



November 20, 2018

Senator Alberta Darling
Room 317 East
State Capitol
PO Box 7882
Madison, WI 53707

Dear Senator Darling,

Thank you for your time on Wednesday and consideration of Assembly Bill 963. As we shared during our testimony, the passage of AB963 will allow Kimberly-Clark to keep the Cold Spring facility open, and:

- Retain 388 existing high-quality, technical manufacturing jobs with an annual payroll of almost \$30 million.
- Create the opportunity to invest up to \$500 million in the facility over the next 15 years to support continued growth and innovation. Approximately \$110 million in investments will occur within the first three years.
- Add up to 52 new jobs totaling another \$3-4 million in annual wages.
- Continue supporting over 230 Wisconsin businesses across the state with an annual spend of over \$56 million, which we anticipate will grow as well with the additional investment in the facility.

In order to qualify for the incentives, we would be required to meet a 93 percent employment test at our Cold Spring Facility as well as for our total employment in Wisconsin.

We understand the weight of the decision you are making. Our hope is that the following will be helpful as you consider passage of this legislation.

Situation Background

Kimberly-Clark was founded in 1872 in Neenah, where our North American consumer business is headquartered. Wisconsin is home to approximately 3,000 employees at our global research and engineering facility; experimental mill; numerous corporate functions; and manufacturing facilities in Marinette, Neenah, and Fox Crossing.

As a global business, we compete in a highly competitive industry, and are subject to numerous cost and operational pressures. This past January, Kimberly-Clark announced a global restructuring plan designed to produce cost savings to enable us to reinvest back into the business.

That plan included the closure or sale of 10 manufacturing facilities globally, including one facility in our Adult and Feminine Care Business: either Cold Spring or a facility in Arkansas. While we do not publicly disclose the performance of individual facilities, the cost savings from closing the Cold Spring site would

be significant – tens of millions a year. When we announced the plans to our employees and the community in January, we did not seek incentives from the State. However, passage of AB963 allowed us to pause, learn more about what was being proposed, and assess whether the incentives, along with other key decisions, could create the opportunity to keep Cold Spring facility open.

After careful analysis, the combination of savings from the new tentative agreement with our employees and the savings from the closure of another facility, coupled with the incentives from AB963 and the investments Kimberly-Clark would make at the Cold Spring site, create a compelling opportunity to keep the Cold Spring facility open.

Potential Benefits

The passage of AB963 would potentially provide benefits to the State of Wisconsin in the neighborhood of \$1.8 billion over the 15 year period. We came to this number by adding:

- Up to \$500 million in investment in our Cold Spring facility over the next 15 years
- Retaining the current 388 jobs at an average wage of \$71,000 over 15 years (approx. \$413 million)
- Adding up to 52 new jobs at the same average wage (approx. \$55 million)
- Continuing to spend at least \$56 million/year with our Wisconsin based suppliers (approximately \$840 million)

In addition to these returns, the meaningful charitable contributions we and our employees make annually to the Fox Valley community will continue to benefit the community.

Next Steps

Over 10 months have passed since we made the decision to close the Cold Spring facility. This was a difficult decision, one we know impacts our employees, their families and our communities. Thank you for allowing many of them to share with you their views about working at Kimberly-Clark and what your decision will mean to them.

We remain grateful for the time and consideration that has been put into this legislation; however, we must move forward with our plans soon. Our employees, communities and business partners also desire more certainty about the path forward for Kimberly-Clark. If we can answer any additional questions or provide further information, please do not hesitate to reach out to one of us or to Susan Phillips, Vice President, Government Relations at 202-695-9562.

Sincerely,



John Dietrich
Vice President of Global Manufacturing



Paul Lombardi
Plant Manager, Neenah Cold Spring