



Reconciliation of Non-GAAP Financial Measures to Reported (GAAP) Financial Measures in Conference Call Remarks of July 23, 2003

Supplemental Consolidated Information Reconciling Non-GAAP Financial Measures to Reported (GAAP) Financial Measures in Conference Call Remarks of July 23, 2003 (\$ Millions)

Three Months Ended June 30, 2002	Consolidated				
	Net Sales	Gross Profit	Gross Profit Margin	Operating Profit	Operating Profit Margin
Before Unusual Items	\$3,408.9	\$1,249.4	36.7%	\$665.9	19.5%
Brazil Tax Credits	-	-		(26.5)	
Business Improvement Programs	-	(6.6)		(15.1)	
As Reported	<u>\$3,408.9</u>	<u>\$1,242.8</u>	36.5%	<u>\$624.3</u>	18.3%

Three Months Ended June 30, 2002	Consolidated	
	Marketing, Research, and General Expense	% of Net Sales
Before Unusual Items	\$578.8	17.0%
Business Improvement Programs	8.5	
As Reported	<u>\$587.3</u>	17.2%

Supplemental Segment Information Reconciling Non-GAAP Financial Measures to Reported (GAAP) Financial Measures in Conference Call Remarks of July 23, 2003 (\$ Millions)

Three Months Ended June 30, 2002	Personal Care			Consumer Tissue			Business-to-Business		
	Operating Sales	% of Profit	% of Net Sales	Operating Sales	% of Profit	% of Net Sales	Operating Sales	% of Profit	% of Net Sales
Before Unusual Items	\$1,329.1	\$297.9	22.4%	\$1,215.2	\$228.3	18.8%	\$898.4	\$174.3	19.4%
Business Improvement Programs	-	(4.6)		-	(7.3)		-	(3.2)	
As Reported	<u>\$1,329.1</u>	<u>\$293.3</u>	22.1%	<u>\$1,215.2</u>	<u>\$221.0</u>	18.2%	<u>\$898.4</u>	<u>\$171.1</u>	19.0%

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to Reported (GAAP) Financial Measures in Conference Call Remarks
of July 23, 2003
(\$ Millions, except per share amounts)**

OUTLOOK FOR 2003

Estimated Full-Year 2003 Diluted Earnings Per Share

Earnings Per Share		
Before Unusual Items	▲	\$3.36
European Legal Judgment	▲	(0.02)
Callable Bonds		(0.02) - (0.03)
Earnings Per Share - Diluted		<u>\$3.32 - \$3.31</u>

DEFINITIONS - NON-GAAP MEASURES

Net debt and preferred securities to capital

Net debt is total debt less cash and cash equivalents and time deposits.

Free cash flow

Free cash flow is cash provided by operations less capital spending and cash dividends paid.

FREE CASH FLOW (Table)

Year Ended December 31, 2002

Cash Provided by Operations	\$	2,424.2
Capital Spending		(870.7)
Cash Dividends Paid		<u>(612.7)</u>
Free Cash Flow	\$	<u>940.8</u>

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of July 23, 2003
(\$ Millions)**

Return on Invested Capital (ROIC)

ROIC is calculated based on the sum of annualized enterprise operating profit*, before unusual items, plus goodwill expense, on an after tax basis divided by invested capital. Invested capital is calculated on an enterprise basis* as the sum of accounts receivable, net; inventories; property, net; and gross goodwill less accounts payable on a rolling average 12-month basis.

Operating Profit

	Enterprise*		Unusual			Equity	Goodwill	Consolidated	Consolidated Operating Profit
	Adjusted After-	Tax Effect	Unusual Items -	Items -	Equity Companies -	Amortization	Goodwill		
	Operating Profit		Consolidated	Equity	Operating Profit	Expense	Amortization Expense		
1995	1,395.1	681.0	(709.4)	(121.6)	(291.7)	-	(11.1)	942.3	
1996	1,587.5	873.7	(336.3)	(18.8)	(426.1)	(0.6)	(13.4)	1,666.0	
1997	1,633.3	797.2	(451.8)	66.3	(537.9)	(4.2)	(16.8)	1,486.1	
1998	1,687.8	794.2	(280.1)	(38.9)	(426.3)	(5.7)	(33.3)	1,697.7	
1999	2,013.1	951.8	97.3	-	(576.3)	(8.7)	(41.8)	2,435.4	
2000	2,295.5	1,031.3	1.1	-	(603.6)	(8.8)	(81.7)	2,633.8	
2001	2,217.2	963.7	(212.9)	(1.3)	(531.0)	(8.1)	(89.4)	2,338.2	
2002	2,131.4	870.5	(93.8)	-	(444.3)	-	-	2,463.8	

Invested Capital

	Enterprise*	Intercompany Eliminations and Other	Equity Companies - Invested Capital	Consolidated Invested Capital
1995	9,996.0	-	(1,431.0)	8,565.0
1996	10,054.0	-	(1,394.0)	8,660.0
1997	10,088.0	-	(1,407.0)	8,681.0
1998	9,986.0	-	(1,581.0)	8,405.0
1999	10,652.9	-	(1,744.6)	8,908.3
2000	12,348.8	-	(1,875.0)	10,473.8
2001	13,207.5	54.9	(1,791.2)	11,471.2
2002	13,477.3	18.3	(1,552.8)	11,942.8

ROIC

	Enterprise*	Consolidated
1995	14.0%	11.0%
1996	15.8%	19.2%
1997	16.2%	17.1%
1998	16.9%	20.2%
1999	18.9%	27.3%
2000	18.6%	25.1%
2001	16.8%	20.4%
2002	15.8%	20.6%

* As if equity companies were 100% owned by K-C.