirements could have a material adverse effect on the Group. Any failure to comply with applicable QSR or other regulatory requirements could have a material adverse effect on the Group s revenues, earnings and financial standing.
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Cash and Cash Equivalents, beginning of year

798 364

Cash and Cash Equivalents, end of period

$533 $750

See Notes to Consolidated Financial Statements.

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KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

(Millions of dollars)	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Net Income	**$ 489**	$ 611	**$ 1,423**	$ 1,472
Other Comprehensive Income, Net of Tax:				
Unrealized currency translation adjustments	**615**	313	**264**	598
Employee postretirement benefits	**(6)**	1	**47**	178
Other	**(44)**	(4)	**(37)**	(19)
Total Other Comprehensive Income, Net of Tax	**565**	310	**274**	757
Comprehensive Income	**1,054**	921	**1,697**	2,229
Comprehensive income attributable to noncontrolling interests	**36**	29	**79**	82
Comprehensive Income Attributable to Kimberly-Clark Corporation	**$ 1,018**	$ 892	**$ 1,618**	$ 2,147

See Notes to Consolidated Financial Statements.

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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 (GAAP) 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 GAAP 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 included in the Corporation s Annual Report on Form 10-K for the year ended December 31, 2009.

Note 2. Fair Value Measurements

The following fair value information is based on 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.

During the third quarter of 2010, there were no significant transfers among level 1, 2, or 3 fair value determinations.

Set forth below are the assets and liabilities that are measured on a recurring basis at fair value as of September 30, 2010, together with the inputs used to develop those fair value measurements.

	September 30, 2010	Fair Value Measurements		
		Level 1	Level 2	Level 3
		(Millions of dollars)		
Assets				
Company-owned life insurance (COLI)	$ 44	$	$ 44	$
Available-for-sale securities	19	14		5
Derivatives	86		86	
Total	$ 149	$ 14	$ 130	$ 5
Liabilities				
Derivatives	$ 75	$	$ 75	$

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Note 2. (Continued)

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 current assets and other assets, as appropriate. 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 certain available-for-sale securities are based on quoted market prices in active markets for identical assets. Unrealized losses on these securities aggregating $4 million are recorded in other comprehensive income until realized. The unrealized losses have not been recognized in earnings because the Corporation has both the intent and ability to hold the securities for a period of time sufficient to allow for an anticipated recovery of fair value to the cost of such securities.

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 interest rate swap curves and NYMEX price quotations, respectively. The fair value of hedging instruments used to manage foreign currency risk is based on quotations of spot currency rates and forward points, which are converted into implied forward currency rates. Additional information on the Corporation s use of derivative instruments is contained in Note 9.

Level 3 Fair Values - The fair value of certain available-for-sale securities is based on quoted market prices for the exchange-traded securities, adjusted to reflect the restrictions placed on the sale of these securities. There was no significant change in the fair value from the date of acquisition through September 30, 2010.

Fair Value Disclosures

The following table includes the fair value of the Corporation s financial instruments as of September 30, 2010, for which fair value disclosure is required:

(Millions of dollars)	Carrying Amount	Estimated Fair Value
Assets		
Cash and cash equivalents[(a)]	$ 533	$ 533
Time deposits (included in other current assets)[(b)]	141	141
Notes receivable[(c)]	610	594
Liabilities and redeemable preferred and common securities of subsidiaries		
Short-term debt[(d)]	254	254
Monetization loan[(c)]	397	397
Long-term debt[(e)]	4,790	5,604
Redeemable preferred and common securities of subsidiaries[(f)]	1,052	1,151

(a) Cash equivalents are comprised of certificates of deposit, time deposits and other interest-bearing investments with original maturity dates of 90 days or less, all of which are recorded at cost, which approximates fair value.

(b) Time deposits are comprised of deposits with original maturities of more than 90 days but less than one year, all of which are recorded at cost, which approximates fair value.

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Note 2. (Continued)

(c) Notes receivable represent held-to-maturity securities, which arose from the sale of nonstrategic timberlands and related assets. The notes are backed by irrevocable standby letters of credit issued by money center banks. A consolidated variable interest entity (VIE) has an outstanding long-term monetization loan secured by the related note held by this VIE (indicated by Note 1 and Loan 1 below). The following summarizes the terms of the notes and the monetization loan as of September 30, 2010 (millions of dollars):

Description	Face Value	Carrying Amount	Maturity	Interest Rate[1]
Note 1	$ 397	$ 392	09/30/2014	LIBOR
Note 2	220	218	07/07/2011	LIBOR minus 12.5 bps
Loan 1	397	397	01/31/2011	LIBOR plus 127 bps

(1) Payable quarterly, 3-month LIBOR

The difference between the carrying amount of the notes and their fair value represents an unrealized loss position for which an other-than-temporary impairment has not been recognized in earnings because the Corporation has both the intent and ability to hold the notes for a period of time sufficient to allow for an anticipated recovery of fair value to the carrying amount of the notes. Neither the notes nor the monetization loan is traded in active markets. Accordingly, their fair values were calculated using a floating rate pricing model that compared the stated spread to the fair value spread to determine the price at which each of the financial instruments should trade. The model used the following inputs to calculate fair values: face value, current LIBOR rate, fair value credit spread, stated spread, maturity date and interest payment dates.

(d) Short-term debt is comprised of U.S. commercial paper with original maturities up to 90 days and other similar short-term debt issued by non-U.S. subsidiaries, all of which are recorded at cost, which approximates fair value.

(e) Long-term debt includes long-term debt instruments and the portion payable within the next twelve months ($80 million). Fair values were estimated based on quoted prices for financial instruments for which all significant inputs were observable, either directly or indirectly.

(f) The redeemable preferred securities are not traded in active markets. Accordingly, their fair values were calculated using a pricing model that compares the stated spread to the fair value spread to determine the price at which each of the financial instruments should trade. The model used the following inputs to calculate fair values: face value, current benchmark rate, fair value spread, stated spread, maturity date and interest payment dates. Management determines fair value and carrying amount of the redeemable common securities of $41 million based on various inputs, including an independent third-party appraisal, adjusted for current market conditions.

Note 3. Highly Inflationary Accounting for Venezuelan Operations

In 2003, the Venezuelan government enacted currency restrictions which have affected the ability of the Corporation s Venezuelan subsidiary (K-C Venezuela) to obtain U.S. dollars at the official exchange rate to pay for significant imports of U.S. dollar-denominated finished goods, raw materials and services to support its operations. For transactions that did not qualify for settlement at the official exchange rate, an unregulated market existed for the acquisition and exchange of bolivar- and U.S. dollar-denominated bonds, effectively resulting in a parallel market exchange rate substantially unfavorable to the official exchange rate.

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Note 3. (Continued)

In instances during 2009 when the U.S. dollar-denominated imports did not receive government approval to be settled at the official exchange rate of 2.15 bolivars to the U.S. dollar, K-C Venezuela measured the transactions from U.S. dollars to bolivars at the exchange rate in the parallel market that was used to pay for these imports. In instances during 2009 when the U.S. dollar-denominated imports received government approval to be settled at the official exchange rate, K-C Venezuela measured the transactions from U.S. dollars to bolivars at the official exchange rate. During 2009, K-C Venezuela used the official rate to translate its operating results from the bolivar functional currency into U.S. dollars, based on its dividend remittance history at that rate. For the full year 2009, K-C Venezuela represented approximately 3 percent of consolidated net sales, and 1 percent of consolidated operating profit and net income attributable to the Corporation.

The cumulative inflation in Venezuela for the three years ended December 31, 2009 was more than 100 percent, based on the Consumer Price Index/National Consumer Price Index. As a result, effective January 1, 2010, K-C Venezuela began accounting for its operations as highly inflationary, as required by GAAP. Under highly inflationary accounting, K-C Venezuela s functional currency became the U.S. dollar, and its income statement and balance sheet are measured into U.S. dollars using both current and historical rates of exchange. The effect of changes in exchange rates on bolivar-denominated monetary assets and liabilities is reflected in earnings in other (income) and expense, net. As of September 30, 2010, K-C Venezuela had a bolivar-denominated net monetary asset position of $77 million.

For the first quarter 2010, the Corporation determined that, under highly inflationary accounting, the parallel exchange rate was the appropriate exchange rate to measure K-C Venezuela s bolivar-denominated transactions into U.S. dollars as this was the rate at which K-C Venezuela had substantially converted the bolivars it generated from its operations during the first quarter of 2010 into U.S. dollars to pay for its imports.

As a result of the adoption of highly inflationary accounting, the Corporation recorded an after-tax charge of $96 million in first quarter 2010 to remeasure K-C Venezuela s bolivar-denominated net monetary asset position into U.S. dollars at a parallel exchange rate of approximately 6 bolivars per U.S. dollar. In the Condensed Consolidated Cash Flow Statement, this non-cash charge was included in Other in Cash Provided by Operations. This charge was recorded in the following Consolidated Income Statement line items:

	Millions of dollars
Cost of products sold	$ 19
Other (income) and expense, net	79
Provision for income taxes	(2)
Net charge	$ 96

Consistent with the first quarter of 2010, for the period April 1, 2010 through May 17, 2010, the Corporation used the parallel exchange rate to measure its bolivar-denominated transactions into U.S. dollars. On May 18, 2010, the Venezuelan government enacted reforms to its currency exchange regulations to close the parallel market. On June 9, 2010, the Central Bank of Venezuela began a regulated currency exchange system (the central bank system) that replaced the previous unregulated parallel market. Under the central bank system, entities domiciled in Venezuela (e.g., K-C Venezuela) are currently limited to convert bolivars into U.S. dollars at a volume of $50 thousand per day, up to a maximum of $350 thousand per month. This volume limitation is insufficient to convert K-C Venezuela s bolivar-denominated cash into U.S. dollars to pay for the historical levels of U.S. dollar-denominated imports to support its operations.

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Note 3. (Continued)

As a result of the currency exchange regulations imposed on May 18, 2010, the Corporation determined that the central bank system rate of 5.4 bolivars per U.S. dollar was the appropriate exchange rate to measure K-C Venezuela s bolivar-denominated transactions into U.S. dollars during the period May 18, 2010 through September 30, 2010.

At September 30, 2010, the Corporation s net investment in K-C Venezuela was $162 million.

Note 4. Organization Optimization Initiative

In June 2009, the Corporation announced actions to reduce its worldwide salaried workforce by approximately 1,600 positions by the end of 2009. These actions resulted in cumulative pretax charges of $128 million in 2009. Accrued expenses related to these actions have been substantially paid.

Costs of these actions were recorded at the business segment and corporate levels as follows:

(Millions of dollars)	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
Personal Care	$ 3	$ 44
Consumer Tissue	5	47
K-C Professional & Other	2	16
Health Care		6
Corporate & Other	2	9
Total	$ 12	$ 122

On a geographic basis, charges were recorded in the following areas:

(Millions of dollars)	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
North America	$ 5	$ 81
Europe	(3)	31
Other	10	10
Total	$ 12	$ 122

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Note 4. (Continued)

The charges were included in the following income statement captions:

(Millions of dollars)	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
Cost of products sold	$ 14	$ 41
Marketing, research and general expenses	(2)	81
Provision for income taxes	(3)	(35)
Net charges	$ 9	$ 87

Note 5. Inventories

The following schedule presents a summary of inventories by major class:

	September 30, 2010			December 31, 2009		
(Millions of dollars)	LIFO	Non-LIFO	Total	LIFO	Non-LIFO	Total
At the lower of cost determined on the FIFO or weighted-average cost methods or market:						
Raw materials	**$ 145**	**$ 360**	**$ 505**	$ 137	$ 282	$ 419
Work in process	**193**	**140**	**333**	177	111	288
Finished goods	**728**	**807**	**1,535**	573	685	1,258
Supplies and other		**292**	**292**		277	277
	1,066	**1,599**	**2,665**	887	1,355	2,242
Excess of FIFO or weighted-average cost over LIFO cost	**(263)**		**(263)**	(209)		(209)
Total	**$ 803**	**$ 1,599**	**$ 2,402**	$ 678	$ 1,355	$ 2,033

The Corporation uses the LIFO method of valuing inventory for financial reporting purposes for most U.S. inventories. Interim LIFO calculations are based on management s estimates of expected year-end inventory levels and costs. 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.

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Note 6. Employee Postretirement Benefits

The table below presents benefit cost information for defined benefit plans and other postretirement benefit plans:

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Three Months Ended September 30			
(Millions of dollars)	**2010**	**2009**	**2010**	**2009**
Service cost	**$ 14**	$ 19	**$ 3**	$ 3
Interest cost	**77**	78	**11**	13
Expected return on plan assets	**(84)**	(69)		
Recognized net actuarial loss	**25**	20		
Other	**1**	3	**1**	1
Net periodic benefit cost	**$ 33**	$ 51	**$ 15**	$ 17

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Nine Months Ended September 30			
(Millions of dollars)	**2010**	**2009**	**2010**	**2009**
Service cost	**$ 41**	$ 52	**$ 10**	$ 9
Interest cost	**231**	232	**32**	37
Expected return on plan assets	**(251)**	(201)		
Recognized net actuarial loss	**74**	88		
Curtailment		21		
Other	**5**	4	**3**	3
Net periodic benefit cost	**$ 100**	$ 196	**$ 45**	$ 49

The Corporation made cash contributions to its pension trusts as follows:

(Millions of dollars)	**2010**	**2009**
First Quarter	**$ 176**	$ 90
Second Quarter	**52**	405
Third Quarter	**2**	223
Nine months ended September 30	**$ 230**	$ 718

The Corporation currently anticipates contributing about $240 million for the full year 2010 to its pension trusts.

For the U.S. pension plan, equity option strategies are used to reduce the volatility of returns on investments. Zero-cost equity collars are currently in place on the U.S. equity allocation, which was about $1.3 billion as of September 30, 2010.

In April 2009, the Corporation took action with respect to its U.S. defined benefit pension plan (other than for certain employees subject to collective bargaining agreements) and supplemental benefit plans, to provide that no future compensation and benefit service will be accrued under these plans for plan years after December 31, 2009 (U.S. DB Pension Freeze). The U.S. DB Pension Freeze

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Note 6. (Continued)

resulted in a pension curtailment charge aggregating $21 million in the second quarter of 2009 due to the write-off of applicable unamortized prior service costs. The Corporation also took action with respect to its Incentive Investment Plan (a 401(k) plan) and Retirement Contribution Plan (other than for certain employees subject to collective bargaining agreements) and Retirement Contribution Excess Benefit Program to discontinue all contributions to these plans for future plan years. These changes did not affect benefits earned by participants prior to January 1, 2010.

The Corporation adopted, effective January 1, 2010, a new 401(k) profit sharing plan, and amended its Retirement Contribution Excess Benefit Program, to provide for a matching contribution of 100 percent of a U.S. employee s contributions to the plans, to a yearly maximum of four percent of eligible compensation, as well as a discretionary profit sharing contribution, in which contributions will be based on the Corporation s profit performance. Except for certain employees subject to collective bargaining agreements, U.S. participants investment balances in the Corporation s existing 401(k) plan and Retirement Contribution Plan were transferred to the new 401(k) plan.

Note 7. 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 is reconciled to those used in the basic and diluted EPS computations as follows:

	Average Common Shares Outstanding			
	Three Months Ended September 30		Nine Months Ended September 30	
(Millions of shares)	**2010**	**2009**	**2010**	**2009**
Average shares outstanding	**409.0**	414.5	**412.6**	414.1
Participating securities	**.9**	1.4	**1.1**	1.6
Basic	**409.9**	415.9	**413.7**	415.7
Dilutive effect of stock options	**1.5**	.6	**1.1**	.2
Dilutive effect of restricted share and restricted share unit awards	**1.2**	.3	**1.1**	.2
Diluted	**412.6**	416.8	**415.9**	416.1

Options outstanding during the three- and nine-month periods ended September 30, 2010 to purchase 6.1 million and 13.7 million shares of common stock, respectively, were not included in the computation of diluted EPS mainly 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, 2009 to purchase 21.7 million and 22.1 million shares of common stock, respectively, were not included in the computation of diluted EPS mainly 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, 2010 and 2009 was 408.0 million and 414.7 million, respectively.

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Note 8. Stockholders Equity

Set forth below is a reconciliation of comprehensive income and stockholders equity attributable to Kimberly-Clark Corporation and noncontrolling interests for the nine months ended September 30, 2010 and 2009. Also reconciled for the same periods are the redeemable preferred and common securities of subsidiaries, which are required to be classified outside of stockholders equity.

(Millions of dollars)	Comprehensive Income	Stockholders Equity Attributable to The Corporation	Noncontrolling Interests	Redeemable Securities of Subsidiaries
Balance at December 31, 2009		$ 5,406	$ 284	$ 1,052
Comprehensive Income:				
Net income	$ 1,423	1,351	30	42
Other comprehensive income, net of tax:				
Unrealized translation	264	257	6	1
Employee postretirement benefits	47	47		
Other	(37)	(37)		
Total Comprehensive Income	$ 1,697			
Stock-based awards exercised or vested		115		
Income tax benefits on stock-based compensation		1		
Shares repurchased		(706)		
Recognition of stock-based compensation		41		
Dividends declared		(816)	(47)	(1)
Other		1	1	(2)
Return on redeemable preferred securities and noncontrolling interests				(40)
Balance at September 30, 2010		$ 5,660	$ 274	$ 1,052

The net unrealized currency translation adjustments for the nine months ended September 30, 2010 are primarily due to a weakening of the U.S. dollar versus the Australian dollar and Colombian peso.

In the nine months ended September 30, 2010, the Corporation repurchased 11.2 million shares for a total cost of $700 million. The Corporation expects to repurchase a total of $800 million of its common stock in 2010.

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Note 8. (Continued)

(Millions of dollars)	Comprehensive Income	Stockholders Equity Attributable to The Corporation	Noncontrolling Interests	Redeemable Securities of Subsidiaries
Balance at December 31, 2008		$ 3,878	$ 383	$ 1,032
Comprehensive Income:				
Net income	$ 1,472	1,392	38	42
Other comprehensive income, net of tax:				
Unrealized translation	598	596	3	(1)
Employee postretirement benefits	178	178		
Other	(19)	(19)		
Total Comprehensive Income	$ 2,229			
Stock-based awards exercised or vested		36		
Income tax benefits on stock-based compensation		1		
Shares repurchased		(6)		
Recognition of stock-based compensation		63		
Dividends declared		(746)	(22)	
Additional investment in subsidiary and other		(182)	(93)	13
Return on redeemable preferred securities and noncontrolling interests			(1)	(40)
Balance at September 30, 2009		$ 5,191	$ 308	$ 1,046

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 the 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 in stockholders equity 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.

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Note 8. (Continued)

The purchase of additional ownership in an already controlled subsidiary is recorded as an equity transaction with no gain or loss recognized in consolidated net income or comprehensive income. The following schedule reflects the effect of a change in ownership interest between the Corporation and a noncontrolling interest.

(Millions of dollars)	Nine Months Ended September 30 2009
Net Income attributable to Kimberly-Clark Corporation	$ 1,392
Decrease in Kimberly-Clark Corporation s additional paid-in capital for purchase of remaining shares in its Andean region subsidiary[(a)]	(133)
Change from net income attributable to Kimberly-Clark Corporation and transfers to noncontrolling interests	$ 1,259

(a) During the first quarter of 2009, the Corporation acquired the remaining 31 percent interest in its Andean region subsidiary, Colombiana Kimberly Colpapel S.A., for $289 million. The acquisition was recorded as an equity transaction that reduced noncontrolling interests, accumulated other comprehensive income (AOCI) and additional paid-in capital classified in stockholders equity by $278 million and increased investments in equity companies by $11 million.

Note 9. Objectives and Strategies for Using Derivatives

As a multinational enterprise, the Corporation is exposed to risks, such as changes in foreign currency exchange rates, interest rates, commodity prices and investments of its defined benefit pension plans. A number of practices are employed to manage these risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. The Corporation s policies allow the use of derivatives for risk management purposes and prohibit their use for speculation. The Corporation s policies also prohibit the use of any leveraged derivative instrument. Foreign currency derivative instruments, interest rate swaps, equity collars and the majority of commodity hedging contracts are entered into with major financial institutions.

On the date the derivative contract is entered into, the Corporation formally designates certain derivatives as cash flow, fair value or net investment hedges (each discussed below), and establishes how the effectiveness of these hedges will be assessed and measured. This process links the derivatives to the transactions or financial balances they are hedging. Changes in the fair value of derivatives not designated as hedging instruments are recorded to earnings when they occur.

Set forth below is a summary of the fair values of the Corporation s derivative instruments as of September 30, classified by the risks they are used to manage:

	Assets		Liabilities	
(Millions of dollars)	2010	2009	2010	2009
Foreign currency exchange risk	**$ 61**	$ 29	**$ 42**	$ 92
Interest rate risk	**25**	28	**23**	
Commodity price risk		1	**10**	9

Total	**$ 86**	$	58	**$ 75**	$	101

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Note 9. (Continued)

Foreign Currency Exchange Risk Management

The Corporation has a centralized U.S. dollar functional currency international treasury operation (In-House Bank) that manages foreign currency exchange risks by netting, on a daily basis, exposures to recorded non-U.S. dollar assets and liabilities and entering into derivative instruments with third parties whenever the net exposure in any single currency exceeds predetermined limits. These derivative instruments are not designated as hedging instruments. Changes in the fair value of these instruments are recorded in earnings when they occur. The In-House Bank also records the gain or loss on the remeasurement of its non-U.S. dollar-denominated monetary assets and liabilities in earnings. Consequently, the effect on earnings from the use of these non-designated derivatives is substantially neutralized by the recorded transactional gains and losses. The In-House Bank s daily notional derivative positions with third parties averaged $1.0 billion in the first nine months of 2010 and its average net exposure for the period was $900 million. The In-House Bank used eight counterparties for its foreign exchange derivative contracts.

The Corporation enters into derivative instruments to hedge a portion of the net foreign currency exposures of its non-U.S. operations, principally for their forecasted purchases of pulp, which are priced in U.S. dollars. The derivative instruments used to manage these exposures are designated and qualify as cash flow hedges. The Corporation also hedges a portion of the net foreign currency exposures of its non-U.S. operations for imported intercompany finished goods and work-in-process priced predominately in U.S. dollars and euros through the use of derivative instruments that are designated and qualify as cash flow hedges.

Gains and losses on these cash flow hedges, to the extent effective, are recorded in other comprehensive income net of related income taxes and released to earnings as the related finished goods inventory containing the pulp and imported intercompany purchases are sold to unaffiliated customers. As of September 30, 2010, outstanding derivative contracts of $620 million notional value were designated as cash flow hedges for the forecasted purchases of pulp and intercompany finished goods and work-in-process.

The foreign currency exposure on intercompany balances managed outside the In-House Bank, primarily loans, is hedged with derivative instruments with third parties. At September 30, 2010, the notional amount of these predominately undesignated derivative instruments was $580 million.

Foreign Currency Translation Risk Management

Translation adjustments result from translating foreign entities financial statements to U.S. dollars from their functional currencies. Translation exposure, which results from changes in translation rates between functional currencies and the U.S. dollar, generally is not hedged. However, consistent with other years, a portion of the Corporation s net investment in its Mexican affiliate has been hedged. At September 30, 2010, the Corporation had in place net investment hedges of $60 million for a portion of its investment in its Mexican affiliate. Changes in the fair value of net investment hedges are recognized in other comprehensive income to offset the change in value of the net investment being hedged. There was no significant ineffectiveness on these hedges as of September 30, 2010.

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Note 9. (Continued)

Interest Rate Risk Management

Interest rate risk is managed using a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments and interest rate swaps. The objective is to maintain a cost-effective mix that management deems appropriate. From time to time, interest rate swap contracts, which are derivative instruments, are entered into to facilitate the maintenance of the desired ratio of variable- and fixed-rate debt. These derivative instruments are designated and qualify as fair value hedges. At September 30, 2010, interest rate swap contracts with an aggregate notional value of $700 million were in place.

From time to time, derivatives are used to hedge the anticipated issuance of fixed-rate debt. These exposures are hedged with forward-starting swaps or treasury locks (e.g., a 10-year treasury lock hedging the anticipated underlying U.S. Treasury interest rate related to issuance of 10-year debt). These swaps are designated as cash flow hedges. At September 30, 2010, outstanding forward-starting swaps with an aggregate notional value of $300 million were in place.

Commodity Price Risk Management

The Corporation uses derivative instruments to hedge a portion of its exposure to market risk arising from changes in the price of natural gas. Hedging of this risk is accomplished by entering into forward swap contracts, which are designated as cash flow hedges of specific quantities of natural gas expected to be purchased in future months.

As of September 30, 2010, outstanding commodity forward contracts were in place to hedge forecasted purchases of about 25 percent of the Corporation s estimated natural gas requirements for the balance of the current year and a lesser percentage for future periods.

Effect of Derivative Instruments on Results of Operations and Other Comprehensive Income

Fair Value Hedges

Derivative instruments that are designated and qualify as fair value hedges are predominately used to manage interest rate risk. The fair values of these instruments are recorded as an asset or liability, as appropriate, with the offset recorded in current earnings. The offset to the change in fair values of the hedged debt instruments also is recorded in current earnings. Any realized gain or loss on the derivatives that hedge interest rate risk is amortized to interest expense over the life of the related debt.

Fair value hedges resulted in no significant ineffectiveness in the nine month periods ended September 30, 2010 and 2009. For the three and nine month periods ended September 30, 2010 and 2009, no gain or loss was recognized in earnings as a result of a hedged firm commitment no longer qualifying as a fair value hedge.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is initially recorded in other comprehensive income, net of related income taxes, and recognized in earnings in the same period that the hedged exposure affects earnings.

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Note 9. (Continued)

Cash flow hedges resulted in no significant ineffectiveness in the nine month periods ended September 30, 2010 and 2009. For the three and nine month periods ended September 30, 2010 and 2009, no gains or losses were reclassified into earnings as a result of the discontinuance of cash flow hedges due to the original forecasted transaction no longer being probable of occurring. At September 30, 2010, $13 million of after-tax losses are expected to be reclassified from AOCI primarily to cost of products sold during the next twelve months, consistent with the timing of the underlying hedged transactions. The maximum maturity of cash flow hedges in place at September 30, 2010 is October 2012.

Quantitative Information about the Corporation s Use of Derivative Instruments

The following tables display the location and amount of gains and losses reported in the Consolidated Income Statement and Statement of Other Comprehensive Income (OCI) and the location and fair values of derivative instruments presented in the Condensed Consolidated Balance Sheet.

Effect of Derivative Instruments on the Consolidated Income Statement

for the Three Months Ended September 30, 2010 and 2009 (millions of dollars)

Foreign Exchange Contracts	**Income Statement Classification**	**Gain or (Loss) Recognized in Income**	
		2010	**2009**
Fair Value Hedges	Other income and (expense), net	**$**	$ (34)
Undesignated Hedging Instruments	Other income and (expense), net[(a)]	**$ 115**	$ 50

	Amount of Gain or (Loss) Recognized In AOCI		**Income Statement Classification of Gain or (Loss) Reclassified from AOCI**	**Gain or (Loss) Reclassified from AOCI into Income**	
	2010	**2009**		**2010**	**2009**
Cash Flow Hedges					
Interest rate contracts	**$ (12)**	$ (7)	Interest expense	**$ 1**	$ 1
Foreign exchange contracts	**(40)**	(16)	Cost of products sold	**6**	(10)
Commodity contracts	**(8)**	(4)	Cost of products sold	**(2)**	(11)
Total	**$ (60)**	$ (27)		**$ 5**	$ (20)
Net Investment Hedges					
Foreign exchange contracts	**$ (2)**	$		**$**	$

Effect of Derivative Instruments on the Consolidated Income Statement

for the Nine Months Ended September 30, 2010 and 2009 (millions of dollars)

Foreign Exchange Contracts	Income Statement Classification	Gain or (Loss) Recognized in Income 2010	2009
Fair Value Hedges	Other income and (expense), net	**$ 1**	$ (48)
Undesignated Hedging Instruments	Other income and (expense), net[(a)]	**$ 34**	$ (29)

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Note 9. (Continued)

	Amount of Gain or (Loss) Recognized In AOCI		Income Statement Classification of Gain or (Loss) Reclassified from AOCI	Gain or (Loss) Reclassified from AOCI into Income	
	2010	2009		2010	2009
Cash Flow Hedges					
Interest rate contracts	**$ (42)**	$ 19	Interest expense	**$ 2**	$ 2
Foreign exchange contracts	**(7)**	(33)	Cost of products sold	**(2)**	11
Commodity contracts	**(15)**	(24)	Cost of products sold	**(8)**	(34)
Total	**$ (64)**	$ (38)		**$ (8)**	$ (21)
Net Investment Hedges					
Foreign exchange contracts	**$ (4)**	$ (13)		**$**	$

(a) Gains and (losses) on these instruments primarily relate to derivatives entered into with third parties to manage foreign currency exchange exposure on the remeasurement of non-functional currency denominated monetary assets and liabilities. Consequently, the effect on earnings from the use of these undesignated derivatives is substantially neutralized by the recorded transactional gains and losses.

Fair Values of Derivative Instruments

	Asset Derivatives at September 30			
	2010 Balance Sheet		2009 Balance Sheet	
(Millions of dollars)	Location	Fair Value	Location	Fair Value
Derivatives designated as hedging instruments:				
Interest rate contracts	Other current assets	**$**	Other current assets	$ 22
Interest rate contracts	Other assets	**25**	Other assets	6
Foreign exchange contracts	Other current assets	**3**	Other current assets	3
Commodity contracts	Other assets		Other assets	1
Total		**$ 28**		$ 32
Undesignated derivatives:				
Foreign exchange contracts	Other current assets	**$ 58**	Other current assets	$ 26
Total asset derivatives		**$ 86**		$ 58

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Note 9. (Continued)

Fair Values of Derivative Instruments

	Liability Derivatives at September 30			
	2010		2009	
(Millions of dollars)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Interest rate contracts	Other liabilities	**$ 15**	Other liabilities	$
Foreign exchange contracts	Accrued expenses	**25**	Accrued expenses	46
Foreign exchange contracts	Other liabilities	**7**	Other liabilities	
Commodity contracts	Accrued expenses	**9**	Accrued expenses	9
Commodity contracts	Other liabilities	**1**	Other liabilities	
Total		**$ 57**		$ 55
Undesignated derivatives:				
Interest rate contracts	Accrued expenses	**$ 8**	Accrued expenses	$
Foreign exchange contracts	Accrued expenses	**10**	Accrued expenses	46
Total		**$ 18**		$ 46
Total liability derivatives		**$ 75**		$ 101

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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.

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, KleenGuard, Kimcare and Jackson brand names.

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

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Note 10. (Continued)

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

(Millions of dollars)	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
NET SALES:				
Personal Care	**$ 2,183**	$ 2,132	**$ 6,501**	$ 6,231
Consumer Tissue	**1,643**	1,625	**4,778**	4,754
K-C Professional & Other	**781**	805	**2,312**	2,192
Health Care	**367**	351	**1,078**	984
Corporate & Other	**11**	11	**36**	38
Intersegment sales	**(6)**	(11)	**(34)**	(66)
Consolidated	**$ 4,979**	$ 4,913	**$ 14,671**	$ 14,133

(Millions of dollars)	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
OPERATING PROFIT (reconciled to income before income taxes):				
Personal Care	**$ 428**	$ 467	**$ 1,343**	$ 1,303
Consumer Tissue	**156**	232	**488**	587
K-C Professional & Other	**116**	163	**356**	345
Health Care	**49**	78	**148**	188
Other income and (expense), net[(a)]	**(7)**	(4)	**(112)**	(122)
Corporate & Other[(b)]	**(44)**	(65)	**(149)**	(193)
Total Operating Profit	**698**	871	**2,074**	2,108
Interest income	**5**	7	**16**	21
Interest expense	**(59)**	(67)	**(180)**	(211)
Income Before Income Taxes	**$ 644**	$ 811	**$ 1,910**	$ 1,918

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Note 10. (Continued)

Notes:

(a) For the nine months ended September 30, 2010, other income and (expense), net includes a $79 million charge for the adoption of highly inflationary accounting in Venezuela effective January 1, 2010. See additional information in Note 3 to the Condensed Consolidated Financial Statements. In addition, other income and (expense), net includes the following amounts of foreign currency transaction losses:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Other income and (expense), net	**$**	$ (13)	**$ (26)**	$ (109)

(b) Included in Corporate & Other for the nine months ended September 30, 2010, is a $19 million charge related to the adoption of highly inflationary accounting in Venezuela effective January 1, 2010. See additional information in Note 3 to the Condensed Consolidated Financial Statements. The charges related to the business segments are as follows:

	Millions of dollars	
Personal Care	$	11
Consumer Tissue		6
K-C Professional & Other		2
Total	$	19

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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 2010 Results

Results of Operations and Related Information

Liquidity and Capital Resources

Environmental Matters

Business Outlook

Overview of Third Quarter 2010 Results

Net sales increased 1.3 percent.

Operating profit and net income attributable to Kimberly-Clark Corporation decreased 19.9 percent and 19.4 percent, respectively.

Cash provided by operations was $745 million, a decrease of 5.8 percent compared to 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 2010 net sales, operating profit and other information relevant to an understanding of the results of operations.

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Third Quarter of 2010 Compared With Third Quarter of 2009

Analysis of Net Sales

By Business Segment

(Millions of dollars)

Net Sales	2010	2009
Personal Care	**$ 2,183**	$ 2,132
Consumer Tissue	**1,643**	1,625
K-C Professional & Other	**781**	805
Health Care	**367**	351
Corporate & Other	**11**	11
Intersegment sales	**(6)**	(11)
Consolidated	**$ 4,979**	$ 4,913

Commentary:

	Percent Change in Net Sales Versus Prior Year				
		Changes Due To			
	Total Change	Volume Growth	Net Price	Currency	Mix/ Other
Consolidated	1.3	2		(1)	
Personal Care	2.4	5	(1)	(1)	(1)
Consumer Tissue	1.1		2	(2)	1
K-C Professional & Other	(3.0)	(3)	1	(2)	1
Health Care	4.6	7	(2)		

Personal care net sales in North America increased 4 percent versus the third quarter of 2009. Sales volumes increased more than 5 percent and changes in currency rates provided a slight increase to net sales. On the other hand, net selling prices fell about 1 percent, driven by a planned increase in promotional activity, and changes in product mix reduced net sales by approximately 1 percent. Feminine care sales volumes grew at a double-digit rate for the third consecutive quarter as a result of the U by Kotex line extension. Adult care volumes also increased double-digits, with benefits from recent innovation in the Poise and Depend brands and supporting marketing campaigns. Child care volumes increased 6 percent in conjunction with market share gains. Huggies diaper volumes were up 1 percent and baby wipe volumes were even with the prior year.

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In Europe, personal care net sales fell 5 percent in the quarter, including a negative currency effect of 9 percent. Sales volumes were up 6 percent, with mid-single digit growth in Huggies diapers and strong performance in baby wipes and child care, while changes in net selling prices reduced net sales by 2 percent.

In K-C s international operations in Asia, Latin America, the Middle East, Eastern Europe and Africa, personal care net sales increased 4 percent. Sales volumes were up 6 percent, spurred by strong growth in China and most of Latin America, while volumes fell significantly in Venezuela in a difficult foreign currency exchange environment. Overall net selling prices decreased 1 percent, as modest declines in several markets were mostly offset by increases in Venezuela. Changes in currency rates reduced net sales by 1 percent.

In North America, net sales of consumer tissue products increased 2 percent compared to the year-ago period. Changes in product mix, including a shift to premium bathroom tissue products, benefited net sales by 2 percent, and sales volumes advanced 1 percent. On the other hand, net selling prices were off 1 percent, as increased promotional activity was mostly offset by the benefit from sheet count reductions taken earlier in the year. The increased volumes included a 4 percent increase in bathroom tissue, led by improved performance in Cottonelle, and benefits from the Kleenex Hand Towel innovation launched in the first quarter of 2010. Despite improved market shares, Kleenex facial tissue volumes were even with 2009, reflecting overall category weakness. Paper towel volumes fell at a double-digit rate and continue to be impacted by consumer trade-down.

In Europe, consumer tissue net sales declined 5 percent compared with the third quarter of 2009, including unfavorable currency effects of 8 percent. Net selling prices improved about 4 percent in response to inflation in input costs, while sales volumes and product mix were essentially even with the year-ago period.

In the Corporation s international operations in Asia, Latin America, the Middle East, Eastern Europe and Africa, consumer tissue net sales increased 5 percent. Net selling prices increased 6 percent, with improvements in Asia and Latin America, and product mix benefited net sales by 1 percent. Sales volumes fell 2 percent due to declines in Venezuela.

Net sales of K-C Professional (KCP) & other products decreased 3.0 percent compared with the third quarter of 2009. Sales volumes fell 3 percent, reflecting the challenging economic environment, and changes in currency rates reduced net sales 2 percent. On the other hand, net selling prices and product mix each increased 1 percent, reflecting the Corporation s continued focus on increasing net realized revenue. In North America, KCP s net sales decreased 1 percent. Sales volumes were down 3 percent, while net selling prices rose more than 1 percent and currency rates were slightly favorable. Washroom product volumes declined as high unemployment and office vacancy levels continued to impact demand, while high-margin wiper and safety product volumes grew at a solid rate. In Europe, KCP s net sales fell 12 percent, including a negative currency effect of 8 percent and a 4 percent decline in sales volumes. In the Corporation s international operations in Asia, Latin America, the Middle East, Eastern Europe and Africa, KCP s net sales increased 6 percent. Net selling prices rose 3 percent and sales volumes advanced 2 percent, with continued gains in Asia. Changes in product mix benefited net sales by 1 percent.

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Net sales of health care products increased 4.6 percent in the third quarter. The acquisition of I-Flow Corporation (I-Flow) benefited net sales by 11 percent, while organic sales volumes declined 4 percent and net selling prices fell 2 percent. The organic volume comparison was adversely affected by approximately 6 percent due to increased demand in 2009 for face masks as a result of the H1N1 flu virus. In addition, overall supply volumes in North America this year were impacted by a modest slowdown in market demand. Meanwhile, organic sales volumes for medical devices rose 9 percent globally in the quarter and supply volumes in Europe advanced at a mid-single digit rate.

By Geography

(Millions of dollars)

Net Sales	2010	2009
North America	**$ 2,741**	$ 2,661
Outside North America	**2,429**	2,407
Intergeographic sales	**(191)**	(155)
Consolidated	**$ 4,979**	$ 4,913

Commentary:

Net sales in North America increased 3.0 percent primarily due to increases in sales volumes, improvements in product mix and favorable currency effects, partially offset by lower net selling prices.

Net sales outside North America increased 0.9 percent as higher sales volumes in a number of markets, including Korea, China and most of Latin America, and higher net selling prices, primarily in Venezuela, were partially offset by unfavorable currency effects.

Analysis of Operating Profit

By Business Segment

(Millions of dollars)

Operating Profit	2010	2009[(a)]
Personal Care	**$ 428**	$ 467
Consumer Tissue	**156**	232
K-C Professional & Other	**116**	163
Health Care	**49**	78
Other income and (expense), net[(b)]	**(7)**	(4)
Corporate & Other	**(44)**	(65)
Consolidated	**$ 698**	$ 871

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Notes:

(a) In 2009, organization optimization initiative charges (as described in Note 4 to the Condensed Consolidated Financial Statements) were included in the business segments as follows:

	Millions of dollars
Personal Care	$ 3
Consumer Tissue	5
K-C Professional & Other	2
Health Care	
Corporate & Other	2
Total	$ 12

(b) Currency transaction losses in 2009 were $13 million versus none in 2010.

Commentary:

	Percentage Change in Operating Profit Versus Prior Year					
		Changes Due To				
	Total Change	Volume	Net Price	Input Costs[a]	Currency	Other[b]
Consolidated	(19.9)	5	1	(31)		5
Personal Care	(8.4)	6	(5)	(20)	(2)	13
Consumer Tissue	(32.8)	4	13	(50)	(1)	1
K-C Professional & Other	(28.8)	(10)	6	(27)	(2)	4
Health Care	(37.2)	26	(9)	(19)	1	(36)

(a) Includes inflation in input costs.

(b) Includes cost savings and the impact of the 2009 organization optimization initiative charges.

Consolidated operating profit decreased 19.9 percent compared to the prior year. The benefits of higher net sales, cost savings of $95 million, and lower pension expense of $20 million, were offset by inflation in input costs of about $265 million and a $10 million increase in both strategic marketing investments and research and development spending. In addition, lower production volumes as a result of production curtailment to manage inventory levels adversely affected third quarter operating profit comparisons by approximately $20 million. Current year comparisons were also favorably impacted by organization optimization initiative charges of $12 million in 2009, and a current quarter benefit of $10 million as a result of the initiative. Selling and general expenses were higher than year-ago levels, driven by the I-Flow acquisition and activity to support growth in K-C International.

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Personal care segment operating profit decreased 8.4 percent as inflation in input costs, lower net selling prices, higher research and general expenses and unfavorable currency effects were partially offset by benefits from cost savings and higher sales volumes. In North America, operating profit decreased from the prior year as inflation in input costs, lower net selling prices, higher research and general expenses and unfavorable product mix were partially offset by cost savings and higher sales volumes. Operating profit in Europe decreased as inflation in input costs, lower sales volumes and increased general expenses were partially offset by cost savings. In K-C s international operations in Asia, Latin America, the Middle East, Eastern Europe and Africa, operating profit decreased as lower net selling prices, increased research and general expenses, inflation in input costs and unfavorable currency effects were partially offset by cost savings and higher sales volumes.

Consumer tissue segment operating profit decreased 32.8 percent as the benefits from cost savings, higher net selling prices and slightly higher sales volumes were more than offset by inflation in input costs and the adverse effect of lower production volumes as a result of production curtailment to manage inventory levels. Operating profit in North America decreased as inflation in input costs, production curtailment, increases in strategic marketing spending and lower net selling prices were partially offset by cost savings and improvements in product mix. In Europe, operating profit increased as higher net selling prices, cost savings, lower marketing, research and general expenses, and higher sales volumes were partially offset by inflation in input costs. Operating profit in K-C s international operations in Asia, Latin America, the Middle East, Eastern Europe and Africa decreased because inflation in input costs and the adverse effect of production curtailment were partially offset by higher selling prices.

Operating profit for K-C Professional & other products decreased 28.8 percent due to inflation in input costs, lower sales volumes and higher general costs, partially offset by higher net selling prices and cost savings.

Health care segment operating profit decreased 37.2 percent because increased sales volumes and cost savings were more than offset by higher selling and general expenses, in part as a result of the I-Flow acquisition, inflation in input costs and lower net selling prices.

By Geography

(Millions of dollars)

Operating Profit	**2010**	**2009**
North America	**$ 499**	$ 660
Outside North America	**250**	280
Other income and (expense), net[(a)]	**(7)**	(4)
Corporate & Other	**(44)**	(65)
Consolidated	**$ 698**	$ 871

Notes:

(a) Currency transaction losses in 2009 were $13 million versus none in 2010.

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Commentary:

Operating profit in North America decreased 24.4 percent as inflation in input costs, increased marketing, research and general expenses, lower net selling prices and an adverse effect from lower manufacturing volumes as a result of production curtailment were partially offset by cost savings and higher sales volumes.

Operating profit outside North America decreased 10.7 percent as inflation in input costs and increased marketing, research and general expenses, were partially offset by cost savings, higher net selling prices and higher sales volumes.

Additional Income Statement Commentary

Interest expense for the third quarter of 2010 was $8 million lower than the prior year due to lower interest rates.

The Corporation s effective tax rate for the third quarter of 2010 was 30.3 percent compared to 29.6 percent in the prior year.

The Corporation s share of net income of equity companies in the third quarter of 2010 was $40 million, even with year-ago results. Higher earnings at Kimberly-Clark de Mexico, S.A.B. de C.V. (Kimberly-Clark de Mexico), mostly due to a mid-single digit increase in organic net sales, were essentially offset by modestly lower results at other equity affiliates.

Net income attributable to noncontrolling interests was $20 million in the third quarter of 2010 compared with $29 million in the prior year. The decrease was primarily due to lower earnings at majority-owned subsidiaries in Asia and the Middle East.

First Nine Months of 2010 Compared With First Nine Months of 2009

Analysis of Net Sales

By Business Segment

(Millions of dollars)

Net Sales	2010	2009
Personal Care	**$ 6,501**	$ 6,231
Consumer Tissue	**4,778**	4,754
K-C Professional & Other	**2,312**	2,192
Health Care	**1,078**	984
Corporate & Other	**36**	38
Intersegment sales	**(34)**	(66)
Consolidated	**$ 14,671**	$ 14,133

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Commentary:

	Percent Change in Net Sales Versus Prior Year				
		Changes Due To			
	Total Change	Volume Growth	Net Price	Currency	Mix/ Other
Consolidated	3.8	2	1	1	
Personal Care	4.3	3		1	
Consumer Tissue	0.5	(3)	2	1	1
K-C Professional & Other	5.5	1	3	1	
Health Care	9.6	10	(2)	1	1

Personal care net sales increased 4.3 percent due to higher sales volumes and favorable currency effects overall, primarily in Brazil, Korea and Australia, partly offset by unfavorable currency effects in Venezuela.

Consumer tissue net sales increased 0.5 percent because higher net selling prices, favorable currency effects, and improvements in product mix were mostly offset by lower sales volumes. The currency effects primarily occurred in the same countries as personal care.

Net sales of K-C Professional & other products increased 5.5 percent due to higher net selling prices, higher sales volumes as a result of the acquisition of Jackson Products, Inc., and favorable currency effects, primarily in Australia.

Health care net sales increased 9.6 percent due to higher sales volumes as a result of the I-Flow acquisition, and favorable currency effects, partially offset by lower net selling prices.

By Geography

(Millions of dollars)

Net Sales	2010	2009
North America	**$ 8,055**	$ 7,794
Outside North America	**7,170**	6,823
Intergeographic sales	**(554)**	(484)
Consolidated	**$ 14,671**	$ 14,133

Commentary:

Net sales in North America increased 3.3 percent due to higher sales volumes, higher net selling prices, favorable currency effects, and improvements in product mix.

Net sales outside North America increased 5.1 percent due to higher sales volumes, favorable currency effects as noted in the segment analysis above, and higher net selling prices.

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Analysis of Operating Profit

By Business Segment

(Millions of dollars)

Operating Profit	**2010**	**2009[a]**
Personal Care	**$ 1,343**	$ 1,303
Consumer Tissue	**488**	587
K-C Professional & Other	**356**	345
Health Care	**148**	188
Other income and (expense), net[b]	**(112)**	(122)
Corporate & Other[c]	**(149)**	(193)
Consolidated	**$ 2,074**	$ 2,108

Notes:

(a) Organization optimization initiative charges of $122 million are included in 2009 as described in Note 4 to the Condensed Consolidated Financial Statements.

(b) Other income and (expense), net included a $79 million charge for the adoption of highly inflationary accounting in Venezuela effective January 1, 2010. See additional information in Note 3 to the Condensed Consolidated Financial Statements. In addition, foreign currency transaction losses totaled $26 million in 2010 and $109 million in the prior year.

(c) Included in Corporate & Other in 2010 is a $19 million charge related to the adoption of highly inflationary accounting in Venezuela.

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Commentary:

	Percentage Change in Operating Profit Versus Prior Year					
		Changes Due To				
	Total Change	Volume	Net Price	Input Costs[a]	Currency	Other[b]
Consolidated	(1.6)	2	6	(27)		17
Personal Care	3.1	3	1	(15)	(2)	16
Consumer Tissue	(16.9)	(5)	12	(41)	(6)	23
K-C Professional & Other	3.2	(6)	16	(29)	(3)	25
Health Care	(21.3)	34	(9)	(21)	2	(27)

[a] Includes inflation in input costs.

[b] Includes cost savings and the impact of the 2009 organization optimization initiative charges. Consolidated also includes the charge related to the adoption of highly inflationary accounting in Venezuela.

Consolidated operating profit decreased 1.6 percent compared to the prior year. For the first nine months of 2010, factors contributing to the decrease in operating profit included inflation in input costs of about $575 million and increased marketing, research and general expenses, which included higher strategic marketing spending of about $110 million and increases related to the I-Flow acquisition and to support future growth in K-C International. These factors were partially offset by increases in sales volumes and higher net selling prices, cost savings of $280 million, organization optimization charges of $122 million in 2009 to streamline the organization and benefits of $80 million in 2010 from the streamlining initiative. In addition, lower pension expense of $95 million and increased manufacturing volumes as a result of production curtailment in the year-ago period benefited comparisons by approximately $45 million.

The Corporation recorded charges in 2010 of $19 million in cost of products sold, and $79 million in other income and (expense), net related to the adoption of highly inflationary accounting in Venezuela effective January 1, 2010. Other income and (expense), net also included foreign currency transaction losses of $26 million in the first nine months of 2010 and $109 million in the year-ago period.

Personal care segment operating profit increased 3.1 percent as cost savings, higher sales volumes, a positive impact from increased manufacturing volumes as a result of production curtailment in the year-ago period, and higher net selling prices were partially offset by inflation in input costs, unfavorable currency effects, and increased marketing, research and general expenses, including strategic marketing spending.

Consumer tissue segment operating profit declined 16.9 percent as cost savings and higher net selling prices were more than offset by inflation in input costs, unfavorable currency effects, lower sales volumes, and increases in strategic marketing spending.

Operating profit for K-C Professional & Other products increased 3.2 percent due to higher net selling prices and cost savings, partially offset by inflation in input costs, lower sales volumes, increased general expenses, and unfavorable currency effects.

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Health care segment operating profit decreased 21.3 percent as higher sales volumes and cost savings were more than offset by increased selling and general expenses and inflation in input costs.

By Geography

(Millions of dollars)

Operating Profit	2010	2009
North America	**$ 1,560**	$ 1,664
Outside North America	**775**	759
Other income and (expense), net[(a)]	**(112)**	(122)
Corporate & Other[(b)]	**(149)**	(193)
Consolidated	**$ 2,074**	$ 2,108

Notes:

(a) Other income and (expense), net in 2010 includes a $79 million charge for the adoption of highly inflationary accounting in Venezuela. In addition, foreign currency transaction losses totaled $26 million in 2010 and $109 million in 2009.

(b) Included in Corporate and Other is a $19 million charge related to the adoption of highly inflationary accounting in Venezuela.

Commentary:

Operating profit in North America decreased 6.3 percent as cost savings, higher net selling prices, and the positive impact from increased manufacturing volumes as a result of production curtailment in the year-ago period, were more than offset by inflation in input costs, increases in marketing, research and general expenses and lower sales volumes.

Operating profit outside North America increased 2.1 percent as cost savings, higher sales volumes, higher net selling prices, and the positive impact from increased manufacturing volumes as a result of production curtailment in the year-ago period, were partially offset by inflation in input costs, unfavorable currency effects and increases in marketing, research and general expenses.

Additional Income Statement Commentary

Interest expense for the first nine months of 2010 was $31 million lower than the prior year primarily due to a lower average level of debt and lower interest rates.

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For the first nine months, the Corporation s effective tax rate was 32.3 percent in 2010 compared with 29.3 percent in 2009. The difference includes the nondeductible currency losses resulting from the adoption of highly inflationary accounting in Venezuela and changes in tax law related to U.S. health care reform legislation, including a charge related to the Medicare Part D subsidy.

The Corporation s share of net income of equity companies for the first nine months of 2010 increased to $130 million from $116 million in 2009, principally due to higher net income at Kimberly-Clark de Mexico.

Liquidity and Capital Resources

Cash provided by operations for the first nine months of 2010 was $1.8 billion, a decrease of approximately 28 percent from $2.5 billion in the prior year. The decrease is primarily related to an increase in working capital in 2010 compared to a significant decrease in the prior year. On the other hand, pension plan contributions to the Corporation s defined benefit pension plans totaled approximately $230 million in 2010 versus $718 million in 2009.

Capital spending for the first nine months was $611 million compared with $563 million last year. The Corporation anticipates that full year 2010 capital spending will be between $900 million and $1.0 billion.

At September 30, 2010, total debt and redeemable securities was $6.5 billion, essentially even with December 31, 2009.

The Corporation s short-term debt as of September 30, 2010 was $254 million (included in Debt payable within one year on the Condensed Consolidated Balance Sheet) and consisted mainly of commercial paper, as well as short-term bank financing by certain affiliates of the Corporation. The average month-end balance of short-term debt for the third quarter of 2010 was $423 million. These short-term borrowings provide supplemental funding for supporting the Corporation s operations. The level of short-term debt during a quarter generally fluctuates depending upon the business operating cash flows and the timing of customer receipts and payments for items such as dividends and income taxes.

During the third quarter of 2010, the Corporation issued $250 million 3.265% Notes due August 1, 2020, and used the net proceeds to repay floating rate notes that matured on July 30, 2010.

During the third quarter of 2010, the Corporation repurchased approximately 3.1 million shares of its common stock at a cost of about $200 million. Year-to-date, the Corporation has repurchased approximately 11.2 million shares for a total cost of $700 million. The Corporation expects to repurchase $800 million of its common stock in 2010.

In 2003, the Venezuelan government enacted currency restrictions, which have affected the ability of K-C Venezuela to obtain U.S. dollars at the official exchange rate to pay for significant imports of finished goods, raw materials and services to support its operations. These exchange restrictions have negatively impacted K-C Venezuela because it has had to meet its foreign currency needs at rates which are substantially unfavorable to the official exchange rate. During the second quarter 2010, the Venezuelan government enacted reforms to its currency exchange regulations that include a volume limitation that is insufficient to convert K-C Venezuela s bolivar-denominated cash into U.S. dollars to pay for the historical levels of U.S. dollar-denominated imports to support its operations.

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For the full year 2009, K-C Venezuela represented approximately 3 percent of consolidated net sales, and 1 percent of consolidated operating profit and net income attributable to the Corporation. However, the currency exchange limitations have negatively impacted K-C Venezuela s ability to import U.S. dollar-denominated finished goods and raw materials. While this has not had a material effect on the Corporation s 2010 earnings, third quarter sales volumes of K-C Venezuela were significantly lower than 2009 levels, a trend which is expected to continue in the fourth quarter of the year. At September 30, 2010, the Corporation s net investment in K-C Venezuela was $162 million.

See Note 3 to the Consolidated Financial Statements for more details about the accounting for K-C Venezuela s financial results and the previously discussed charge resulting from the January 1, 2010 adoption of highly inflationary accounting in Venezuela.

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 operations, capital spending, payment of dividends and other needs in the foreseeable future.

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

The Corporation plans to continue to strengthen its brands, pursue targeted growth initiatives and invest for future growth with higher levels of marketing and innovation spending. The Corporation continues to expect that strategic marketing spending will rise at a faster pace than sales in 2010. Management continues to closely monitor the overall economic environment, particularly market demand in North America. The Corporation continues to focus on reducing costs, generating incremental cost savings and controlling discretionary spending.

Information Concerning Forward-Looking Statements

Certain matters contained in this report concerning the business outlook, including economic conditions, anticipated raw material and energy costs, anticipated currency rates and exchange risk, anticipated impact of acquisitions, cost savings, distributor and end user purchases, cash flow and uses of cash, capital spending, discretionary spending levels, marketing and innovation spending, anticipated financial and operating results, revenue realization strategies, contingencies and anticipated 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 future events will occur as anticipated or that the Corporation s results will be as estimated. For a description of certain factors that could cause the Corporation s future results to differ materially from those expressed in any such forward-looking statements, see Item 1A of the Corporation s Annual Report on Form 10-K for the year ended December 31, 2009 entitled Risk Factors.

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Item 4. Controls and Procedures.

As of September 30, 2010, 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, 2010. 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.

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PART II OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Corporation repurchases shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2010, the Corporation anticipates purchasing $800 million of its common stock. All share repurchases by the Corporation during the first nine months of 2010 were made through a broker in the open market.

The following table contains information for shares repurchased during the third quarter of 2010. None of the shares in this table was repurchased directly from any officer or director of the Corporation.

Period (2010)	Total Number of Shares Purchased[(a)]	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	659,000	$ 62.80	26,811,411	23,188,589
August 1 to 31	1,250,000	64.90	28,061,411	21,938,589
September 1 to 30	1,171,000	66.09	29,232,411	20,767,589
Total	3,080,000			

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

In addition, during the third quarter of 2010, the Corporation purchased 3,657 shares for a cost of $226,366 and 3,104 shares for a cost of $199,636 in July and August, respectively, from current or former employees in connection with the exercise of employee stock options and other awards.

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Item 6. Exhibits.

(a) Exhibits.

Exhibit No. (3)a. Amended and Restated Certificate of Incorporation, dated April 30, 2009, incorporated by reference to Exhibit No. (3)a of the Corporation s Current Report on Form 8-K dated May 1, 2009.

Exhibit No. (3)b. By-Laws, as amended April 30, 2009, incorporated by reference to Exhibit No. (3)b of the Corporation s Current Report on Form 8-K dated May 1, 2009.

Exhibit No. (4). Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.

Exhibit No. (10)v. Letter Agreement between Kimberly-Clark Corporation and Elane Stock, filed herewith.

Exhibit No. (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.

Exhibit No. (31)b. Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.

Exhibit No. (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.

Exhibit No. (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.

Exhibit No. (101).INS* XBRL Instance Document

Exhibit No. (101).SCH* XBRL Taxonomy Extension Schema Document

Exhibit No. (101).CAL* XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit No. (101).DEF* XBRL Taxonomy Extension Definition Linkbase Document

Exhibit No. (101).LAB* XBRL Taxonomy Extension Label Linkbase Document

Exhibit No. (101).PRE* XBRL Taxonomy Extension Presentation Linkbase Document

* In accordance with Regulation S-T, the XBRL-related information in Exhibit No. (101) to this Quarterly Report on Form 10-Q shall be deemed furnished and not filed.

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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/ Michael T. Azbell
Michael T. Azbell
Vice President and Controller
(principal accounting officer)

November 8, 2010

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