

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 March 31, 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 ☐ .

As of May 2, 2003, there were 508,725,269 shares of the Corporation's common
stock outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED INCOME STATEMENT
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

(Millions of dollars, except per share amounts)	Three Months Ended March 31	
	2003	2002
Net Sales	\$3,459.7	\$3,330.9
Cost of products sold	2,256.1	2,118.5

Gross Profit	1,203.6	1,212.4
Marketing, research and general expenses	588.9	566.2
Other (income) expense, net	35.4	(18.7)
	-----	-----
Operating Profit	579.3	664.9
Interest income	4.8	3.7
Interest expense	(43.0)	(46.7)
	-----	-----
Income Before Income Taxes	541.1	621.9
Provision for income taxes	157.5	185.1
	-----	-----
Income Before Equity Interests	383.6	436.8
Share of net income of equity companies	26.0	32.4
Minority owners' share of subsidiaries' net income	(11.9)	(18.6)
	-----	-----
Income Before Cumulative Effect of Accounting Change	397.7	450.6
Cumulative effect of accounting change, net of income taxes	-	(11.4)
	-----	-----
Net Income	\$ 397.7	\$ 439.2
	=====	=====

Per Share Basis:

Basic		
Income before cumulative effect of accounting change	\$.78	\$.87
	=====	=====
Net income	\$.78	\$.84
	=====	=====
Diluted		
Income before cumulative effect of accounting change	\$.78	\$.86
	=====	=====
Net income	\$.78	\$.84
	=====	=====
Cash Dividends Declared	\$.34	\$.30
	=====	=====

Unaudited

See Notes to Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEET
KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

(Millions of dollars)	March 31, 2003	December 31, 2002
-----	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 363.8	\$ 494.5
Accounts receivable	1,935.1	1,952.1
Inventories	1,490.6	1,430.1
Other current assets	458.1	397.2
	-----	-----
Total Current Assets	4,247.6	4,273.9
Property	13,870.1	13,564.0
Less accumulated depreciation	6,176.1	5,944.6
	-----	-----
Net Property	7,694.0	7,619.4
Investments in Equity Companies	581.4	571.2
Goodwill	2,290.5	2,254.9
Other Assets	912.2	866.4
	-----	-----
	\$ 15,725.7	\$ 15,585.8
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Debt payable within one year	\$ 1,101.8	\$ 1,086.6
Accounts payable	1,051.9	1,122.0
Accrued expenses	1,225.5	1,271.4
Other current liabilities	656.6	558.3
	-----	-----
Total Current Liabilities	4,035.8	4,038.3
Long-Term Debt	2,779.6	2,844.0
Noncurrent Employee Benefit and Other Obligations	1,308.4	1,390.0
Deferred Income Taxes	907.3	854.2
Minority Owners' Interests in Subsidiaries.....	241.1	255.5
Preferred Securities of Subsidiary	556.7	553.5
Stockholders' Equity	5,896.8	5,650.3
	-----	-----
	\$ 15,725.7	\$ 15,585.8
	=====	=====

Unaudited

See Notes to Consolidated Financial Statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

	Three Months Ended March 31	
(Millions of dollars)	2003	2002

Operations		
Net income	\$ 397.7	\$ 439.2
Cumulative effect of accounting change, net of income taxes	-	11.4
Depreciation	181.9	170.9
Changes in operating working capital	(31.7)	(159.8)
Deferred income tax provision	53.0	60.4
Equity companies' earnings in excess of dividends paid	(25.8)	(32.0)
Postretirement benefits	(63.4)	6.9
Other	9.0	24.1
	-----	-----
Cash Provided by Operations	520.7	521.1
	-----	-----
Investing		
Capital spending	(182.5)	(165.8)
Acquisitions of businesses, net of cash acquired	(37.3)	(8.0)
Proceeds from investments	14.4	4.0
Net increase in time deposits	(84.6)	(10.7)
Investments in marketable securities	(5.4)	-
Other	(13.9)	(26.8)
	-----	-----
Cash Used for Investing	(309.3)	(207.3)
	-----	-----
Financing		
Cash dividends paid	(154.0)	(146.5)
Net decrease in short-term debt	(44.5)	(748.5)
Proceeds from issuance of long-term debt	6.3	792.2
Repayments of long-term debt	(12.5)	(105.6)
Proceeds from exercise of stock options	11.5	27.2
Acquisitions of common stock for the treasury	(129.0)	(166.7)
Other	(16.2)	(15.0)
	-----	-----
Cash Used for Financing	(338.4)	(362.9)
	-----	-----
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3.7)	(7.1)
	-----	-----
Decrease in Cash and Cash Equivalents	(130.7)	(56.2)
	-----	-----
Cash and Cash Equivalents, beginning of year	494.5	364.5
	-----	-----
Cash and Cash Equivalents, end of period	\$ 363.8	\$ 308.3
	=====	=====

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.

1. Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Kimberly-Clark Corporation and all subsidiaries that are more than 50 percent owned and controlled (the "Corporation"). All significant intercompany transactions and accounts are eliminated in consolidation. Certain reclassifications have been made to conform prior year data to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Actual results could differ from these estimates. Changes in these estimates are recorded when known. Estimates are used in accounting for, among other things, consumer and trade promotion and rebate accruals, postretirement and other employee benefits, workers compensation claims and certain product liability risks, excess and obsolete inventory, allowances for doubtful accounts, deferred tax assets and contingencies.

Cash Equivalents

Cash equivalents are short-term investments with an original maturity date of three months or less.

Inventories and Distribution Costs

Most U.S. inventories are valued at the lower of cost, using the Last-In, First-Out (LIFO) method for financial reporting purposes, or market. The balance of the U.S. inventories and inventories of consolidated operations outside the U.S. are valued at the lower of cost, using either the First-In, First-Out (FIFO) or weighted-average cost methods, or market. Distribution costs are classified as cost of products sold.

Available-for-Sale Securities

Available-for-sale securities, consisting of debt securities issued by non-U.S. governments and unaffiliated corporations with maturity dates of two years or less, are carried at market value. Securities with maturity dates of one year or less are included in other current assets. Securities with maturity dates greater than one year are included in other assets. The securities are held by the Corporation's consolidated foreign financing subsidiary formed in February 2001. Unrealized holding gains or losses on these securities are recorded in other comprehensive income until realized.

Property and Depreciation

For financial reporting purposes, property, plant and equipment are stated at cost and are depreciated on the straight-line or units-of-production method. Buildings are depreciated over their estimated useful lives ranging from 7 to 50 years. Machinery and equipment are depreciated over their estimated useful lives ranging from 2 to 40 years. For income tax purposes, accelerated methods of depreciation are used. Purchases of computer software are capitalized. External costs and certain internal costs (including payroll and payroll-related costs of employees) directly associated with developing significant computer software applications for internal use are capitalized. Training and data conversion costs are expensed as incurred. Computer software costs are amortized on the straight-line method over the estimated useful life of the software but not in excess of five years.

Estimated useful lives are periodically reviewed and, when warranted, changes are made that generally result in an acceleration of depreciation. Long-lived assets, including computer software, are reviewed for impairment whenever events or changes in circumstances indicate that their cost may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows from the use of the asset and its eventual disposition are less than its carrying amount. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset over its fair value. Fair value is generally measured using discounted cash flows. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the balance sheet and any gain or loss on the transaction is included in income.

The cost of major maintenance performed on manufacturing facilities, composed of labor, materials and other incremental costs, is charged to operations as incurred. Start-up costs for new or expanded facilities are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill is not subject to systematic amortization, but rather is tested for impairment annually and whenever events and circumstances indicate that an impairment may have occurred. Impairment testing compares the carrying amount of the goodwill with its fair value. Fair value is estimated based on discounted cash flows. When the carrying amount of goodwill exceeds its fair value, an impairment charge would be recorded. Intangible assets are amortized over their estimated useful lives. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that their cost may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows from the use of the asset are less than its carrying amount. Measurement of an impairment loss would be based on discounted future cash flows compared to the carrying amount of the assets.

Investments in Equity Companies

Investments in equity companies over which the Corporation exercises significant influence and that, in general, are at least 20 percent owned are stated at cost plus equity in undistributed net income. These investments are evaluated for impairment in accordance with the requirements of Accounting Principles Board ("APB") Opinion 18, The Equity Method of Accounting for Investments in Common Stock. Although no impairment losses on equity company investments have yet been recognized, an impairment loss would be recorded whenever a decline in fair value of an equity investment below its carrying amount is determined to be other than temporary. In judging "other than temporary", management would consider the length of time and extent to which the fair value

of the investment has been less than the carrying amount of the equity company, the near-term and longer-term operating and financial prospects of the equity company, and management's longer-term intent of retaining its

investment in the equity company.

Revenue Recognition

Sales revenue for the Corporation and its reportable business segments is recognized at the time of product shipment or delivery, depending on when title passes, to unaffiliated customers, and when all of the following have occurred: a firm sales agreement is in place, pricing is fixed or determinable, and collection is reasonably assured. Sales are reported net of estimated returns, consumer and trade promotions and freight allowed.

Sales Incentives and Trade Promotion Allowances

The cost of promotion activities offered to customers is classified as a reduction in sales revenue. In addition, the estimated redemption value of consumer coupons is recorded at the time the coupons are issued and classified as a reduction in sales revenue.

Advertising Expense

Advertising costs are expensed in the year the related advertisement is first presented by the media. For interim reporting purposes, advertising expenses are charged to operations as a percentage of sales based on estimated sales and related advertising expense for the full year.

Research Expense

Research and development costs are charged to expense as incurred.

Environmental Expenditures

Environmental expenditures related to current operations that qualify as property, plant and equipment or which substantially increase the economic value or extend the useful life of an asset are capitalized, and all other expenditures are expensed as incurred. Environmental expenditures that relate to an existing condition caused by past operations are expensed as incurred. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with completion of a feasibility study or a commitment to a formal plan of action. At environmental sites in which more than one potentially responsible party has been identified, a liability is recorded for the estimated allocable share of costs related to the Corporation's involvement with the site as well as an estimated allocable share of costs related to the involvement of insolvent or unidentified parties. At environmental sites in which the Corporation is the only responsible party, a liability for the total estimated costs of remediation is recorded. Liabilities for future expenditures for environmental remediation obligations are not discounted and do not reflect any anticipated recoveries from insurers.

Stock-Based Employee Compensation

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 APB 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)		2003	2002
Net income, as reported.....		\$397.7	\$439.2
Less: Stock-based employee compensation determined under the fair value requirements of SFAS 123, net of income tax benefits		16.0	16.6
Pro forma net income		<u>\$381.7</u>	<u>\$422.6</u>
Earnings per share			
Basic - as reported		\$.78	\$.84
Basic - pro forma		<u>\$.75</u>	<u>\$.81</u>
Diluted - as reported		\$.78	\$.84
Diluted - pro forma		<u>\$.75</u>	<u>\$.81</u>

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

Accounting Standards Changes and New Pronouncements

On January 1, 2003, the Corporation adopted SFAS 143, Accounting for Asset Retirement Obligations. SFAS 143 addresses the accounting and reporting for the retirement of long-lived assets and related retirement costs. Adoption of SFAS 143 had no effect on the Corporation's financial statements.

On January 1, 2003, the Corporation adopted SFAS 146, Accounting for Costs Associated With Exit or Disposal Activities. SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring). Adoption of SFAS 146 had no effect on the Corporation's financial statements.

On January 1, 2003, the Corporation adopted FASB Interpretation ("FIN") 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 requires disclosure of guarantees. It also requires liability recognition for the fair value of guarantees made after December 31, 2002. Adoption of FIN 45 had no effect on the Corporation's financial statements.

In January 2003, the FASB issued 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 of such entities. It is reasonably possible the Corporation will be required to consolidate certain entities, as 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. Consolidation 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, because the debt of these entities is nonrecourse and the notes receivable are guaranteed.

- 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 computations is reconciled to those used in the diluted EPS computation as follows:

Average Common Shares

(Millions of shares)	Outstanding for the Three Months Ended March 31	
	2003	2002
Basic	510.3	520.3
Dilutive effect of stock options7	3.1
Dilutive effect of deferred compensation plan shares3	.3
	-----	-----
Diluted	<u>511.3</u>	<u>523.7</u>

Options outstanding during the first quarter ended March 31, 2003 to purchase 26.8 million shares of common stock 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 first quarter ended March 31, 2002 to purchase 5.8 million shares of common stock 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 March 31, 2003 and 2002 was 509.0 million and 519.1 million, respectively.

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

(Millions of dollars)	March 31, 2003	December 31, 2002
At lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials	\$ 320.8	\$ 323.2
Work in process.....	169.0	186.7
Finished goods	942.6	866.9
Supplies and other	226.5	210.7
	-----	-----
	1,658.9	1,587.5
Excess of FIFO cost over Last-In, First-Out (LIFO) cost	(168.3)	(157.4)
	-----	-----
Total	<u>\$1,490.6</u>	<u>\$1,430.1</u>

FIFO value of total inventories valued on the LIFO method was \$696.7 million and \$642.7 million at March 31, 2003 and December 31, 2002, respectively.

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

(Millions of dollars)	Three Months Ended March 31	
	2003	2002
Net Income	\$397.7	\$439.2
Unrealized currency translation adjustments, net of tax	120.9	(67.4)
Deferred losses on cash flow hedges, net of tax	(1.8)	(.1)
Unrealized holding gains on securities5	.1
	-----	-----
Comprehensive income	<u>\$517.3</u>	<u>\$371.8</u>

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

(Millions of dollars)	Three Months Ended March 31	
	2003	2002
NET SALES:		
Personal Care	\$1,282.5	\$1,257.2
Consumer Tissue	1,325.3	1,254.8
Business-to-Business	887.8	852.9
Intersegment sales	(35.9)	(34.0)
	-----	-----
Consolidated	\$3,459.7	\$3,330.9
	=====	=====
OPERATING PROFIT (reconciled to income before income taxes):		
Personal Care	\$ 260.2	\$ 264.1
Consumer Tissue	233.8	245.2
Business-to-Business	144.5	159.9
Other income (expense) - net	(35.4)	18.7
Unallocated items - net	(23.8)	(23.0)
	-----	-----
Total Operating Profit	579.3	664.9
Interest income	4.8	3.7
Interest expense	(43.0)	(46.7)
	-----	-----
Income Before Income Taxes	\$ 541.1	\$ 621.9
	=====	=====

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 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, Tecnol, Ballard and other brand names.

Unaudited

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

First Quarter of 2003 Compared With First Quarter of 2002

By Business Segment
(Millions of dollars)

Net Sales	2003	2002
Personal Care.....	\$1,282.5	\$1,257.2
Consumer Tissue.....	1,325.3	1,254.8
Business-to-Business.....	887.8	852.9
Intersegment sales.....	(35.9)	(34.0)
Consolidated.....	<u>\$3,459.7</u>	<u>\$3,330.9</u>

Commentary:

Consolidated net sales for the first quarter of 2003 were 3.9 percent higher than in 2002. Net sales in the first quarter of 2003 benefited from a 3 percent improvement in currency exchange rates, as well as sales volume growth in each of the business segments of approximately 2 percent. Net selling prices were 1 percent lower, reflecting a continued competitive environment, particularly in the diaper and training pant categories in North America.

- o Personal care net sales increased 2.0 percent in the first quarter. Sales volumes and currency effects were each 1.5 percent higher, partially offset by lower net selling prices. The decline in net selling prices reflects competitive price reductions and promotions, primarily in the North American diaper and training pant categories, partially offset by price increases in Latin America following currency devaluations.

In North America, sales volumes of personal care products were about even with last year, as record first quarter sales volumes of Depend and Poise adult incontinence care products as well as Pull-Ups training pants and GoodNites youth pants were offset by lower shipments of Huggies diapers, which were down 4 percent. Net selling prices in North America were about 2 percent lower. Personal care sales in Europe rose approximately 19 percent in the quarter primarily due to favorable currency rates. Increased sales volumes of Pull-Ups and DryNites training and youth pants and other European personal care products were tempered by somewhat lower sales volumes and net selling prices for diaper products due to competitive activity. In Latin America, net sales decreased 11 percent, as sales volume and price increases were not sufficient to offset unfavorable currency throughout most of the region. Personal care net sales expanded 9 percent in Asia in the first quarter. Double-digit growth in Australia and Korea from both currency benefits and higher sales volumes was partially offset by continued economic weakness in the Philippines and Taiwan.

- o Net sales of consumer tissue products increased 5.6 percent from 2002, primarily driven by currency effects in Europe and higher sales volumes in

North America. Overall, changes in foreign currency rates boosted net sales by almost 5 percent and sales volumes increased by more than 2 percent, while net selling prices were about 1 percent lower due to promotional activity.

In North America, sales volumes of consumer tissue products increased about 3 percent, highlighted by continued solid growth in Cottonelle and Scott bathroom tissue and Huggies baby wipes. Net selling prices declined approximately 1 percent due to increases in competitive promotion spending. In Europe, net sales climbed nearly 19 percent, but were essentially flat before

currency effects. Sales volumes increased about 2 percent, reflecting market share gains for Scottex bathroom tissue in Spain and for Andrex bathroom tissue and Kleenex facial tissue in the U.K.; however, net selling prices declined by a similar amount. Meanwhile, consumer tissue net sales rose slightly in both Latin America and Asia.

- o Net sales of business-to-business products increased 4.1 percent over last year. Favorable currency effects totaled nearly 4 percent and sales volumes advanced more than 2 percent. Sales volumes rose about 4 percent for the global health care business. The professional businesses sales volumes grew at double-digit rates in Latin America and Asia, but were essentially flat in North America and Europe. Overall net selling prices declined approximately 2 percent compared with the first quarter of last year.

Operating Profit	2003	2002
-----	-----	-----
Personal Care	\$260.2	\$264.1
Consumer Tissue	233.8	245.2
Business-to-Business	144.5	159.9
Other income (expense) - net	(35.4)	18.7
Unallocated items - net	(23.8)	(23.0)
	-----	-----
Consolidated	\$579.3	\$664.9
	=====	=====

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

Commentary:

Consolidated operating profit in the first quarter of 2003 declined 12.9 percent from the prior year. Increased sales volumes, favorable currency effects and cost savings of more than \$40 million achieved through the previously announced 2003 cost reduction programs contributed positively to the quarter. These factors, however, were more than offset by lower net selling prices, increases in key raw material costs, primarily for fiber and resin, and an increase in pension expense of approximately \$35 million, as well as a significant change in other income (expense), net.

In the first quarter of 2003, the personal care and consumer tissue segments each generated more than \$15 million of cost savings with the business-to-business segment contributing the balance of the cost savings programs' benefits. Each of the three segments also incurred more than \$10 million of the increased pension expense.

Included in the first quarter of 2002 were charges for business improvement programs of \$8.9 million primarily related to the previously announced plans to streamline manufacturing operations in Latin America and to consolidate administrative functions in Europe. These costs were included in the business segments as follows: personal care \$3.4 million; consumer tissue \$4.2 million; and business-to-business \$1.3 million. These charges were included in the consolidated income statement as follows: cost of products sold \$7.5 million; and marketing, research and general expenses \$1.4 million.

- o Personal care segment operating profit declined 1.5 percent from 2002, primarily due to the impacts in North America of competitive net selling prices and promotional activity in diapers and training pants. In Europe and Latin America, operating profit increased slightly. Operating profit

growth in Asia was led by Australia and Korea due to favorable currency effects and the higher sales volumes.

- o Consumer tissue segment operating profit decreased 4.6 percent below last year. In North America, operating profit declined slightly as increased promotional spending and higher raw material costs more than offset higher sales volumes and cost savings. In Europe and Latin America, operating profit was about even with last year. While in Asia, operating profit declined primarily due to the continued difficult economic conditions in Taiwan.
- o Business-to-business segment operating profit decreased 9.6 percent from the prior year. Cost savings and higher sales volumes for health care products were not sufficient to overcome lower selling prices and higher fiber costs for other operations in the segment.
- o Other income (expense), net for the first quarter of 2003 included a charge of \$15.6 million, or \$.02 per share, as a result of a legal judgment related to a 1987 European government grant to a facility that was sold in 1998. In addition to this charge, other expense in 2003 consisted primarily of currency transaction losses, while other income in 2002 included a gain of approximately \$14 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.....	\$2,196.9	\$2,210.8
Outside North America.....	1,391.4	1,251.9
Intergeographic sales.....	(128.6)	(131.8)
Consolidated.....	\$3,459.7	\$3,330.9
Operating Profit	2003	2002
North America.....	\$498.7	\$538.1
Outside North America.....	139.8	131.1
Other income (expense) - net.....	(35.4)	18.7
Unallocated items - net.....	(23.8)	(23.0)
Consolidated.....	\$579.3	\$664.9

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

Commentary:

- o Net sales in North America decreased .6 percent as the lower net selling prices for personal care and consumer tissue products more than offset the higher consumer tissue sales volumes.
- o Net sales outside of North America increased 11.1 percent primarily due to favorable currency effects in Europe.
- o Operating profit in North America declined 7.3 percent as the lower net selling prices more than offset the higher sales volumes and cost savings.
- o Operating profit outside North America increased 6.6 percent. The growth of the health care business in Europe contributed to this improvement. Operating profit in 2002 included \$7.8 million of charges for the previously discussed business improvement programs.

Additional Income Statement Commentary:

- o Interest expense decreased because the effect of lower interest rates more than offset a higher average level of debt.
- o The effective tax rate decreased from 29.8 percent in 2002 to 29.1 percent in 2003 primarily due to the resolution of certain prior year income tax matters.
- o The Corporation's share of net income of equity companies in the first quarter decreased from \$32.4 million in 2002 to \$26.0 million in 2003 primarily due to lower net income at Kimberly-Clark de Mexico, S.A. de C.V. ("KCM"). Compared with last year, depreciation of the Mexican peso reduced the Corporation's share of KCM's net income by approximately \$10 million. Before currency effects, KCM's first quarter net sales and operating profit both improved 9 percent.
- o On a diluted basis, net income was \$.78 per share, a decrease of 7.1 percent compared with \$.84 per share in the first quarter of 2002. The first quarter 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 of \$520.7 million in the first quarter was essentially even with 2002 even though the Corporation contributed \$100 million to its U.S. defined benefit pension plan in March 2003.
- o During the first quarter of 2003, the Corporation repurchased 2.5 million shares of its common stock at a cost of approximately \$113 million. The Corporation has remaining authority, under a program authorized by its board of directors in November 2000, to repurchase 7.15 million shares of its common stock. In February 2003, the board of directors approved a new program authorizing the repurchase of an additional 20 million shares.
- o On March 6, 2003, the Corporation announced the purchase of the Klucze tissue business in Poland from International Paper Company. Under the terms of the purchase agreement, the details of the transaction have not been disclosed. This acquisition is consistent with the Corporation's strategy of growing its global consumer tissue business and will provide it with a strong platform to expand its market leadership in Central and Eastern Europe. The allocation of the purchase price to the fair value of assets and liabilities acquired is currently in process and will be completed in 2003.
- o At March 31, 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 \$3.9 billion at March 31, 2003, even with December 31, 2002. The ratio of net debt and preferred securities to capital at March 31, 2003 was 38.9 percent, which is within the Corporation's targeted range of 35 to 45 percent.
- o In April 2003, Standard & Poor's changed the way in which they evaluate liabilities for pensions and other postretirement benefits and is reviewing the credit ratings of a number of companies, including the Corporation, on credit watch. Management believes that because of the Corporation's strong balance sheet and ability to generate cash flow from operations this action will have no material impact on the Corporation's access to credit or borrowing costs.
- o Management believes that the Corporation's ability to generate cash from operations and its capacity to issue short- 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 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. As required by SFAS 148, pro forma disclosure of the fair value method of accounting is presented in the notes to the Corporation's consolidated financial statements.

On January 1, 2003, the Corporation adopted SFAS 143, Accounting for Asset Retirement Obligations. SFAS 143 addresses the accounting and reporting for the retirement of long-lived assets and related retirement costs. Adoption of SFAS 143 had no effect on the Corporation's financial statements.

On January 1, 2003, the Corporation adopted SFAS 146, Accounting for Costs Associated With Exit or Disposal Activities. SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring). Adoption of SFAS 146 had no effect on the Corporation's financial statements.

On January 1, 2003, the Corporation adopted FASB Interpretation ("FIN") 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 requires disclosure of guarantees. It also requires liability recognition for the fair value of guarantees made after December 31, 2002. Adoption of FIN 45 had no effect on the Corporation's financial statements.

In January 2003, the FASB issued 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 of such entities. It is reasonably possible the Corporation will be required to consolidate certain entities, as 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. Consolidation 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, because the debt of these entities is nonrecourse and the notes receivable are guaranteed.

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

In 2003, the Corporation is committed to increasing sales volume and reducing costs. Based on its progress in the first quarter, the Corporation remains comfortable with its previous guidance. The Corporation expects diluted earnings per share for the full year to be \$3.34 per share or better, including the first quarter charge of \$.02 per share for the European legal judgment.

Regarding the second quarter of 2003, given recent cost increases, particularly in fiber, energy and oil-based products, and the current competitive environment, the Corporation expects earnings per share for the quarter will be similar to the first quarter except it does not expect a charge similar to that for the European legal judgment. Although inflationary pressures will have some impact on the second quarter, the Corporation is taking extra measures to mitigate the effect on the year as a whole. It is reviewing all areas, from pricing to promotional activities to additional cost and expense reductions.

Finally, the Corporation will focus on further strengthening its cash flow in 2003. Cash flow will fund its growth investments and the recently announced 13 percent increase in its quarterly dividend. Cash flow will also enable the Corporation to continue repurchases of its common stock in 2003. The Corporation plans to repurchase approximately 2 percent of its outstanding common stock in

2003, depending on market conditions.

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 March 31, 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 March 31, 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 1. Legal Proceedings.

The following material developments have occurred in the litigation proceedings described in Part I, Item 3 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002 (the "2002 Form 10-K"):

- o With respect to the lawsuits against Safeskin and certain of its former officers and directors described in the 2002 Form 10-K, the U.S. District Court for the Southern District of California approved the settlement agreement in March 2003, and all claims against Safeskin and the other defendants in those lawsuits have been released and dismissed with prejudice in accordance with the settlement agreement.

In management's opinion, none of the legal or administrative proceedings described above or in Part I, Item 3 of the Corporation's 2002 Form 10-K, individually or in the aggregate, is expected to have a material adverse effect on the Corporation's business, financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

The 2003 Annual Meeting of Stockholders was convened at 11:00 a.m. on Thursday, April 24, 2003, at the Corporation's World Headquarters, 351 Phelps Drive, Irving, Texas. Represented at the meeting in person or by proxy were 451,592,015 shares of common stock or at least 88.4 percent of all shares of common stock outstanding.

The following directors were elected to three-year terms expiring in 2006: Dennis R. Beresford, Thomas J. Falk, Mae C. Jemison, M.D., and Randall L. Tobias. Of the shares represented at the meeting, at least 94.8 percent voted for each nominee. There were no broker non-votes with respect to this matter and the votes for and votes withheld for each nominee were as follows:

Nominee	Votes For	Votes Withheld
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Dennis R. Beresford	430,096,144	21,495,871
Thomas J. Falk	428,024,804	23,567,211
Mae C. Jemison, M.D.	429,990,592	21,601,423
Randall L. Tobias	428,167,974	23,424,041

The Corporation's other directors are John F. Bergstrom, Pastora San Juan Cafferty, Paul J. Collins, Robert W. Decherd, Claudio X. Gonzalez, Linda Johnson Rice and Marc J. Shapiro.

The stockholders also voted on five proposals at the Annual Meeting. The following table shows the vote tabulation for the shares represented at the meeting:

Proposal	Votes For	Votes Against	Abstain	Broker Non-votes
Management Proposal				
Selection of auditors	436,823,555	11,748,451	3,020,009	-
Stockholder Proposals				
Relating to the Corporation's amended and restated rights agreement	270,265,324	114,040,527	6,751,693	60,534,471
Relating to expensing stock options	197,618,919	175,119,165	18,319,461	60,534,470
Relating to indexing stock options for executives	58,816,607	323,852,076	8,388,862	60,534,470
Relating to an independent Chairman of the Board	42,168,164	341,794,474	7,094,908	60,534,469

Approval of the stockholder proposals relating to the Corporation's amended and restated rights agreement and expensing stock options is not binding on the Corporation and the Board of Directors will evaluate these matters at a future Board meeting.

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 November 12, 2002, incorporated by reference to Exhibit No. (3)b of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002.
- (4) Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.
- (10) Retirement Contribution Excess Benefit Program, as amended and restated, filed herewith.
- (99.1) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- (99.2) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

(b) Reports on Form 8-K

The Corporation filed the following Current Reports after December 31, 2002 and prior to March 31, 2003:

None

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)

May 8, 2003

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Thomas J. Falk

Thomas J. Falk,
Chief Executive Officer

May 8, 2003

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 quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure

controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Mark A. Buthman

Mark A. Buthman,
Chief Financial Officer

May 8, 2003

EXHIBIT INDEX

Exhibit No.	Description
(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 November 12, 2002, incorporated by reference to Exhibit No. (3)b of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002.
(4)	Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.
(10)	Retirement Contribution Excess Benefit Program, as amended and restated, filed herewith.
(99.1)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
(99.2)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

KIMBERLY-CLARK CORPORATION
RETIREMENT CONTRIBUTION EXCESS BENEFIT PROGRAM

Amended and Restated effective January 6, 2003

In recognition of the valuable services provided to Kimberly-Clark Corporation (the "Corporation"), and its subsidiaries, by its employees, the Board of Directors of the Corporation (the "Board") wishes to provide additional retirement benefits to those individuals whose benefits under the Kimberly-Clark Corporation Retirement Contribution Plan (the "RCP") are restricted by the operation of the provisions of the Internal Revenue Code of 1986, as amended. It is the intent of the Corporation to provide these benefits under the terms and conditions hereinafter set forth. This Program is intended to encompass two plans, (i) an "excess benefit plan" within the meaning of Section 3(36) of Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and, as such, to be exempt from all of the provisions of ERISA pursuant to Section 4(b)(5) thereof and (ii) a non-qualified supplemental retirement plan which is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Corporation, pursuant to Sections 201, 301 and 401 of ERISA and, as such, exempt from the provisions of Parts II, III and IV of Title I of ERISA.

ARTICLE 1

Definitions

Each term which is used in this Program and also used in the RCP shall have the same meaning herein as the RCP.

Notwithstanding the above, for purposes of this Program, where the following words and phrases appear in this Program they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

1.1 "Beneficiary" means the person or persons who under this Program becomes entitled to receive a Participant's interest in the event of the Participant's death. The Beneficiary need not be the same as the beneficiary under the RCP.

1.2 A "Change of Control" of the Corporation shall be deemed to have taken place if: (i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, acquires shares of the Corporation having 20% or more of the total number of votes that may be cast for the election of Directors of the Corporation; or (ii) as the result of any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or any successor to the Corporation.

1.3 "Code" means the Internal Revenue Code for 1986, as amended and any lawful regulations or other pronouncements promulgated thereunder.

1.4 "Committee" means the Incentive Investment Plan Committee named under the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan.

1.5 "Earnings" means remuneration when paid, or would have been paid but for an Employee's deferral election, to a Participant from a Participating Unit for personal services rendered to such Participating Unit (before any withholding required by law or authorized by the person to whom such remuneration is payable), including overtime, bonuses, incentive compensation, vacation pay, deducted military pay, state disability payments received, workers compensation payments received and, to the extent such deductions decrease the individual's base pay, Before-Tax deferrals under the Kimberly-Clark Corporation Salaried Employee Incentive Investment Plan, contributions under the Kimberly-Clark Corporation Flexible Benefits Plan or any other plan described under Section 125 of the Code, and deferrals under the Kimberly-Clark Corporation Deferred Compensation Plan. Earnings shall exclude any severance payments (except as provided in Section 4.3 of the RCP), payments made under the Kimberly-Clark Corporation Equity Participation Plans, pay in lieu of vacation, compensation paid in a form other than cash (such as goods, services and, except as otherwise provided herein, contributions to employee benefit programs), service or suggestion awards, and all other special or unusual compensation of any kind; provided, however that the limitations on Earnings provided for pursuant to Code Sections 401(a)(17) shall not apply under this Program. Notwithstanding the

foregoing, Earnings shall not include any remuneration paid to a Participant after payment of such individual's Individual Account commences in accordance with Section 4.9 following the Participant's Termination of Service.

1.6 "Effective Date" means January 1, 1997.

1.7 "Excess Plan" means the plan established as part of the Program for Participants whose Retirement Contributions to the RCP are limited solely by Code Section 415.

1.8 "Individual Account" means the account established pursuant to Section 3.

1.9 "Investment Funds" means the phantom investment funds established under this Program which will accrue earnings as if the Participant's Individual Account held actual assets which were invested in the appropriate Investment Fund as defined under the RCP.

1.10 "Participant" means any Employee who satisfies the eligibility requirements set forth in Section 2. In the event of the death or incompetency of a Participant, the term shall mean the Participant's personal representative or guardian.

1.11 "Program" means the Kimberly-Clark Corporation Retirement Contribution Excess Benefit Program as set forth herein and as the same may be amended from time to time; provided, however, that the term "Excess Plan" or "SRP" may be used to refer to only one of the two plans encompassed within the Program.

1.12 "Retirement Date" means the date of Termination of Service of the Participant on or after he attains age 55 and has 5 Years of Service with the Corporation.

1.13 "RCP" means the Kimberly-Clark Corporation Retirement Contribution Plan, as in effect from time to time.

1.14 "SRP" means the plan established as part of the Program for Participants whose Retirement Contributions to the RCP are limited by the application of the rules, or regulations, of Code Section 401(a)(4) or the limitations of Code Section 401(a)(17), in either case alone or in conjunction with the limitations of Code Section 415 or whose Earnings are not fully taken into account in determining the Employee's Retirement Contributions to the RCP.

1.15 "Termination of Service" means the Participant's cessation of his service with the Corporation for any reason whatsoever, whether voluntarily or involuntarily, including by reasons of retirement or death.

ARTICLE 2

Eligibility

2.1 Any Employee who is a Participant in the RCP on or after the Effective Date and whose Retirement Contributions to the RCP are limited solely by Code Section 415 shall participate in the Excess Plan. Any other Employee who is a Participant in the RCP on or after the Effective Date and whose Retirement Contributions to the RCP are limited by the application of the rules, or regulations, of Code Section 401(a)(4) or the limitations of Code Section 401(a)(17), in either case alone or in conjunction with the limitations of Code Section 415 or whose Earnings are not fully taken into account in determining the Employee's Retirement Contributions to the RCP shall participate in the SRP; provided, however, that no Employee shall become a Participant in the SRP unless such Employee is a member of a select group of management or highly compensated Employees of the Corporation so that the SRP is maintained as a plan described in Section 201(2) of ERISA.

2.2 Notwithstanding any of the foregoing provisions of Article 2 to the contrary, any Employee who on the Effective Date is both an active employee of the Corporation or its subsidiaries and is a Participant in the Kimberly-Clark Tissue Company Defined Contribution Excess Benefit Program (the "KCTC Plan") must elect to participate in this Program and shall, pursuant to this election, as of the Effective Date, have the amount credited to the Participant's Individual Account under the KCTC Plan transferred to this Program. "Active employee" shall not include employees who are in transition assignments or who are on Limited Service as defined under the Scott Paper Company Termination Pay Plan for Salaried Employees.

ARTICLE 3

Individual Account

3.1 The Corporation shall create and maintain an unfunded Individual Account under the Excess Plan or the SRP, as applicable, for each Participant to which it shall credit the amounts described in this Article 3. Participants entitled to receive Retirement Contributions under the RCP shall receive Retirement Contributions under the Excess Plan in an amount as would have been contributed for such Participant under the RCP without regard to the limitation on benefits imposed by Section 415 of the Code, and calculated using Earnings as defined in this Program, but only to the extent that such amount exceeds such limitations. In addition, each Participant shall receive Retirement Contributions under the SRP as would have been contributed for such Participant under the RCP without regard to the limitations on benefits imposed by Sections 401(a)(17) and 401(a)(4) of the Code, and calculated using Earnings as defined in this Program, but only to the extent that such amount exceeds the Retirement Contributions under the RCP. Such Retirement Contributions shall be made for each Participant on the same terms and conditions, at the same times, and pursuant to the same elections made by the Participant as they would have been if paid under the RCP, were not for such limitations on benefits or Earnings.

3.2 For the period prior to July 1, 1997, as of the last day of each calendar month, the Corporation shall credit each Participant's Individual Account with deemed interest with respect to the then balance of the Participant's Individual Account equal to 1% plus the rate shown for U.S. Treasury Notes with a remaining maturity closest to, but not exceeded, 7 years, in the "representative mid-afternoon over the counter quotations supplied by the Federal Reserve Bank of New York City, based on transactions of \$1 million or more," as reported in The Wall Street Journal published on the last business day of each calendar month; provided, however, the Committee may change this crediting rating at any time for deemed interest not yet credited to an Individual Account.

3.3 After June 30, 1997 and prior to June 29, 2000, each Participant's Retirement Contributions under this Program shall be considered allocated to the Investment Funds in the same proportion as the Participant has elected under the RCP pursuant to Section 6.1 thereof. Effective June 29, 2000, each Participant's Retirement Contributions under this Program shall be considered allocated to the Investment Funds according to the Participant's elections under this Program, independent of the Participant's elections under the RCP, provided that (i) such Participant's elections under this Program shall be made in the same or similar manner prescribed by the Committee for the RCP, and (ii) such Participant's elections under the RCP as of June 29, 2000 shall be carried over to this Program until such time as the Participant changes them hereunder.

3.4 After June 30, 1997 and prior to June 29, 2000, reallocations between Investment Funds shall be considered made at the same time, in the same proportionate amount, and to and from the same Investment Funds under this Program as those made by the Participant under Section 6.3 of the RCP; provided, however, that if such Participant has no account balance under the RCP, the Participant may make separate reallocation elections hereunder in a manner prescribed by the Committee. Effective June 29, 2000, reallocations between Investment Funds shall be considered made according to the Participant's elections under this Program, independent of the Participant's elections under the RCP, provided that (i) such Participant's elections under this Program shall be made in the same or similar manner prescribed by the Committee for the RCP, and (ii) such Participant's elections under the RCP as of June 29, 2000 shall be carried over to this Program until such time as the Participant changes them hereunder.

3.5 After June 30, 1997 and before June 29, 2000, the Corporation shall credit each Participant's Individual Account with earnings, gains and losses as if such accounts held actual assets and such assets were invested among such Investment Funds, in the same proportion as the Participant has invested in the RCP; provided, however, that if such Participant has no account balance under the RCP, the Participant may make separate investment elections hereunder in the manner prescribed by the Committee. Effective June 29, 2000, the Corporation shall credit each Participant's Individual Account with earnings, gains and losses as if such accounts were invested among the Investment Funds according to the Participant's elections under this Program, independent of the Participant's elections under the RCP, provided that (i) such Participant's elections under this Program shall be made in the same or similar manner prescribed by the Committee for the RCP, and (ii) such Participant's elections under the RCP as of June 29, 2000 shall be carried over to this Program until such time as the Participant changes them hereunder.

ARTICLE 4

Distributions of Benefit Supplement

4.1 Retirement Benefit. Subject to Section 4.5 below, upon a Participant's Retirement Date, he shall be entitled to receive the amount of his Individual Account. The form of benefit payment, and the time of commencement of such benefit, shall be as provided in Section 4.4.

4.2 Termination Benefit. Upon the Termination of Service of a Participant prior to his Retirement Date, for reasons other than death, the Corporation shall pay to the Participant, a benefit equal to his Individual Account.

Unless otherwise directed by the Committee, the termination benefit shall be payable in a lump sum as set forth in Section 4.9 following the Participant's Termination of Service. Upon payment following a Termination of Service, the Participant shall immediately cease to be eligible for any other benefit provided under this Program.

4.3 Death Benefits. Upon the death of a Participant or a retired Participant, the Beneficiary of such Participant shall receive the Participant's remaining Individual Account. Payment of a Participant's remaining Individual Account shall be made in accordance with Section 4.4.

4.4 Form of Benefit Payment. Upon the happening of an event described in Sections 4.1, 4.2 or 4.3, the Corporation shall pay to the Participant the amount specified therein in a lump sum.

4.5 Limitations on the Annual Amount Paid to a Participant. Notwithstanding any other provisions of this Program to the contrary, in the event that a portion of the payments due a Participant pursuant to Sections 4.1, 4.2, 4.3 or 4.4 would not be deductible by the Corporation pursuant to Section 162(m) of the Code, the Corporation, at its discretion, may postpone payment of such amounts to the Participant until such time that the payments would be deductible by the Corporation; provided, however, that no payment postponed pursuant to this Section 4.5 shall be postponed beyond the first anniversary of such Participant's Termination of Service.

4.6 Change of Control and Lump Sum Payments

(a) If there is a Change of Control, notwithstanding any other provision of this Program, any Participant who has an Individual Account hereunder may, at any time during a twenty-four (24) month period immediately following a Change of Control, elect to receive an immediate lump sum payment of the balance of his Individual Account, reduced by a penalty equal to ten percent (10%) of the Participant's Individual Account as of the last business day of the month preceding the date of the election. The ten percent (10%) penalty shall be permanently forfeited and shall not be paid to, or in respect of, the Participant.

(b) If there is a Change of Control, notwithstanding any other provision of this Program, any retired Participant, or Beneficiary, who has an Individual Account hereunder may, at any time during a twenty-four (24) month period immediately following a Change of Control, elect to receive an immediate lump sum payment of the balance of his Individual Account, reduced by a penalty equal to five percent (5%) of the Participant's Individual Account as of the last business day of the month preceding the date of the election. The five percent (5%) penalty of the retired Participant's or Beneficiary's Individual Account shall be permanently forfeited and shall not be paid to, or in respect of, the retired Participant or Beneficiary.

(c) In the event no such request is made by a Participant, a retired Participant or Beneficiary, the Program shall remain in full force and effect.

4.7 Change in Credit Rating and Lump Sum Payments.

In the event the Corporation's financial rating falls below Investment Grade, a Participant, retired Participant, or Beneficiary may at any time during a six (6) month period following the reduction in the Corporation's financial rating, elect to receive an immediate lump sum payment of the balance of his Individual Account reduced by a penalty equal to ten percent (10%) of the Participant's Individual Account or five percent (5%) of the retired Participant's or

Beneficiary's Individual Account as of the last business day of the month preceding the election. The penalties accrued hereunder shall be permanently forfeited and shall not be paid to, or in respect of, the Participant, retired Participant or Beneficiary.

In the event no such request is made by a Participant, retired Participant or Beneficiary, the Program shall remain in full force and effect.

4.8 Tax Withholding. To the extent required by law, the Corporation shall withhold any taxes required to be withheld by any Federal, State or local government.

4.9 Commencement of Payments. Unless otherwise provided, commencement of payments under Section 4.6 or 4.7 of this Program shall be as soon as administratively feasible on or after the last business day of the month following receipt of notice and approval by the Committee of an event which entitles a Participant or a Beneficiary to payments under this Program. Unless otherwise provided, commencement of payments under Section 4.1, 4.2 or 4.3 of this Program shall be payable in the first calendar quarter of the year following the Plan year in which the Participant terminates employment from the Corporation for any reason; provided, however, that such a termination shall not be deemed to occur until immediately following the receipt of all payments due to the Employee under the Scott Paper Company Termination Pay Plan for Salaried Employees.

4.10 Recipients of Payments; Designation of Beneficiary. All payments to be made by the Corporation under the Program shall be made to the Participant during his lifetime, provided that if the Participant dies prior to the completion of such payments, then all subsequent payments under the Program shall be made by the Corporation to the Beneficiary determined in accordance with this Section. The Participant may designate a Beneficiary by filing a written notice of such designation with the Committee in such form as the Committee requires and may include contingent Beneficiaries. The Participant may from time-to-time change the designated Beneficiary by filing a new designation in writing with the Committee. If a married Participant designates a Beneficiary or Beneficiaries other than his spouse at the time of such designation, such designation shall not be effective (and the Participant's spouse shall be the Beneficiary) unless:

- (a) the spouse consents in writing to such designation;
- (b) the spouse's consent acknowledges the effect of such designation, which consent shall be irrevocable; and
- (c) the spouse executes the consent in the presence of either a Plan representative designated by the Committee or a notary public.

Notwithstanding the foregoing, such consent shall not be required if the Participant establishes to the satisfaction of the Committee that such consent cannot be obtained because (i) there is no spouse; (ii) the spouse cannot be located after reasonable efforts have been made; or (iii) other circumstances exist to excuse spousal consent as determined by the Committee. If no designation is in effect at the time when any benefits payable under this Plan shall become due, the Beneficiary shall be the spouse of the Participant, or if no spouse is then living, the representatives of the Participant's estate.

ARTICLE 5

Vesting

5.1 The balance of a Participant's Individual Account shall be 100% vested at the same time as if the amounts had been credited to the Participant's Account under the RCP.

5.2 K-C Aviation Benefit. Notwithstanding any other provision of the Plan, a Participant shall be fully vested in his Individual Account as of the date on which he ceases to be an Eligible Employee under the Program, if such Participant meets all of the following conditions:

- (a) immediately prior to the Closing Date, as defined in the Agreement of Purchase and Sale dated as of July 23, 1998 by and between the Corporation and Gulfstream Aerospace Corporation (the "Agreement"), he must have been an Employee employed by the Corporation or K-C Aviation Inc.; and

- (b) as of the Closing Date, as defined in the Agreement, he must have ceased to be an Eligible Employee solely on account of the sale of the stock of K-C Aviation Inc. pursuant to the Agreement, and he must either (i) be employed by the Buyer, as defined in the Agreement, immediately after he ceases to be an Eligible Employee hereunder, or (ii) have been on a long-term disability leave of absence from K-C Aviation Inc. as of the Closing Date, as defined in the Agreement.

ARTICLE 6

Funding

6.1 The Board may, but shall not be required to, authorize the establishment of a trust by the Corporation to serve as the funding vehicle for the benefits described herein. In any event, the Corporation's obligations hereunder shall constitute a general, unsecured obligation, payable solely out of its general assets, and no Participant shall have any right to any specific assets of the Corporation.

ARTICLE 7

Administration

7.1 The Committee shall administer this Program and shall have the same powers and duties, and shall be subject to the same limitations as are set forth in the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan.

ARTICLE 8

Amendment and Termination

8.1 The Corporation, by action of the Board, or the Compensation Committee as designated by the Board, shall have the right at any time to amend this Program in any respect, or to terminate this Program; provided, however, that no such amendment or termination shall operate to reduce the benefit that has accrued for any Participant who is participating in the Program nor the payment due to a terminated Participant at the time the amendment or termination is adopted. Continuance of the Program is completely voluntary and is not assumed as a contractual obligation of the Corporation. Notwithstanding the foregoing, this Program shall terminate when the RCP terminates.

Any action permitted to be taken by the Board, or the Compensation Committee as designated by the Board, under the foregoing provision regarding the modification, alteration or amendment of the Program may be taken by the Committee, using its prescribed procedures, if such action

(a) is required by law, or

(b) is estimated not to increase the annual cost of the Program by more than \$1,000,000.

Any action taken by the Board, the Compensation Committee as designated by the Board, or Committee shall be made by or pursuant to a resolution duly adopted by the Board, the Compensation Committee as designated by the Board, or Committee and shall be evidenced by such resolution or by a written instrument executed by such persons as the Board, the Compensation Committee as designated by the Board, or Committee shall authorize for such purpose.

The Committee shall report to the Chief Executive Officer of the Corporation before January 31 of each year all action taken by it hereunder during the preceding calendar year.

ARTICLE 9

Miscellaneous

9.1 Nothing contained herein (a) shall be deemed to exclude a Participant from any compensation, bonus, pension, insurance, termination pay or other benefit to which he otherwise is or might become entitled to as an Employee or (b) shall be construed as conferring upon an Employee the right to continue in the employ of the Corporation as an executive or in any other capacity; provided, however, that if, at the time payments are to be made hereunder, the Participant or the Beneficiary are indebted or obligated to the Corporation, then the payments remaining to be made to the Participant or the Beneficiary

may, at the discretion of the Corporation, be reduced by the amount of such indebtedness or obligation, provided, however, that an election by the Corporation not to reduce any such payment or payments shall not constitute a waiver of its claim for such indebtedness or obligation.

9.2 Any amounts payable by the Corporation hereunder shall not be deemed salary or other compensation to a Participant for the purposes of computing benefits to which the Participant may be entitled under any other arrangement established by the Corporation for the benefit of its Employees.

9.3 The rights and obligations created hereunder shall be binding on a Participant's heirs, executors and administrators and on the successors and assigns of the Corporation.

9.4 The Program shall be construed and governed by the laws of the State of Wisconsin.

9.5 The rights of any Participant under this Program are personal and may not be assigned, transferred, pledged or encumbered. Any attempt to do so shall be void.

9.6 Neither the Corporation, its Employees, agents, any member of the Board, the Plan Administrator nor the Committee shall be responsible or liable in any manner to any Participant, Beneficiary, or any person claiming through them for any benefit or action taken or omitted in connection with the granting of benefits, the continuation of benefits or the interpretation and administration of this Program.

9.7 An application or claim for a benefit under the RCP shall constitute a claim for a benefit under this Program.

9.8 The Corporation is the plan sponsor. All actions shall be taken by the Corporation in its sole discretion, not as a fiduciary, and need not be applied uniformly to similarly situated individuals.

Certification of Chief Executive Officer

Pursuant to Section 1350 of Chapter 63 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 May 8, 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
May 8, 2003

Certification of Chief Financial Officer

Pursuant to Section 1350 of Chapter 63 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 May 8, 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
May 8, 2003