KIMBERLY CLARK CORP
Form 424B5
August 04, 2003
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-105990

PROSPECTUS SUPPLEMENT

(To Prospectus Dated July 31, 2003)

$500,000,000

5.00% Notes due August 15, 2013

Kimberly-Clark will pay interest on the notes on February 15 and August 15 of each year. The first such payment will be made on February 15, 2004. We may redeem the notes at our option and at any time, either as a whole or in part, at the redemption prices described in this prospectus supplement.

The notes will not be listed on any national securities exchange or quoted on the Nasdaq National Market.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or passed upon the accuracy or adequacy of this prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Initial public offering price	99.873%	$ 499,365,000
Underwriting discount	.650%	$ 3,250,000
Proceeds, before expenses, to Kimberly-Clark	99.223%	$ 496,115,000

The initial public offering price set forth above does not include accrued interest, if any. Interest on the notes will begin to accrue on August 5, 2003 and must be paid by the purchaser if the notes are delivered after August 5, 2003.

The notes are offered severally by the underwriters, subject to various conditions. The underwriters expect to deliver the notes in book-entry form only through The Depository Trust Company against payment on or about August 5, 2003.

Sole Book-Running Manager

Citigroup

JPMorgan

ABN AMRO Incorporated

Banc of America Securities LLC

Banc One Capital Markets, Inc.

BNY Capital Markets, Inc.

HSBC

The date of this Prospectus Supplement is July 31, 2003.

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Prospectus Supplement

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You should read this prospectus supplement and the accompanying prospectus carefully before you invest. You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to give you different information. If anyone gives you different or inconsistent information, you should not rely on it. This prospectus supplement may add to, update or change information in the prospectus. The information contained in this prospectus supplement is current only as of the date appearing at the bottom of the cover. Since that date, our business, financial condition, results of operations and prospects may have changed.

In this prospectus supplement and the accompanying prospectus, unless we otherwise specify or the context otherwise requires, references to Kimberly-Clark, we, us, and our refer to Kimberly-Clark Corporation and its subsidiaries.

We are not, and the underwriters are not, offering to sell or seeking offers to buy securities in any jurisdiction where the offer or sale is not permitted.

This prospectus supplement and the accompanying prospectus do not contain all of the information contained in the registration statement and its exhibits which we filed with the Securities and Exchange Commission. You should read the registration statement and its exhibits for information that may be of interest to you. For information on obtaining a copy of the registration statement, see Where to Find More Information in the prospectus.

USE OF PROCEEDS

The net proceeds to be received by us from the sale of the notes, before deducting our offering expenses, is estimated to be $496,115,000. We intend to use the net proceeds from the sale of the notes for general corporate purposes and in particular for reduction of our existing indebtedness, including a portion of our currently outstanding commercial paper.

Until we actually apply such proceeds, we will invest them in short-term securities. At June 30, 2003, our consolidated short-term debt and current portion of long-term debt approximated $1.0 billion, which includes outstanding commercial paper of approximately $716 million. Our outstanding commercial paper matures no later than 90 days after its date of issue and bears interest at rates ranging from approximately .92% to 1.22% per annum.

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SELECTED FINANCIAL DATA

Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars, except per share amounts)

	Three Months Ended March 31(a)		Year Ended December 31(b)				
	2002(b)	**2003**	**1998(c)**	**1999**	**2000**	**2001**	**2002**
Net Sales	$ 3,330.9	$ 3,459.7	$ 11,261.4	$ 11,901.0	$ 12,909.5	$ 13,287.6	$ 13,566.3
Gross Profit	1,212.4	1,203.6	3,557.1	4,215.5	4,676.7	4,669.6	4,815.6
Operating Profit	664.9	579.3	1,697.7	2,435.4	2,633.8	2,338.2	2,463.8
Share of Net Income of Equity Companies	32.4	26.0	137.1	189.6	186.4	154.4	113.3
Income from Continuing Operations Before Cumulative Effect of Accounting Change	450.6	397.7	1,114.3	1,668.1	1,800.6	1,609.9	1,686.0
Per Share Basis:							
Basic	.87	.78	2.02	3.11	3.34	3.04	3.26
Diluted	.86	.78	2.01	3.09	3.31	3.02	3.24
Net Income	439.2	397.7	1,103.1	1,668.1	1,800.6	1,609.9	1,674.6
Per Share Basis:							
Basic	.84	.78	2.00	3.11	3.34	3.04	3.24
Diluted	.84	.78	1.99	3.09	3.31	3.02	3.22
Cash Dividends Per Share							
Declared	.30	.34	1.00	1.04	1.08	1.12	1.20
Paid	.28	.30	.99	1.03	1.07	1.11	1.18
Total Assets	$ 14,995.9	$ 15,725.7	$ 11,687.8	$ 12,815.5	$ 14,479.8	$ 15,007.6	$ 15,585.8
Long-Term Debt	2,816.5	2,779.6	2,068.2	1,926.6	2,000.6	2,424.0	2,844.0
Stockholders Equity	5,737.4	5,896.8	4,031.5	5,093.1	5,767.3	5,646.9	5,650.3

(a) Unaudited consolidated financial data has been prepared on the same basis as the 2002 Annual Report to Stockholders and includes all adjustments necessary to present fairly the consolidated balance sheet and consolidated income data for the periods indicated.

(b) During 2001, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board issued EITF 01-9, *Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor s Products*. Under EITF 01-9, the cost of promotion activities offered to customers is classified as a reduction in sales revenue. In addition, the estimated redemption value of consumer coupons is required to be recorded at the time the coupons are issued and classified as a reduction in sales revenue. The Corporation adopted EITF 01-9 effective January 1, 2002, and reclassified the face value of coupons and other applicable promotional activities from expense to a reduction in revenue, which reduced net sales by $1.0 billion for 1998, $1.1 billion for 1999, $1.1 billion for 2000 and $1.2 billion for 2001. The adoption of EITF 01-9 did not change reported earnings for prior years but did require the recording of a cumulative effect of a change in accounting principle in 2002, equal to an after-tax charge of approximately $.02 per share, which resulted from a change in the period for recognizing the face value of coupons.

(c) The Corporation adopted Statement of Position 98-5, *Reporting on the Costs of Start-up Activities*, effective January 1, 1998, and restated 1998 first quarter results to record a pretax charge of $17.8 million, $11.2 million after taxes, or $.02 per share, as the cumulative effect of this accounting change.

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RECENT DEVELOPMENTS

On July 23, 2003, we announced our earnings for the three month and six month periods ended June 30, 2003 and 2002. Our earnings press release was furnished to the SEC on a Form 8-K.

Consolidated net sales in the second quarter of 2003 were $3.5 billion, an increase of 4 percent over the prior year. Sales growth in the second quarter of 2003 was driven primarily by a 4 percent improvement in currency exchange rates. Sales volumes were essentially flat, reflecting weaker-than-expected growth in a number of key categories in North America, particularly diapers and consumer tissue products. Net selling prices were approximately the same as last year, as price increases in certain geographies were offset by continued high levels of competitive promotional spending overall.

Consolidated operating profit in the second quarter of 2003 was $606.9 million, about 3 percent below the prior year. The company made further progress in its efforts to reduce costs in 2003, as savings ramped up to nearly $50 million in the quarter from more than $40 million in the first quarter. The savings are net of higher resin costs. The cost reductions, however, were more than offset by the increase in pension expense of about $35 million and higher fiber and energy costs of approximately $40 million.

Following is selected financial data for the three month and six month periods ended June 30, 2003 and 2002:

	Three Months Ended June 30			Six Months Ended June 30		
	2003	2002	Change	2003	2002	Change
NET SALES:						
Personal Care	$ 1,328.9	$ 1,329.1	0.0%	$ 2,611.4	$ 2,586.3	+ 1.0%
Consumer Tissue	1,287.1	1,215.2	+5.9%	2,612.4	2,470.0	+ 5.8%
Business-to-Business	967.4	898.4	+ 7.7%	1,855.2	1,751.3	+ 5.9%
Intersegment Sales	(38.8)	(33.8)	N.M.	(74.7)	(67.8)	N.M.
Consolidated	$ 3,544.6	$ 3,408.9	+ 4.0%	$ 7,004.3	$ 6,739.8	+ 3.9%
OPERATING PROFIT:						
Personal Care	$ 273.7	$ 293.3	- 6.7%	$ 533.9	$ 557.4	- 4.2%
Consumer Tissue	197.9	221.0	- 10.5%	431.7	466.2	- 7.4%
Business-to-Business	181.3	171.1	+ 6.0%	325.8	331.0	- 1.6%
Other income (expense), net	(20.8)	(31.2)	N.M.	(56.2)	(12.5)	N.M.
Unallocated items net	(25.2)	(29.9)	N.M.	(49.0)	(52.9)	N.M.
Consolidated	$ 606.9	$ 624.3	- 2.8%	$ 1,186.2	$ 1,289.2	- 8.0%

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DESCRIPTION OF NOTES

The following summary of the terms of the notes supplements the general description of debt securities contained in the prospectus. To the extent the following terms are inconsistent with the general description contained in the prospectus, the following terms replace such inconsistent terms. You should read both the prospectus and this prospectus supplement.

General

The notes will be limited to $500,000,000 aggregate principal amount and will mature on August 15, 2013. The notes will bear interest at the rate per annum of 5.00% from August 5, 2003 or from the most recent interest payment date to which interest has been paid or provided. We will pay accrued interest semi-annually on February 15 and August 15 of each year to the person in whose name the note is registered at the close of business on February 1 and August 1, as the case may be, that precedes such interest payment date. The first such payment will be made on February 15, 2004. The notes will not be entitled to the benefit of any sinking fund.

The notes will be issued under the first amended and restated indenture dated as of March 1, 1988, as amended by the first and second supplemental indenture dated November 6, 1992 and May 25, 1994, respectively. Bank One Trust Company, N.A., as successor in interest to The First National Bank of Chicago, is the successor trustee under such indenture.

The notes issued under the indenture will be our unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness. The indenture does not limit the aggregate principal amount of debt securities that may be issued thereunder and provides that debt securities may be issued thereunder from time to time in one or more additional series. We may from time to time, without notice to or the consent of the registered holders of the notes, create and issue additional debt securities having the same terms as and ranking equally and ratably with the notes issued in this offering in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such additional debt securities or except for the first payment of interest following the issue date of such additional debt securities), so that such additional debt securities shall be consolidated and form a single series with, and shall have the same terms as to status, redemption or otherwise as, the notes of this offering.

Optional Redemption

Meaning of Terms

We may redeem the notes at our option as described below. See Optional Redemption Our Redemption Rights. The following terms are relevant to the determination of the redemption price:

When we use the term Treasury Rate , we mean with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue. In determining this rate, we assume a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

When we use the term Comparable Treasury Issue , we mean the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes. Independent Investment Banker means Citigroup Global Markets Inc. and its respective successors as may be appointed from time to time by the trustee after consultation with Kimberly-Clark; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a primary treasury dealer), we shall substitute therefor another primary treasury dealer.

When we use the term Comparable Treasury Price , we mean with respect to any redemption date, the arithmetic average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated Composite 3:30 p.m. Quotations for U.S. Government Securities. If such release (or any successor release) is not published or does not contain such prices on such business day, then Comparable Treasury Price would mean the arithmetic average of the Reference Treasury Dealer Quotations for such redemption date. Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer by 5:00 p.m. on the third business day preceding such redemption date.

When we use the term Remaining Scheduled Payments , we mean with respect to any note, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such note, the amount of the next scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Our Redemption Rights

We may redeem the notes at our option and at any time, either as a whole or in part. If we elect to redeem the notes, we will pay a redemption price equal to the greater of

- 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, and

- the sum of the present values of the Remaining Scheduled Payments, plus accrued and unpaid interest.

In determining the present value of the Remaining Scheduled Payments, we will discount such payments to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using a discount rate equal to the Treasury Rate plus fifteen (15) basis points. A partial redemption of the notes may be effected by such method as the trustee shall deem fair and appropriate and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for the notes or any integral multiple thereof) of the principal amount of notes of a denomination larger than the minimum authorized denomination for the notes.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Defeasance and Covenant Defeasance

The provisions of Sections 402 and 1006 of the indenture relating to defeasance as described under Description of Debt Securities Defeasance and Covenant Defeasance in the accompanying prospectus will apply to the notes.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated July 31, 2003, each underwriter named below has severally agreed to purchase, and we have agreed to sell to each underwriter, the principal amount of notes set forth opposite its name below:

Underwriter	Principal Amount of Notes
Citigroup Global Markets Inc.	$ 185,000,000
J.P. Morgan Securities Inc.	95,000,000
Banc of America Securities LLC	65,000,000
Banc One Capital Markets, Inc.	65,000,000
HSBC	40,000,000
ABN AMRO Incorporated	25,000,000
BNY Capital Markets, Inc.	25,000,000
Total	$ 500,000,000

Under the terms and conditions of the underwriting agreement, the underwriters are committed to take and pay for all of the notes, if any are taken.

The underwriters propose to offer the notes in part directly to retail purchasers at the initial public offering price set forth on the cover page of this prospectus supplement and in part to certain securities dealers at such price less a concession of .4% of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not to exceed .25% of the principal amount of the notes to certain brokers and dealers. After the notes are released for sale to the public, the offering price and other selling terms may from time to time be varied by the underwriters.

The following table shows the underwriting discount and commission we will pay to the underwriters in connection with this offering (expressed as a percentage of the principal amount of the notes):

	Paid by Kimberly-Clark
Per Note	.650%

In connection with this offering, certain underwriters and their affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the notes. Such transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M, pursuant to which such persons may bid for or purchase notes for the purpose of stabilizing their market price. The underwriters also may create a short position for the account of the underwriters by selling more notes in connection with the offering than they are committed to purchase from us, and in such case may purchase notes in the open market following completion of the offering to cover such short position. Any of the transactions described in this paragraph may result in the maintenance of the price of the notes at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required and, if they are undertaken, they may be discontinued at any time.

The notes are a new issue of securities with no established trading market. We have been advised by the underwriters that they intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

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We estimate that our total expenses of this offering, excluding the underwriting discount, will be $147,000.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Citigroup Global Markets Inc. performs various investment banking services for us. The underwriters and their affiliates have, directly and indirectly, provided various investment and commercial banking services to us and our affiliates for which they have received customary fees and commissions, including participating as lenders in our existing syndicated revolving credit facility. The underwriters and their affiliates may also provide such services to us and our affiliates in the future for customary fees and commissions.

Bank One, N.A., in addition to being a lender under our syndicated credit facility, has been appointed as trustee under the indenture for the notes.

VALIDITY OF NOTES

The validity of the notes offered hereby is being passed upon for Kimberly-Clark by Ronald D. Mc Cray, Esq., Senior Vice President Law and Government Affairs of Kimberly-Clark, and for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York. As of July 1, 2003, Mr. Mc Cray owned 31,821 shares of our common stock, and held options to acquire 213,465 shares of such common stock (of which options to acquire 81,065 shares are presently exercisable or will become exercisable within 60 days of such date), and as of July 1, 2003, 5,195 shares of our common stock were attributable to his account under our Employees Incentive Investment Plan. Mr. Mc Cray also participates in other employee benefit plans of Kimberly-Clark.

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PROSPECTUS

Debt Securities

We may offer and sell our debt securities from time to time for an aggregate initial public offering price of up to $1,500,000,000 or an equal amount in any other currency.

This prospectus describes the general terms of the debt securities. We will describe the specific terms of the debt securities in a prospectus supplement. You should read this prospectus and the prospectus supplement carefully before you invest.

We may offer the debt securities directly or through underwriters, agents or dealers. The prospectus supplement will give the names of these underwriters, agents or dealers and describe the specific terms of the plan of distribution for the offering.

This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the debt securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 31, 2003.

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WHERE TO FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 with respect to the debt securities that we may offer and sell. This prospectus is part of that registration statement. As permitted by the rules of the SEC, this prospectus does not contain all the information provided in the registration statement or the exhibits to the registration statement.

We file annual, quarterly and current reports, proxy and information statements, and other information with the SEC. You may read and copy any document we file at the SEC s public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for more information concerning its public reference rooms and regional offices. Our SEC filings also are available to the public from the SEC s web site at http://www.sec.gov and on our website at http://www.kimberly-clark.com. The information on our website is not part of this prospectus. You also may inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005; the Chicago Stock Exchange, 440 South LaSalle, Chicago, Illinois 60605; and the Pacific Exchange, 301 Pine Street, San Francisco, California 94104.