

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003

OR

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

For the transition period from.....to.....

Commission file number 1-225

KIMBERLY-CLARK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

39-0394230
(I.R.S. Employer
Identification No.)

P. O. Box 619100
Dallas, Texas
75261-9100
(Address of principal executive offices)
(Zip Code)

(972) 281-1200
(Registrant's telephone number, including area code)

No change
(Former name, former address and former fiscal year,
if changed since last report)

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 ☒ . No ☐ .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☒ . No ☐ .

As of August 1, 2003, there were 506,650,990 shares of the Corporation's common stock outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED INCOME STATEMENT
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

	Three Months Ended June 30		Six Months Ended June 30
	2003	2002	2003
(Millions of dollars, except per share amounts)			

Net Sales	\$ 3,544.6	\$3,408.9	\$7,004.3	\$6,739.8
Cost of products sold	2,337.4	2,166.1	4,593.5	4,284.6
	-----	-----	-----	-----
Gross Profit	1,207.2	1,242.8	2,410.8	2,455.2
Marketing, research and general expenses	579.5	587.3	1,168.4	1,153.5
Other (income) expense, net	20.8	31.2	56.2	12.5
	-----	-----	-----	-----
Operating Profit	606.9	624.3	1,186.2	1,289.2
Interest income	4.3	3.5	9.1	7.2
Interest expense	(44.6)	(45.1)	(87.6)	(91.8)
	-----	-----	-----	-----
Income Before Income Taxes	566.6	582.7	1,107.7	1,204.6
Provision for income taxes	164.9	163.2	322.4	348.3
	-----	-----	-----	-----
Income Before Equity Interests	401.7	419.5	785.3	856.3
Share of net income of equity companies	30.3	21.5	56.3	53.9
Minority owners' share of subsidiaries' net income	(14.7)	(16.4)	(26.6)	(35.0)
	-----	-----	-----	-----
Income Before Cumulative Effect of				
Accounting Change	417.3	424.6	815.0	875.2
Cumulative effect of accounting change,				
net of income taxes	-	-	-	(11.4)
	-----	-----	-----	-----
Net Income	\$ 417.3	\$ 424.6	\$ 815.0	\$ 863.8
	=====	=====	=====	=====
Per Share Basis:				
Basic				
Income before cumulative effect of				
accounting change	\$.82	\$.82	\$ 1.60	\$ 1.69
	=====	=====	=====	=====
Net income	\$.82	\$.82	\$ 1.60	\$ 1.66
	=====	=====	=====	=====
Diluted				
Income before cumulative effect of				
accounting change	\$.82	\$.81	\$ 1.60	\$ 1.67
	=====	=====	=====	=====
Net income	\$.82	\$.81	\$ 1.60	\$ 1.65
	=====	=====	=====	=====
Cash Dividends Declared	\$.34	\$.30	\$.68	\$.60
	=====	=====	=====	=====

Unaudited

See Notes to Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEET
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

(Millions of dollars)	June 30, 2003	December 31, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 376.8	\$ 494.5
Accounts receivable	1,876.4	1,952.1
Inventories	1,559.5	1,430.1
Other current assets	512.6	397.2
	-----	-----
Total Current Assets	4,325.3	4,273.9
Property	14,404.2	13,564.0
Less accumulated depreciation	6,493.9	5,944.6
	-----	-----
Net Property	7,910.3	7,619.4
Investments in Equity Companies	614.1	571.2
Goodwill	2,353.2	2,254.9

Other Assets	966.8	866.4
	-----	-----
	\$16,169.7	\$15,585.8
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Debt payable within one year	\$ 1,004.5	\$ 1,086.6
Accounts payable	1,038.8	1,122.0
Accrued expenses	1,287.4	1,271.4
Other current liabilities	668.4	558.3
	-----	-----
Total Current Liabilities	3,999.1	4,038.3
Long-Term Debt	2,807.8	2,844.0
Noncurrent Employee Benefit and Other Obligations	1,362.8	1,390.0
Deferred Income Taxes	862.3	854.2
Minority Owners' Interests in Subsidiaries	258.1	255.5
Preferred Securities of Subsidiary	559.7	553.5
Stockholders' Equity	6,319.9	5,650.3
	-----	-----
	\$16,169.7	\$15,585.8
	=====	=====

Unaudited

See Notes to Consolidated Financial Statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

(Millions of dollars)	Six Months Ended June 30	
	2003	2002

Operations		
Net income	\$ 815.0	\$ 863.8
Cumulative effect of accounting change, net of income taxes	-	11.4
Depreciation	370.7	341.1
Changes in operating working capital	39.3	(55.6)
Deferred income tax (benefit) provision	(10.7)	77.7
Equity companies' earnings in excess of dividends paid	(30.9)	(25.1)
Postretirement benefits	(27.6)	6.7
Other	53.6	97.9
	-----	-----
Cash Provided by Operations	1,209.4	1,317.9
	-----	-----
Investing		
Capital spending	(402.1)	(382.0)
Acquisitions of businesses, net of cash acquired	(45.2)	(405.1)
Proceeds from sales of investments	17.0	27.9
Net (increase) decrease in time deposits	(144.0)	1.2
Investments in marketable securities	(10.9)	(1.5)
Other	(14.6)	7.3
	-----	-----
Cash Used for Investing	(599.8)	(752.2)
	-----	-----
Financing		
Cash dividends paid	(327.5)	(302.5)
Net decrease in short-term debt	(132.5)	(638.3)
Proceeds from issuance of long-term debt	8.5	801.0
Repayments of long-term debt	(19.7)	(127.9)
Proceeds from exercise of stock options	17.4	53.5
Acquisitions of common stock for the treasury	(251.7)	(331.6)

Other	(27.3)	(31.8)
Cash Used for Financing	(732.8)	(577.6)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	5.5	(8.6)
Decrease in Cash and Cash Equivalents	(117.7)	(20.5)
Cash and Cash Equivalents, beginning of year	494.5	364.5
Cash and Cash Equivalents, end of period	\$ 376.8	\$ 344.0

Unaudited

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

The unaudited consolidated financial statements have been prepared on a basis consistent with that used in the Annual Report on Form 10-K for the year ended December 31, 2002, and include all normal recurring adjustments necessary to present fairly the condensed consolidated balance sheet, consolidated income statement and condensed consolidated cash flow statement for the periods indicated.

- In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 148, Accounting for Stock-Based Compensation and Disclosure, which amends SFAS 123, Accounting for Stock-Based Compensation, and provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based compensation. The Corporation currently plans to continue to account for stock-based compensation using the intrinsic-value method permitted by Accounting Principles Board Opinion 25, Accounting for Stock Issued to Employees. No employee compensation for stock options has been charged to earnings because the exercise prices of all stock options granted have been equal to the market value of the Corporation's common stock at the date of grant. The following presents information about net income and earnings per share as if the Corporation had applied the fair value expense recognition requirements of SFAS 123 to all employee stock options granted.

(Millions of dollars, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Net income, as reported	\$417.3	\$424.6	\$815.0	\$863.8
Less: Stock-based employee compensation determined under the fair value requirements of SFAS 123, net of income tax benefits	13.4	18.2	29.4	34.9
Pro forma net income	\$403.9	\$406.4	\$785.6	\$828.9
Earnings per share				
Basic - as reported	\$.82	\$.82	\$ 1.60	\$ 1.66
Basic - pro forma	\$.79	\$.79	\$ 1.54	\$ 1.60
Diluted - as reported	\$.82	\$.81	\$ 1.60	\$ 1.65
Diluted - pro forma	\$.79	\$.77	\$ 1.54	\$ 1.58

The assumptions used to calculate the fair value of options granted are evaluated and revised, as necessary, to reflect market conditions and experience.

2. There are no adjustments required to be made to net income for purposes of computing basic and diluted earnings per share ("EPS"). The average number of common shares outstanding used in the basic EPS computation is reconciled to those used in the diluted EPS computation as follows:

(Millions of shares)	Average Common Shares Outstanding			
	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Basic	508.1	518.5	509.2	519.4
Dilutive effect of stock options	1.3	3.8	.9	3.4
Dilutive effect of deferred compensation plan shares3	.3	.3	.3
Diluted	509.7	522.6	510.4	523.1

Options outstanding during the three month and six month periods ended June 30, 2003 to purchase 20.5 million and 26.8 million shares of common stock, respectively, were not included in the computation of diluted EPS because the exercise prices of the options were greater than the average market price of the common shares.

Options outstanding during the three month and six month periods ended June 30, 2002 to purchase 11.4 million and 5.8 million shares of common stock, respectively, were not included in the computation of diluted EPS because the exercise prices of the options were greater than the average market price of the common shares.

The number of common shares outstanding as of June 30, 2003 and 2002 was 507.0 million and 517.2 million, respectively.

3. The following schedule presents inventories by major class as of June 30, 2003 and December 31, 2002:

(Millions of dollars)	June 30, 2003	December 31, 2002
At lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials	\$ 326.9	\$ 323.2
Work in process	191.0	186.7
Finished goods	995.5	866.9
Supplies and other	227.4	210.7
	1,740.8	1,587.5
Excess of FIFO cost over Last-In, First-Out (LIFO) cost	(181.3)	(157.4)
Total	\$1,559.5	\$1,430.1

FIFO cost of total inventories on the LIFO method was \$724.7 million and \$642.7 million at June 30, 2003 and December 31, 2002, respectively.

4. In August 2003, the Corporation issued \$500 million of 5.0% Notes due August 15, 2013. The proceeds were used to retire commercial paper. During June and July 2003, the Corporation issued redemption notices on \$200 million of 7 7/8% and \$200 million of 7.0% debentures, respectively. At June 30, 2003, the Corporation classified a net \$100 million of commercial paper to be refinanced as long-term debt.

In June 2003, the Corporation announced the repurchase of \$45 million for industrial revenue bonds to be effective August 1, 2003. At June 30, 2003, the Corporation classified the \$45 million as debt payable within one year and reduced long-term debt by that same amount.

5. The following schedule presents the components of comprehensive income:

(Millions of dollars)	Six Months Ended June 30	
	2003	2002
Net Income	\$ 815.0	\$863.8
Unrealized currency translation adjustments, net of tax	405.2	50.9
Deferred losses on cash flow hedges, net of tax	(5.7)	(5.1)
Unrealized holding gains on securities3	-
	-----	-----
Comprehensive income	\$1,214.8	\$909.6
	=====	=====

6. The following schedule presents information concerning consolidated operations by business segment:

(Millions of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002

NET SALES:				
Personal Care	\$1,328.9	\$1,329.1	\$2,611.4	\$2,586.3
Consumer Tissue	1,287.1	1,215.2	2,612.4	2,470.0
Business-to-Business	967.4	898.4	1,855.2	1,751.3
Intersegment sales	(38.8)	(33.8)	(74.7)	(67.8)
	-----	-----	-----	-----
Consolidated	\$3,544.6	\$3,408.9	\$7,004.3	\$6,739.8
	=====	=====	=====	=====
OPERATING PROFIT (reconciled to income before income taxes):				
Personal Care	\$ 273.7	\$ 293.3	\$ 533.9	\$ 557.4
Consumer Tissue	197.9	221.0	431.7	466.2
Business-to-Business	181.3	171.1	325.8	331.0
Other income (expense), net	(20.8)	(31.2)	(56.2)	(12.5)
Unallocated items - net	(25.2)	(29.9)	(49.0)	(52.9)
	-----	-----	-----	-----
Total Operating Profit	606.9	624.3	1,186.2	1,289.2
Interest income	4.3	3.5	9.1	7.2
Interest expense	(44.6)	(45.1)	(87.6)	(91.8)
	-----	-----	-----	-----
Income Before Income Taxes	\$ 566.6	\$ 582.7	\$1,107.7	\$1,204.6
	=====	=====	=====	=====

Note: Unallocated items - net, consists of expenses not associated with the business segments.

Description of Business Segments:

The Corporation is organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments: Personal Care; Consumer Tissue; and Business-to-Business. Each reportable segment is headed by an executive officer who reports to the Corporation's Chief Executive Officer and is responsible for the development and execution of global strategies to drive growth and profitability of the Corporation's worldwide

personal care, consumer tissue and business-to-business operations. These strategies include global plans for branding and product positioning, technology and research and development programs, cost reductions including supply chain management, and capacity and capital investments for each

of these businesses. The principal sources of revenue in each of the global business segments are described below.

The Personal Care segment manufactures and markets disposable diapers, training and youth pants and swimpants; 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 and napkins for household use; wet wipes; and related products. Products in this segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Page, Huggies and other brand names.

The Business-to-Business segment manufactures and markets facial and bathroom tissue, paper towels, wipers and napkins for away-from-home use; health care products such as surgical gowns, drapes, infection control products, sterilization wraps, disposable face masks and exam gloves, respiratory products, and other disposable medical products; printing, premium business and correspondence papers; specialty and technical papers; and other products. Products in this segment are sold under the Kimberly-Clark, Kleenex, Scott, Kimwipes, WypAll, Surpass, Safeskin, Tecno1, Ballard and other brand names.

Unaudited

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS:

Second Quarter of 2003 Compared With Second Quarter of 2002

By Business Segment
(Millions of dollars)

Net Sales	2003	2002
Personal Care	\$1,328.9	\$1,329.1
Consumer Tissue	1,287.1	1,215.2
Business-to-Business	967.4	898.4
Intersegment sales	(38.8)	(33.8)

Commentary:

Consolidated net sales for the second quarter of 2003 were 4.0 percent higher than in 2002, primarily driven by an improvement of about 4 percent 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.

- o Personal care net sales were flat in the second quarter. Favorable currency effects of about 3 percent and slightly higher net selling prices were offset by lower sales volumes. Sales volumes were affected by intense competition in the diaper category in a number of key markets as well as a slowdown in category growth in North America.

In North America, personal care sales volumes decreased approximately 4 percent versus the second quarter of 2002 despite record shipments of Pull-Ups training pants, GoodNites youth pants and Huggies Little Swimmers swimpants. Although sales volumes of Huggies diapers were lower than last year, the brand's market share improved sequentially from the first quarter to the second quarter of 2003. Net selling prices of personal care products in North America were similar to last year. Personal care sales in Europe increased more than 11 percent primarily due to favorable currency rates, partially offset by lower sales volumes for diaper products. In Asia, personal care net sales rose nearly 11 percent, highlighted by strong double-digit growth in Australia from a combination of favorable currency effects and higher sales volumes. Sales volumes were higher for a majority of the Corporation's operations in the region. Finally, in Latin America, sales decreased about 15 percent, as selling price increases were not sufficient to offset weakness in sales volumes and unfavorable currency effects throughout most of the region.

- o Net sales of consumer tissue products increased 5.9 percent from 2002, primarily driven by favorable currency effects in Europe and Australia. Overall sales volumes increased nearly 1 percent. Net selling prices were about the same as last year, as response to competitive promotional activity in North America and Europe negated list price increases mainly in those geographies.

In North America, sales volumes of tissue products rose 1 percent. Sales volume growth remained solid for Cottonelle and Scott bathroom tissue despite below-trend consumer demand for the overall category. Net selling prices were down almost 1 percent due to increases in competitive promotion spending. In Europe, net sales advanced about 20 percent primarily as a result of favorable currency exchange rates for the euro and the British pound. Sales volumes rose about 3 percent and net selling prices rose more than 1 percent. Meanwhile, consumer tissue net sales were more than 5 percent higher in Asia, as sales volume increases in Korea and favorable currency effects in Australia were partially offset by continued weakness in Taiwan. In Latin America, net sales declined almost 1 percent, as unfavorable currency effects more than offset sales volume increases of nearly 4 percent.

- o Net sales of business-to-business products increased 7.7 percent in the quarter, boosted by sales volume growth of about 3 percent and a more than 4 percent benefit from favorable currency effects. The Corporation's global health care business posted record quarterly net sales. Sales volumes for health care products rose almost 10 percent, with strong growth outside North America and substantially higher sales of face masks and gloves. Sales volumes for the professional businesses increased approximately 4 percent in North America and nearly 10 percent in Asia, but were flat in Europe. Overall segment selling prices declined about 1 percent compared with the second quarter of last year.

Operating Profit	2003	2002
Personal Care	\$273.7	\$293.3
Consumer Tissue	197.9	221.0
Business-to-Business	181.3	171.1
Other income (expense), net	(20.8)	(31.2)
Unallocated items - net	(25.2)	(29.9)
	-----	-----
Consolidated	\$606.9	\$624.3
	=====	=====

Note: Unallocated items - net, consists of expenses not associated with the business segments.

Commentary:

Consolidated operating profit in the second quarter of 2003 declined 2.8 percent from the prior year. The Corporation made further progress in its efforts to reduce costs in 2003, as it achieved savings of nearly \$50 million in the quarter, up from more than \$40 million in the first quarter. These savings are net of higher resin costs. The cost reductions, however, were more than offset by an increase in pension expense of about \$35 million and higher fiber and energy costs of approximately \$40 million.

Each of the three business segments incurred more than \$10 million of the increased pension expense.

Included in the second quarter of 2002 were charges for business improvement programs of \$15.1 million primarily related to the previously announced plans to streamline manufacturing operations in Latin America and to consolidate administrative functions in Europe. The major components of the charge were severance costs of approximately \$9.7 million and additional depreciation of \$2.3 million. These costs were included in the business segments as follows: personal care \$4.6 million; consumer tissue \$7.3 million; and business-to-business \$3.2 million. These charges were included in the consolidated income statement as follows: cost of products sold \$6.6 million; and marketing, research and general expenses \$8.5 million.

- o Personal care segment operating profit declined 6.7 percent primarily due to the lower diaper sales volumes, primarily in North America, partially offset by cost reduction programs. Operating profit improved somewhat in Europe, due to cost savings, and in Asia on the strength of performance in Australia. However, in Latin America, operating profit declined primarily because of the lower sales volumes attributable in part to weak economic conditions in the region.
- o Consumer tissue segment operating profit decreased 10.5 percent from last year, despite the higher sales volumes and significant cost savings. These benefits were more than offset by higher fiber and energy costs and increased promotional activity. Promotional levels remained high for consumer tissue products in North America and Europe, which limited recovery of the higher fiber costs.
- o Business-to-business segment operating profit increased 6.0 percent from the prior year. Operating profit for the health care business achieved an all-time record driven by the sales volume growth and the benefits of cost savings programs. Operating profit for the Corporation's professional businesses in both North America and Europe increased due to cost reductions that more than offset higher fiber costs.
- o Other income (expense), net included a charge of \$26.5 million, or \$.03 per share, in 2002 for losses associated with tax credits in Brazil. The second quarter of 2002 also included higher transaction currency gains compared with 2003. The second quarter of 2003 reflects a higher level of expenses related to affordable housing and historic renovation real estate projects than 2002.

Net Sales	2003	2002
North America	\$2,232.4	\$2,252.4
Outside North America	1,456.0	1,293.5
Intergeographic sales	(143.8)	(137.0)
Consolidated	<u>\$3,544.6</u>	<u>\$3,408.9</u>

Operating Profit	2003	2002
North America	\$ 514.6	\$ 554.7
Outside North America	138.3	130.7
Other income (expense), net	(20.8)	(31.2)
Unallocated items - net	(25.2)	(29.9)
Consolidated	<u>\$ 606.9</u>	<u>\$ 624.3</u>

Note: Unallocated items - net, consists of expenses not associated with the geographic areas.

Commentary:

- o Net sales in North America decreased .9 percent from last year primarily due to the lower sales volumes for personal care products.
- o Net sales outside of North America increased 12.6 percent principally due to the favorable currency effects in Europe.
- o Operating profit in North America decreased 7.2 percent because the lower personal care sales volumes, higher fiber and energy costs, and higher pension expense more than offset the benefits of cost savings programs.
- o Operating profit outside North America increased 5.8 percent. Personal care operating results in Europe and Asia, and the growth of the health care business contributed to the improvement but were partially offset by lower earnings in the Latin American personal care business. Operating profit in 2002 included \$11.0 million of charges for the previously discussed business improvement programs.

Additional Income Statement Commentary:

- o Interest expense decreased because the benefit of lower interest rates more than offset a higher average level of debt.
- o The effective tax rate increased from 28.0 percent in 2002 to 29.1 percent in 2003 due to the favorable resolution of certain prior year income tax matters in the second quarter of 2002.
- o The Corporation's share of net income of equity companies in the second quarter increased to \$30.3 million in 2003 from \$21.5 million in 2002 primarily due to higher net income at Kimberly-Clark de Mexico, S.A. de C.V. ("KCM"). Most of the increase in KCM's results was attributable to lower currency transaction losses compared with last year. Before currency effects, KCM's second quarter sales improved approximately 6 percent, nearly offsetting inflationary cost increases.
- o On a diluted basis, net income was \$.82 per share, an increase of 1.2 percent compared with \$.81 per share in 2002.

First Six Months of 2003 Compared With First Six Months of 2002

Net Sales	2003	2002
Personal Care	\$2,611.4	\$2,586.3
Consumer Tissue	2,612.4	2,470.0
Business-to-Business	1,855.2	1,751.3
Intersegment sales	(74.7)	(67.8)
	-----	-----
Consolidated	\$7,004.3	\$6,739.8
	=====	=====

Operating Profit	2003	2002
Personal Care	\$ 533.9	\$ 557.4
Consumer Tissue	431.7	466.2
Business-to-Business	325.8	331.0
Other income (expense), net	(56.2)	(12.5)
Unallocated items - net	(49.0)	(52.9)
	-----	-----
Consolidated	\$1,186.2	\$1,289.2
	=====	=====

Note: Unallocated items - net, consists of expenses not associated with the business segments.

Commentary:

Consolidated net sales for the first six months of 2003 were 3.9 percent higher than in the prior year. Excluding favorable currency effects, net sales were essentially flat. Overall, an increase in sales volumes of about 1 percent was offset by higher promotion spending of nearly 1 percent.

- o Net sales of personal care products, excluding currency effects, were more than 1 percent lower due to a decline in sales volumes. Net selling prices were slightly below last year.
- o Net sales of consumer tissue products, excluding currency effects, increased about 1 percent. Sales volumes increased more than 1 percent, however, net selling prices were slightly lower than last year.
- o Excluding currency effects, net sales of business-to-business products were nearly 2 percent higher due to increased sales volumes.

Consolidated operating profit declined 8.0 percent due to higher promotional spending, higher fiber and energy costs and increased pension expense of approximately \$70 million that more than offset the benefits of cost reduction programs of nearly \$90 million.

Each of the three business segments incurred more than \$20 million of the increased pension expense.

Included in the first six months of 2002 were charges for business improvement programs of \$24.0 million primarily related to the previously announced plans to streamline manufacturing operations in Latin America and to consolidate administrative functions in Europe. The major components of the charge were severance costs of nearly \$11.5 million and additional depreciation of \$6.6 million. These costs were included in the business segments as follows: personal care \$8.0 million; consumer tissue \$11.5 million; and business-to-business \$4.5 million. These charges were included in the consolidated income statement as follows: cost of products sold \$14.1 million; and marketing, research and general expenses \$9.9 million.

- o Personal care segment operating profit decreased 4.2 percent primarily due to lower sales volumes and net selling prices because of the competitive environment.
- o Consumer tissue segment operating profit declined 7.4 percent because lower

net selling prices, due to promotional spending, and higher fiber, energy and distribution costs more than offset higher sales volumes and the benefit of cost savings programs.

- o Business-to-business segment operating profit declined 1.6 percent because cost savings and higher sales volumes for health care products were not sufficient to overcome lower net selling prices and higher fiber costs for other operations in the segment.
- o Other income (expense), net included a charge of \$15.6 million, or \$.02 per share, in 2003 for a legal judgment in Europe, compared with the previously mentioned \$26.5 million in 2002 for tax credit related losses in Brazil. In addition to these charges, other expense in 2003 reflected currency transaction losses compared with other income in 2002 for currency transaction gains, including a gain of \$17.3 million on Australian dollar forward contracts related to last year's acquisition of the remaining 45 percent interest in Kimberly-Clark Australia Pty. Limited.

By Geography
(Millions of dollars)

Net Sales	2003	2002
North America	\$4,429.3	\$4,463.2
Outside North America	2,847.4	2,545.4
Intergeographic sales	(272.4)	(268.8)
Consolidated	<u>\$7,004.3</u>	<u>\$6,739.8</u>

Operating Profit	2003	2002
North America	\$1,013.3	\$1,092.8
Outside North America	278.1	261.8
Other income (expense), net	(56.2)	(12.5)
Unallocated items - net	(49.0)	(52.9)
Consolidated	<u>\$1,186.2</u>	<u>\$1,289.2</u>

Note: Unallocated items - net, consists of expenses not associated with the geographic areas.

Commentary:

- o Net sales in North America declined .8 percent, as the lower net selling prices for personal care and consumer tissue products and lower personal care sales volumes more than offset higher sales volumes for consumer tissue and business-to-business products.
- o Net sales outside North America increased 11.9 percent primarily due to favorable currency effects in Europe.
- o Operating profit in North America decreased 7.3 percent because the effects of the lower net sales for personal care and consumer tissue products, higher fiber and energy costs and increased pension expense more than offset cost savings benefits.
- o Operating profit outside North America increased 6.2 percent. Personal care results in Europe and Asia, and the growth of the health care business contributed to this improvement. Lower earnings in the Latin American personal care business partially offset this improvement. Operating profit in 2002 included \$18.8 million of charges for the previously discussed business improvement programs.

Additional Income Statement Commentary:

- o Interest expense decreased because the benefit of lower interest rates more than offset a higher average level of debt.
- o The Corporation's share of net income of equity companies increased to \$56.3 million in 2003 from \$53.9 million in 2002, as lower net income from KCM was more than offset by higher earnings elsewhere in Latin America.
- o On a diluted basis, net income was \$1.60 per share in 2003, a decrease of 3.0 percent compared with \$1.65 per share in 2002. The first six months of 2002 included a charge of \$.02 per share for the cumulative effect of an accounting change related to the adoption of an accounting pronouncement regarding trade and consumer promotion.

LIQUIDITY AND CAPITAL RESOURCES

- o Cash provided by operations for the first six months of 2003 decreased \$108.5 million or 8 percent compared with the first six months of 2002. The effect on working capital of higher levels of finished goods inventory, principally due to the lower sales volumes, was primarily offset by increased income tax liabilities due to net refunds of prior year taxes and lower payments of U.S. federal taxes. In 2003, cash provided by operations was reduced by a contribution of \$100 million to the Corporation's U.S. defined benefit pension plan.
- o During the first six months of 2003, the Corporation repurchased 4.7 million shares of its common stock at a cost of approximately \$225 million, including 2.2 million shares repurchased in the second quarter at a cost of approximately \$113 million.
- o At June 30, 2003, total debt and preferred securities was \$4.4 billion, a decrease of \$.1 billion from December 31, 2002. Net debt (total debt net of cash and cash equivalents and time deposits) and preferred securities was \$3.8 billion at June 30, 2003 compared with \$3.9 billion at December 31, 2002. The ratio of net debt and preferred securities to capital at June 30, 2003 was 36.4 percent, which is within the Corporation's target range of 35 to 45 percent.
- o In July 2003, Standard & Poor's ("S&P") revised the Corporation's credit rating for long-term debt from AA to AA-. Moody's Investor Service maintained its short- and long-term ratings but changed the Corporation's outlook to negative from stable, indicating that a ratings downgrade could be possible within the next 12 months. These changes were primarily based on the Corporation's recent business performance in the heightened competitive environment and because S&P changed the way in which it evaluates liabilities for pensions and other postretirement benefits. Management believes that these actions will not have a material adverse effect on the Corporation's access to credit or its borrowing costs since these credit ratings remain strong and are in the top eight percent of companies listed in S&P's ranking of the 500 largest companies. The Corporation's commercial paper continues to be rated in the top category.
- o In June 2003, the Corporation filed a registration statement with the Securities and Exchange Commission to issue up to \$1.5 billion in long-term debt securities.

As part of its financing plan, in August 2003, the Corporation issued \$500 million of 5.0% Notes due August 15, 2013. The proceeds were used to retire commercial paper. In connection with the borrowing, the Corporation entered into an interest rate swap agreement maturing on August 15, 2013 with a counterparty under which the difference between fixed- and floating-rate interest amounts calculated on a \$300 million notional amount is exchanged on a quarterly basis. The floating rate is 3-month average LIBOR plus 4.4 basis points. The swap agreement will permit the Corporation to maintain its desired ratio of fixed and floating-rate borrowings. During June and July 2003, the Corporation issued redemption notices on \$200 million of 7 7/8% and \$200 million of 7.0% debentures, respectively. At June 30, 2003, the Corporation classified a net \$100 million of commercial paper to be refinanced as long-term debt. The costs associated with redeeming the debentures, totaling approximately \$20 million, will be recorded in the third quarter.

In June 2003, the Corporation announced the repurchase of \$45 million of industrial revenue bonds to be effective August 1, 2003. At June 30, 2003, the Corporation classified the \$45 million as debt payable within one year and reduced long-term debt by that same amount.

- o During the first quarter of 2003, a minority owner in Kimberly-Clark Peru S.A. informed the Corporation of its intent to exercise an option to sell its 49 percent ownership to the Corporation. This acquisition closed in July 2003. During the second quarter of 2003, the Corporation's partner in its joint tissue venture in Brazil informed the Corporation of its intent to exercise its option to sell its 50 percent ownership in the venture to the Corporation. This acquisition is expected to close in August 2003. The combined cash cost of these transactions is approximately \$200 million.
- o 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 working capital, capital spending and other needs of the business in the foreseeable future.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS 150 requires that certain instruments classified as part of stockholders' equity or between stockholders' equity and liabilities be classified as liabilities effective in the third quarter of 2003. The Corporation currently has no such instruments and, accordingly, adoption of SFAS 150 will have no effect on the Corporation's consolidated financial position.

In January 2003, the FASB issued Interpretation ("FIN") 46, Consolidation of Variable Interest Entities, an Interpretation of ARB 51. FIN 46 requires consolidation of certain entities in which the primary beneficiary has a controlling financial interest despite not having voting control. Likewise, it does not permit consolidation of entities in which an entity has voting control but not a controlling financial interest. The Corporation is continuing to evaluate the impact of applying FIN 46 and has not yet completed this analysis. It is reasonably possible that the Corporation will be required to consolidate certain of the entities described in Note 13 to the consolidated financial statements included in the Corporation's Form 10-K for the year ended December 31, 2002, beginning in the third quarter of 2003. Also, it is reasonably possible that the Corporation will be required to deconsolidate its Luxembourg financing subsidiary described in Note 9 to such consolidated financial statements. The debt of the entities that may become consolidated is nonrecourse and the notes receivable are guaranteed, and the net obligation to a third party in the Luxembourg financing subsidiary is presently included as preferred securities of subsidiary and included in the Corporation's ratio of net debt and preferred securities to capital. Therefore, consolidation/deconsolidation of these entities is not expected to have a material adverse effect on the Corporation's results of operations or financial position, including its ability to obtain financing.

ENVIRONMENTAL MATTERS

The Corporation has been named as a potentially responsible party 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 its business, financial condition or results of operations.

OUTLOOK

Based on soft growth in the product categories in which it competes, intense competition and higher raw material and energy costs, the Corporation expects its business environment will remain difficult. Management will continue to focus on increasing sales volumes and aggressively reducing costs over the balance of 2003 in order to manage the challenges the Corporation is facing.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information contained in this report is forward-looking and is based on various assumptions. Such information includes, without limitation, the business outlook, including new product introductions, cost savings and acquisitions,

anticipated financial and operating results, strategies, contingencies and contemplated transactions of the Corporation. These forward-looking statements are based upon management's expectations and beliefs concerning future events impacting the Corporation. There can be no assurance that such events will occur 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 the section of Part I, Item 1 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002 entitled "Factors That May Affect Future Results."

Item 4. Controls and Procedures.

As of June 30, 2003, 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 June 30, 2003. There have been no significant changes in the Corporation's internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation of internal controls.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

- (3)a Restated Certificate of Incorporation, dated June 12, 1997, incorporated by reference to Exhibit No. (3)a of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1999.
- (3)b By-Laws, as amended April 24, 2003, filed herewith.
- (4) Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.
- (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.
- (31)b Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.
- (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, filed herewith.
- (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, filed herewith.

(b) Reports on Form 8-K

The Corporation filed the following Current Report after March 31, 2003 and prior to June 30, 2003:

Current Report on Form 8-K dated April 22, 2003, to furnish the text of a press release issued on April 22, 2003 regarding first quarter results of operations.

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/ Randy J. Vest

Randy J. Vest
Vice President and Controller
(principal accounting officer)

August 7, 2003

EXHIBIT INDEX

Exhibit No.	Description
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BY-LAWS
OF
KIMBERLY-CLARK CORPORATION

As Amended Through April 24, 2003

Note: For convenience, the masculine has been used in these By-Laws with the intention that it include the feminine as well.

CAPITAL STOCK

1. CERTIFICATES

Every stockholder shall be entitled to have a certificate in such form as the Board shall from time to time approve, signed by the Chairman of the Board, a Vice Chairman of the Board, the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, certifying the number of shares owned by him. Any of or all the signatures on the certificate and the corporate seal may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. While the corporation is authorized to issue more than one class of stock or more than one series of any class, there shall be set forth on the face or back of each certificate issued a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof of the corporation and the qualifications, limitations or restrictions of such preferences and/or rights.

2. RECORD OWNERSHIP

The name and address of the holder of each certificate, the number of shares represented thereby, and the date of issuance thereof shall be recorded in the corporation's books and records. The corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as required by law.

3. TRANSFER

Transfer of stock shall be made on the books of the corporation only by direction of the person named in the certificate or his attorney, lawfully constituted in writing, and only upon the surrender for cancellation of the certificate therefor and a written assignment of the shares evidenced thereby.

4. LOST CERTIFICATES

Any person claiming a stock certificate in lieu of one lost or destroyed shall give the corporation an affidavit as to his ownership of the certificate and of the facts which go to prove its loss or destruction. He shall also, if required by the Board, give the corporation a bond or other indemnification, in such form as may be approved by the Board, sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss of the certificate or the issuance of a new certificate.

5. TRANSFER AGENT; REGISTRAR

The corporation shall maintain one or more transfer offices or agencies, each in charge of a transfer agent designated by the Board, where the shares of stock of the corporation shall be transferable. The corporation shall also maintain one or more registry offices, each in charge of a registrar designated by the Board, where such shares of stock shall be registered. The same entity may be both transfer agent and registrar.

6. RECORD DATE; CLOSING TRANSFER BOOKS

So that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting as provided in Article VI of the Certificate of Incorporation, or entitled to receive payment of any dividend or other distribution or allotment of rights, or entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purpose of any other lawful action, the Board may fix a record date which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than ten days from the date upon which the resolution fixing the record date is adopted by the Board in the case of a determination of the stockholders entitled to express consent to corporate action without a meeting, nor more than sixty days before any other action, and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of and to vote at such meeting, or to give such consent, or to receive such dividend or other distribution or allotment of rights, or to exercise such rights, or to take such other lawful action, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

MEETINGS OF STOCKHOLDERS

7. ANNUAL

The annual meeting of stockholders for the election of directors and the transaction of such other business as may properly be brought before the meeting shall be held on the third Thursday in April in each year, or on such other day, which shall not be a legal holiday, as shall be determined by the Board. The annual meeting shall be held at such place and hour, within or without the State of Delaware, as shall be determined by the Board. The day, place and hour of each annual meeting shall be specified in the notice of the annual meeting. The meeting may be adjourned by the chairman of the meeting from time to time and place to place. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. In accordance with the provisions of applicable law, the Board acting by resolution may postpone and reschedule any previously scheduled annual meeting of stockholders.

8. SPECIAL

Special meetings shall be held at such place, within or without the State of Delaware, as may from time to time be fixed consistent with the provisions of Article VI of the Certificate of Incorporation. In the event no such place has been fixed, special meetings shall be held at the offices of the corporation located in Dallas County, Texas. The meeting may be adjourned by the chairman of the meeting from time to time and place to place. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. In accordance with the provisions of applicable law, the Board acting by resolution may postpone and reschedule any previously scheduled special meeting of stockholders.

9. NOTICE

Written notice of every meeting of stockholders, stating the place, day, hour and purposes thereof, shall, except when otherwise required by law, be mailed at least ten, but not more than sixty days before such meeting to each stockholder of record entitled to vote thereat.

10. QUORUM

The holders of a majority of the voting power of the issued and outstanding shares of capital stock of the corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting, except as otherwise required by law. In the event of lack of a quorum, the chairman of the meeting or a majority of the voting power of the shares of capital stock present in person or represented by proxy may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be obtained. At any such adjourned meeting at which there is a quorum, any business may be transacted which might have been transacted at the meeting originally called. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

11. CONDUCT OF MEETINGS

(a) The Chief Executive Officer, or in his absence such other officer as may be designated by the Board, shall be the chairman at stockholders' meetings. The Secretary of the corporation shall be the secretary at stockholders' meetings but in his absence the chairman of the meeting may appoint a secretary for the meeting. The opening and closing of the polls for matters upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board may, to the extent not prohibited by law, adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations or procedures and to do all acts as, in the judgment of the chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies (which shall be reasonable in number) or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants.

(b) At a meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting in accordance with these By-Laws. To be properly brought before a meeting, business must (a) be specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly be brought before the meeting by or at the direction of the Board, or (c) otherwise (i) properly be requested to be brought before the meeting by a stockholder of record entitled to vote in the election of directors generally, and (ii) constitute a proper subject to be brought before such meeting. For business to be properly requested to be brought before an annual meeting of stockholders by a stockholder of record, any stockholder who intends to bring any matter (other than in connection with the election of directors) before an annual meeting of stockholders and is entitled to vote on such matter must deliver written notice of such stockholder's intent to bring the matter before the annual meeting of stockholders, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the corporation. Such notice must be received by the Secretary not less than 75 days nor more than 100 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 100th day prior to such annual meeting and not later than the close of business on the later of the 75th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder notice as described above. For purposes of this By-Law 11, "public announcement" shall mean the date disclosure of the date of the meeting of stockholders is first made in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14, or 15(d) of the Securities Exchange Act of 1934, as amended. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting.

A stockholder's notice to the Secretary required by this By-Law 11 shall set forth as to each matter the stockholder proposes to bring before the meeting of stockholders: (i) a brief description of the business to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and address of the stockholder intending to propose such business; (iii) the number of shares of stock of the corporation beneficially held, either personally or in concert with others, by the stockholder, and a representation that the stockholder is a holder of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such proposal; and (iv) any material interest of the stockholder in such business. No business shall be conducted at a meeting of stockholders except in accordance with the procedures set forth in this By-Law 11. The chairman of the

meeting shall, if the facts warrant, determine and declare to the meeting that the business was not properly brought before the meeting in accordance with the provisions hereof and, if he should so determine, he shall so declare to the meeting that any such business not properly brought before the meeting shall not be transacted.

12. VOTING

Except as otherwise provided in the Certificate of Incorporation, at each meeting of the stockholders, each holder of shares entitled to vote at such meeting shall, as to all matters in respect of which such shares have voting rights, be entitled to one vote in person or by written proxy for each share held of record by him. No vote upon any matter, except the election of directors or the amendment of the Certificate of Incorporation, is required to be by ballot unless demanded by the holders of at least 10% of the voting power of the shares of capital stock represented and entitled to vote at the meeting. All motions to introduce a matter for a vote by the stockholders at a meeting thereof, except for nominations for election as directors recommended by the Nominating Committee and approved by the Board, shall be seconded prior to a vote thereon by the stockholders.

A stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder.

The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls. All elections and questions shall be decided by plurality vote, except as otherwise required by the laws of Delaware or the Certificate of Incorporation.

13. INSPECTORS OF ELECTION

The Chief Executive Officer shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. He may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the number of shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The inspectors shall determine the validity of and count the proxies and ballots in accordance with applicable law.

14. LIST OF STOCKHOLDERS

A complete list of the stockholders entitled to vote at stockholders' meetings (arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder) shall be prepared by the Secretary and filed at least ten days prior to each meeting, either at a place specified in the notice of such meeting within the city or town where such meeting is to be held, or if no such place is specified, at the place where such meeting is to be held. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, and shall be produced and kept at the time and place of such meeting during the whole time thereof, and subject to the inspection of any stockholder who may be present. The original or duplicate stock ledger shall be the only evidence as to who are stockholders entitled to inspect such list.

BOARD OF DIRECTORS

15. RESIGNATION

A director may resign at any time by giving written notice to the corporation, addressed to the Chief Executive Officer or the Secretary. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein. Acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the notice.

16. ANNUAL MEETING

A meeting of the Board, to be known as the annual Board meeting, shall be held without call or notice immediately after and at the same general place as the annual meeting of the stockholders. The annual Board meeting shall be held for the purpose of organizing the Board, electing officers, and transacting any other business that may properly come before the meeting.

17. REGULAR MEETINGS

Regular meetings of the Board may be held without call or notice at such place and at such time as shall be fixed by the Board.

18. SPECIAL MEETINGS

Special meetings of the Board may be called by the Chief Executive Officer, and shall be called by the Secretary upon the request in writing of not less than two of the directors then in office. Special meetings of the Board may be held at such place and at such time as shall be designated in the call thereof. Notice of special meetings of the Board shall either be mailed by the Chief Executive Officer or the Secretary to each director at least three days before the meeting, or served upon, or sent by electronic means by the Chief Executive Officer or the Secretary to, each director at least one day before the meeting, but during an emergency as defined in By-Law 20, notice may be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publications or private or public electronic means. Unless required by law, the notice need not state the purposes of the meeting.

19. TELEPHONIC MEETINGS

Members of the Board or any committee designated by the Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

20. QUORUM

Except during the existence of an emergency and except as otherwise provided in these By-Laws or in the Certificate of Incorporation, one-third of the total number of directors, as fixed pursuant to Section (2) of Article VIII of the Certificate of Incorporation, shall constitute a quorum for the transaction of business. During the existence of an emergency, three directors shall constitute a quorum for the transaction of business. To the extent required to constitute a quorum at any meeting of the Board during an emergency, the officers of the corporation who are present shall be deemed, in order of rank and within the same rank in order of seniority, directors for such meeting. Subject to the provisions of the Certificate of Incorporation, the action of the majority of directors present at a meeting at which a quorum is present shall be the act of the Board. In the event of lack of a quorum, a majority of the directors present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be obtained. At any such adjourned meeting at which there is a quorum, any business may be transacted which might have been transacted at the meeting originally called.

An "emergency" for the purpose of these By-Laws shall be any emergency resulting from an attack on the United States or on a locality in which the corporation conducts its business or customarily holds meetings of its Board or its stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board or a standing committee thereof cannot readily be convened for action.

21. ACTION WITHOUT MEETING

Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing and such written consent is filed with the minutes of the proceedings of the Board.

22. ORGANIZATION

The Chairman of the Board, or in his absence the Chief Executive Officer, or in his absence a director chosen by the directors present, shall act as chairman at meetings of the Board. The Secretary of the corporation shall act as secretary at meetings of the Board but in his absence the chairman of the meeting may appoint a secretary for the meeting.

23. COMPENSATION

The compensation of directors for services as directors and as members of committees of the Board shall be as fixed by the Board from time to time. The compensation, if any, of the directors need not be uniform as between directors and the compensation, if any, of the members of the committees of the Board need not be uniform either as between members of a committee or as between committees. The Board shall provide for reimbursing the directors for expenses incurred in attending meetings of the Board or committees thereof.

Any director may also serve the corporation in any other capacity and receive compensation, including fees and expenses, for such service.

24. INDEPENDENT DIRECTORS

The nomination of an individual to serve as a member of the Board shall be such that immediately after the election of such nominee to the Board a majority of all directors holding office shall, in the determination of the Board, be independent directors.

COMMITTEES OF THE BOARD

25. STANDING AND OTHER COMMITTEES

The directors shall from time to time designate, by resolution passed by a majority of the entire Board of Directors (as defined in Section (2) of Article VIII of the Certificate of Incorporation), an Audit Committee, a Compensation Committee, an Executive Committee and a Nominating and Corporate Governance Committee, each of which shall have and may exercise the powers of the Board in the direction of the business and affairs of the corporation in respect to the matters and to the extent hereinafter set forth, subject to the power of the Board to assign from time to time to any such committees or to any other committees such powers in respect to specific matters as the Board may deem desirable. These four committees shall be the standing committees of the corporation. The Board may, by resolution passed by a majority of the entire Board of Directors, designate such other committees as it from time to time may deem appropriate; no such committee shall consist of fewer than two directors, and the powers of each such committee shall be limited to those specified in the resolution designating the committee.

26. PROCEDURE AND COMMITTEE CHARTERS

Each committee shall fix its own rules of procedure and shall meet where and as provided by such rules, but the presence of a majority shall be necessary to constitute a quorum, unless otherwise provided by these By-Laws. Each committee shall keep minutes of its meetings. Any action required or permitted to be taken at any meeting of any committee may be taken without a meeting if all the members consent thereto in writing and such written consent is filed with the minutes of the proceedings of such committee. All action by each committee shall be reported to the Board. The Audit, Compensation, and Nominating and Corporate Governance Committees shall each adopt, subject to the approval of the Board, a committee charter that identifies the responsibilities and processes of such committee.

27. AUDIT COMMITTEE

The Audit Committee shall consist of three or more members. The Board shall select the members of the Audit Committee from among the directors who are not officers or employees of the corporation and shall designate the Chairman of the Committee. The members of the Audit Committee shall meet the independence and

experience requirements of the New York Stock Exchange, the Securities Exchange Act of 1934, and the rules and regulations of the Securities and Exchange Commission. All Audit Committee members shall be financially literate, and at least one member shall be a financial expert, as defined by the rules and regulations of the Securities and Exchange Commission and the New York Stock Exchange. The Audit Committee shall, with respect to the corporation and the other entities as to which the corporation has power to select and engage auditors, select and engage independent public accountants to audit books, records and accounts, determine the scope of audits to be made by the auditors and establish policy in connection with internal audit programs and the scope thereof, and shall perform such other duties as the Board may from time to time prescribe, including those set forth in the Audit Committee charter.

28. COMPENSATION COMMITTEE

The Compensation Committee shall consist of three or more members. The Board shall select the members of the Compensation Committee from among the independent directors and shall designate the Chairman of the Committee. The Compensation Committee shall constitute the Stock Option Committee provided for under any stock option plan of the corporation. It shall from time to time fix the compensation of employees who are directors of the corporation and, in consultation with the Chief Executive Officer, the compensation of officers of the corporation who are elected by the Board. The Compensation Committee shall perform such other duties as the Board may from time to time prescribe, including those set forth in the Compensation Committee charter.

29. EXECUTIVE COMMITTEE

The Executive Committee shall consist of three or more members including, by virtue of his office, the Chief Executive Officer. The Board shall select the other members of the Committee from among the directors and shall designate the Chairman thereof.

The Executive Committee, when the Board is not in session, shall have and may exercise all of the powers of the Board to direct the business and the affairs of the corporation, including but not limited to the power to declare dividends and to authorize the issuance of stock, except the powers hereinafter in these By-Laws assigned to any other standing committee and except to the extent, if any, that the authority of the Committee may be limited in any respect by law, by the Certificate of Incorporation or by these By-Laws.

30. NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee shall consist of three or more members. The Board shall select the members of the Nominating Committee from among the independent directors. The Nominating and Corporate Governance Committee shall have the power to: propose and consider suggestions as to candidates for membership on the Board; periodically recommend to the Board candidates for vacancies on the Board due to resignations or retirements or due to such standards for composition of Board membership as may from time to time legally prevail; review and recommend to the Board such modifications to the prevailing Board of Directors retirement policy as may be deemed appropriate in light of contemporary standards; propose to the Board on or before March 1 of each year a slate of directors for submission to the stockholders at the annual meeting; oversee matters of corporate governance, including advising the Board on board organization, membership and function, committee structure and membership, and succession planning for executive management of the corporation; review and make recommendations to the Board from time to time with respect to the compensation of directors pursuant to By-Law 23; and such other duties as the Board may from time to time prescribe, including those set forth in the Nominating and Corporate Governance charter.

31. ALTERNATES; VACANCIES IN COMMITTEES

The Board may designate one or more directors as alternate members of any committee. Alternate members shall serve, in the order in which the Board shall determine, when one or more members of the committee shall be absent or disqualified. Alternate members may attend committee meetings as observers, without the right to vote when all members are present; when fewer than all are present, only an alternate member serving in the place of an absent or disqualified member shall have the right to vote. If no alternate is available, the committee member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any absent or disqualified member. All members of all committees (including

Chairmen) shall serve at the pleasure of the Board.

OFFICERS

32. DESIGNATION; ELECTION; QUALIFICATION; TERM

Each year at the annual Board meeting the directors shall elect a Chairman of the Board, a Chief Executive Officer, a Secretary and a Treasurer. From time to time the Board may also elect or appoint a Vice Chairman of the Board or Vice Chairmen of the Board, a President, such Executive, Senior or other Vice Presidents as it may deem appropriate, a Chief Financial Officer, and such other officers, including a Controller, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers, as it may deem appropriate. The Chief Executive Officer may appoint any officers of the corporation not required to be elected by the Board, as he may deem appropriate. The Chairman of the Board, the Chief Executive Officer, and any Vice Chairman of the Board must be directors; no other officer need be a director. Any number of offices may be held by the same person. The term of each officer, whenever elected or appointed, shall be until the election or appointment (as the case may be) and qualification of his successor or until his earlier resignation or removal.

33. DUTIES

The officers shall have such powers and perform such duties as are prescribed in these By-Laws, or, in the case of an officer whose powers and duties are not so prescribed, as may be assigned by the Board or delegated by or through the Chief Executive Officer.

34. RESIGNATION; REMOVAL; VACANCIES

Any officer may resign at any time by giving notice to the corporation addressed to the Chief Executive Officer or the Secretary. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the notice. Any officer may be removed by the Board at any time with or without cause. Any appointed officer may be removed by the Chief Executive Officer at any time with or without cause. A vacancy in any office may be filled by the Board, and a vacancy in any appointed office may be filled by the Chief Executive Officer, for the unexpired portion of the term.

35. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of the corporation shall be elected by the Board. Subject to the Board, he shall be in general and active charge, control and supervision over the management and direction of the business, property and affairs of the corporation. He shall keep the Board fully informed, and shall freely consult it, concerning the business of the corporation in his charge.

He shall, subject to these By-Laws, have authority to:

- (i) appoint or approve the appointment of employees to various posts and positions in the corporation bearing titles designated or approved by him and to prescribe their authority and duties, which may include the authority to appoint subordinates to various other posts and positions; and

- (ii) remove or approve the removal of employees so appointed; and

- (iii) sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, notes, debentures, stock certificates, contracts, including contracts of guaranty and suretyship, leases, reports and other documents and instruments, except where the signing or execution thereof by some other officer or employee of the corporation shall be expressly authorized and directed by law, or by the Board, or by these By-Laws. Unless otherwise provided by law, or by these By-Laws, or by the Board, he may authorize in a writing filed with the Secretary, any officer, employee, or agent of the corporation to sign, execute and acknowledge, on behalf of the corporation and in his place and stead, any or all such documents and instruments.

He shall have such other authority and perform such other duties as are incident to the office of Chief Executive Officer and as may be prescribed from time to time by the Board and these By-Laws.

In the absence or disability of the Chief Executive Officer, or in case of an unfilled vacancy in that office, until such time as the Board shall elect his successor, his duties shall be performed and his powers shall be exercised by other elected officers of the corporation who are also directors (unless none are directors) in the order in which such officers were listed in their respective elections.

36. CHAIRMAN OF THE BOARD, VICE CHAIRMAN OF THE BOARD AND PRESIDENT

The Chairman of the Board, any Vice Chairman of the Board and the President, each acting alone, shall have authority to sign, execute and acknowledge on behalf of the corporation, all deeds, mortgages, bonds, notes, debentures, stock certificates, contracts, including contracts of guaranty and suretyship, leases, reports and other documents and instruments, except where the signing or execution thereof by some other officer or employee shall be expressly authorized and directed by law, or by the Board, or by the Chief Executive Officer or by these By-Laws. Each shall have such additional powers and perform such additional duties as may be assigned to him by the Board or as may be delegated to him by the Chief Executive Officer.

37. VICE PRESIDENTS

Each Vice President shall have such powers and perform such duties as may be assigned to him by the Board or as may be delegated to him by the Chief Executive Officer.

Each Executive Vice President shall have authority to sign, execute and acknowledge on behalf of the corporation, all deeds, mortgages, bonds, notes, debentures, contracts, including contracts of guaranty and suretyship, leases, reports and other documents and instruments, except where the signing or execution thereof by some other officer or employee shall be expressly authorized and directed by law, or by the Board, or by the Chief Executive Officer, or by these By-Laws.

38. CHIEF FINANCIAL OFFICER

The Chief Financial Officer shall:

- (i) be the principal financial officer of the corporation and have responsibility for all financial affairs of the corporation; and
- (ii) protect the cash, securities, receivables and other financial resources of the corporation, have responsibility for investment, receipt, custody and disbursement of such resources, and establish policies for granting credit to customers; and
- (iii) maintain the creditworthiness of the corporation; and
- (iv) negotiate and procure capital required by the corporation, including long-term debt and equity, maintain adequate sources for the corporation's short-term financing requirements and maintain banking relationships; and
- (v) administer the accounting policies of the corporation and the internal controls with respect to its financial affairs; and
- (vi) supervise the corporation's books of account, and have access to all records, including the Secretary's records; and
- (vii) in general, have such other powers and perform such other duties as may be assigned from time to time by the Board or by or through the Chief Executive Officer.

39. CONTROLLER

The Controller shall:

- (i) be the principal accounting officer of the corporation; and
- (ii) have custody and charge of the corporation's books of account, and have access to all records, including the Secretary's and the Treasurer's records, for purpose of obtaining information necessary to verify or complete the records of the Controller's office; and

- (iii) implement the policies for granting credit to customers; and
- (iv) implement the internal controls with respect to the financial affairs of the corporation; and
- (v) have the responsibility for processing vouchers for payment by the Treasurer; and
- (vi) in general, have such other powers and perform such other duties as may be assigned from time to time by the Board or by or through the Chief Executive Officer.

40. SECRETARY

The Secretary shall:

- (i) attend and keep the minutes of all meetings of the stockholders, the Board, and of such committees as the Board may direct; and
- (ii) have custody of the corporate seal and all corporate records (including transfer books and stock ledgers), contracts, papers, instruments, documents and books of the corporation except those required to be kept by other officers under these By-Laws; and
- (iii) sign on behalf of the corporation such documents and instruments as require his signature when approved in accordance with these By-Laws, and to such documents he shall affix the corporate seal when necessary and may do so when he deems it desirable; and
- (iv) see that notices are given and records and reports are properly kept and filed by the corporation as required by these By-Laws or as required by law; and
- (v) in general, have such other powers and perform such other duties as are incident to the office of Secretary and as may be assigned to him from time to time by the Board or by or through the Chief Executive Officer.

41. TREASURER

The Treasurer shall:

- (i) receive and sign receipts for all moneys paid to the corporation and shall deposit the same in the name and to the credit of the corporation in authorized banks or depositories; and
- (ii) when necessary or desirable, endorse for collection on behalf of the corporation all checks, drafts, notes and other obligations payable to it; and
- (iii) disburse the funds of the corporation only upon vouchers duly processed and under such rules and regulations as the Board may from time to time adopt; and
- (iv) keep full and accurate accounts of the transactions of his office in books belonging to the corporation; and
- (v) render as the Board may direct an account of the transactions of his office; and
- (vi) in general, have such other powers and perform such other duties as are incident to the office of Treasurer and as may be assigned to him from time to time by the Board or by or through the Chief Executive Officer.

MISCELLANEOUS

42. OFFICES

The registered office of the corporation in the State of Delaware shall be located at 1209 Orange Street, Wilmington, Delaware 19801 and the name of the registered agent in charge thereof shall be The Corporation Trust Company. The corporation may have such other offices as the Board may from time to time determine. The books of the corporation may be kept outside the State of Delaware.

43. SEAL

The corporation's seal shall be circular in form with "KIMBERLY-CLARK CORPORATION -- DELAWARE" around the periphery and "1928 -- CORPORATE SEAL" within.

44. FISCAL YEAR

The fiscal year of the corporation shall begin on January 1 of each year.

45. ANNUAL REPORT

At least fifteen days in advance of the annual meeting of stockholders, but not later than three months after the close of the fiscal year, the Board shall publish and submit to the stockholders a consolidated balance sheet of the corporation and its consolidated subsidiaries as of the end of the previous fiscal year and the related consolidated income and cash flow statements of the corporation and its consolidated subsidiaries for the previous fiscal year.

46. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation shall:

(i) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or in the case of an officer or director of the corporation is or was serving as an employee or agent of a partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful; and

(ii) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or in the case of an officer or director of the corporation is or was serving as an employee or agent of a partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

The corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee against the corporation or any of its directors, officers or employees only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized by the Board. Notwithstanding the foregoing, the corporation shall be required to indemnify an indemnitee in connection with a proceeding seeking to enforce rights to indemnification without the authorization of the Board to the extent that such proceeding is successful on the merits. To the extent that a director or officer of the corporation has been successful on the merits or otherwise in

defense of any action, suit or proceeding referred to in subsections (i) and (ii), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification under subsections (i) and (ii) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (i) and (ii). Such determination shall be made (1) by a majority vote of the directors who were not parties to such action, suit or proceedings, even though less than a quorum; or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or (3) by the stockholders.

Expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this By-Law.

The indemnification and advancement of expenses provided by, or granted pursuant to, the other paragraphs of this By-Law shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

The Board may authorize and direct that insurance be purchased and maintained on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or in the case of an officer or director of the corporation is or was serving as an employee or agent of a partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this By-Law.

47. RELIANCE ON RECORDS

Each director, each member of any committee designated by the Board, and each officer, shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinion, reports or statements presented to the corporation by any of the corporation's officers or employees, or committees of the Board, or by any other person as to matters the director, member or officer reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.

48. INSPECTION OF BOOKS

The directors shall determine from time to time whether, and, to what extent and at what times and places and under what conditions and regulations the accounts and other books and records of the corporation (except such as may by statute be specifically open to inspection) or any of them, shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

49. TRANSACTIONS WITH THE CORPORATION

No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its

directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

No other contract or transaction in which a director or officer has an interest and which may, under law, be authorized, approved or ratified by the Board, a committee thereof, or the stockholders shall be void or voidable if authorized, approved or ratified by the body which under law may authorize, approve or ratify such contract or transaction.

50. RATIFICATION

Any transaction questioned in any stockholders' derivative suit on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or stockholder, nondisclosure, miscomputation, or the application of improper principles or practices of accounting may be ratified before or after judgment, by the Board or by the stockholders in case less than a quorum of directors is qualified; and, if so ratified, shall have the same force and effect as if the questioned transaction had been originally duly authorized, and said ratification shall be binding upon the corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect to such questioned transaction.

51. VOTING OF STOCKS

Unless otherwise ordered by the Board, any one of the Chief Executive Officer, the Chairman of the Board, the President, any Vice Chairman of the Board, any Executive Vice President or any Senior Vice President shall have full power and authority, on behalf of the corporation, to consent to or approve of any action by, and to attend, act and vote at any meeting of stockholders of, any company in which the corporation may hold shares of stock, and in giving such consent or approval or at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such shares and which as the holder thereof, the corporation might possess and exercise if personally present, and may exercise such power and authority through the execution of proxies or may delegate such power and authority to any other officer, agent or employee of the corporation.

52. NOTICE

Any notice which the corporation is required to give under these By-Laws may be given personally or it may be given in writing by depositing the notice in the post office or letter box in a postpaid envelope directed to such address as appears on the books of the corporation. Such notice shall be deemed to be given at the time of mailing.

53. WAIVER OF NOTICE

Whenever any notice is required to be given, a waiver thereof in writing signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

54. DISPENSING WITH NOTICE

No notice need be given to any person with whom communication is made unlawful by any law of the United States or any rule, regulation, proclamation or executive order issued under any such law.

55. AMENDMENTS

Subject to the provisions of the Certificate of Incorporation, these By-Laws may be altered, amended or repealed by the stockholders or by the Board.

CERTIFICATIONS

I, Thomas J. Falk, Chief Executive Officer of Kimberly-Clark Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kimberly-Clark Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2003

/s/ Thomas J. Falk

Thomas J. Falk
Chief Executive Officer

CERTIFICATIONS

I, Mark A. Buthman, Chief Financial Officer of Kimberly-Clark Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kimberly-Clark Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2003

/s/ Mark A. Buthman

Mark A. Buthman
Chief Financial Officer

Certification of Chief Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Thomas J. Falk, Chief Executive Officer of Kimberly-Clark Corporation,
certify that, to my knowledge:

- (1) the Form 10-Q, filed with the Securities and Exchange Commission on August 7, 2003 ("accompanied report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Thomas J. Falk

Thomas J. Falk
Chief Executive Officer
August 7, 2003

Certification of Chief Financial Officer

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Mark A. Buthman, Chief Financial Officer of Kimberly-Clark Corporation,
certify that, to my knowledge:

- (1) the Form 10-Q, filed with the Securities and Exchange Commission on August 7, 2003 ("accompanied report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Mark A. Buthman

Mark A. Buthman
Chief Financial Officer
August 7, 2003