

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

(Mark One)

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

For the fiscal year ended December 31, 1994

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.)
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P. O. Box 619100, Dallas, Texas (Address of principal executive offices)	75261-9100 (Zip Code)
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Registrant's telephone number, including area code: (214) 830-1200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock - \$1.25 Par Value; Preferred Share Purchase Rights	New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:  
 None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 17, 1995, 160,245,170 shares of common stock were outstanding, and the aggregate market value of the registrant's common stock held by nonaffiliates on such date (based on the closing stock price on the New York Stock Exchange) was approximately \$8,293 million.

Documents Incorporated By Reference

Kimberly-Clark Corporation's 1994 Annual Report to Stockholders and 1995 Proxy Statement contain much of the information required in this Form 10-K, and portions of those documents are incorporated by reference herein from the applicable sections thereof. The following chart identifies the sections of this Form 10-K which incorporate by reference portions of the Corporation's 1994 Annual Report to Stockholders and 1995 Proxy Statement. The Items of this Form 10-K, where applicable, specify which portions of such documents are incorporated by reference. The portions of such documents that are not incorporated by reference shall not be deemed to be filed with the Commission as part of this Form 10-K.

Document of Which Portions are Incorporated by Reference	Items of this Form 10-K in Which Incorporated
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1994 Annual Report to Stockholders  
(Year ended December 31, 1994)

Part I

Item 1. Business

Item 3. Legal Proceedings

Part II

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Common Stock and Related Stockholder  
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Related Transactions

PART I

ITEM 1. BUSINESS

Kimberly-Clark Corporation was incorporated in Delaware in 1928. As used in Items 1, 2 and 7 of this Form 10-K, the term "Corporation" refers to Kimberly-Clark Corporation and its consolidated subsidiaries. In the remainder of this Form 10-K, the terms "Kimberly-Clark" or "Corporation" refer to Kimberly-Clark Corporation.

Financial information about product classes and results, and foreign and domestic operations, and information about principal products and markets of the Corporation, contained under the caption "Management's Discussion and Analysis" and in Note 13 to the Financial Statements contained in the 1994 Annual Report to Stockholders, are incorporated in this Item 1 by reference.

Description of the Corporation. The Corporation is principally engaged in the manufacturing and marketing throughout the world of a wide range of products for personal, business and industrial uses. Most of these products are made from natural and synthetic fibers using advanced technologies in absorbency, fibers and nonwovens.

The Corporation's products and services are segmented into three classes.

Class I includes tissue products for household, commercial, institutional and industrial uses; infant, child, feminine and incontinence care products; industrial and commercial wipers; health care products; and related products. Class I products are sold under a variety of well-known brand names, including Kleenex, Huggies, Pull-Ups, GoodNites, Kotex, New Freedom, Lightdays, Depend, Poise, Hi-Dri, Delsey, Kinguard and Kimwipes.

Products for home use are sold through supermarkets, mass merchandisers, drugstores, warehouse clubs, home health care stores, variety stores, department stores and other retail outlets, as well as to wholesalers. Other products in this class are sold to distributors, converters and end-users.

Pulp produced by the Corporation, including amounts sold to other companies, is included in Class I, except for pulp manufactured for newsprint and certain specialty papers which is included in Class II.

Class II includes newsprint, printing papers, premium business and correspondence papers, tobacco industry papers and

products, technical papers, and related products.

Newsprint and groundwood printing papers are sold directly to newspaper publishers and commercial printers. Other papers and specialty products in this class are sold directly to users, converters, manufacturers, publishers and printers, and through paper merchants, brokers, sales agents and other resale agencies.

Class III includes aircraft services, commercial air transportation and other products and services.

Patents and Trademarks. The Corporation owns various patents and trademarks registered domestically and in certain foreign countries. The Corporation considers the patents and trademarks which it owns and the trademarks under which it sells certain of its products, in each instance and in the aggregate, to be material to its business. Consequently, the Corporation seeks patent and trademark protection by all available means, including registration. A partial list of the Corporation's trademarks is included under the caption "Trademarks" contained in the 1994 Annual Report to Stockholders and is incorporated herein by reference.

Employees. In its worldwide consolidated operations, the Corporation had 42,707 employees as of December 31, 1994.

Raw Materials. Cellulose fibers in the form of wood pulp are the primary raw materials for the Corporation's paper and tissue products and are important components in disposable diapers, training pants, feminine pads and incontinence care products. Certain specialty papers are manufactured with other cellulose fibers such as flax straw and cotton. Large amounts of secondary and recycled fibers are also consumed, primarily in tissue products. Superabsorbent materials are important components in disposable diapers, training pants and incontinence care products. Polypropylene and other synthetics are primary raw materials for manufacturing nonwoven fabrics which are used in disposable diapers, training pants, feminine pads, incontinence and health care products and industrial wipers. Most secondary fibers and all synthetics are purchased. Wood pulp and nonwood cellulose fibers are produced by the Corporation and purchased from others. The Corporation considers the supply of such raw materials to be adequate to meet the needs of its businesses.

For its worldwide consolidated operations, the Corporation's pulp mills at Coosa Pines, Alabama, and Terrace Bay, Ontario, supplied about 70 percent of 1994 wood pulp requirements for products other than newsprint. The Corporation's newsprint mill at Coosa Pines produces substantially all of its own virgin fiber requirements, which represent approximately 80 percent of its total fiber requirements.

The Corporation owns or controls 5.1 million acres of forestland in North America, primarily as a source of fiber for pulp production. Approximately .4 million acres are owned and 4.7 million acres, principally in Canada, are held under long-term Crown rights or leases.

Certain states have adopted laws and entered into agreements with publishers requiring newspapers sold in such states to contain specified amounts of recycled paper. The Corporation provides certain newspaper publishers with newsprint containing specified amounts of recycled paper.

Competition. The Corporation competes in numerous domestic and foreign markets. The number of competitors and the Corporation's competitive positions in these markets vary. In general, in the sale of its principal products, the Corporation faces strong competition from other manufacturers, some of which are larger and more diversified than the Corporation. The Corporation has several major competitors in its disposable diaper and training pants, household and other tissue-based products, and feminine and incontinence care products businesses.

Depending on the characteristics of the market involved, the Corporation competes on the basis of product quality and performance, price, service, packaging, distribution, advertising and promotion.

In 1994, a major competitor completed its national introduction of a branded training pant. The Corporation responded by entering the private label training pants business and by launching improved branded training pants and branded disposable pants for older children who experience nighttime bed wetting. Similarly in Europe, the Corporation has encountered significant competition in connection with its

introduction of training pants and diapers.

Research and Development. At year-end 1994, approximately 1,200 of the Corporation's employees were engaged in research and development activities and were located in Neenah, Wisconsin; Roswell, Georgia; Coosa Pines, Alabama; Munising, Michigan; the United Kingdom; Germany; the Netherlands; and France. A major portion of total research and development expenditures is directed toward new or improved personal care, health care and household products, and nonwoven materials. Consolidated research and development expenditures were \$167.1 million in 1994, \$158.5 million in 1993 and \$156.1 million in 1992.

Environmental Matters. Capital expenditures for environmental controls to meet legal requirements and otherwise relating to the protection of the environment at the Corporation's facilities in the United States are estimated to be \$29 million in 1995 and \$28 million in 1996. Such expenditures are not expected to have a material effect on the Corporation's total capital expenditures, consolidated earnings or competitive position; however, these estimates could be modified as a result of changes in the Corporation's plans, changes in legal requirements or other factors.

Risks for Foreign Operations. The Corporation and its equity companies have manufacturing facilities in more than 25 countries throughout the world. Consumer products made abroad or in the U.S. are marketed in approximately 150 countries. Because these countries are so numerous, it is not feasible to generally characterize the risks involved. Such risks vary from country to country and include such factors as tariffs, trade restrictions, changes in currency value, economic conditions and international relations. See "Management's Discussion and Analysis -- Foreign Currencies Risks, Hedging Activities and Inflation Risks" contained in the 1994 Annual Report to Stockholders, which is incorporated herein by reference.

Insurance. The Corporation maintains coverage consistent with industry practice for most risks that are incident to its operations.

## ITEM 2. PROPERTIES

Management believes that the Corporation's production facilities are suitable for their purpose and adequate to support its businesses. The extent of utilization of individual facilities varies, but they operate at or near capacity, except in certain instances where new products or technology is being introduced. New facilities of the Corporation are under construction and others are being expanded. Principal facilities and products or groups of products made at these facilities are listed on the following pages. In addition, the principal facilities of the Corporation's equity companies and the products or groups of products made at such facilities are included on the following pages. Products described as consumer, service and/or nonwoven products include tissue products for household, commercial, institutional and industrial uses; infant, child, feminine and incontinence care products; industrial and commercial wipers; health care products; and related products.

### Headquarters Locations

- Dallas, Texas
- Roswell, Georgia
- Neenah, Wisconsin

### Administrative Center

- Knoxville, Tennessee

### Production and Service Facilities

#### United States

##### Alabama

- Ashville - Wood chips
- Coosa Pines - Newsprint, groundwood printing papers, pulp, seedling nursery
- Goodwater - Lumber
- Nixburg - Wood chips
- Roanoke - Wood chips
- Westover - Lumber

##### Arizona

- Tucson - Nonwoven products

##### Arkansas

- Conway - Consumer products
- Maumelle - Consumer products

##### California

- Fullerton - Consumer products

##### Connecticut

New Milford - Consumer products  
Shelton - Aviation services

Georgia  
LaGrange - Nonwoven materials and products

Massachusetts  
Lee - Tobacco industry papers, thin papers, service products  
Westfield - Aviation services

Michigan  
Munising - Printing and base papers

Mississippi  
Corinth - Nonwoven materials, service products

Nebraska  
Omaha - Commercial airline service

New Jersey  
Montvale - Aviation services  
South Hackensack - Aviation services  
Spotswood - Tobacco industry papers and products

New York  
Ancram - Tobacco industry papers and products  
Islip - Aviation services

North Carolina  
Hendersonville - Nonwoven materials and products  
Lexington - Nonwoven materials and products

Oklahoma  
Jenks - Consumer products

South Carolina  
Beech Island - Consumer and service products

Tennessee  
Loudon - Service products

Texas  
Dallas - Aviation services  
Paris - Consumer products  
Waco - Administrative services

Utah  
Ogden - Consumer products

Wisconsin  
Appleton - Aviation services  
Milwaukee - Commercial airline service  
Neenah - Consumer and service products, nonwoven materials,  
business and correspondence papers  
Whiting - Business and correspondence papers

#### Outside the United States

Argentina  
\*Cordoba - Consumer products  
\*Pilar - Consumer products  
\*San Luis - Consumer products

Australia  
\*Albury - Nonwoven materials and products  
\*Ingleburn (near Sydney) - Consumer products  
\*Lonsdale (near Adelaide) - Consumer products  
\*Millicent - Consumer and service products  
\*Seven Hills (near Sydney) - Consumer and service products  
\*Tantanoola - Pulp  
\*Warwick Farm (near Sydney) - Consumer and service products

Bahrain  
\*East Riffa - Consumer products

Canada  
Huntsville, Ontario - Consumer and service products  
Rexdale, Ontario (near Toronto) - Consumer and service  
products  
St. Catharines, Ontario - Consumer and service products,  
base papers  
St. Hyacinthe, Quebec - Consumer products  
Terrace Bay, Ontario - Pulp  
Winkler, Manitoba (mobile operations) - Flax tow

China  
Beijing - Consumer products  
Changchun - Consumer products  
Chengdu - Consumer products  
Guiyang - Consumer products  
Handan - Consumer products  
Harbin - Consumer products  
Kunming - Consumer products  
Nanjing - Consumer products  
Shenyang - Consumer products  
Taiyuan - Consumer products

Colombia  
\*Barbosa (near Medellin) - Tobacco industry papers, service  
products  
\*Guarne (near Medellin) - Consumer and service products  
\*Pereira - Consumer and service products, nonwoven materials  
\*Tocancipa (near Bogota - under construction) - Consumer  
products

Costa Rica  
Cartago - Consumer products

El Salvador  
 Sitio del Ni-no (near San Salvador) - Consumer and service products

France  
 Le Mans - Tobacco industry products  
 Malaucene - Tobacco industry papers  
 Quimperle - Tobacco industry papers  
 Rouen - Consumer products  
 Villey-Saint-Etienne - Consumer and service products

Germany  
 Koblenz - Consumer and service products  
 Forchheim - Consumer products

Honduras  
 Cortes - Nonwoven products  
 San Pedro Sula - Nonwovens products

India  
 \*Pune (near Bombay - under construction) - Consumer products

Indonesia  
 \*Medan - Tobacco industry papers

Korea  
 Anyang (near Seoul) - Consumer and service products  
 Kimcheon (near Taegu) - Consumer and service products  
 Taejon - Consumer products

Malaysia  
 \*Petaling Jaya (near Kuala Lumpur) - Consumer and service products

Mexico  
 \*Bajio (near San Juan del Rio) - Consumer and service products; business, printing and school papers  
 \*Cuautitlan (near Mexico City) - Consumer and service products  
 Empalme - Nonwoven products  
 Hermosillo - Nonwoven products  
 Magdalena - Nonwoven products  
 \*Naucalpan (near Mexico City) - Consumer and service products; business, printing and school papers; tobacco industry papers; pulp  
 Nogales - Nonwoven products  
 \*Orizaba - Consumer and service products; business, printing and school papers; pulp  
 \*Ramos Arizpe - Consumer products  
 Santa Ana - Nonwoven products  
 \*Tlaxcala (under construction) - Consumer products

Netherlands  
 Veenendaal - Consumer and service products

Panama  
 Panama City - Consumer and service products

Philippines  
 San Pedro, Laguna (near Manila) - Consumer and service products, tobacco industry papers

Saudi Arabia  
 \*Al-Khobar - Consumer and service products

Singapore  
 Singapore - Consumer and service products

South Africa  
 \*Cape Town - Consumer and service products  
 \*Istar - Consumer and service products  
 \*Springs (near Johannesburg) - Consumer and service products  
 \*Wadeville - Consumer and service products

Thailand  
 Patumthanee (near Bangkok) - Consumer and service products

United Kingdom  
 Barton-upon-Humber - Consumer products  
 Flint - Nonwoven materials, service products  
 Larkfield (near Maidstone) - Consumer and service products  
 Prudhoe (near Newcastle-upon-Tyne) - Consumer and service products, recycled fiber  
 Sealand (near Chester) - Consumer products

Venezuela  
 Guacara - Consumer products

\* Equity company production facility

### ITEM 3. LEGAL PROCEEDINGS

The following is a brief description of potentially material legal proceedings to which the Corporation or any of its subsidiaries is a party or of which any of their properties is subject:

#### Litigation

A. On September 20, 1994, the Attorney General of the State of West Virginia filed an action against several tobacco companies, industry trade associations and consultants, tobacco wholesalers and cigarette component manufacturers,

including the Corporation, seeking to recover monies which West Virginia allegedly has spent and will spend in providing medical care for its citizens whose illnesses are alleged to be tobacco-related. The lawsuit, filed in the Circuit Court of Kanawha County, West Virginia, seeks actual and punitive damages in an unspecified amount. Among other things, the complaint alleges that the Corporation aided, abetted and participated in the manufacture of cigarettes by supplying reconstituted tobacco sheets to the tobacco company defendants and advertising that the use of such sheets would allow the tobacco companies to manipulate the level of nicotine in their cigarettes. The Corporation has moved to dismiss the complaint on several grounds including the Attorney General's lack of authority to bring suit in his own name on behalf of the State of West Virginia. The Corporation believes that the Attorney General's claims are without merit.

- B. Since September 28, 1990, numerous lawsuits currently consolidated into five actions in state and federal courts have been filed against numerous defendants, including the Corporation, by over 6,000 plaintiffs of whom about 272 claim to have worked at the Corporation's Coosa Pines, Ala. mill as employees of independent contractors at various times since the mill's construction. The plaintiffs allege, with respect to the Corporation, that they sustained personal injuries and/or emotional distress from alleged exposure to asbestos-containing materials while working at the mill. The complaints do not specify the amount of damages demanded. The Corporation believes the claims are without merit.

The parties to four of these actions have reached tentative oral agreement in principle to settle; however, no written settlement agreement has yet been signed. Pursuant to this agreement in principle, all pending claims in these four actions would be dismissed. The amount expected to be paid by the Corporation is not expected to be material. Since these actions are not part of a mandatory class action, there remains the possibility that similar additional suits may be filed against the Corporation.

The Corporation also is subject to routine litigation from time to time which individually or in the aggregate is not expected to have a material adverse effect on the Corporation's business or results of operations.

#### Environmental Matters

(See the Corporation's 1994 Annual Report to Stockholders under the "Environmental Matters" section of "Management's Discussion and Analysis.")

The Corporation has been named a potentially responsible party ("PRP") under the provisions of the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), or analogous state statute, at 28 waste disposal sites, none of which, in management's opinion, could have a material adverse impact on the Corporation's business or results of operations. Notwithstanding its opinion, management believes it appropriate to disclose the following recent developments concerning seven of these sites where the extent of the Corporation's liability cannot yet be established:

- A. The South 8th Street Landfill Site, located across the Mississippi River from Memphis, Tennessee, in Crittenden County, Arkansas, is a 30-acre site that received municipal and industrial waste from the 1950's to the early 1980's. The site is divided into three separate landfill disposal areas and an oily sludge pit area. A refining company (the "Refiner") apparently used the pit area for the disposal of waste sludge from its oil re-refining process through November 1969.

On September 9, 1992, the Environmental Protection Agency (the "EPA") identified Kimberly-Clark's former Memphis facility as a PRP at the site. The mill was linked to the site by an affidavit of an employee of the Refiner which alleged that the Refiner picked up waste oil at the mill for re-refining. While Kimberly-Clark did not send hazardous wastes to the site, it did send used oil to the Refiner for reclamation.

Remediation of the site is being conducted in two phases. The Record of Decision for the source control phase, which identifies the selected remedy for the oily sludge pit and landfill areas of the site, was issued by EPA in November 1994. The Remedial Design for the source control phase and the Remedial Investigation and Feasibility Study for the groundwater phase have not yet commenced. There are approximately 103 companies, including Kimberly-Clark,

participating in the PRP group. The Corporation's estimated share of the total site remediation cost, if any, cannot yet be established.

- B. In August 1992, Kimberly-Clark's Spotswood, New Jersey mill received an information request from the New Jersey Department of Environmental Protection and Energy ("NJDEPE") with respect to the Jones Industrial Service Landfill. Kimberly-Clark does not have internal records indicating that the mill used the site. However, the Spotswood mill received routing sheets from a nonhazardous waste disposal transporter used by the mill which indicate that the transporter may have sent three loads of Spotswood mill waste to the site in September 1980. The public comment period on the Proposed Plan of Remediation ended on December 28, 1994. No decision on remedial action will be made until all public comments are evaluated. NJDEPE has made no projections on when the Record of Decision will be issued. Until Kimberly-Clark receives the site information it has requested from the State of New Jersey, no determination regarding the extent of Kimberly-Clark's liability, if any, can be made.
- C. On February 6, 1991, the NJDEPE identified the Corporation as a PRP under the provisions of the New Jersey Spill Compensation and Control Act for remediation of the Global Sanitary Landfill waste disposal site located in Old Bridge Township, New Jersey based on the Corporation's disposal of waste at such site. The EPA has designated the disposal site as a state-led site under CERCLA with the NJDEPE acting as lead agency. In May 1991, the Corporation signed a PRP agreement and paid an administrative assessment. In August 1993, a consent decree was executed by the State of New Jersey and the PRPs, pursuant to which the Corporation agreed to pay \$575,000 for its share of Phase I cleanup costs. The Corporation's share of Phase II cleanup costs cannot yet be established.
- D. On March 14, 1994, the Corporation received from the EPA an information request regarding the Purity Oil Sales Superfund Site in Malaga, California. The EPA asserts that the Corporation's former facility in Anderson, California arranged for the disposal, treatment or transportation of waste oil and/or solvents to the site. The Corporation does not have records indicating that the facility used the site. The Corporation's estimated share of the total site remediation cost, if any, cannot be established on the basis of currently available information.
- E. On April 11, 1994, the Corporation received a special notice letter and information request from the Wisconsin Department of Natural Resources ("WDNR") regarding the Marina Cliffs Barrel Dump Site in Milwaukee, Wisconsin. The WDNR asserts that the Corporation disposed of drums at the site. The Corporation does not have records indicating that any of its Wisconsin facilities used the site. The Corporation's estimated share of the total site remediation cost, if any, cannot be established on the basis of currently available information.
- F. On September 12, 1994, the Corporation received a special notice letter and information request from the California Department of Toxic Substances Control ("DTSC") regarding the Omega Chemical Company Site in Whittier, California. The DTSC asserts that the Corporation's facility in Fullerton, California arranged for the disposal, treatment or transportation of hazardous substances to the site. The Corporation has determined that primarily nonhazardous substances generated by the facility were transported to the site. The Corporation's estimated share of the total site remediation cost, if any, cannot be established on the basis of currently available information.
- G. On October 27, 1994, the Corporation received an information request regarding the Manistique River/Harbor Area of Concern in Manistique, Michigan. The EPA is investigating the source, extent and nature of the release of hazardous substances in the vicinity of the Manistique River/Harbor and believes that the Corporation's facility in Munising, Michigan may have arranged for the disposal, treatment or transportation of hazardous substances to the area. The Corporation has determined that no hazardous substances generated by any of its facilities were transported to the area and, therefore, the Corporation should not be liable for cleanup costs in the area.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during

the fourth quarter of 1994.

#### EXECUTIVE OFFICERS OF THE REGISTRANT

The names and ages of the executive officers of the Corporation as of March 1, 1995, together with certain biographical information, are as follows:

John W. Donehower, 48, was elected Senior Vice President and Chief Financial Officer in 1993. Mr. Donehower joined Kimberly-Clark in 1974. He was appointed Director of Finance - Europe in 1978, Vice President, Marketing and Sales - Nonwovens in 1981, Vice President, Specialty Papers in 1982, Managing Director, Kimberly-Clark Australia Pty. Limited in 1982, and Vice President, Professional Health Care, Medical and Nonwoven Fabrics in 1985. He was appointed President, Specialty Products - U.S. in 1987, and President - World Support Group in 1990.

O. George Everbach, 56, was elected Senior Vice President - Law and Government Affairs in 1988. Mr. Everbach joined Kimberly-Clark in 1984. His responsibilities within the Corporation have included direction of legal, human resources and administrative functions. He was elected Vice President and General Counsel in 1984; Vice President, Secretary and General Counsel in 1985; and Senior Vice President and General Counsel in 1986.

Thomas J. Falk, 36, was elected Group President - North American Consumer Products effective January 1, 1995. He is responsible for the Infant and Child Care Sectors, and the U.S. Consumer Sales and Consumer Business Services organizations. Mr. Falk joined Kimberly-Clark in 1983. His responsibilities within the Corporation have included internal audit, financial and strategic analysis, and operations management. Mr. Falk was appointed Vice President - Operations Analysis and Control in 1990. He was elected Senior Vice President - Analysis and Administration in 1992 and Group President - Infant and Child Care in 1993.

James G. Grosklaus, 59, was elected Executive Vice President effective December 1, 1990. He is responsible for the Pulp and Newsprint, Paper and Specialty Products and Service and Industrial Sectors, and also is responsible for various staff functions. Employed by the Corporation since 1957, Mr. Grosklaus was appointed Vice President in 1972 and Divisional Vice President in 1975, and was elected Senior Vice President effective January 1, 1979. He was appointed President, K-C Health Care, Nonwoven and Industrial Group in 1981, Senior Staff Vice President in 1982, Senior Vice President in 1983 and President, Technical Paper and Specialty Products in 1985, and elected Executive Vice President in January 1986. In 1988, he was appointed President - North American Pulp and Paper Sector. He is a member of the Emory University Dean's Advisory Council and the Woodruff Arts Center Board of Trustees. He has been a director of the Corporation since 1987.

Timothy E. Hoeksema, 48, was appointed President - Transportation Sector in 1988. Mr. Hoeksema joined Kimberly-Clark in 1969. Prior to 1977, Mr. Hoeksema served as Chief Pilot of Kimberly-Clark. He was elected President of K-C Aviation Inc., a wholly owned subsidiary of Kimberly-Clark, in 1977, and President of Midwest Express Airlines, Inc., a wholly owned subsidiary of K-C Aviation Inc., in 1983.

James T. McCauley, 56, was elected Executive Vice President in 1990. Mr. McCauley joined Kimberly-Clark in 1969. He was elected Vice President and Treasurer in 1980. Mr. McCauley was appointed Vice President - Nonwoven Operations in 1984, Senior Vice President, Kimberly-Clark Newsprint & Pulp and Forest Products in 1984, President, North American Pulp and Newsprint Sector in 1985, President, Health Care and Nonwovens Sector in 1987, and President - Nonwovens and Technical Products Sector in 1988. He was appointed President - Nonwovens, Medical and Technical Products Sector in 1988 and President - Nonwovens and Professional Health Care Sector, Far East Operations and World Support Group in 1990.

Wayne R. Sanders, 47, was elected Chief Executive Officer of the Corporation effective December 19, 1991, and Chairman of the Board of the Corporation effective March 31, 1992. He previously had been elected President and Chief Operating Officer in December 1990. Employed by the Corporation in 1975, Mr. Sanders was appointed Vice President of Kimberly-Clark Canada Inc., a wholly owned subsidiary of the Corporation, in 1981 and was appointed Director and President in 1984. Mr. Sanders was elected Senior Vice President of Kimberly-Clark Corporation in 1985 and was appointed President - Infant Care Sector in 1987, President - Personal Care Sector in 1988 and President - World Consumer, Nonwovens and Service and Industrial Operations in 1990. Mr. Sanders is a director of

Adolph Coors Company, Coors Brewing Company and Texas Commerce Bank, National Association, and is a member of the Marquette University Board of Trustees. He has been a director of the Corporation since 1989.

Kathi P. Seifert, 45, was elected Group President - North American Consumer Products effective January 1, 1995. She is responsible for the Household Products and Feminine and Adult Care Sectors, and the Safety and Quality Assurance and Canadian Sales organizations. Ms. Seifert joined Kimberly-Clark in 1978. Her responsibilities in the Corporation have included various marketing positions within the Service and Industrial, Consumer Tissue and Feminine Products business sectors. She was appointed President - Feminine Care Sector in 1991 and was elected Group President - Feminine and Adult Care in 1994. Ms. Seifert is a member of the Board of Directors for Aid Association for Lutherans.

John A. Van Steenberg, 47, was elected President - European Consumer and Service & Industrial Operations effective January 1, 1994. Mr. Van Steenberg joined Kimberly-Clark in 1978. His responsibilities have included operations and major project management in North America. He was appointed Managing Director of Kimberly-Clark Australia Pty. Limited in 1990.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The dividend and market price data included in Note 12 to the Financial Statements, and the information set forth under the captions "Dividends and Dividend Reinvestment Plan" and "Stock Exchanges" contained in the 1994 Annual Report to Stockholders are incorporated in this Item 5 by reference.

As of March 17, 1995, the Corporation had 25,623 stockholders of record.

### ITEM 6. SELECTED FINANCIAL DATA

(Millions of dollars except per share amounts)	Year Ended December 31				
	1994	1993	1992	1991	1990
Net Sales .....	\$7,364.2	\$6,972.9	\$7,091.1	\$6,776.9	\$6,407.3
Restructuring Charge (3)...	--	--	250.0	--	--
Operating Profit .....	819.1	793.5	543.1	741.8	753.6
Share of Net Income of Equity Companies (1).....	87.1	98.0	82.9	72.8	58.2
Income Before Cumulative Effects of Accounting Changes .....	535.1	510.9	345.0	508.3	432.1
Net Income (1)(2)(3)(4)(5)	535.1	510.9	135.0	508.3	432.1
Per Share Basis:					
Income Before Cumulative Effects of Accounting Changes .....	3.33	3.18	2.15	3.18	2.70
Net Income (1)(2)(3)(4)(5)	3.33	3.18	.84	3.18	2.70
Cash Dividends Declared...	1.76	1.29	2.07	1.52	1.36
Cash Dividends Paid .....	1.75	1.70	1.64	1.45	1.35
Total Assets .....	6,715.7	6,380.7	6,029.1	5,704.8	5,283.9
Long-Term Debt .....	929.5	933.1	994.6	874.7	728.5
Stockholders' Equity .....	2,595.8	2,457.2	2,191.1	2,519.7	2,259.7

- (1) Share of net income of equity companies and net income for 1994 include a nonoperating charge of \$39.2 million (\$.24 per share) for foreign currency losses incurred by the Corporation's 43 percent-owned Mexican affiliate on the translation of U.S. dollar-denominated liabilities into pesos. The translation losses are related to the devaluation of the Mexican peso in December 1994.
- (2) The enactment of the 1993 Tax Act increased deferred income taxes related to prior years, which reduced 1993 net income \$8.8 million (\$.05 per share).
- (3) Results for 1992 include a pretax charge of \$250.0 million or \$172.0 million after-tax (\$1.07 per share) related to the restructuring of the consumer and service products operations in Europe and certain operations in North America.
- (4) Net income for 1992 includes net after-tax charges of \$210.0

million (\$1.31 per share) for the cumulative effects of adopting the required accounting rules for postretirement health care and life insurance benefits and for income taxes.

- (5) Net income for 1991 and 1990 includes a favorable adjustment of \$20.0 million (\$.13 per share) and a charge of \$44.0 million (\$.28 per share), respectively, related to the disposition of a former 50.5-percent-owned Canadian newsprint subsidiary.

#### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth under the caption "Management's Discussion and Analysis" contained in the 1994 Annual Report to Stockholders is incorporated in this Item 7 by reference.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Corporation and its consolidated subsidiaries and the independent auditors' report thereon contained in the 1994 Annual Report to Stockholders are incorporated in this Item 8 by reference.

#### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

#### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The section of the 1995 Proxy Statement captioned "Certain Information Regarding Directors and Nominees" under "Proposal 1. Election of Directors" identifies members of the board of directors of the Corporation and nominees, and is incorporated in this Item 10 by reference.

See also "EXECUTIVE OFFICERS OF THE REGISTRANT" appearing in Part I hereof.

#### ITEM 11. EXECUTIVE COMPENSATION

The information in the section of the 1995 Proxy Statement captioned "Executive Compensation" under "Proposal 1. Election of Directors" is incorporated in this Item 11 by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information in the sections of the 1995 Proxy Statement captioned "Security Ownership of Management" and "Other Principal Holder of Voting Securities" under "Proposal 1. Election of Directors" is incorporated in this Item 12 by reference.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information in the sections captioned "Certain Transactions and Business Relationships" and "Executive Compensation -- Compensation Committee Interlocks and Insider Participation" under "Proposal 1. Election of Directors" of the 1995 Proxy Statement is incorporated in this Item 13 by reference.

#### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report.

##### 1. Financial statements:

The Consolidated Balance Sheet as of December 31, 1994 and 1993, and the related Consolidated Income Statement and Consolidated Cash Flow Statement for the years ended December 31, 1994, 1993 and 1992, and the related Notes thereto, and the Independent Auditors' Report thereon are incorporated in Part II, Item 8 of this Form 10-K by reference to the financial statements contained in the 1994 Annual Report to Stockholders.

##### 2. Financial statement schedules:

The following information is filed as part of this Form 10-K and should be read in conjunction with the financial statements contained in the 1994 Annual Report to Stockholders.

Independent Auditors' Report

Schedules for Kimberly-Clark Corporation and Subsidiaries:

II Valuation and Qualifying Accounts

All other schedules have been omitted because they were not applicable or because the required information has been included in the financial statements or notes thereto.

3. Exhibits:

Exhibit No. (3)a. Restated Certificate of Incorporation of Kimberly-Clark Corporation, dated April 16, 1987, incorporated by reference to Exhibit No. (4)e of the Kimberly-Clark Corporation Form S-8 filed on February 16, 1993 (File No. 33-58402).

Exhibit No. (3)b. By-Laws of Kimberly-Clark Corporation, as amended April 22, 1993, incorporated by reference to Exhibit No. (3) of the Kimberly-Clark Corporation Form 10-Q for the quarterly period ended June 30, 1993.

Exhibit No. (4). Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.

Exhibit No. (10)a. Kimberly-Clark Corporation 1976 Equity Participation Plan, as amended effective December 19, 1991.

Exhibit No. (10)b. Kimberly-Clark Corporation Management Achievement Award Program, as amended as of January 1, 1993.

Exhibit No. (10)c. Kimberly-Clark Corporation Executive Severance Plan, incorporated by reference to Exhibit No. (10)c of the Kimberly-Clark Corporation Form 10-K for the year ended December 31, 1992.

Exhibit No. (10)d. Second Amended and Restated Deferred Compensation Plan for Directors of Kimberly-Clark Corporation, incorporated by reference to Exhibit No. (10)d of the Kimberly-Clark Corporation Form 10-K for the year ended December 31, 1992.

Exhibit No. (10)e. Kimberly-Clark Corporation 1986 Equity Participation Plan, as amended effective February 11, 1993.

Exhibit No. (10)f. Kimberly-Clark Corporation 1992 Equity Participation Plan, as amended effective February 11, 1993.

Exhibit No. (10)g. Kimberly-Clark Corporation Deferred Compensation Plan, effective as of October 1, 1994.

Exhibit No. (11). The net income per share of common stock computations for each of the periods included in Part II, Item 6 of this Form 10-K are based on average common shares outstanding during each of the respective periods. The only "common stock equivalents" or other potentially dilutive securities or agreements (as defined in Accounting Principles Board Opinion No. 15) in Kimberly-Clark Corporation's capital structure during the periods presented were options outstanding under its Equity Participation Plans.

Computations of "primary" and "fully diluted" net income per share assume the exercise of outstanding stock options under the "treasury stock method." The table below presents the amounts by which the earnings per share amounts presented in Part II, Item 6 would be reduced if the "treasury stock method" had been used.

	Primary	Fully Diluted
1994	\$.01	\$.01
1993	.01	.01
1992	-	-
1991	.02	.02
1990	.01	.01

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 1994.

Exhibit No. (13). Portions of the Kimberly-Clark Corporation 1994 Annual Report to Stockholders incorporated by reference in this Form 10-K.

Exhibit No. (21). Consolidated Subsidiaries and Equity Companies of Kimberly-Clark Corporation are identified in the Kimberly-Clark Corporation 1994 Annual Report to Stockholders, and such information is incorporated in this Form 10-K by reference.

Exhibit No. (23). Independent Auditors' Consent.

Exhibit No. (24). Powers of Attorney.

Exhibit No. (27). The Financial Data Schedule required by Item 601(b)(27) of Regulation S-K has been included with the electronic filing of this Form 10-K.

(b) Reports on Form 8-K

(i) The Corporation filed a Current Report on Form 8-K dated December 13, 1994, which reported the results of a meeting between senior management of the Corporation and certain securities analysts and investors.

(ii) The Corporation filed a Current Report on Form 8-K dated January 9, 1995, which reported a nonoperating charge attributable to the devaluation of the Mexican peso.

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

March 24, 1995

By: /s/ John W. Donehower  
John W. Donehower  
Senior Vice President and  
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Wayne R. Sanders      Chairman of the Board      March 24, 1995  
Wayne R. Sanders      and Chief Executive Officer  
and Director

/s/ John W. Donehower      Senior Vice President and      March 24, 1995  
John W. Donehower      Chief Financial Officer

/s/ Randy J. Vest      Vice President and      March 24, 1995  
Randy J. Vest      Controller (principal  
accounting officer)

#### Directors

John F. Bergstrom  
Pastora San Juan Cafferty  
Paul J. Collins  
Claudio X. Gonzalez  
James G. Groszklaus

Louis E. Levy  
Frank A. McPherson  
Wolfgang R. Schmitt  
Randall L. Tobias  
H. Blair White

By: /s/ O. George Everbach      March 24, 1995  
O. George Everbach, Attorney-in-Fact

#### INDEPENDENT AUDITORS' REPORT

Kimberly-Clark Corporation:

We have audited the consolidated financial statements of Kimberly-Clark Corporation as of December 31, 1994 and 1993, and for each of the three years in the period ended December 31, 1994, and have issued our report thereon dated January 27,

1995, which report includes an explanatory paragraph concerning the Corporation's changes during 1992 in its methods of accounting for income taxes and postretirement benefits other than pensions to conform with Statements of Financial Accounting Standards No. 109 and No. 106, respectively; such consolidated financial statements and report are included in your 1994 Annual Report and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Kimberly-Clark Corporation, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Dallas, Texas  
January 27, 1995

SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS  
FOR THE YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992  
(Millions of dollars)

Kimberly-Clark Corporation and Subsidiaries

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts(a)	Deductions Write-Offs and Discounts Allowed	Balance at End of Period
December 31, 1994					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts .....	\$ 8.0	\$ 4.3	\$ .1	\$ 3.3(b)	\$ 9.1
Allowances for sales discounts .....	6.8	101.4	-	99.8(c)	8.4
Total .....	\$14.8	\$105.7	\$ .1	\$103.1	\$17.5
December 31, 1993					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts .....	\$10.2	\$ 5.4	\$ .2	\$ 7.8(b)	\$ 8.0
Allowances for sales discounts .....	7.1	97.0	-	97.3(c)	6.8
Total .....	\$17.3	\$102.4	\$ .2	\$105.1	\$14.8
December 31, 1992					
Allowances deducted from assets to which they apply					
Allowances for doubtful accounts .....	\$ 8.2	\$ 4.5	\$ .2	\$ 2.7(b)	\$10.2
Allowances for sales discounts .....	5.8	96.7	-	95.4(c)	7.1
Total .....	\$14.0	\$101.2	\$ .2	\$ 98.1	\$17.3

(a) Primarily bad debt recoveries  
(b) Primarily uncollectible receivables written off  
(c) Sales discounts allowed

Description

Consolidated financial statements, incorporated by reference

Independent Auditors' Report, incorporated by reference

Independent Auditors' Report

Schedules for Kimberly-Clark Corporation and Subsidiaries:

II Valuation and Qualifying Accounts

Exhibit No. (3)a. Restated Certificate of Incorporation of Kimberly-Clark Corporation, dated April 16, 1987, incorporated by reference to Exhibit No. (4)e of the Kimberly-Clark Corporation Form S-8 filed on February 16, 1993 (File No. 33-58402)

Exhibit No. (3)b. By-Laws of Kimberly-Clark Corporation, as amended April 22, 1993, incorporated by reference to Exhibit No. (3) of the Kimberly-Clark Corporation Form 10-Q for the quarterly period ended June 30, 1993

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Exhibit No. (10)a. Kimberly-Clark Corporation 1976 Equity Participation Plan, as amended effective December 19, 1991

Exhibit No. (10)b. Kimberly-Clark Corporation Management Achievement Award Program, as amended as of January 1, 1993

Exhibit No. (10)c. Kimberly-Clark Corporation Executive Severance Plan, incorporated by reference to Exhibit No. (10)c of the Kimberly-Clark Corporation Form 10-K for the year ended December 31, 1992

Exhibit No. (10)d. Second Amended and Restated Deferred Compensation Plan for Directors of Kimberly-Clark Corporation, incorporated by reference to Exhibit No. (10)d of the Kimberly-Clark Corporation Form 10-K for the year ended December 31, 1992

Exhibit No. (10)e. Kimberly-Clark Corporation 1986 Equity Participation Plan, as amended effective February 11, 1993

Exhibit No. (10)f. Kimberly-Clark Corporation 1992 Equity Participation Plan, as amended effective February 11, 1993

Exhibit No. (10)g. Kimberly-Clark Corporation Deferred Compensation Plan, effective as of October 1, 1994

Exhibit No. (11). Statement re: computation of earnings per share

Exhibit No. (12). Computation of ratio of earnings to fixed charges for the five years ended December 31, 1994

Exhibit No. (13). Portions of the Kimberly-Clark Corporation 1994 Annual Report to Stockholders incorporated by reference in this Form 10-K

Exhibit No. (21). Consolidated Subsidiaries and Equity Companies of Kimberly-Clark Corporation are identified in the Kimberly-Clark Corporation 1994 Annual Report to Stockholders, and such information is incorporated in this Form 10-K by reference

Exhibit No. (23). Independent Auditors' Consent

Exhibit No. (24). Powers of Attorney

Exhibit No. (27). The Financial Data Schedule required by Item 601(b)(27) of Regulation S-K has been included with the electronic filing of this Form 10-K.

KIMBERLY-CLARK CORPORATION  
1976 EQUITY PARTICIPATION PLAN  
(as amended as of December 19, 1991)

1. PURPOSE

This 1976 Equity Participation Plan (the "Plan") of Kimberly-Clark Corporation (the "Corporation") is intended to provide a means of encouraging the acquisition of an ownership interest in the Corporation by those employees who contribute materially by managerial, scientific, or other innovative means to the success of the Corporation, a consolidated subsidiary or an equity company ("Subsidiaries"), thereby increasing their motivation for an interest in the Corporation's or Subsidiaries' long-term success.

2. EFFECTIVE DATE

The Plan became effective as of April 29, 1976 upon (a) approval by the Board of Directors of the Corporation (the "Board of Directors"), and (b) approval by the shareholders of the Corporation (the "shareholders") at the 1976 Annual Meeting.

3. ADMINISTRATION

The Plan shall be administered by the Compensation Committee of the Board of Directors consisting of not less than three (3) members of the Board of Directors, provided that if all members of the Committee are not disinterested persons, the Plan shall be administered by a committee, all of whom are disinterested persons, appointed by the Board of Directors and consisting of three (3) or more directors with full authority to act in the matter. For purposes of this section, a disinterested person shall mean a person who, at the time action is taken, is so defined for purposes of rule 16b-3 under the Securities Act of 1934, or any successor provision.

The Committee shall have the power to interpret and construe the Plan and other powers and duties as set forth in the Plan, and any such interpretation and construction of any provisions of this Plan shall be final. No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith. The Committee shall make a report to the Board of Directors within 60 days following the close of each calendar year that the Plan is in operation. The report shall specify the employees who received awards under the Plan during the prior year, the form and size of the awards to the individual employees, and the status of prior awards.

4. ELIGIBILITY

The Committee shall from time to time select the employees (hereafter referred to as "Participants") who are to receive awards under the Plan, from among those employees who are determined by the Committee to be in a position to contribute materially to the success of the Corporation or a Subsidiary, or to have in the past so contributed. Eligibility to participate in the Plan shall be limited to full-time employees (including officers and directors who are full-time employees) of the Corporation and its Subsidiaries. The participation of employees of a Subsidiary shall be under such conditions as the Committee shall prescribe.

5. FORM OF AWARDS

All awards under the Plan shall be made in the form of participation shares or stock options. Generally, an award will consist of an equal number of participation shares and optioned shares, but the Committee may make awards solely in stock options or participation shares, or in any combination of the two that it deems appropriate.

6. PARTICIPATION SHARES

The Committee shall from time to time determine from among the eligible employees those Participants who shall receive participation share awards. The Committee shall advise Participants of their participation share awards by a letter indicating the number of shares awarded and the following terms and conditions of the award.

(a) Base Value of Participation Shares. The number of participation shares awarded to a Participant shall be entered in a Participant's memorandum account established for this purpose as of the date of the award. Each participation share shall be assigned a base value equal to

the book value of one common share of the Corporation as of the close of the fiscal year preceding the date of the award. Book value per share shall be defined for purposes of the Plan as common stockholders' equity, as reported in the year end audited consolidated financial statements of the Corporation, divided by the number of shares of the Corporation's Common Stock outstanding as of the date of such financial statements. Common stock outstanding shall include such stock held by stockholders, but does not include authorized but unissued shares or treasury shares.

(b) Participation Share Payments. A Participant shall be entitled to a cash payment when the award reaches maturity equal to the book value of his participation shares at that date, less the base value of his participation shares at the date of award; provided, however, that in no event shall such payment exceed the base value of his/her participation shares, and provided further that such payment shall be subject to adjustment as provided in subsections 6(e) and 14(d) and section 11. The award shall reach maturity at the earlier of the close of the fiscal year (i) in which occurs the seventh anniversary of the date of the award or (ii) in which book value, measured from the close of the fiscal year prior to the date of award, increases by 100% plus an amount equal to any reduction in book value as provided in subsection 6(d). The book value at the date of maturity shall be the book value per share of the Corporation as of the close of the fiscal year of the Corporation in which maturity is reached, less any reductions in book value as provided in subsection 6(d).

(c) Dividend Share Payments. A Participant shall be entitled to an additional cash payment when the award reaches maturity equal to the number of dividend shares credited to his/her memorandum account times the book value per common share of the Corporation as of the date of maturity. At the end of each fiscal year of the Corporation, the amount available for the acquisition of dividend shares for the Participant's memorandum account shall be determined by multiplying the cash dividend declared per common share of the Corporation during such year (but subsequent to the date of the award in the case of participation shares and subsequent to the date of crediting in the case of dividend shares) by the total of the Participant's participation shares and dividend shares. The amount so determined shall be divided by the book value of one common share of the Corporation as of the close of such fiscal year, and the quotient shall represent the number of full and fractional dividend shares credited to the Participant's memorandum account for that fiscal year.

(d) Dividend Maintenance. No dividend share shall be credited to a participant's memorandum account in any year (i) in which the total cash dividends declared per common share of the Corporation are less than \$.90 with respect to awards made before April 30, 1981, and \$1.80 with respect to awards made after April 29, 1981, or (ii) in which the total cash dividends declared per common share of the Corporation are less than the total cash dividends declared per common share of the Corporation in the immediately preceding year, except that in 1984 and thereafter the determination whether the total cash dividends declared are less than in the immediately preceding year shall be made after adjustments for the two-for-one stock splits which occurred in 1984 and 1987, and the two-for-one stock split which was declared on November 12, 1991, in accordance with generally accepted account principles. When total cash dividends declared per common share are less than total cash dividends declared per common share in the immediately preceding year as described in clause (ii) above, the book value of each participation share held by a Participant shall be reduced by an amount equal to the cash dividend declared in such immediately preceding year less the cash dividend declared in the year the cash dividend is reduced. This subsection 6(d) shall be inoperative during such fiscal years of the Corporation as the Committee in its discretion shall determine.

(e) Adjustments. Book value per share for purposes of the Plan or the number of participation or dividend shares may be adjusted to such an extent as may be determined by the Board of Directors to preserve the benefit of the arrangement for the Participant and the Corporation if, in the opinion of the Committee, after consultation with the Corporation's independent accountants, changes in the Corporation's accounting policies, acquisitions or other unusual or extraordinary items have disproportionately and materially affected the Corporation's net income, book value per share, shares of Common Stock outstanding, or common stockholders' equity.

(f) Absence of Rights as a Stockholder. A Participant shall not be entitled, on the basis of a participation share award, to any of the rights of a stockholder in the Corporation, including the right to vote and receive dividends on the Corporation's Common Stock.

(g) Date of Payment. Except as provided in subsections 8(a) and 14(j), the cash payment provided for in subsection 6(b) and (c) shall be payable in the discretion of the Committee, but no later than 90 days following the end of the fiscal year of the Corporation in which the award reaches maturity. The Corporation shall deduct applicable withholding and employment taxes from all payments made to Participants.

(h) Termination of Employment. Except as provided in subsections 8(a) and 14(j), any participation or dividend shares credited to a Participant's memorandum account shall be subject to forfeiture if the Participant is dismissed or leaves the service of the Corporation or a Subsidiary prior to the maturity of the award for any reason other than death, retirement, or total and permanent disability. In the event of death, retirement or total and permanent disability, the award shall become payable under subsections 6(b) and (c) as if such event resulted in the award reaching maturity as of the close of the fiscal year in which such event occurs.

(i) Termination of Award. Following the cash payment provided for in subsections 6(b) and (c), any rights of the Participant (or the Participant's estate or beneficiaries) in the participation share award shall end.

## 7. STOCK OPTIONS

The Committee shall determine and designate from time to time the eligible employees to whom options are to be granted and the number of common shares of the Corporation to be optioned to each. After granting an option to a Participant, the Committee shall cause to be delivered to the Participant a document to be executed by the Corporation and the Participant evidencing the granting of the option and the terms and conditions of such option. The document shall be in such form as the Committee shall from time to time approve. The terms and conditions of all options granted under the Plan need not be the same, but all options must, at a minimum, meet the following terms and conditions.

(a) Period of Option. The period of each option shall be no more than ten years from the date it is granted.

(b) Option Price. The option price shall be determined by the Committee, but shall not in any instance be less than the fair market value of the stock at the time that the option is granted. Fair market value shall be defined as the reported closing price of the Corporation's stock on the date the option is granted as reported on the composite list used by The Wall Street Journal for reporting stock prices, or if no such sale shall have been made on that day, on the last preceding day on which there was such a sale.

(c) Limitations on Exercise. The option shall not be exercisable until at least one (1) year has expired after the granting of the option, during which time the Participant shall have been in the continuous employ of the Corporation or a Subsidiary. At any time during the period of the option after the end of the first year, the Participant may purchase up to 30 percent of the shares covered by the option; after the end of the second year, an additional 30 percent; and after the end of the third year, the remaining 40 percent of the total number of shares covered by the option, so that, upon the expiration of the third year, the Participant will have become entitled to purchase all shares subject to the option. Provided, however, that if the Participant's employment is terminated for any reason other than death, retirement, or total and permanent disability, the option shall only be exercisable for three months following such termination and only for the number of shares which were exercisable on the date of such termination. In no event, however, may the option be exercised more than ten (10) years after the date of its grant.

(d) Exercise after Death, Retirement, or Disability. If the Participant dies without having exercised the option in full, the remaining portion of such option, determined without regard to the limitations in subsection 7(c), may be exercised within the earlier of (i) two years from the

date of death or (ii) the remaining period of the option. The option may be exercised by the person or persons to whom the option holder's rights under the option shall pass by will or by applicable law or, if no such person has such rights, by his executor or administrator. In the event of the retirement or total and permanent disability of a Participant without having exercised the option in full, the remaining portion of such option shall be exercisable without regard to the limitations in subsection 7(c) within the earlier of (i) two years from the date of such event or (ii) the remaining term of the option.

(e) Non-transferability. Options shall not be transferable other than by will or by the laws of descent and distribution, and during the Participant's lifetime shall be exercisable only by him/her.

(f) Notice of Exercise. Options shall be exercised by delivering to the Corporation, at the office of Treasurer at the Dallas World Headquarters, written notice of the number of shares with respect to which option rights are being exercised and by paying in full the option price of the shares at the time being acquired. Payment may be made in cash, a check payable to the Corporation, or, in the discretion of the Committee, in shares of the Corporation's Common Stock transferable to the Corporation and having a fair market value on the transfer date equal to the amount payable to the Corporation. The date of exercise shall be deemed to be the date the Corporation receives the written notice and payment for the shares being purchased. A Participant shall have none of the rights of a stockholder until the shares are issued to him/her.

(g) Purchase for Investment. It is contemplated that the Corporation will register shares sold to Participants pursuant to the Plan under the Securities Act of 1933. In the absence of an effective registration, however, a Participant exercising an option hereunder may be required to give a representation that he/she is acquiring such shares as an investment and not with a view to distribution thereof.

#### 8. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

(a) In the sole and absolute discretion of the Committee, a participation share award may be considered to reach maturity as of the close of the fiscal year preceding the date that a Participant enters such governmental or military service as may be approved by the Committee. In such cases, the cash payment contemplated in subsections 6(b) and (c) shall be paid within 90 days from the date the Participant enters such service.

(b) A leave of absence approved by the Committee shall not be deemed to be a termination of employment for purposes of the Plan. A termination of employment with the Corporation or a Subsidiary to accept immediate reemployment with the Corporation or a Subsidiary likewise shall not be deemed to be a termination of employment for purposes of the Plan.

#### 9. SHARES SUBJECT TO THE PLAN

The number of shares of Common Stock of the Corporation available for option and sale under the Plan and the number of participation shares which may be awarded shall not exceed 8,000,000 in the aggregate, of which not more than 6,000,000 shall be available for option and sale. If an option ceases to be exercisable in whole or in part by reason of expiration of time permitted for its exercise, termination of employment of a Participant who has been granted an option, cancellation, surrender, or for any other reason, the shares which had been subject to such option shall continue to be available for options or participation share awards under the Plan. The shares subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board of Directors may from time to time determine. Participation shares which are retired through forfeiture or maturity shall again be available for awards or options under the Plan.

#### 10. INDIVIDUAL LIMITS

In the case of awards made before April 30, 1981, the Plan provided that no single Participant could receive over the term of the Plan options to purchase shares or participation shares numbering in the aggregate more than 320,000, in such

combination of participation shares and option shares as the Committee may decide. In the case of awards made after April 29, 1981, the maximum number of participation shares or options to purchase shares which shall be granted to any one individual shall be such amount as shall be determined from time to time by the Committee.

#### 11. CHANGES IN CAPITALIZATION

In the event there are any changes in the Common Stock or the capitalization of the Corporation through merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes may be made by the Committee in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares for which options or participation share awards may be granted or awarded to any one Participant, (c) the number of shares and the option price per share of all stock subject to outstanding options, (d) the number of participation shares, the base value per participation share awarded to Participants, and dividend shares credited to Participants' memorandum accounts, and (e) such other provisions of the Plan as may be necessary and equitable to carry out its purposes.

#### 12. EFFECT ON OTHER PLANS

All payments and benefits under the Plan shall constitute special compensation and shall not affect the level of benefits provided to or received by any Participant (or the Participant's estate or beneficiaries) as part of any employee benefit plan of the Corporation or a Subsidiary. This Plan shall not be construed to affect in any way a Participant's rights and obligations under any other plan maintained by the Corporation or a Subsidiary on behalf of employees.

#### 13. TERM OF THE PLAN

The term of the Plan shall be ten (10) years, beginning April 29, 1976 and ending April 28, 1986, unless the Plan is terminated sooner by action of the Board of Directors or extended by action of the stockholders. No option may be granted or participation share awarded after the termination date of the Plan, but options and participation shares theretofore granted or awarded may continue in force beyond that date pursuant to their terms.

#### 14. GENERAL PROVISIONS

(a) Designated Beneficiary. Each Participant who shall be granted a participation share award under the Plan may designate a beneficiary or beneficiaries with the Committee on a form to be prescribed by it; provided that no such designation shall be effective unless so filed prior to the death of such Participant.

(b) No Right of Continued Employment. Neither the establishment of the Plan nor the payment of any benefits hereunder nor any action of the Corporation or its Subsidiaries or of the Board of Directors of the Corporation or its Subsidiaries or of the Committee shall be held or construed to confer upon any person any legal right to be continued in the employ of the Corporation or its Subsidiaries, and the Corporation and its Subsidiaries expressly reserve the right to discharge any Participant whenever the interest of the Corporation or its Subsidiaries may so require without liability to the Corporation or its Subsidiaries, the Board of Directors of the Corporation or its Subsidiaries or the Committee, except as to any rights which may be expressly conferred upon a Participant under the Plan.

(c) Discretion of the Corporation, Board of Directors and the Committee. Any decision made or action taken by the Corporation or by the Board of Directors of the Corporation or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be within the absolute discretion of the Corporation, the Board of Directors of the Corporation or the Committee, as the case may be, and shall be conclusive and binding upon all persons. The Committee shall determine in its sole discretion whether a termination of employment for purposes of the Plan is caused by disability or retirement.

(d) Modification of Awards. The Committee may in its sole and absolute discretion, by written notice to a Participant, (i) limit or eliminate the ability of the Participant's participation and dividend shares to generate additional dividend shares, and/or (ii) fix the book value

of all or any portion of the Participant's existing participation and dividend shares for purposes of any payments that might be made under subsections 6(b) and (c) at their book value as of the end of the fiscal year of the Corporation in which such notice is dated, and/or (iii) limit the period in which an option may be exercised to a period ending at least three months following the date of such notice, and/or (iv) limit or eliminate the number of shares subject to option after a period ending at least three months following the date of such notice. The Committee may credit participation and dividend shares which are affected under this subsection 14(d)(i) or (ii), with interest at a rate and in a manner determined from time to time by the Committee.

(e) No Segregation of Cash or Stock. Memorandum accounts established for Participants are merely a bookkeeping convenience and neither the Corporation nor its Subsidiaries shall be required to segregate any cash or stock which may at any time be represented by awards. Nor shall anything provided herein be construed as providing for such segregation. The Corporation or its Subsidiaries or the Board of Directors of the Corporation or the Committee shall not, by any provisions of this Plan, be deemed to be a trustee of any property, and the liability of the Corporation or its Subsidiaries to any Participant pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by the Plan, and no such obligation of the Corporation or its Subsidiaries shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation or its Subsidiaries.

(f) Inalienability of Benefits and Interest. Except as provided in subsection (a), no benefit payable under or interest in the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void and no such benefit or interest shall be in any manner liable for or subject to debts, contracts, liabilities, engagements, or torts of any Participant or beneficiary.

(g) Delaware Law to Govern. All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Delaware.

(h) Change in Conditions of Federal Income Tax Laws. In the event of relevant changes in the Federal income tax laws, regulations and rulings or other factors affecting the continued appropriateness of participation share awards or stock options under the Plan, the Committee may, in its sole discretion, accelerate or change the form of payment, distribution or exercise of such awards or stock option grants. In addition, the Committee shall have the power to take such action as it deems necessary and desirable to amend this Plan and any options granted hereunder, for the purpose of permitting the Participant to obtain favorable Federal income tax treatment in connection with the options or disposition of shares obtained through exercise of options.

(i) Election to Receive Cash Rather than Stock. The Committee, in its sole and absolute discretion, may allow selected Participants the right to convert their unexercised stock options to a cash payment. For each such option so converted, the Participant shall be entitled to receive cash equal to the difference between the Participant's option price and the fair market value of the Corporation's stock on the date of conversion. In order to make such a conversion, however, the Participant must at the time of such conversion also elect to exercise an equivalent number of option shares for the Corporation's stock on the same date. Fair market value at the date of conversion shall be defined as the reported closing price of the Corporation's stock on the date of conversion as reported on the composite list used by The Wall Street Journal for reporting stock prices, or if no such sale shall have been made on that day, on the last preceding day on which there was such a sale.

(j) Election to Defer Receipt. Under rules established by the Committee in its sole and absolute discretion, the Committee may permit a Participant to elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsections 6(b) and (c). This election shall be evidenced by a letter from the Participant to the Committee, which letter shall, before the date of maturity of the award, be signed by the Participant and accepted by the Committee. The period of

deferral specified in the letter shall be set forth in accordance with the rules of the Committee, and may extend to a period following retirement. If accepted by the Committee, such letter may provide that the amount otherwise payable to the Participant shall be valued at the date of maturity and earn interest from that date at a rate and in a manner determined from time to time by the Committee. After adjustment for any resulting interest, the deferred amount shall be paid at the date or dates specified in the Participant's letter, and such adjusted amount shall not be subject to forfeiture as otherwise provided in subsection 6(h). In the discretion of the Committee, the balance of a Participant's deferred amount may be paid earlier than the date or dates specified in the Participant's letter, but only in the case of severe financial hardship.

(k) Purchase of Common Stock. The Corporation and its Subsidiaries may, but shall not be required to, purchase from time to time shares of Common Stock of the Corporation in such amounts as they may determine for purposes of the Plan. The Corporation and its Subsidiaries shall have no obligation to retain, and shall have the unlimited right to sell or otherwise deal with for their own account, any shares of Common Stock of the Corporation purchased pursuant to this paragraph.

(i) Use of Proceeds. The proceeds received by the Corporation from the sale of stock pursuant to the exercise of options shall be used for general corporation purposes.

#### 15. INCENTIVE STOCK OPTIONS

The authority granted to the Committee pursuant to Section 7 of the Plan shall include the authority to (i) grant "incentive stock options," as that term is defined in Section 422A of the Internal Revenue Code of 1954, as amended, and (ii) modify options outstanding on August 13, 1981, to qualify them as incentive stock options. The provisions of Section 7 of the Plan shall apply to incentive stock options, subject to the modifications and additions set forth in the following subsections of this Section 15.

(a) 10 Percent Shareholders. An incentive stock option shall be granted only to an individual who, at the time the option is granted, does not own stock possessing more than 10 percent of the total combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporations.

(b) Prior Option Rule. An incentive stock option shall not be exercisable while there is outstanding (within the meaning of subsection (c)(7) of Section 422A of the Internal Revenue Code of 1954, as amended) any incentive stock option which was granted, before the granting of such option, to such individual to purchase stock in his/her employer corporation or in a corporation which (at the time of the granting of such option) is a parent or subsidiary corporation of the employer corporation, or in a predecessor corporation of any such corporations.

(c) Limitations on Option Grants. In the case of an incentive stock option granted after December 31, 1980, the aggregate fair market value (determined as of the time the option is granted) of the stock for which any employee may be granted incentive stock options in any calendar year (under all plans described in subsection (b) of Section 422A of the Internal Revenue Code of 1954, as amended, of his/her employer corporation and its parent and subsidiary corporations, hereinafter referred to as "such plans") shall not exceed \$100,000 plus any unused limit carryover carried to such year. The unused limit carryover shall be an amount which equals one-half of the amount which an employee was granted less than \$100,000 in options (determined as of the time the option is granted) in any calendar year after 1980 (under all such plans of his/her employer corporation and its parent and subsidiary corporations). The unused limit carryover from any year is the amount of unused limit carryover reduced by the amount of such carryover which was used in prior calendar years. Provided, however, that such unused limit carryover may only be carried over to each of the three calendar years succeeding the year in which the limit carryover arises, and further provided that the amount of any options granted during any calendar year shall be treated as first using up the \$100,000 limitation and then shall be treated as using up unused limit carryovers to such year in the order of the calendar years in which such carryovers arose.

(d) Exercise After Disability or Retirement. In the event of the total and permanent disability of a

participant without having exercised an incentive stock option in full, the remaining portion of such incentive stock options shall be exercisable for purposes of subsection 7(d) of this Plan without regard to the limitations of subsection 7(c) within the earlier of (i) one year from the date of such event or (ii) the remaining term of the option. In the event of the retirement of a participant without having exercised an incentive stock option in full, the remaining portion of such option shall be exercisable without regard to the limitations in subsection 7(c) within the earlier of (i) three months from the date of such retirement or (ii) the remaining term of the option.

As Amended as of January 1, 1993

## 1. PURPOSE

This Management Achievement Award Program ("MAAP" or the "Plan") is amended as of January 1, 1993. The purpose of MAAP is to further unite the interests of the stockholders of the Company and its key executives through:

- (a) the annual establishment of Company objectives and the maintenance of a dividend level which are deemed by the Company's Board of Directors (the "Board") to be in the best short- and long-range interests of the Company, and
- (b) the annual payment, or provision for future payment, of incentive compensation to each eligible participating key executive in the form of a cash award which is in an amount significantly above competitive base salary, provided his or her performance has meaningfully contributed to the attainment of Company objectives.

## 2. ELIGIBILITY

Employees eligible to participate in MAAP (the "Participant") shall include any employee of the Company or any subsidiary or affiliate whose position is evaluated under the Company's Exempt Salary Administration Program (the "Salary Program") at 994 total Hay points, or more, with at least 304 accountability points. Notwithstanding the above, the Chief Executive Officer (the "CEO") of the Company or the Compensation Committee of the Board (the "Compensation Committee") may, in their sole discretion, determine that an employee of the Company or any subsidiary or affiliate is to be eligible to participate in MAAP, or exclude any employee who is otherwise determined to be eligible.

## 3. OBJECTIVE AREAS AND PERFORMANCE LEVELS

Prior to the beginning of each calendar year, or as soon thereafter as reasonably practicable, performance objectives (the "Objective(s)") shall be established for each Participant in one or more of the five objective areas ("Objective Areas"), i.e. Corporate, Unit, Growth, Functional or Individual.

The Board shall establish the Objective(s) and any Control Measures (as defined in section 6 below) in the Corporate Objective Area. Unless otherwise determined by the Board, the Corporate Objective Area shall be focused toward the achievement and maintenance of a return on stockholders' equity consistent with the Company's goals. The CEO, or his delegate, shall establish the Objectives and any Control Measures in all Unit, Growth, Functional and Individual Objective Areas for all Participants, except as otherwise determined by the Compensation Committee.

For each Objective there may be established performance levels ("Performance Level(s)") which shall consist of successively better standards or ranges taking into consideration actual progress in the calendar year in accomplishing the Objective(s). These performance levels shall be defined as "No Progress Towards Objective," "Some Progress Towards Objective," "Significant Progress Towards Objective," "Achieved Objective" and "Significantly Exceeds Objective." Performance below the "Some Progress Towards Objective" level shall not result in the payment of an award.

From time to time, it may be desirable to establish the Objective(s) in such a manner that specific Performance Levels cannot be defined. In such cases, the specific Performance Level(s) will be determined pursuant to section 7 of this Plan.

The Objective(s) in the Individual Objective Area for a Participant may be defined to include specific target areas on which such Participant should focus during the year.

The original definition of any and all Objectives, Objective Areas, Performance Levels, Percentage Weightings (as defined in section 4 below), and Control Measures shall not be changed during the course of a calendar year, except by the approval of the individual or body who originally approved the same. When mid-calendar year changes in the Company's accounting or internal reporting policies have the effect of making the financial results between two

periods not fairly comparable for the purpose of properly measuring performance where Objectives are stated in financial terms, such results may be adjusted in such manner as shall be deemed fair and appropriate by the individual or body who originally approved the Objective.

#### 4. OBJECTIVE AREA WEIGHTINGS

Coincident with the establishment of Objective Areas, Objectives, and Performance Levels, the CEO, or his delegate, or the Compensation Committee in the case of employees who are either directors of the Company or officers of the Company who are elected by the Board, shall establish a percentage weighting ("Percentage Weighting") applicable to each Objective Area, or, where applicable, to each Objective within an Objective Area. The total of all Percentage Weightings in all Objective Areas for each Participant shall be 100 percent. The Percentage Weighting which is applied to any Objective must be a multiple of 5 percent and not less than 10 percent.

#### 5. ACCOUNTABILITY POINT VALUATION

Prior to the beginning of each calendar year, or as soon thereafter as reasonably practicable, the Board shall, after review by the Compensation Committee, establish the value of each Accountability Point as established under the Salary Program at the following Performance Levels: "Some Progress Towards Objective," "Significant Progress Towards Objective," "Achieved Objective," and "Significantly Exceeds Objective." Such valuations shall at all times take into account the basic purposes of MAAP, and shall in no event result in the potential obligation to pay incentive compensation which, in the Board's opinion, is not in the best short- and long-range interests of the Company.

#### 6. CONTROL MEASURES

At the time the Objectives are established, there may also be established certain conditions known as control measures ("Control Measures") which are either personal as to one individual, or general as to a group of individuals. Failure to fulfill a Control Measure may partially or totally deprive the individual to whom the Control Measure applies of the right to receive an award, notwithstanding the level of performance attained on any or all Objectives, or in any or all Objective Areas.

In the event that the Company's dividend rate is reduced, other than by reason of stock splits or other similar events having no effect on the actual amount paid out in dividends, no award shall be paid under MAAP for performance during the calendar year in which such a reduction occurs. This shall be a Control Measure and shall apply in each calendar year during which the Plan is in effect.

#### 7. ASCERTAINMENT OF PERFORMANCE LEVELS

The Performance Level actually attained with respect to any Objective or Control Measure stated in financial terms, and the payment with respect thereto, shall be determined upon the completion of audited results of the Company and its subsidiaries.

When specific Performance Levels in the Corporate Objective Area have not been defined under section 3 of this Plan, the Board will determine the Performance Level attained following the end of the calendar year.

The Performance Level attained with respect to any Unit or Growth Objective or Control Measure stated in nonfinancial terms shall be determined and approved by all levels in the chain of command which originally approved or defined such Objective or Control Measure following the end of the calendar year.

The Performance Level attained with respect to any Functional Objective shall be determined and approved by the CEO following the end of the calendar year. Notwithstanding the foregoing, the CEO or his delegate may, in their discretion, reduce the Functional Performance Level with respect to an individual Participant to more accurately reflect such Participant's performance.

Performance in the Individual Objective Area will be determined by the CEO, or his delegate, following the end of the calendar year, based upon the Participant's performance with respect to the specified target areas.

Notwithstanding the above, the Compensation Committee may, in its sole discretion, authorize that such determinations of the Performance Levels attained be made prior to the end of the calendar year, and that the payment of awards be made pursuant to section 10 of this Plan.

#### 8. AMOUNT OF INCENTIVE COMPENSATION

The amount of incentive compensation an employee is eligible to receive depends upon:

- (a) the Percentage Weighting applicable to that Objective Area,
- (b) the value of an Accountability Point (as established under the Salary Program) which applies as a consequence of the Performance Level attained in that area, and
- (c) the Accountability Points assigned to the position.

Performance in each Objective Area shall be valued by multiplying (a) times (b) times (c).

Except as otherwise hereinafter provided, the total award a Participant is eligible to receive is the sum of the values attributable to performance actually attained in each Objective Area, as determined by the preceding paragraph.

#### 9. ADJUSTMENT OF AWARD

Except as otherwise determined by the Compensation Committee, in its sole and absolute discretion, the amount of an award may be adjusted by the CEO, in his sole discretion, to more accurately reflect an individual Participant's performance during the calendar year.

The amount of the award, in the event of transfers to, from, or between MAAP eligible positions may be reviewed, and may be adjusted and prorated, on such basis as shall be determined fair and equitable by the CEO, or his delegate.

Adjustments may be made in the amount of an award after the potential thereof has been authorized, if the applicable position is reevaluated under the Salary Program during the calendar year, on such basis as shall be determined fair and equitable by the CEO, or his delegate.

Termination of employment for any reason other than death, retirement, or total and permanent disability shall result in a forfeiture of any MAAP award attributable to performance during the calendar year in which termination occurred. A Participant's death, retirement, or total and permanent disability may result in the pro rata or other adjustment to the amount of the award on such basis as shall be determined fair and equitable by the CEO, or his delegate.

Notwithstanding any provision of MAAP, no award shall be paid to any individual who, in any calendar year, has discharged his principal accountabilities in a manner deemed unacceptable under the Salary Program.

#### 10. PAYMENT OF AWARDS

Awards shall be paid in one lump sum in cash in the first calendar quarter following the calendar year for which the Objectives were established. Notwithstanding the above, the Compensation Committee may make payments at such earlier times as it may, in its sole discretion, determine, and the Compensation Committee, or the CEO, in their sole discretion, will make such determinations as to performance, and establish procedures (including repayment of any overpayment which is determined after the completion of the final audit), implementing such early payment.

Prior to becoming entitled to receive an award, an individual may elect to defer the receipt thereof to some future date or dates. Deferred MAAP awards shall not bear interest.

#### 11. ADMINISTRATION AND INTERPRETATION

Except as otherwise provided by this Plan, the Compensation Committee has discretionary authority to construe and interpret the Plan and to resolve all questions arising thereunder, and such action shall be final and conclusive as to all individuals affected thereby.

Except as provided in this Plan, no right of any Participant shall be subject in any manner to anticipation,

alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution, levy, bankruptcy, or any other disposition of any kind, whether voluntary or involuntary, prior to actual payment of an award. No Participant, or any other person, shall have any interest in any fund, or in any specific asset or assets of the Company, by reason of an award that has been made but has not been paid or distributed.

Nothing contained in MAAP shall be construed as a contract of employment or as a right of any Participant to be continued in the employment of the Company, or as a limitation on the right of the Company to discharge any Participant with or without cause.

The Board may, at any time, amend this Plan, order the temporary suspension of its application, or terminate it in its entirety, provided, however, that no such action shall adversely affect the rights or interests of Participants theretofore vested hereunder.

MAAP is hereby adopted effective as of January 1, 1993.

KIMBERLY-CLARK CORPORATION  
1986 EQUITY PARTICIPATION PLAN  
(as amended effective February 11, 1993)

1. PURPOSE

This 1986 Equity Participation Plan (the "Plan") of Kimberly-Clark Corporation (the "Corporation") is intended to encourage those employees who materially contribute, by managerial, scientific or other innovative means, to the success of the Corporation, or of a consolidated subsidiary or an equity company of the Corporation (collectively, the "Subsidiaries"), to acquire an ownership interest in the Corporation, thereby increasing their motivation for and interest in the Corporation's or Subsidiaries' long-term success.

2. EFFECTIVE DATE

The Plan is effective as of April 17, 1986 upon (a) approval by the Board of Directors of the Corporation (the "Board of Directors"), and (b) approval by the stockholders of the Corporation at the 1986 Annual Meeting.

3. ADMINISTRATION

The Plan shall be administered by the Compensation Committee of the Board of Directors consisting of not less than three (3) members of the Board of Directors, provided that if all members of the Committee are not disinterested persons, the Plan shall be administered by a committee, all of whom are disinterested persons, appointed by the Board of Directors and consisting of three (3) or more directors with full authority to act in the matter.

For purposes of this section, a "disinterested person" shall mean a person who, at the time action is taken, is so defined for purposes of rule 16b-3 under the Securities Exchange Act of 1934, or any successor provision.

The term 'Committee' shall mean the Compensation Committee or the committee appointed by the Board of Directors under this section 3, as the case may be.

The Committee shall have the power to interpret and construe the Plan. Any interpretation or construction of any provisions of this Plan by the Committee shall be final. No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith. Within 60 days following the close of each calendar year that the Plan is in operation, the Committee shall make a report to the Board of Directors. The report shall specify the employees who received awards under the Plan during the prior year, the form and size of the awards to the individual employees, and the status of prior awards.

The Committee shall have the power to promulgate rules in connection with the performance of its obligations, powers and duties under the Plan, including its duty to administer and construe the Plan.

4. ELIGIBILITY

The Committee shall from time to time select the employees who are to receive awards under the Plan (collectively, the "Participants") from those employees whom the Committee determines either to be in a position to contribute materially to the success of the Corporation or a Subsidiary, or to have in the past so contributed. Only full-time employees (including officers and directors who are full-time employees) of the Corporation and its Subsidiaries are eligible to participate in the Plan. Employees of a Subsidiary shall participate in the Plan under such conditions as the Committee shall prescribe.

5. FORMS OF AWARDS

All awards under the Plan shall be made in the form of Participation Shares as described in Section 6(a), or options to purchase shares of common stock, par value \$2.50 per share, of the Corporation (the "Common Stock"). Generally, an award will consist of an equal number of Participation Shares and optioned shares, but the Committee may make awards solely in stock options or Participation Shares, or in any combination of the two.

6. PARTICIPATION SHARES

The Committee shall from time to time designate those

Participants who shall receive Participation Share awards. The Committee shall advise such Participants of their Participation Share awards by a letter indicating the number of Participation Shares awarded and the following terms and conditions of the award.

(a) Base Value of Participation Shares. The number of Participation Shares awarded to a Participant shall be entered in such Participant's memorandum account (the "Account") established for this purpose as of the date of the award. Each Participation Share shall be assigned a base value equal to the book value of one share of Common Stock as of the close of the fiscal year of the Corporation preceding the date of the award (the "Base Value"). Book value per share shall be defined for purposes of the Plan as common stockholders' equity, as reported in the year-end audited consolidated financial statements, or in the quarter-end unaudited consolidated financial statements, of the Corporation (as the case may be), divided by the number of shares of Common Stock outstanding as of the date of such financial statements, as adjusted pursuant to the provisions of the Plan (the "Book Value"). The term "book value", when used without initial capital letters, shall be defined as in the preceding sentence without the adjustments.

(b) Maturation of Participation Shares. An award of Participation Shares shall reach maturity at the close of the fiscal year in which (i) the fifth anniversary of the date of the award occurs, (ii) the Participant who holds such award dies, retires, or becomes totally and permanently disabled, or (iii) the events described in subsection 8(a) occur, whichever is earlier (the "Maturity Date"). The Book Value at the Maturity Date shall be the Book Value as of the close of the fiscal year of the Corporation in which such Maturity Date occurs.

(c) Participation Share Payments. Each Participant shall be entitled to receive a cash payment for his Participation Share award, payable as provided in subsection 6(g), equal to the sum of the Maturity Value and the Dividend Share Value.

The "Maturity Value" of an award shall be equal to the Book Value of the Participation Shares subject to such award at the Maturity Date less the Base Value of such Participation Shares.

Participants are not entitled to receive current dividends on their Participation Shares, but in lieu thereof their Accounts shall be credited with dividend shares (the "Dividend Shares"). The "Dividend Share Value" of an award shall be equal to the product of (A) the number of Dividend Shares credited to a Participant's Account and (B) the book value per share of the Common Stock at the Maturity Date. The amount available for the acquisition of Dividend Shares for a Participant's Account at the end of each fiscal quarter of the Corporation shall be determined by multiplying the total cash dividend declared per share of Common Stock during such quarter (but subsequent to the date of the award in the case of Participation Shares and subsequent to the date of crediting in the case of Dividend Shares) by the total of the Participation Shares and Dividend Shares in the Participant's Account. The amount so determined shall be divided by the book value of one share of Common Stock as of the close of such fiscal quarter, and the quotient shall represent the number of full and fractional Dividend Shares credited to the Participant's Account for that quarter.

(d) Dividend Maintenance. No Dividend Shares shall be credited to a Participant's Account in any quarter (i) in which the total cash dividends declared per share of Common Stock are less than \$.62, or (ii) in which the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year, except that in the final three quarters of 1987 and thereafter the determination of whether the total cash dividends per share of Common Stock are less than in the immediately preceding year shall be made after adjustment for the two-for-one stock split which occurred in 1987, and the two-for-one stock split which was declared on November 12, 1991, in accordance with generally accepted accounting principles. When total cash dividends declared per share of Common Stock are less than total cash dividends declared per share of common Stock in the same quarter of the immediately preceding year as described in clause (ii) immediately above, the book value of each Participation Share held by a Participant shall be reduced by an amount equal to the difference between the cash dividend declared in such immediately preceding quarter less the cash dividend declared in the quarter the cash dividend is reduced. This subsection 6(d) shall be inoperative during such fiscal

years of the Corporation as the Committee in its discretion shall determine.

(e) Adjustments. The Committee may adjust Book Value, for purposes of the Plan, to preserve the benefit to the Participant and the Corporation contemplated hereby if, in the opinion of the Committee after consultation with the Corporation's independent accountants, changes in the Corporation's accounting policies, acquisitions, divestitures or other unusual or extraordinary transactions or events have materially affected the Corporation's net income, book value, shares of Common Stock outstanding, or stockholders' equity (collectively, the "Events"), provided that any decisions or actions of the management of the Corporation which resulted in an Event were made or taken in the best interests of the Corporation's stockholders. To preserve the benefit to the Participant and the Corporation contemplated hereby, if a cash dividend is declared in any quarter and the payment date for such cash dividend is later than the immediately subsequent quarter, then such cash dividend will be deemed to be declared in the quarter immediately preceding the payment date for all purposes of this Plan, as of the first date the Board meets in such quarter, or if the Board does not meet in such quarter, on the first business day of such quarter, including, but not limited to, the determination of (i) Book Value in subsection 6(a), (ii) Dividend Shares in subsection 6(c) and (iii) whether the total cash dividends declared per share of Common Stock in a quarter is less than \$.31 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 6(d).

(f) Absence of Rights as a Stockholder. A Participant shall not be entitled, on the basis of a Participation Share award, to any of the rights of a stockholder of the Corporation, including the right to vote and receive dividends on Common Stock.

(g) Date of Payment. Except as provided in subsection 14(j), the cash payment provided for in subsection 6(c) shall be payable within 90 days following the Maturity Date. The Corporation shall deduct applicable withholding and employment taxes from all payments made to Participants.

(h) Termination of Employment. Except as provided in subsections 6(b), 8(a) and 14(j), any Participation or Dividend Shares credited to a Participant's Account shall be subject to forfeiture if the Participant is dismissed or leaves the service of the Corporation or a Subsidiary prior to the maturity of the award for any reason other than death, retirement or total and permanent disability.

(i) Termination of Award. After the Corporation makes the cash payment provided for in subsection 6(c), any rights of the Participant (or the Participant's estate or beneficiaries) in the Participation Share award shall end.

## 7. STOCK OPTIONS

The Committee shall determine and designate from time to time those Participants to whom options are to be granted and the number of shares of Common Stock to be optioned to each (an "Option"). Such Options may be in the form of "incentive stock options" as that term is defined in Section 422A of the Internal Revenue Code, as amended (an "Incentive Stock Option") or in the form of options which are not Incentive Stock Options ("Nonqualified Stock Options"). After granting an Option to a Participant, the Committee shall cause to be delivered to the Participant a document to be executed by the Corporation and the Participant evidencing the granting of the Option and the terms and conditions of such Option. The document shall be in such form as the Committee shall from time to time approve. The terms and conditions of all Options granted under the Plan need not be the same, but all Options must meet the applicable terms and conditions specified in subsections 7(a) through 7(h). Unless indicated otherwise, when the term Option appears in subsections 7(a) through 7(h), such term shall include Incentive Stock Options.

(a) Period of Option. The Period of each Incentive Stock Option shall be no more than 10 years, and the period of each Nonqualified Stock Option shall be no more than 10 years and one day, from the date it is granted.

(b) Option Price. The Option price shall be determined by the Committee, but shall not in any instance be less than the Fair Market Value of the Common Stock at the time

that the Option is granted (the "Option Price"). Fair Market Value shall be defined as the reported closing price of the Common Stock on the date the Option is granted as reported on the composite list used by The Wall Street Journal for reporting stock prices, or if no such sale shall have been made on that day, on the last preceding day on which there was such a sale.

(c) Limitations on Exercise

(i) In General. The Option shall not be exercisable until at least one year has expired after the granting of the Option, during which time the Participant shall have been in the continuous employ of the Corporation or a Subsidiary. At any time during the period of the Option after the end of the first year, the Participant may purchase up to 30 percent of the shares covered by the Option; after the end of the second year, an additional 30 percent; and after the end of the third year, the remaining 40 percent of the total number of shares covered by the Option; provided, however, that if the Participant's employment is terminated for any reason other than death, retirement, or total and permanent disability, the Option shall be exercisable only for three months following such termination and only for the number of shares of Common Stock which were exercisable on the date of such termination. In no event, however, may an Incentive Stock Option be exercised more than 10 years, and in no event may a Nonqualified Stock Option be exercised more than 10 years and one day, after the date of its grant.

(ii) Prior Option Rule. An Incentive Stock Option granted before January 1, 1987 shall not be exercisable while there is outstanding any prior Incentive Stock Option which was granted to such Participant to purchase stock in the Corporation, a Subsidiary or a predecessor corporation of the Corporation or a Subsidiary.

(d) Exercise after Death, Retirement, or Disability. If a Participant dies, retires or becomes totally and permanently disabled without having exercised the Option in full, the remaining portion of such Option may be exercised, without regard to the limitations in subsection 7(c)(i), within (i) three years from the date of any such event or (ii) the remaining period of the Option, whichever is earlier. Upon a Participant's death, the Option may be exercised by the person or persons to whom such Participant's rights under the Option shall pass by will or by applicable law or, if no such person has such rights, by his executor or administrator.

(e) Non-transferability. During the Participant's lifetime, Options shall be exercisable only by such Participant. Options shall not be transferable other than by will or the laws of descent and distribution upon Participant's death.

(f) Exercise; Notice Thereof. Options shall be exercised by delivering to the Corporation, at the office of the Treasurer at the Dallas World Headquarters, written notice of the number of shares with respect to which Option rights are being exercised and by paying in full the Option Price of the shares at the time being acquired. Payment may be made in cash, a check payable to the Corporation or, if the Committee so determines, pursuant to rules adopted by the Committee, in shares of Common Stock transferable to the Corporation and having a Fair Market Value on the transfer date equal to the amount payable to the Corporation. The date of exercise shall be deemed to be the date the Corporation receives the written notice and payment for the shares being purchased. A Participant shall have none of the rights of a stockholder with respect to shares covered by such Option until the Participant becomes the record holder of such shares.

(g) Purchase for Investment. It is contemplated that the Corporation will register shares sold to Participants pursuant to the Plan under the Securities Act of 1933. In the absence of an effective registration, however, a Participant exercising an Option hereunder may be required to give a representation that he/she is acquiring such shares as an investment and not with a view to distribution thereof.

(h) Limitations on Incentive Stock Option Grants.

(i) An Incentive Stock Option shall be granted only to an individual who, at the time the Option is granted, does not own stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Corporation or Subsidiaries.

(ii) The aggregate Fair Market Value of all shares covered by the Incentive Stock Options granted to a

Participant by the Corporation and any of its Subsidiaries in any calendar year prior to 1987 shall not exceed \$100,000 plus any unused limit carryover carried to such year. The unused limit carryover shall be one-half of the amount by which \$100,000 exceeds the aggregate Fair Market Value of such stock Options granted in any calendar year. The unused limit carryover from any year is the amount of unused limit carryover reduced by the amount of such carryover which was used in prior calendar years. Such unused limit carryover may only be carried over to each of the three calendar years succeeding the year in which the limit carryover arises, and the amount of any Options granted during any calendar year shall be treated as first using up the \$100,000 limitation and then shall be treated as using up unused limit carryovers to such year in the order of the calendar years in which such carryovers arose. The aggregate Fair Market Value of such stock shall be determined as of the time the Option is granted. This paragraph 7(h)(ii) shall be construed in accordance with subsection (b) of Section 422A of the Internal Revenue Code as in effect on April 17, 1986.

(iii) With respect to Incentive Stock Options granted on or after January 1, 1987, the aggregate Fair Market Value of all shares with respect to which such Incentive Stock Options are exercisable by a Participant for the first time during any year shall not exceed \$100,000. The aggregate Fair Market Value of such shares shall be determined at the time the Option is granted.

(i) Options for Nonresident Aliens. In the case of any Option awarded to a Participant who is not a resident of the United States or who is employed by a Subsidiary other than a Subsidiary that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) waive or alter the conditions set forth in subsections 7(a) through 7(h) to the extent that such action is necessary to conform such Option to applicable foreign law, or (ii) take any action, either before or after the award of such Option, which it deems advisable to obtain approval of such Option by an appropriate governmental entity; provided, however, that no action may be taken hereunder if such action would (1) materially increase any benefits accruing to any Participants under the Plan, (2) materially increase the number of securities which may be issued under the Plan, (3) materially modify the requirements for eligibility to participate in the Plan or (4) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Securities and Exchange Act of 1934 or the Internal Revenue Code.

#### 8. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

(a) In the sole and absolute discretion of the Committee, a Participation Share award may be considered to reach maturity as of the close of the fiscal year in which (i) a Participant enters such governmental or military service as may be approved by the Committee or (ii) the Participant's employment with the Corporation is terminated by reason of a shutdown or divestiture of a portion of the Corporation's business.

(b) A leave of absence approved by the Committee shall not be deemed to be a termination of employment for the purposes of the Plan. A termination of employment with the Corporation or a Subsidiary to accept immediate reemployment with the Corporation or a Subsidiary likewise shall not be deemed to be a termination of employment for purposes of the Plan.

#### 9. SHARES SUBJECT TO THE PLAN

The number of shares of common Stock available for option and sale under the Plan and the number of Participation Shares which may be awarded shall not exceed 8,000,000 in the aggregate, of which not more than 6,000,000 shall be available for option and sale. If an Option ceases to be exercisable in whole or in part by reason of expiration of time permitted for its exercise, termination of employment of a Participant who has been granted an Option, cancellation, surrender, or for any other reason, the shares which had been subject to such Option shall continue to be available for Options or Participation Share awards under the Plan. The shares of Common Stock subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board of Directors may from time to time determine. Participation Shares which are retired through forfeiture or maturity shall again be available for awards of Participation Shares or grants of Options under the Plan.

#### 10. INDIVIDUAL LIMITS

The maximum number of Participation Shares or shares of Common Stock covered by Options which may be granted to any Participant shall be determined from time to time by the Committee.

#### 11. CHANGES IN CAPITALIZATION

In the event there are any changes in the Common Stock or the capitalization of the Corporation through merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes may be made by the Committee in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares for which Options of Participation Shares may be granted or awarded to any Participant, (c) the number of shares and the Option Price per share of all shares of Common Stock subject to outstanding Options, (d) the number of Participation Shares, the Base Value per Participation Share awarded to Participants, and Dividend Shares credited to Participants' Accounts, and (e) such other provisions of the Plan as may be necessary and equitable to carry out its purposes.

#### 12. EFFECT ON OTHER PLANS

All payments and benefits under the Plan shall constitute special compensation and shall not affect the level of benefits provided to or received by any Participant (or the Participant's estate or beneficiaries) as part of any employee benefit plan of the Corporation or a Subsidiary. The Plan shall not be construed to affect in any way a Participant's rights and obligations under any other plan maintained by the Corporation or a Subsidiary on behalf of employees.

#### 13. TERM OF THE PLAN

The term of the Plan shall be six years, beginning April 17, 1986 and ending April 16, 1992, unless the Plan is terminated sooner by action of the Board of Directors or extended by action of the stockholders of the Corporation. No Option may be granted or Participation Share awarded after the termination date of the Plan, but Options and Participation Shares theretofore granted or awarded shall continue in force beyond that date pursuant to their terms.

#### 14. GENERAL PROVISIONS

(a) Designated Beneficiary. Each Participant who shall be granted a Participation Share award under the Plan may designate a beneficiary or beneficiaries with the Committee on a form to be prescribed by it; provided that no such designation shall be effective unless so filed prior to the death of such Participant.

(b) No Right of Continued Employment. Neither the establishment of the Plan nor the payment of any benefits hereunder nor any action of the Corporation, the Subsidiaries, the Board of Directors of the Corporation or its Subsidiaries, or the Committee shall be held or construed to confer upon any person any legal right to be continued in the employ of the Corporation or its Subsidiaries, and the Corporation and its Subsidiaries expressly reserve the right to discharge any Participant without liability to the Corporation, its Subsidiaries, the Board of Directors of the Corporation or its Subsidiaries or the Committee, except as to any rights which may be expressly conferred upon a Participant under the Plan.

(c) Discretion of the Corporation, Board of Directors and the Committee. Any decision made or action taken by the Corporation, the Board of Directors of the Corporation or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be within the absolute discretion of the Corporation, the Board of Directors or the Committee, as the case may be, and shall be conclusive and binding upon all persons. Except as provided in the sentence immediately below, the Committee shall determine in its sole discretion whether a termination of employment for purposes of the Plan is caused by disability, retirement or for other reasons. Any Participant who is entitled to receive immediate payments under a qualified retirement plan of the Corporation or a Subsidiary upon the termination of his employment shall be deemed to be retired under the Plan; provided, however, that any Participant who is employed by a competitor of the Corporation or a Subsidiary within one year after leaving the employ of the Corporation or a Subsidiary shall not be considered, in the discretion of the Committee, to be retired under the Plan.

(d) Modification of Awards. The Committee may in its sole and absolute discretion, by written notice to a Participant, (i) limit or eliminate the ability of the

Participant's Participation and Dividend Shares to generate additional Dividend Shares, and/or (ii) fix the Book Value of all or any portion of the Participant's existing Participation and Dividend Shares for the purposes of any payments that might be made under subsection 6(c) at their Book Value as of the end of the fiscal year of the Corporation in which such notice is dated, and/or (iii) limit the period in which an Option may be exercised to a period ending at least three months following the date of such notice, and/or (iv) limit or eliminate the number of shares subject to Option after a period ending at least three months following the date of such notice. The Committee may credit Participation and Dividend Shares which are affected under this subsection 14(d)(i) or (ii), with interest at a rate and in a manner determined from time to time by the Committee.

(e) No Segregation of Cash or Stock. The Accounts established for Participants are merely a bookkeeping convenience and neither the Corporation nor its Subsidiaries shall be required to segregate any cash or stock which may at any time be represented by awards. Nor shall anything provided herein be construed as providing for such segregation. Neither the Corporation, its Subsidiaries, the Board of Directors nor the Committee shall, by any provisions of the Plan, be deemed to be a trustee of any property, and the liability of the Corporation or its Subsidiaries to any Participant pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by the Plan, and no such obligation of the Corporation or its Subsidiaries shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation or its Subsidiaries.

(f) Inalienability of Benefits and Interest. Except as provided in subsection 14(a), no benefit payable under or interest in the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void and no such benefit or interest shall be in any manner liable for or subject to debts, contracts, liabilities, engagements, or torts of any Participant or beneficiary.

(g) Delaware Law to Govern. All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Delaware.

(h) Change in Conditions of Federal Income Tax Laws. In the event of relevant changes in the Federal income tax laws, regulations and rulings or other factors affecting the continued appropriateness of Participation Share awards or Options under the Plan, the Committee may, in its sole discretion, accelerate or change the form of payment, distribution or exercise of such awards or Options. In addition, the Committee shall have the power to take such action as it deems necessary and desirable to amend the Plan and any Options granted hereunder, for the purpose of permitting the Participant to obtain favorable Federal income tax treatment in connection with the Options or the disposition of shares obtained through exercise of Options.

(i) Election to Receive Cash Rather than Stock. The Committee, in its sole and absolute discretion, may allow selected Participants the right to convert their unexercised Options to a cash payment. For each such Option so converted, the Participant shall be entitled to receive cash equal to the difference between the Participant's Option Price and the fair market value of the Common Stock on the date of conversion. In order to make such a conversion, however, the Participant must at the time of such conversion also elect to exercise an equivalent number of Option shares for Common Stock on the same date. Fair market value at the date of conversion shall be defined as the reported closing price of Common Stock on the day of conversion as reported on the composite list used by The Wall Street Journal for reporting stock prices, or if no such sale shall have been made on that day, on the last preceding day on which there was such a sale.

(j) Election to Defer Receipt. Under rules established by the Committee in its sole and absolute discretion, the Committee may permit a Participant to elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsection 6(c). This election shall be evidenced by a letter from the Participant to the Committee, which letter shall be signed by the Participant and accepted by the Committee before the Maturity Date. The period of deferral specified in the letter shall be set forth in accordance with the rules of the Committee and may extend to a period following retirement. If accepted by the Committee, such letter may provide that the amount otherwise payable to the Participant shall be valued at the Maturity Date and earn interest from that date at a rate and in a manner determined

from time to time by the Committee. After adjustment for any resulting interest, the deferred amount shall be paid at the date or dates specified in the Participant's letter, and such adjusted amount shall not be subject to forfeiture as otherwise provided in subsection 6(h). In the discretion of the Committee, the balance of a Participant's deferred amount may be paid earlier than the date or dates specified in the Participant's letter, but only in the case of severe financial hardship.

(k) Purchase of Common Stock. The Corporation and its Subsidiaries may purchase from time to time shares of Common Stock in such amounts as they may determine for purposes of the Plan. The Corporation and its Subsidiaries shall have no obligation to retain, and shall have the unlimited right to sell or otherwise deal with for their own account, any shares of Common Stock purchased pursuant to this paragraph.

(l) Use of Proceeds. The proceeds received by the Corporation from the sale of Common Stock pursuant to the exercise of Options shall be used for general corporate purposes.

(m) Amendments. The Committee shall have the power to amend the Plan and any Options or Participation Share awards granted hereunder (i) for the purposes described in subsection 14(h) and (ii) to make administrative changes in the Plan which are not material either individually or in the aggregate and which do not increase the cost of the Plan to the Corporation or alter the allocation of benefits as between the Participants.

KIMBERLY-CLARK CORPORATION  
1992 EQUITY PARTICIPATION PLAN  
(as amended effective February 11, 1993)

1. PURPOSE

This 1992 Equity Participation Plan (the "Plan") of Kimberly-Clark Corporation (the "Corporation") is intended to aid in attracting and retaining highly qualified personnel and to encourage those employees who materially contribute, by managerial, scientific or other innovative means, to the success of the Corporation or of a Subsidiary, to acquire an ownership interest in the Corporation, thereby increasing their motivation for and interest in the Corporation's or Subsidiary's long-term success.

2. EFFECTIVE DATE

The Plan is effective as of April 24, 1992, upon (a) approval by the Board and (b) approval by the stockholders of the Corporation at the 1992 Annual Meeting.

3. DEFINITIONS

"Award" means an Award described in section 6 of this Plan.

"Award Agreement" means an agreement entered into between the Corporation and a Participant setting forth the terms and conditions applicable to the Award granted to the Participant.

"Board" means the Board of Directors of the Corporation.

"Code" means the Internal Revenue Code of 1986 and the regulations thereunder, as amended from time to time.

"Committee" means the Compensation Committee of the Board, provided that if the requisite number of members of the Compensation Committee are not Disinterested Persons, the Plan shall be administered by a committee, all of whom are Disinterested Persons, appointed by the Board and consisting of two or more directors with full authority to act in the matter. The term "Committee" shall mean the Compensation Committee or the committee appointed by the Board, as the case may be.

"Committee Rules" means the interpretative guidelines approved by the Committee providing the foundation for administration of this Plan.

"Common Stock" means the common stock, par value \$1.25 per share, of the Corporation and shall include both treasury shares and authorized but unissued shares and shall also include any security of the Corporation issued in substitution, in exchange for, or in lieu of the Common Stock.

"Disinterested Person" means a person who is so defined for purposes of rule 16b-3 under the Exchange Act, or any successor provision.

"Exchange Act" means the Securities Exchange Act of 1934 and the regulations thereunder, as amended from time to time.

"Fair Market Value" means the reported closing price of the Common Stock, on the relevant date as reported on the composite list used by The Wall Street Journal for reporting stock prices, or if no such sale shall have been made on that day, on the last preceding day on which there was such a sale.

"Incentive Stock Option" means an Option which is so defined for purposes of section 422A of the Code or any successor section.

"Option" means a right to purchase a specified number of shares of Common Stock at a fixed option price equal to no less than 100% of the Fair Market Value of the Common Stock on the date the Award is granted.

"Nonqualified Stock Option" means any Option which is not an Incentive Stock Option.

"Participant" means an employee who the Committee selects to participate in and receive Awards under the Plan (collectively, the "Participants").

"Participation Shares" means the right, as described in section 7, to receive an amount equal to the increase in book value on a specified number of shares of Common Stock.

"Subsidiary" means any company in which the Corporation owns a majority of the equity interest (collectively, the

"Subsidiaries").

#### 4. ADMINISTRATION

The Plan and all Awards granted pursuant thereto shall be administered by the Committee. The Committee, in its absolute discretion, shall have the power to interpret and construe the Plan and any Award Agreements. Any interpretation or construction of any provisions of this Plan or the Award Agreements by the Committee shall be final and conclusive upon all persons. No member of the Board or the Committee shall be liable for any action or determination made in good faith. Within 60 days following the close of each calendar year that the Plan is in operation, the Committee shall make a report to the Board. The report shall specify the employees who received Awards under the Plan during the prior year, the form and size of the Awards to the individual employees, and the status of prior Awards.

The Committee shall have the power to promulgate Committee Rules and other guidelines in connection with the performance of its obligations, powers and duties under the Plan, including its duty to administer and construe the Plan and the Award Agreements.

The Committee may authorize persons other than its members to carry out its policies and directives subject to the limitations and guidelines set by the Committee, except that: (a) the authority to grant Awards shall not be delegated by the Committee; (b) the authority to administer Awards with respect to persons who are subject to section 16 of the Exchange Act shall not be delegated by the Committee; and (c) any delegation shall satisfy any other applicable requirements of rule 16b-3 of the Exchange Act, or any successor provision. Any person to whom such authority is granted shall continue to be eligible to receive Awards under the Plan.

#### 5. ELIGIBILITY

The Committee shall from time to time select the Plan Participants from those employees whom the Committee determines either to be in a position to contribute materially to the success of the Corporation or a Subsidiary, or to have in the past so contributed. Only employees (including officers and directors who are employees) of the Corporation and its Subsidiaries are eligible to participate in the Plan.

#### 6. FORMS OF AWARDS

All Awards under the Plan shall be made in the form of Participation Shares or Options. The Committee may make Awards solely in Options or Participation Shares, or in any combination of the two. Notwithstanding anything in this Plan to the contrary, any Awards shall contain the restriction on assignability in section 15(f) of this Plan to the extent required under rule 16b-3 of the Exchange Act.

#### 7. PARTICIPATION SHARES

The Committee shall from time to time designate those Participants who shall receive Participation Share awards. The Committee shall advise such Participants of their Participation Share awards by a letter indicating the number of Participation Shares awarded and the following terms and conditions of the award.

(a) Base Value of Participation Shares. The number of Participation Shares awarded to a Participant shall be entered in such Participant's memorandum account (the "Account") established for this purpose as of the date of the award. Each Participation Share shall be assigned a base value equal to the book value of one share of Common Stock as of the close of the fiscal year of the Corporation preceding the date of the award (the "Base Value"). Book value per share shall be defined for purposes of the Plan as common stockholders' equity, as reported in the year-end audited consolidated financial statements, or in the quarter-end unaudited consolidated financial statements, of the Corporation (as the case may be), divided by the number of shares of Common Stock outstanding as of the date of such financial statements, as adjusted pursuant to the provisions of the Plan (the "Book Value"). The term "book value", when used without initial capital letters, shall be defined as in the preceding sentence without the adjustments.

(b) Maturation of Participation Shares. An Award of Participation Shares shall reach maturity at the close of the fiscal year (i) in which either the fifth or seventh anniversary, as determined by the Committee when the Award is granted, of the date the Award occurs, (ii) the Participant who holds such Award dies, retires, or becomes totally and

permanently disabled, or (iii) the events described in subsection 9(a) occur, whichever is earlier (the "Maturity Date"). The Book Value at the Maturity Date shall be the Book Value as of the close of the fiscal year of the Corporation in which such Maturity Date occurs.

(c) Participation Share Payments. Each Participant shall be entitled to receive a cash payment for his Participation Share award, payable as provided in subsection 7(g), equal to the sum of the Maturity Value and the Dividend Share Value.

The "Maturity Value" of an Award of Participation Shares shall be equal to the Book Value of the Participation Shares subject to such Award at the Maturity Date less the Base Value of such Participation Shares.

Participants are not entitled to receive current dividends on their Participation Shares, but in lieu thereof their Accounts shall be credited with dividend shares (the "Dividend Shares"). The "Dividend Share Value" of an award shall be equal to the product of (A) the number of Dividend Shares credited to a Participant's Account and (B) the Book Value per share of the Common Stock at the Maturity Date. The amount available for the acquisition of Dividend Shares for a Participant's Account at the end of each fiscal quarter of the Corporation shall be determined by multiplying the total cash dividend declared per share of Common Stock during such quarter (but subsequent to the date of the award in the case of Participation Shares and subsequent to the date of crediting in the case of Dividend Shares) by the total of the Participation Shares and Dividend Shares in the Participant's Account. The amount so determined shall be divided by the Book Value of one share of Common Stock as of the close of such fiscal quarter, and the quotient shall represent the number of full and fractional Dividend Shares credited to the Participant's Account for that quarter.

(d) Dividend Maintenance. No Dividend Shares shall be credited to a Participant's Account in any quarter (i) in which the total cash dividends declared per share of Common Stock are less than \$.41 or (ii) in which the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year, except that the determination of whether the total cash dividends per share of Common Stock are less than in the immediately preceding year shall be made after adjustment for the two-for-one stock split which occurred in 1992 in accordance with generally accepted accounting principles. When total cash dividends declared per share of Common Stock are less than total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year as described above, the book value of each Participation Share held by a Participant shall be reduced by an amount equal to the difference between the cash dividend declared in such immediately preceding quarter less the cash dividend declared in the quarter the cash dividend is reduced. This subsection 7(d) shall be inoperative during such fiscal years of the Corporation as the Committee in its discretion shall determine.

(e) Adjustments. The Committee may adjust Book Value, for purposes of the Plan, to preserve the benefit to the Participant and the Corporation contemplated hereby if, in the opinion of the Committee after consultation with the Corporation's independent accountants, changes in the Corporation's accounting policies, acquisitions, divestitures or other unusual or extraordinary transactions or events have materially affected the Corporation's net income, book value, shares of Common Stock outstanding, or stockholders' equity (collectively, the "Events"), provided that any decisions or actions of the management of the Corporation which resulted in an Event were made or taken in the best interests of the Corporation's stockholders. To preserve the benefit to the Participant and the Corporation contemplated hereby, if a cash dividend is declared in any quarter and the payment date for such cash dividend is later than the immediately subsequent quarter, then such cash dividend will be deemed to be declared in the quarter immediately preceding the payment date for all purposes of this Plan, as of the first date the Board meets in such quarter, or if the Board does not meet in such quarter, on the first business day of such quarter, including, but not limited to, the determination of (i) Book Value in subsection 7(a), (ii) Dividend Shares in subsection 7(c) and (iii) whether the total cash dividends declared per share of Common Stock in a quarter is less than \$.41 or whether the total cash dividends declared per share of Common Stock are less than the total cash dividends declared per share of Common Stock in the same quarter of the immediately preceding year in subsection 7(d).

(f) Absence of Rights as a Stockholder. A

Participant shall not be entitled, on the basis of a Participation Share award, to any of the rights of a stockholder of the Corporation, including the right to vote and receive dividends on Common Stock.

(g) Date of Payment. Except as provided in subsection 15(j), the cash payment provided for in subsection 7(c) shall be payable within 90 days following the Maturity Date.

(h) Termination of Employment. Except as provided in subsections 9(a) and 15(j) any Participation or Dividend Shares credited to a Participant's Account shall be subject to forfeiture if the Participant is dismissed or leaves the service of the Corporation or a Subsidiary prior to the maturity of the award for any reason other than death, retirement or total and permanent disability.

(i) Termination of Award. After the Corporation makes the cash payment provided for in subsection 6(c), any rights of the Participant (or the Participant's estate or beneficiaries) in the Participation Share award shall end.

## 8. STOCK OPTIONS

The Committee shall determine and designate from time to time those Participants to whom Options are to be granted and the number of shares of Common Stock to be optioned to each. Such Options may be in the form of Incentive Stock Options or in the form of Nonqualified Stock Options. After granting an Option to a Participant, the Committee shall cause to be delivered to the Participant an Award Agreement evidencing the granting of the Option. The Award Agreement shall be in such form as the Committee shall from time to time approve. The terms and conditions of all Options granted under the Plan need not be the same, but all Options must meet the applicable terms and conditions specified in subsections 8(a) through 8(h).

(a) Period of Option. The Period of each Option shall be no more than 10 years from the date it is granted.

(b) Option Price. The Option price shall be determined by the Committee, but shall not in any instance be less than the Fair Market Value of the Common Stock at the time that the Option is granted (the "Option Price").

(c) Limitations on Exercise. The Option shall not be exercisable until at least one year has expired after the granting of the Option, during which time the Participant shall have been in the continuous employ of the Corporation or a Subsidiary. At any time during the period of the Option after the end of the first year, the Participant may purchase up to 30 percent of the shares covered by the Option; after the end of the second year, an additional 30 percent; and after the end of the third year, the remaining 40 percent of the total number of shares covered by the Option; provided, however, that if the Participant's employment is terminated for any reason other than death, retirement, or total and permanent disability, the Option shall be exercisable only for three months following such termination and only for the number of shares of Common Stock which were exercisable on the date of such termination. In no event, however, may an Incentive Stock Option be exercised more than 10 years, and in no event may a Nonqualified Stock Option be exercised more than 10 years and one day, after the date of its grant.

(d) Exercise after Death, Retirement, or Disability. If a Participant dies, retires or becomes totally and permanently disabled without having exercised the Option in full, the remaining portion of such Option may be exercised, without regard to the limitations in subsection 8(c), within (i) three years from the date of any such event or (ii) the remaining period of the Option, whichever is earlier. Upon a Participant's death, the Option may be exercised by the person or persons to whom such Participant's rights under the Option shall pass by will or by applicable law or, if no such person has such rights, by his executor or administrator.

(e) Non-transferability. During the Participant's lifetime, Options shall be exercisable only by such Participant. Options shall not be transferable other than by will or the laws of descent and distribution upon the Participant's death.

(f) Exercise; Notice Thereof. Options shall be exercised by delivering to the Corporation, at the office of the Treasurer at the World Headquarters, written notice of the number of shares with respect to which Option rights are being exercised and by paying in full the Option Price of the shares at the time being acquired. Payment may be made in cash, a check payable to the Corporation or, if the Committee so

determines, pursuant to the Committee Rules, in shares of Common Stock transferable to the Corporation and having a Fair Market Value on the transfer date equal to the amount payable to the Corporation. The date of exercise shall be deemed to be the date the Corporation receives the written notice and payment for the shares being purchased. A Participant shall have none of the rights of a stockholder with respect to shares covered by such Option until the Participant becomes the record holder of such shares.

(g) Purchase for Investment. It is contemplated that the Corporation will register shares sold to Participants pursuant to the Plan under the Securities Act of 1933. In the absence of an effective registration, however, a Participant exercising an Option hereunder may be required to give a representation that he/she is acquiring such shares as an investment and not with a view to distribution thereof.

(h) Limitations on Incentive Stock Option Grants.

(i) An Incentive Stock Option shall be granted only to an individual who, at the time the Option is granted, does not own stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Corporation or Subsidiaries.

(ii) The aggregate Fair Market Value of all shares with respect to which Incentive Stock Options are exercisable by a Participant for the first time during any year shall not exceed \$100,000. The aggregate Fair Market Value of such shares shall be determined at the time the Option is granted.

(i) Options for Nonresident Aliens. In the case of any Option awarded to a Participant who is not a resident of the United States or who is employed by a Subsidiary other than a Subsidiary that is incorporated, or whose place of business is, in a State of the United States, the Committee may (i) waive or alter the conditions set forth in subsections 8(a) through 8(h) to the extent that such action is necessary to conform such Option to applicable foreign law, or (ii) take any action, either before or after the award of such Option, which it deems advisable to obtain approval of such Option by an appropriate governmental entity; provided, however, that no action may be taken hereunder if such action would (1) materially increase any benefits accruing to any Participants under the Plan, (2) materially increase the number of securities which may be issued under the Plan, (3) materially modify the requirements for eligibility to participate in the Plan or (4) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act or the Code.

#### 9. GOVERNMENT SERVICE, LEAVES OF ABSENCE AND OTHER TERMINATIONS

(a) In the sole and absolute discretion of the Committee, a Participation Share award may be considered to reach maturity as of the close of the fiscal year in which (i) a Participant enters such governmental or military service as may be approved by the Committee or (ii) the Participant's employment with the Corporation or a Subsidiary is terminated by reason of a shutdown or divestiture of all or a portion of the Corporation's or its Subsidiary's business.

(b) A leave of absence approved by the Committee shall not be deemed to be a termination of employment for purposes of the Plan. A termination of employment with the Corporation or a Subsidiary to accept immediate reemployment with the Corporation or a Subsidiary likewise shall not be deemed to be a termination of employment for purposes of the Plan.

#### 10. SHARES SUBJECT TO THE PLAN

The number of shares of Common Stock available with respect to all Awards granted under this Plan shall not exceed 10,000,000 in the aggregate, of which not more than 10,000,000 shall be available for option and sale, subject to the adjustment provision set forth in section 12 hereof. If an Option ceases to be exercisable in whole or in part by reason of expiration of time permitted for its exercise, termination of employment of a Participant who has been granted an Option, cancellation, surrender, or for any other reason, the shares which had been subject to such Option shall continue to be available for Awards under the Plan. The shares of Common Stock subject to the Plan may consist in whole or in part of authorized but unissued shares or of treasury shares, as the Board may from time to time determine. Participation Shares which are retired through forfeiture or maturity shall again be available for awards of Participation Shares or grants of

Options under the Plan.

#### 11. INDIVIDUAL LIMITS

The maximum number of Participation Shares or shares of Common Stock covered by Options which may be granted to any Participant shall be determined from time to time by the Committee.

#### 12. CHANGES IN CAPITALIZATION

In the event there are any changes in the Common Stock or the capitalization of the Corporation through merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments and changes may be made by the Committee in (a) the aggregate number of shares subject to the Plan, (b) the maximum number of shares for which Options of Participation Shares may be granted or awarded to any Participant, (c) the number of shares and the Option Price per share of all shares of Common Stock subject to outstanding Options, (d) the number of Participation Shares, the Base Value per Participation Share awarded to Participants, and Dividend Shares credited to Participants' Accounts, and (e) such other provisions of the Plan as may be necessary and equitable to carry out its purposes.

#### 13. EFFECT ON OTHER PLANS

All payments and benefits under the Plan shall constitute special compensation and shall not affect the level of benefits provided to or received by any Participant (or the Participant's estate or beneficiaries) as part of any employee benefit plan of the Corporation or a Subsidiary. The Plan shall not be construed to affect in any way a Participant's rights and obligations under any other plan maintained by the Corporation or a Subsidiary on behalf of employees.

#### 14. TERM OF THE PLAN

The term of the Plan shall be ten years, beginning April 24, 1992, and ending April 23, 2002, unless the Plan is terminated or extended by action of the Committee. No Option may be granted or Participation Share awarded after the termination date of the Plan, but Options and Participation Shares theretofore granted or awarded shall continue in force beyond that date pursuant to their terms.

#### 15. GENERAL PROVISIONS

(a) Designated Beneficiary. Each Participant who shall be granted a Participation Share award under the Plan may designate a beneficiary or beneficiaries with the Committee on a form to be prescribed by it; provided that no such designation shall be effective unless so filed prior to the death of such Participant.

(b) No Right of Continued Employment. Neither the establishment of the Plan nor the payment of any benefits hereunder nor any action of the Corporation, the Subsidiaries, the Board of Directors of the Corporation or its Subsidiaries, or the Committee shall be held or construed to confer upon any person any legal right to be continued in the employ of the Corporation or its Subsidiaries, and the Corporation and its Subsidiaries expressly reserve the right to discharge any Participant without liability to the Corporation, its Subsidiaries, the Board of Directors of the Corporation or its Subsidiaries or the Committee, except as to any rights which may be expressly conferred upon a Participant under the Plan.

(c) Discretion of the Corporation, Board and the Committee. Any decision made or action taken by the Corporation, the Board or by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be within the absolute discretion of the Corporation, the Board or the Committee, as the case may be, and shall be conclusive and binding upon all persons. Except as provided in the sentence immediately below, the Committee shall determine in its sole discretion whether a termination of employment for purposes of the Plan is caused by disability, retirement or for other reasons.

(d) Modification of Awards. The Committee may in its sole and absolute discretion, by written notice to a Participant, (i) limit or eliminate the ability of the Participant's Participation and Dividend Shares to generate additional Dividend Shares, and/or (ii) fix the Book Value of all or any portion of the Participant's existing Participation and Dividend Shares for the purposes of any payments that might be made under subsection 7(c) at their Book Value as of the end

of the fiscal year of the Corporation in which such notice is dated, and/or (iii) limit the period in which an Option may be exercised to a period ending at least three months following the date of such notice, and/or (iv) limit or eliminate the number of shares subject to Option after a period ending at least three months following the date of such notice. The Committee may credit Participation and Dividend Shares which are affected under this subsection 15(d)(i) or (ii), with interest at a rate and in a manner determined from time to time by the Committee.

(e) No Segregation of Cash or Stock. The Accounts established for Participants are merely a bookkeeping convenience and neither the Corporation nor its Subsidiaries shall be required to segregate any cash or stock which may at any time be represented by Awards. Nor shall anything provided herein be construed as providing for such segregation. Neither the Corporation, its Subsidiaries, the Board nor the Committee shall, by any provisions of the Plan, be deemed to be a trustee of any property, and the liability of the Corporation or its Subsidiaries to any Participant pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by the Plan, and no such obligation of the Corporation or its Subsidiaries shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation or its Subsidiaries.

(f) Inalienability of Benefits and Interest. Except as provided in subsection 15(a), no benefit payable under or interest in the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void and no such benefit or interest shall be in any manner liable for or subject to debts, contracts, liabilities, engagements, or torts of any Participant or beneficiary.

(g) Delaware Law to Govern. All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Delaware.

(h) Change in Conditions of Federal Income Tax Laws. In the event of relevant changes in the Federal income tax laws, regulations and rulings or other factors affecting the continued appropriateness of Awards under the Plan, the Committee may, in its sole discretion, accelerate or change the form of payment, distribution or exercise of such Awards. In addition, the Committee shall have the power to take such action as it deems necessary and desirable to amend the Plan and any Options granted hereunder, for the purpose of permitting the Participant to obtain favorable Federal income tax treatment in connection with the Options or the disposition of shares obtained through exercise of Options.

(i) Election to Receive Cash Rather than Stock. The Committee, in its sole and absolute discretion, may allow selected Participants the right to convert their unexercised Options to a cash payment. For each such Option so converted, the Participant shall be entitled to receive cash equal to the difference between the Participant's Option Price and the Fair Market Value of the Common Stock on the date of conversion. In order to make such a conversion, however, the Participant must at the time of such conversion also elect to exercise an equivalent number of Option shares for Common Stock on the same date.

(j) Election to Defer Receipt. The Committee Rules may, in the Committee's sole and absolute discretion, permit a Participant to elect to defer the receipt of all or any portion of amounts which may otherwise become payable under subsection 7(c). This election shall be evidenced by a letter from the Participant to the Committee, which letter shall be signed by the Participant and accepted by the Committee before the Maturity Date. The period of deferral specified in the letter shall be set forth in accordance with the Committee Rules and may extend to a period following retirement. If accepted by the Committee, such letter may provide that the amount otherwise payable to the Participant shall be valued at the Maturity Date and earn interest from that date at a rate and in a manner determined from time to time by the Committee. After adjustment for any resulting interest, the deferred amount shall be paid at the date or dates specified in the Participant's letter, and such adjusted amount shall not be subject to forfeiture as otherwise provided in subsection 7(h). In the discretion of the Committee, the balance of a Participant's deferred amount may be paid earlier than the date or dates specified in the Participant's letter, but only in the case of severe financial hardship.

(k) Purchase of Common Stock. The Corporation and its Subsidiaries may purchase from time to time shares of

Common Stock in such amounts as they may determine for purposes of the Plan. The Corporation and its Subsidiaries shall have no obligation to retain, and shall have the unlimited right to sell or otherwise deal with for their own account, any shares of Common Stock purchased pursuant to this paragraph.

(l) Use of Proceeds. The proceeds received by the Corporation from the sale of Common Stock pursuant to the exercise of Options shall be used for general corporate purposes.

(m) Withholding. The Committee may require the withholding of all taxes as required by law. In the case of payments of Awards in shares of Common Stock or other securities, withholding shall be as required by law and in the Committee Rules.

(n) Amendments. The Committee may at any time amend, suspend, or discontinue the Plan or alter or amend any or all Award Agreements under the Plan to the extent permitted by law and the rules of any stock exchange on which the Common Stock or any other security of the Corporation or its subsidiaries is listed; provided, however, that no action may be taken hereunder if such action would (1) materially increase any benefits accruing to any Participants under the Plan, (2) materially increase the number of securities which may be issued under the Plan, (3) materially modify the requirements for eligibility to participate in the Plan or (4) result in a failure to comply with applicable provisions of the Securities Act of 1933, the Exchange Act (including the rules and regulations promulgated thereunder) or the Code. Notwithstanding the foregoing, in the event of relevant changes in rule 16b-3 of the Exchange Act, or in the interpretation thereof by appropriate governmental bodies, the Committee may, in its sole discretion, take such action as it deems necessary and desirable to amend, suspend, or discontinue the Plan or alter or amend any or all Award Agreements under the Plan to the extent permitted by rule 16b-3 of the Exchange Act. Except as provided in subsections 8(i), 15(d), and 15(h), no such amendment, suspension, or termination of the Plan shall, without the consent of the Participant, adversely alter or change any of the rights or obligations under any Awards or other rights previously granted the Participant under the Plan. However, the Committee may not take any action without approval of the Corporation's stockholders if such approval is required by law, rule 16b-3 of the Exchange Act, or the rules of any stock exchange on which the Common Stock or any other security of the Corporation or its Subsidiaries are listed.

I. PURPOSE

The purpose of this Kimberly-Clark Corporation Deferred Compensation Plan is to permit a select group of management or highly compensated employees of Kimberly-Clark Corporation and its subsidiaries to defer income which would otherwise become payable to them.

II. DEFINITIONS AND CERTAIN PROVISIONS

- 2.1 "Agreement" means the Plan Agreement(s) executed between a Participant and the Company, whereby a Participant agrees to defer a portion of his Salary or Bonus, or both, pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan. In the event the terms of the Agreement conflict with the terms of the Plan, the terms of the Plan shall be controlling.
- 2.2 "Beneficiary" means the person or persons who under this Plan becomes entitled to receive a Participant's interest in the event of the Participant's death.
- 2.3 "Board of Directors" means the Board of Directors of the Company.
- 2.4 "Bonus" means any amount(s) paid during a calendar year to the Participant under the Company's Management Achievement Award Program.
- 2.5 A "Change of Control" of the Company 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 Company having 20% or more of the total number of votes that may be cast for the election of Directors of the Company; 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 Company before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or any successor to the Company.
- 2.6 "Code" means the Internal Revenue Code for 1986, as amended and any lawful regulations or other pronouncements promulgated thereunder.
- 2.7 "Committee" means the Retirement Trust Committee named under the Kimberly-Clark Corporation Salaried Employers' Retirement Plan.
- 2.8 "Company" means Kimberly-Clark Corporation, a Delaware corporation, and its subsidiaries and any successor in interest. For purposes of the Plan, a subsidiary is a corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Company, which is incorporated under the laws of one of the states of the United States.
- 2.9 "Compensation Committee" means the Compensation Committee of the Board of Directors.
- 2.10 "Deferral Year" means any calendar year, 1995 through 2000. For purposes of 1994, Deferral Year means the Effective Date of the Plan through December 31, 1994.
- 2.11 "Deferred Benefit Account" means the cumulative total dollar amount that a Participant elects to defer in the Agreement, including gains and losses pursuant to Section 3 as maintained on the books of the Company for a Participant under this Plan. A Participant's Deferred Benefit Account shall not constitute or be treated as a trust fund of any kind.
- 2.12 "Determination Date" means the date on which the amount of a Participant's Deferred Benefit Account is determined as provided in Article III hereof. The last day of each calendar quarter shall be a Determination Date.
- 2.13 "Disability" shall have the same meaning as the phrase "Totally and Permanently Disabled" under the Kimberly-Clark Corporation Salaried Employees' Retirement Plan. The determination of a Participant's having become Disabled shall be made by the Retirement Committee of the Kimberly-Clark Corporation Salaried Employees' Retirement Plan.
- 2.14 "Effective Date" means October 1, 1994.
- 2.15 "IIP" means the Kimberly-Clark Corporation Salaried Employees Incentive Investment Plan and the Kimberly-Clark

Corporation Hourly Employees Incentive Investment Plan, collectively.

- 2.16 "Investment Grade" means a bond rating of BBB minus, or its equivalent, by one of the nationally recognized rating agencies.
- 2.17 "Participant" means an employee of the Company, or its subsidiaries or affiliated companies, who is eligible to participate in the Plan pursuant to Article III, who has executed an Agreement with the Company, and who has commenced Salary or Bonus, or both Salary and Bonus, reductions pursuant to such Agreement.
- 2.18 "Plan" means the Kimberly-Clark Corporation Deferred Compensation Plan as amended from time to time.
- 2.19 "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 Company.
- 2.20 "Salary" means the Participant's base salary which would be received during a calendar year if no election to defer were made, including any 401(k) Contributions under the IIP or pre-tax contributions under the Company's Flexible Benefit Plan.
- 2.21 "Termination of Service" means the Participant's cessation of his service with the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of retirement, death, or Disability.
- 2.22 "Tier 1 Participants" shall include the Chief Executive Officer and all elected officers of the Company who report directly to the Chief Executive Officer.
- 2.23 "Tier 2 Participants" shall include all employees of the Company (excluding Tier 1 Participants) whose Salary at the beginning of the Deferral Year is greater than the considered compensation limit pursuant to Section 401(a)(17) of the Code. For the 1994 Deferral Year, the considered compensation limit is \$150,000.
- 2.24 "Years of Service" shall have the same meaning as defined under the Kimberly-Clark Corporation Salaried Employees' Retirement Plan.

### III. PARTICIPATION AND COMPENSATION REDUCTION

- 3.1 Participation. Participation in the Plan shall be limited to employees of the Company who are either a Tier 1 Participant or a Tier 2 Participant and who elect to participate in the Plan by filing an Agreement with the Committee prior to the first day of the deferral period in which a Participant's participation commences in the Plan. The election to participate shall be effective upon receipt by the Committee of the Agreement that is properly completed and executed in conformity with the Plan.
- 3.2 Minimum and Maximum Deferral and Length of Participation.
  - Tier 1 Participants - A Tier 1 Participant may elect to defer any amount of his Salary or Bonus, or both, to the extent that any portion of such amounts would not be deductible by the Company pursuant to Section 162(m) of the Code. In addition, a Tier 1 Participant may elect to defer an amount of Salary or Bonus, or both, to the extent that the total of any such amounts would not exceed the dividend distributed under Section 7.12 of the IIP during a Deferral Year. The amount of Salary which may be deferred related to the dividend payment from the IIP during a Deferral Year shall be equal to 25% to 100% (in 25% increments) of the IIP dividend received. A Tier 1 Participant may also elect to defer up to 100% of his Bonus paid during a Deferral Year in 25% increments.

Tier 2 Participants - A Tier 2 Participant may elect to defer an amount of his Bonus up to the dividend distributed under Section 7.12 of the IIP during a Deferral Year. The amount of Bonus which may be deferred related to the dividend payment from the IIP shall be equal to 25% to 100% (in 25% increments) of the IIP dividend received. A Tier 2 Participant may not defer any part of his Salary pursuant to this Plan.

In no event may the amount of a Participant's deferral be less than \$5,000 in any Deferral Year during which a Participant has elected to defer a portion of his Salary or Bonus, or both. The deferral opportunity shall extend through December 31, 2000. A Participant shall make an annual election for the upcoming Deferral Year in the year preceding the Deferral Year for which the election is being made. Except as provided in Section 3.5, "Emergency Benefit: Waiver of Deferral," any election so made shall be irrevocable with respect to Salary and Bonus applicable to that Deferral Year.

3.3 Timing of Deferral Credits. The amount of Salary or Bonus, or both that a Participant elects to defer in the Agreement shall cause an equivalent reduction in the Participant's Salary and Bonus, respectively. Deferrals shall be credited throughout each Deferral Year as the Participant is paid the non-deferred portion of Salary and Bonus for such Deferral Year.

3.4 New Participants. Subsequent to October 1, 1994, an individual who is hired into a position which satisfies the requirements of a Tier 1 Participant or a Tier 2 Participant shall be eligible to participate in the Plan thirty (30) days after satisfying the criteria for participation. The eligible employee shall be bound by all terms and conditions of the Plan, provided, however, that his Agreement must be filed no later than thirty (30) days following his eligibility to participate.

Employees who satisfy the criteria of a Tier 1 Participant or a Tier 2 Participant as a result of a promotion or Salary increase will be eligible to participate in the Plan beginning on January 1st of the calendar year following eligibility.

3.5 Emergency Benefit: Waiver of Deferral. In the event that the Committee, upon written petition of the Participant or his Beneficiary, determines in its sole discretion, that the Participant or his Beneficiary has suffered an unforeseeable financial emergency, the Company shall pay to the Participant or his Beneficiary as soon as possible following such determination, an amount from the Participant's Deferred Benefit Account not in excess of the amount necessary to satisfy the emergency. For purposes of this Plan, an "unforeseeable financial emergency" is an unanticipated emergency that is caused by an event beyond the control of the Participant or Beneficiary and that would result in severe financial hardship to the individual if the emergency distribution were not permitted. Cash needs arising from foreseeable events, such as the purchase of a residence or education expenses for children shall not be considered the result of an unforeseeable financial emergency. For purposes of this Plan, an "unforeseeable financial emergency" is limited to an event described in Treasury Regulation section 1.401(k)-1(d)(2)(iv)(A)(1) or (4). For purposes of this Plan, a distribution is in "the amount necessary to satisfy the emergency" only if the requirements of Treasury Regulation section 1.401(k)-1(d)(2)(iv)(B) are satisfied. The Committee shall also grant a waiver of the Participant's agreement to defer a stated amount of Salary and Bonus upon finding that the Participant has suffered an unforeseeable financial emergency. The waiver shall be for such period of time as the Committee deems necessary under the circumstances to relieve the hardship.

3.6 Crediting of Earnings - As of the close of business on each Determination Date the designated Deferred Benefit Account of each Participant shall be valued and adjusted to preserve for each Participant his proportionate interest in the related funds as if such accounts held actual assets and such assets were among such investment funds as the Participant, retired Participant or Beneficiary elected pursuant to Section 3.8. As of each Determination Date the Deferred Benefit Accounts of each Participant shall be adjusted to reflect the effect of income, collected and accrued, realized and unrealized profits and losses, expenses which would have been incurred in connection with the sale, investment and reinvestment of the investment funds (such as brokerage, postage, express and insurance charges and transfer taxes), and all other transactions with respect to the related fund as follows:

- (a) The current market value of the assets which would have been held in each of the funds shall be determined by the Committee, and
- (b) The separate balances of each Participant's Deferred Benefit Accounts under each of the related funds shall be adjusted by multiplying by the ratio that the current market value of such funds as determined above bears to the aggregate of the Deferred Benefit Account balances which would have been held under such fund if such fund held actual assets.

The current market value shall be fair market value on the Determination Date as determined by the Committee in accordance with generally accepted valuation principles applied on a consistent basis. Each Participant's Deferred Benefit Account shall then be appropriately credited with his deferred amounts as set forth in Section 3.7.

3.7 Determination of Account. The balance of each Participant's Deferred Benefit Account as of each Determination Date shall be calculated as follows, using the terms and methods in the order defined below:

(a) Beginning Balance:

The balance on the beginning of the first day of the quarter. This equals the Ending Balance as of the end of the day on the prior Determination Date.

(b) Sub-Ending Balance:

The Beginning Balance, less any distributions made after the prior Determination Date and up through and including the current Determination Date.

(c) Investment Earnings:

Investment earnings, gains and losses determined pursuant to Section 3.6 will be credited to each Participant's Deferred Benefit Account as of each Determination Date.

(d) Participant Deferrals and Interest:

Participant deferrals made after the prior Determination Date and up through and including the current Determination Date, plus interest from the date credited pursuant to Section 3.3 through such Determination Date at a rate yielding interest equivalent to the per annum secondary market discount rate for six-month U.S. Treasury Bills as published by the Federal Reserve Board for the calendar week ending prior to January 1 (for interest to be credited for either of the two subsequent fiscal quarters ending March 31 or June 30) or prior to July 1 (for interest to be credited for either of the subsequent fiscal quarters ending on September 30 or October 31).

(e) Ending Balance:

The Sub-Ending Balance plus investment earnings, gains and losses and Participant Deferrals and Interest.

3.8 Investment Funds and Elections - Participants, retired Participants, and Beneficiaries may elect that their Deferred Benefit Account be credited with earnings, gains and losses as if such accounts held actual assets and such assets were among such investment funds as the Company may designate. Any such direction of investment shall be subject to such rules as the Company and the Committee may prescribe, including, without limitation, rules concerning the manner of providing investment directions, the frequency of changing such investment directions, and method of crediting earnings, gains and losses for any portion of a Deferred Benefit Account which is not covered by any valid investment directions. The investment funds which the Company may designate shall include but not be limited to the following types of funds, which can be managed on an individual basis or as part of a mutual fund, as the Company shall determine:

- (a) money market funds;
- (b) common stock funds;
- (c) bond funds;
- (d) balanced funds;
- (e) investment funds which are primarily invested in insurance contracts; and
- (f) investment funds which are provided for under insurance contracts.

The Company shall have the sole discretion to determine the number of investment funds to be designated hereunder and the nature of the funds and may change or eliminate the investment funds provided hereunder from time to time. The Committee shall determine the rate of earnings, gains and losses to be credited to Participant's Deferred Benefit Accounts under this Plan with respect to any such investment fund for any period, taking into account the return, net of any expenses which would have been incurred in connection with the sale, investment and reinvestment of the investment funds (such as brokerage, postage, express and insurance charges and transfer taxes), of such investment funds for such period.

3.9 Reallocations. A Participant may elect to reallocate, effective as of the first Determination Date following his election, all or any whole percentage portion of his Deferred Benefit Account.

3.10 Vesting of Deferred Benefit Account. A Participant shall be 100 percent vested in his Deferred Benefit Account equal to the amount of Salary and Bonus he deferred into the Deferred Benefit Account and the earnings, gains or losses credited

thereon.

#### IV. BENEFITS

4.1 Inservice Distribution. At the time a Participant executes an Agreement, he may elect to receive a return of his deferrals. The amount of the return of deferral shall be equal to the lesser of the amount deferred in a specific year or the Participant's Deferred Benefit Account. Each such return of deferral shall be made in a lump sum as soon as administratively feasible on or after the last business day of October of the fifth, tenth or fifteenth year following the year in which the deferral is earned, provided that the Participant continues in the employ of the Company, its subsidiary or affiliated company until such date. Once the Participant elects to receive his return of deferral, the election shall be irrevocable. A return of deferral pursuant to this Section 4.1 shall only be paid prior to a Participant's Termination of Service. Any return of deferral paid shall be deemed a distribution, and shall be deducted from the Participant's Deferred Benefit Account. A separate return of deferrals election shall be made for each Deferral Year.

4.2 Retirement Benefit. Subject to Section 4.6 below, upon a Participant's Retirement Date, he shall be entitled to receive the amount of his Deferred Benefit Account. The form of benefit payment, and the commencement of such benefit, shall be as provided in Section 4.6.

4.3 Termination Benefit. Upon the Termination of Service of a Participant prior to his Retirement Date, for reasons other than death or Disability, the Company shall pay to the Participant, a benefit equal to his Deferred Benefit Account.

Unless otherwise directed by the Committee, the termination benefit shall be payable in a lump sum as set forth in Section 4.11 following the Participant's Termination of Service. Upon a Termination of Service, the Participant shall immediately cease to be eligible for any other benefit provided under this Plan.

4.4 Death Benefits. Upon the death of a Participant or a retired Participant, the Beneficiary of such Participant shall receive the Participant's remaining Deferred Benefit Account. Payment of a Participant's remaining Deferred Benefit Account shall be in accordance with Section 4.6.

4.5 Disability. In the event of a Termination of Service due to Disability prior to his Retirement Date, a disabled Participant shall receive his remaining Deferred Benefit Account. Payment of a Participant's remaining Deferred Benefit Account shall be in accordance with Section 4.6.

4.6 Form of Benefit Payment.

(a) Upon the happening of an event described in Sections 4.1, 4.2, 4.3, 4.4, or 4.5, the Company shall pay to the Participant the amount specified therein in a lump sum.

(b) In the event that a Participant retires as described in Section 4.2, the Participant may, with the consent of the Committee, elect an installment form of benefit payments. The written request must be made prior to December 31 of the calendar year preceding the Participant's Retirement Date. The Committee may, in its discretion, grant the Participant's request.

(c) In the event of the death of the Participant, as described in Section 4.4, the Participant's Beneficiary may, with the consent of the Committee, elect an installment benefit payment. This written request must be made no later than thirty (30) days after the Participant's date of death. The Committee may, in its discretion, grant such Beneficiary's request.

(d) In the event that a Participant terminates service due to a Disability as described in Section 4.5, the Participant may, with the consent of the Committee, elect an installment form of benefit payment. The written request must be made no later than thirty (30) days after the date the Participant is determined to be disabled by the Retirement Committee of the Kimberly-Clark Salaried Employees' Retirement Plan. The Committee may, in its discretion, grant the Participant's request.

(e) In the event that installment payments are to be made pursuant to Subsections 4.6(b), (c) or (d), such payments shall be in quarterly installments commencing as soon as administratively feasible after the Committee

grants the request for an installment form of benefit payment. Such quarterly installments shall be payable in approximately equal amounts over a period, no less than two (2) calendar years and no more than ten (10) calendar years.

Initially, the amount of any installments under the installment form of payment described in this Subsection 4.6(e) shall be equal to the balance of the Participant's Deferred Benefit Account to be distributed divided by the number of installments to be paid. The amount of the installment payments shall be recomputed annually and the installment payments shall be increased or decreased to reflect any changes in the Participant's Deferred Benefit Account due to fluctuations in earnings, gains and losses on the remaining balance and the number of remaining installments. Quarterly installments payments will be made on the last business day of January, April, July and October.

4.7 Limitations on the Annual Amount Paid to a Participant. Notwithstanding any other provisions of this Plan to the contrary, in the event that a portion of the payments due a Participant pursuant to Sections 3.5, 4.1, 4.2, 4.3, 4.4, 4.5, or 4.6 would not be deductible by the Company pursuant to Section 162(m) of the Code, the Company, at its discretion, may postpone payment of such amounts to the Participant until such time that the payments would be deductible by the Company. Provided, however, that no payment postponed pursuant to this Section 4.7 shall be postponed beyond the first anniversary of such Participant's Termination of Service.

#### 4.8 Change of Control and Lump Sum Payments

- (a) If there is a Change of Control, notwithstanding any other provision of this Plan, any Participant who has a Deferred Benefit 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 Deferred Benefit Account, reduced by a penalty equal to ten percent (10%) of the Participant's Deferred Benefit Account as of the Determination Date. 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 Plan, any retired or disabled Participant, or Beneficiary, who has a Deferred Benefit 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 Deferred Benefit Account, reduced by a penalty equal to five percent (5%) of the Participant's Deferred Benefit Account as of the Determination Date. The five percent (5%) penalty of the retired Participant's or Beneficiary's Deferred Benefit 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 or disabled Participant or Beneficiary, the Plan and Agreement shall remain in full force and effect.

#### 4.9 Change In Credit Rating and Lump Sum Payments

In the event the Company's financial rating falls below Investment Grade, a Participant, retired or disabled Participant, or Beneficiary may at any time during a six (6) month period following the reduction in the Company's financial rating, elect to receive an immediate lump sum payment of the balance of his Deferred Benefit Account reduced by a penalty equal to ten percent (10%) of the Participant's Deferred Benefit Account or five percent (5%) of the retired or disabled Participant's or Beneficiary's Deferred Benefit Account. The penalties accrued hereunder shall be permanently forfeited and shall not be paid to, or in respect of, the Participant, retired or disabled Participant or Beneficiary.

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

4.10 Tax Withholding. To the extent required by law in effect at the time payments are made, the Company shall withhold any taxes required to be withheld by any Federal, State or local government.

4.11 Commencement of Payments. Unless otherwise provided,

commencement of payments under this Plan shall be as soon as administratively feasible on or after the last business day of the month following the Determination Date after receipt of notice and approval by the Committee of an event which entitles a Participant or a Beneficiary to payments under this Plan. Amounts payable hereunder shall be credited with interest from the Determination Date to the day prior to payment at a rate yielding interest equivalent to the per annum secondary market discount rate for six-month U.S. Treasury Bills as published by the Federal Reserve Board for the calendar week ending prior to January 1 (for interest to be credited for either of the subsequent fiscal quarters ending March 31 or June 30) or prior to July 1 (for interest to be credited for either of the subsequent fiscal quarters ending on September 30 or December 31).

- 4.12 Recipients of Payments: Designation of Beneficiary. All payments to be made by the Company under the Plan 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 Plan shall be made by the Company 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 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.

#### V. CLAIMS FOR BENEFITS PROCEDURE

- 5.1 Claim for Benefits. Any claim for benefits under the Plan shall be made in writing to any member of the Committee. If such claim is wholly or partially denied by the Committee, the Committee shall, within a reasonable period of time, but not later than sixty (60) days after receipt of the claim, notify the claimant of the denial of the claim. Such notice of denial shall be in writing and shall contain:

- (a) The specific reason or reasons for denial of the claim;
- (b) A reference to the relevant Plan provisions upon which the denial is based;
- (c) A description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and
- (d) An explanation of the Plan's claim review procedure.

If no such notice is provided, the claim shall be deemed to have been denied.

- 5.2 Request for Review of a Denial of a Claim for Benefits. Upon the receipt by the claimant of written notice of denial of the claim, the claimant may file a written request to the Committee, requesting a review of the denial of the claim, which review shall include a hearing if deemed necessary by the Committee. In connection with the claimant's appeal of the denial of his claim, he may review relevant documents and may submit issues and comments in writing.

- 5.3 Decision Upon Review of Denial of Claim for Benefits. The Committee shall render a decision on the claim review promptly, but no more than sixty (60) days after the receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time, in which case the sixty (60) day period shall be extended to 120 days. Such decision shall:

- (a) Include specific reasons for the decision;
- (b) Be written in a manner calculated to be understood by the claimant; and
- (c) Contain specific references to the relevant Plan provisions upon which the decision is based.

The decision of the Committee shall be final and binding in all respects on both the Company and the claimant.

#### VI. ADMINISTRATION

- 6.1 Committee. The Plan shall be administered by the Committee. The Committee shall elect one of its members as chairman. Members of the Committee shall not receive compensation for

their services. Committee expenses shall be paid by the Company. Members of the Committee or agents of the Committee may be Participants under the Plan. No member of the Committee who is also a Participant shall be involved in the decisions of the Committee regarding any determination of any claim for benefit with respect to himself.

- 6.2 General Rights, Powers, and Duties of Committee. The Committee shall be responsible for the management, operation, and administration of the Plan. The Committee may designate a Committee member or an officer of the Company as Plan Administrator. Absent such delegation, the Committee shall be the Plan Administrator. The Plan Administrator shall perform duties as designated by the Committee. In addition to any powers, rights and duties set forth elsewhere in the Plan, it shall have the following powers and duties:
- (a) To adopt such rules and regulations consistent with the provisions of the Plan as it deems necessary for the proper and efficient administration of the Plan;
  - (b) To administer the Plan in accordance with its terms and any rules and regulations it establishes;
  - (c) To maintain records concerning the Plan sufficient to prepare reports, returns and other information required by the Plan or by law;
  - (d) To construe and interpret the Plan including any doubtful or contested terms and resolve all questions arising under the Plan;
  - (e) To direct the Company to pay benefits under the Plan, and to give such other directions and instructions as may be necessary for the proper administration of the Plan;
  - (f) To employ or retain agents, attorneys, actuaries, accountants or other persons, who may also be Participants in the Plan or be employed by or represent the Company, as it deems necessary for the effective exercise of its duties, and may delegate to such agents any power and duties, both ministerial and discretionary, as it may deem necessary and appropriate; and
  - (g) To be responsible for the preparation, filing and disclosure on behalf of the Plan of such documents and reports as are required by any applicable Federal or State law.
- 6.3 Information to be Furnished to Committee. The Company shall furnish the Committee such data and information as it may require. The records of the Company shall be determinative of each Participant's period of employment, termination of employment and the reason therefor, leave of absence, reemployment, Years of Service, personal data, and Salary and Bonus reductions. Participants and their Beneficiaries shall furnish to the Committee such evidence, data, or information, and execute such documents as the Committee requests.
- 6.4 Responsibility. No member of the Committee, the Compensation Committee or the Board of Directors of the Company shall be liable to any person for any action taken or omitted in connection with the administration of this Plan.
- 6.5 Committee Review. Any action on matters within the discretion of the Committee shall be final and conclusive as to all Participants, retired Participants, Beneficiaries and other persons claiming rights under the Plan. The Committee shall exercise all of the powers, duties and responsibilities set forth hereunder in its sole discretion.

## VII. AMENDMENT AND TERMINATION

- 7.1 Amendment. The Plan may be amended in whole or in part by either the Board of Directors or the Compensation Committee at any time. Notice of any such amendment shall be given in writing to the Committee and to each Participant and each Beneficiary. No amendment shall decrease the value of a Participant's Deferred Benefit Account.
- 7.2 Company's Right to Terminate. The Board of Directors may terminate the Plan and may terminate any Agreements pertaining to the Participant at any time after the Effective Date of the Plan. In the event of any such termination, the Participant shall be entitled to the amount of his Deferred Benefit Account determined under Section 3.7 as of the date of any such termination. Such benefit shall be paid to the Participant in quarterly installments over a period of no more

than ten (10) years, except that the Company, in its sole discretion, may pay out such benefit in a lump sum or in installments over a period shorter than ten (10) years.

#### VIII. MISCELLANEOUS

- 8.1 No Implied Rights; Rights on Termination of Service. Neither the establishment of the Plan nor any amendment thereof shall be construed as giving any Participant, retired Participant, Beneficiary, or any other person any legal or equitable right unless such right shall be specifically provided for in the Plan or conferred by specific action of the Company in accordance with the terms and provisions of the Plan. Except as expressly provided in this Plan, the Company shall not be required or be liable to make any payment under the Plan.
- 8.2 No Right to Company Assets. Neither the Participant nor any other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Company whatsoever including, without limiting the generality of the foregoing, any specific funds, assets, or other property which the Company, in its sole discretion, may set aside. Any benefits which become payable hereunder shall be paid from the general assets of the Company. The Participant shall have only a contractual right to the amounts, if any, payable hereunder unsecured by any asset of the Company. Nothing contained in the Plan constitutes a guarantee by the Company that the assets of the Company shall be sufficient to pay any benefit to any person.
- 8.3 No Employment Rights. Nothing herein shall constitute a contract of employment or of continuing service or in any manner obligate the Company to continue the services of the Participant, or obligate the Participant to continue in the service of the Company, or as a limitation of the right of the Company to discharge any of its employees, with or without cause. Nothing herein shall be construed as fixing or regulating the Salary and Bonus payable to the Participant.
- 8.4 Offset. If, at the time payments or installments of payments are to be made hereunder, the Participant, retired Participant or the Beneficiary are indebted or obligated to the Company, then the payments remaining to be made to the Participant, retired Participant, or the Beneficiary may, at the discretion of the Company, be reduced by the amount of such indebtedness or obligation, provided, however, that an election by the Company not to reduce any such payment or payments shall not constitute a waiver of its claim for such indebtedness or obligation.
- 8.5 Non-assignability. Neither the Participant nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Participant or any other person, or be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency.
- 8.6 Successors, Mergers, and Consolidations. The Plan and any Agreement thereunder shall inure to the benefit of and be binding upon (i) the Company and its successors and assigns, including without limitation, any corporation into which the Company may be merged or consolidated, or which acquires all or substantially all of the assets and business of the Company and (ii) the Participant and his heirs, executors, administrators and legal representatives.
- 8.7 Notice. Any notice required or permitted to be given under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, and if given to the Company, delivered to the principal office of the Company, directed to the attention of the Committee. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.
- 8.8 Governing Laws. The Plan shall be construed and administered according to the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the Company has adopted this KIMBERLY-CLARK CORPORATION DEFERRED COMPENSATION PLAN as of October 1, 1994.

KIMBERLY-CLARK CORPORATION

By:

Wayne R. Sanders  
Chairman of the Board  
and Chief Executive Officer

Computation of Ratio of Earnings to Fixed Charges  
(Dollar amounts in millions)

	Year Ended December 31				
	1994	1993	1992	1991	1990
<b>Consolidated Companies</b>					
Income before income taxes .....	\$740.6	\$713.0	\$461.9	\$684.3	\$660.8
Interest expense .....	129.4	112.6	99.4	102.1	88.1
Interest factor in rent expense .....	23.8	23.1	26.4	22.6	20.8
Amortization of capitalized interest .....	6.5	5.7	5.7	4.7	4.1
<b>Equity Affiliates</b>					
Share of 50%-owned:					
Income before income taxes .....	43.2	34.6	39.3	28.2	21.3
Interest expense .....	7.8	7.6	3.1	5.1	8.6
Interest factor in rent expense .....	.4	.6	.6	.7	.7
Amortization of capitalized interest .....	.6	.6	.3	.2	.2
Distributed income of less than 50%-owned .....	41.4	41.4	41.7	43.4	33.2
Earnings .....	\$993.7	\$939.2	\$678.4	\$891.3	\$837.8
<b>Consolidated Companies</b>					
Interest expense .....	\$129.4	\$112.6	\$ 99.4	\$102.1	\$ 88.1
Capitalized interest .....	9.6	19.0	18.6	14.7	20.3
Interest factor in rent expense .....	23.8	23.1	26.4	22.6	20.8
<b>Equity Affiliates</b>					
Share of 50%-owned:					
Interest expense and capitalized interest ...	8.1	8.1	8.1	7.1	9.0
Interest factor in rent expense .....	.4	.6	.6	.7	.7
Fixed charges .....	\$171.3	\$163.4	\$153.1	\$147.2	\$138.9
Ratio of earnings to fixed charges .....	5.80	5.75	4.43(a)	6.06	6.03

(a) The 1992 ratio of earnings to fixed charges excluding the pretax restructuring charge of \$250.0 million was 6.06.

## EXHIBIT 13

CONSOLIDATED INCOME STATEMENT  
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars except per share amounts)	Year Ended December 31		
	1994	1993	1992
Net Sales .....	\$7,364.2	\$6,972.9	\$7,091.1
Cost of products sold .....	4,925.1	4,581.4	4,534.5
Gross Profit .....	2,439.1	2,391.5	2,556.6
Advertising, promotion and selling expenses .....	1,079.8	1,068.3	1,255.6
Research expense .....	167.1	158.5	156.1
General expense .....	373.1	371.2	351.8
Restructuring charge .....	-	-	250.0
Operating Profit .....	819.1	793.5	543.1
Interest expense .....	(129.4)	(112.6)	(99.4)
Other income (expense), net .....	50.9	32.1	18.2
Income Before Income Taxes .....	740.6	713.0	461.9
Provision for income taxes .....	276.4	284.4	186.3
Income Before Equity Interests .....	464.2	428.6	275.6
Share of net income of equity companies .....	87.1	98.0	82.9
Minority owners' share of subsidiaries' net income .....	(16.2)	(15.7)	(13.5)
Income Before Cumulative Effects of Accounting Changes	535.1	510.9	345.0
Cumulative effects of accounting changes:			
Other postretirement benefits, net of income taxes .....	-	-	(245.0)
Income taxes .....	-	-	35.0
Net Income .....	\$ 535.1	\$ 510.9	\$ 135.0
	=====	=====	=====
Per Share Basis			
Income before cumulative effects of accounting changes .....	\$ 3.33	\$ 3.18	\$ 2.15
Cumulative effects of accounting changes:			
Other postretirement benefits, net of income taxes .....	-	-	(1.53)
Income taxes .....	-	-	.22
Net income .....	\$ 3.33	\$ 3.18	\$ .84
	=====	=====	=====

See Notes to Financial Statements.

CONSOLIDATED BALANCE SHEET  
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	ASSETS	December 31	
		1994	1993
Current Assets			
Cash and cash equivalents .....		\$ 23.8	\$ 34.8
Accounts receivable .....		847.5	738.7
Inventories .....		804.2	775.9
Deferred income tax benefits .....		89.8	93.7
Prepaid expenses .....		44.6	32.1
Total Current Assets .....		1,809.9	1,675.2
		-----	-----

Property		
Land and timberlands .....	125.5	121.0
Buildings .....	1,053.6	1,004.5
Machinery and equipment .....	5,213.0	5,034.6
Construction in progress .....	211.9	212.7
	-----	-----
	6,604.0	6,372.8
Less accumulated depreciation .....	2,404.6	2,330.0
	-----	-----
Net Property .....	4,199.4	4,042.8
Investments in Equity Companies .....	376.2	398.3
Deferred Charges and Other Assets .....	330.2	264.4
	-----	-----
	\$6,715.7	\$6,380.7
	=====	=====

See Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31	
	1994	1993
-----		
Current Liabilities		
Debt payable within one year .....	\$ 771.8	\$ 684.8
Trade accounts payable .....	358.0	322.0
Other payables .....	137.6	116.1
Accrued expenses .....	633.9	594.6
Accrued income taxes .....	87.0	121.8
Dividends payable .....	70.5	69.2
	-----	-----
Total Current Liabilities .....	2,058.8	1,908.5
Long-Term Debt .....	929.5	933.1
Noncurrent Employee Benefit Obligations .....	438.7	430.0
Deferred Income Taxes .....	612.8	585.0
Minority Owners' Interests in Subsidiaries .....	80.1	66.9
	-----	-----
Stockholders' Equity		
Common stock-\$1.25 par value-authorized 300.0 million shares; issued 161.9 million .....	202.4	202.4
Additional paid-in capital .....	27.0	27.1
Common stock held in treasury, at cost - 1.7 million and 1.0 million shares at December 31, 1994 and 1993, respectively .....	(76.8)	(32.9)
Unrealized currency translation adjustments .....	(310.0)	(240.6)
Retained earnings .....	2,753.2	2,501.2
	-----	-----
Total Stockholders' Equity .....	2,595.8	2,457.2
	-----	-----
	\$6,715.7	\$6,380.7
	=====	=====

CONSOLIDATED CASH FLOW STATEMENT  
Kimberly-Clark Corporation and Subsidiaries

(Millions of dollars)	Year Ended December 31		
	1994	1993	1992
-----			
Operations			
Net income .....	\$ 535.1	\$ 510.9	\$ 135.0
Depreciation .....	329.6	295.9	289.0
Restructuring charge .....	-	-	250.0
Cumulative effects of accounting changes .....	-	-	210.0
Deferred income tax provision (benefit) .....	31.8	23.6	(3.4)
Equity companies' earnings in excess of dividends paid .....	(40.1)	(49.0)	(35.6)
Minority owners' share of subsidiaries' net income .....	16.2	15.7	13.5
Changes in operating working capital .....	(184.2)	(41.8)	(105.1)
Pension funding in excess of expense .....	(40.1)	(41.0)	(48.1)

Other .....	20.7	32.4	48.7
	-----	-----	-----
Cash Provided by Operations .....	669.0	746.7	754.0
	-----	-----	-----
<b>Investing</b>			
Capital spending .....	(485.2)	(654.5)	(690.5)
Acquisitions of businesses .....	(118.0)	-	-
Proceeds from disposition of property and businesses .....	155.5	33.8	4.3
Other .....	4.9	(44.9)	(83.3)
	-----	-----	-----
Cash Used for Investing .....	(442.8)	(665.6)	(769.5)
	-----	-----	-----
<b>Financing</b>			
Cash dividends paid .....	(281.8)	(273.4)	(262.8)
Changes in debt payable within one year .....	102.9	239.5	138.7
Increases in long-term debt .....	176.6	83.9	237.4
Decreases in long-term debt .....	(180.2)	(145.4)	(117.5)
Acquisition of common stock for the treasury .....	(52.2)	(.8)	(2.3)
Other .....	(2.5)	8.8	20.3
	-----	-----	-----
Cash (Used for) Provided by Financing .....	(237.2)	(87.4)	13.8
	-----	-----	-----
Decrease in Cash and Cash Equivalents .....	\$ (11.0)	\$ (6.3)	\$ (1.7)
	=====	=====	=====

See Notes to Financial Statements.

#### Notes to Financial Statements

##### Note 1. Accounting Policies

Kimberly-Clark Corporation's accounting policies conform to generally accepted accounting principles. Significant policies followed are described below.

##### Basis of Presentation

The consolidated financial statements include the accounts of Kimberly-Clark Corporation and all significant subsidiaries which are more than 50 percent owned and controlled. Investments in significant nonconsolidated companies which are at least 20 percent owned are stated at cost plus equity in undistributed net income. These latter companies are referred to as equity companies.

Certain reclassifications have been made to conform prior years' data to the current year presentation.

##### Start-Up and Preoperating Costs

Costs of bringing certain significant new or expanded facilities into operation are recorded as deferred charges and amortized to income over periods of not more than five years.

##### Advertising and Promotion Expenses

Advertising expenses are charged to income during the year in which they are incurred. Promotion expenses are charged to income over the period of the promotional campaign.

##### Per Share Data

Per share data are based on the average number of common shares outstanding, which was 160.9 million for the years ended December 31, 1994 and 1993, and 160.4 million for the year ended December 31, 1992.

##### Inventories

U.S. inventories valued at cost on the Last-In, First-Out (LIFO) method for U.S. income tax purposes are valued in the same manner for accounting purposes. The balance of the U.S. inventories and inventories of consolidated operations outside the U.S. are valued at the lower of cost, using the First-In, First-Out (FIFO) method, or market.

##### Property and Depreciation

Property, plant and equipment are stated at cost. Depreciable property is depreciated on the straight-line or units-of-production method for accounting purposes and generally on an accelerated method for income tax purposes. 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.

##### Environmental Expenditures

Environmental expenditures related to current operations which 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. 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.

Note 2. Income Taxes

Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109) was adopted in 1992, and the \$35.0 million cumulative effect of adopting the standard was credited to 1992 income as a separate item in the consolidated income statement.

An analysis of the provision for income taxes follows:

(Millions of dollars)	Year Ended December 31		
	1994	1993	1992
-----			
Current income taxes:			
United States .....	\$180.1	\$181.9	\$131.0
State .....	23.1	38.8	34.0
Other countries .....	41.4	40.1	24.7
	-----	-----	-----
	244.6	260.8	189.7
	-----	-----	-----
Deferred income taxes:			
United States .....	35.4	34.2	12.9
State .....	9.5	.6	(1.8)
Other countries .....	(13.1)	(11.2)	(14.5)
	-----	-----	-----
	31.8	23.6	(3.4)
	-----	-----	-----
Total .....	\$276.4	\$284.4	\$186.3
	=====	=====	=====

Deferred income tax assets (liabilities) as of December 31, 1994 and 1993 are comprised of the following:

(Millions of dollars)	1994	1993
-----		
Current deferred income tax assets (liabilities) attributable to:		
Advertising and promotion accruals .....	\$ 19.6	\$ 13.9
Pension, postretirement and other employee benefits .....	43.7	43.7
Other accrued liabilities .....	29.2	31.2
Prepaid expenses .....	(4.4)	(3.5)
Other .....	3.4	13.0
Valuation allowances .....	(1.7)	(4.6)
	-----	-----
Net current deferred income tax asset .....	\$ 89.8	\$ 93.7
	=====	=====
Noncurrent deferred income tax assets (liabilities) attributable to:		
Accumulated depreciation .....	\$(807.3)	\$(754.7)
Start-up and preoperating costs .....	(22.9)	(29.7)
Operating loss carryforwards .....	137.3	92.6
Other postretirement benefits .....	151.5	153.7
Prepaid pension asset .....	(34.5)	(19.4)
Other .....	(.7)	(1.5)
Valuation allowances .....	(36.2)	(26.0)
	-----	-----
Net noncurrent deferred income tax liability .....	\$(612.8)	\$(585.0)
	=====	=====

The valuation allowances for deferred income tax assets increased \$7.3 million in 1994 and \$7.7 million in 1993.

A reconciliation of income tax computed at the U.S. federal statutory tax rate to the provision for income taxes is as follows:

(Millions of dollars)	1994		1993		1992	
	Amount	Percent	Amount	Percent	Amount	Percent
-----						
Tax at U.S. statutory rate .....	\$259.2	35.0%	\$249.6	35.0%	\$157.0	34.0%

State income taxes, net of federal tax benefit .....	22.1	3.0	25.4	3.6	21.0	4.5
Operating losses for which no tax benefit was recognized .....	10.0	1.4	10.0	1.4	10.8	2.3
U.S. federal income tax rate increase ..	-	-	8.8	1.2	-	-
Other - net .....	(14.9)	(2.1)	(9.4)	(1.3)	(2.5)	(.5)
	-----	-----	-----	-----	-----	-----
Provision for income taxes .....	\$276.4	37.3%	\$284.4	39.9%	\$186.3	40.3%
	=====	=====	=====	=====	=====	=====

At December 31, 1994, income taxes have not been provided on \$969 million of permanently invested unremitted net income of subsidiaries operating outside the U.S. These earnings could become subject to additional tax if they were remitted as dividends, were lent to the Corporation or a U.S. affiliate, or if the Corporation were to sell its stock in the subsidiaries. Any resulting U.S. or foreign tax liability would be largely offset by U.S. foreign tax credits.

Income before income taxes included income of \$14.4 million in 1994, income of \$31.2 million in 1993 and a loss of \$23.5 million in 1992 from subsidiaries outside the U.S.

Net operating loss carryforwards of \$405.7 million at December 31, 1994 were applicable to certain subsidiaries outside the U.S. If not utilized against taxable income, \$110.7 million of this amount will expire through the year 1999. The remaining \$295.0 million has no expiration date.

### Note 3. Postretirement and Other Benefits

#### Pension Benefits

The Corporation and its subsidiaries in North America and the United Kingdom have defined-benefit retirement plans (the principal plans) covering substantially all full-time employees. Retirement benefits are based on years of service and generally on the average compensation earned in the highest five of the last 15 years of service. The funding policy is to contribute assets that, at a minimum, fully fund the accumulated benefit obligation, subject to regulatory and tax deductibility limits. At December 31, 1994 and 1993, the fair value of plan assets exceeded the accumulated benefit obligation by \$87.9 million and \$57.2 million, respectively. Assets held in the pension trusts are comprised principally of common stocks, high-grade corporate and government bonds and various short-term investments.

Most other subsidiaries outside the U.S. have pension plans covering substantially all full-time employees. Obligations under such plans are provided for by contributing to trusts, purchasing insurance policies, or recording liabilities.

The components of net pension cost were as follows:

(Millions of dollars)	Year Ended December 31		
	1994	1993	1992
Benefits earned .....	\$ 64.1	\$ 56.2	\$ 51.2
Interest on projected benefit obligation ...	109.8	106.3	102.2
Amortizations and other .....	7.2	3.2	4.2
	-----	-----	-----
	181.1	165.7	157.6
Less expected return on plan assets (Actual return on plan assets was a \$2.0 million loss in 1994, and gains of \$152.5 million in 1993 and \$66.7 million in 1992) .....	121.8	115.3	106.1
	-----	-----	-----
Net pension cost .....	\$ 59.3	\$ 50.4	\$ 51.5
	=====	=====	=====

The assumed long-term rates of return on pension assets for purposes of pension cost recognition for the principal plans were as follows:

	1994	1993	1992
	-----	-----	-----
United States plans .....	9.25%	10.00%	10.00%
Canadian plans .....	10.00%	10.50%	10.50%
United Kingdom plan .....	9.50%	10.50%	11.00%

Transition adjustments are being amortized on the straight-line method over 14 to 18 years.

The funded status of the principal plans is presented below:

(Millions of dollars)	December 31	
	1994	1993
Actuarial present value of plan benefits:		
Accumulated benefit obligation:		
Vested .....	\$1,160.0	\$1,181.2
Nonvested .....	19.9	13.6
Total .....	\$1,179.9	\$1,194.8
Projected benefit obligation .....	\$1,453.6	\$1,428.8
Plan assets at fair value .....	1,267.8	1,252.0
Plan assets less than projected benefit obligation .....	\$ (185.8)	\$ (176.8)
Consisting of:		
Unfavorable actuarial experience .....	\$ (263.9)	\$ (211.2)
Unamortized transition adjustments .....	(1.9)	(2.2)
Unamortized prior service costs .....	(14.6)	(14.1)
Net prepaid pension asset .....	94.6	50.7
Total .....	\$ (185.8)	\$ (176.8)

The assumed discount rates used to determine the projected benefit obligation and accumulated benefit obligation for the principal plans were as follows:

	December 31	
	1994	1993
United States plans .....	8.75%	7.50%
Canadian plans .....	10.00%	8.50%
United Kingdom plan .....	9.50%	8.00%

The assumed long-term rates of compensation increases used to determine the projected benefit obligation for the principal plans were as follows:

	December 31	
	1994	1993
United States plans .....	5.50%	3.75%
Canadian plans .....	6.25%	4.25%
United Kingdom plan .....	6.00%	4.75%

#### Postretirement Health Care and Life Insurance Benefits

Substantially all retired employees of the Corporation and its North American subsidiaries are covered by unfunded health care and life insurance benefit plans. Benefits are based on years of service and age at retirement. The plans are principally noncontributory for current retirees, and are contributory for most future retirees. The U.S. plans place a limit on the Corporation's cost of future annual per capita retiree medical benefits at no more than 200 percent of the 1992 annual per capita cost.

Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS No. 106) was adopted in 1992. The estimated accumulated postretirement benefit obligation (i.e., transition obligation) of \$395.0 million, less related deferred income tax benefits of \$150.0 million, was charged to 1992 income as a cumulative effect of adopting SFAS No. 106. The net charge of \$245.0 million is shown as a separate item in the consolidated income statement.

The components of postretirement health care and life insurance benefit costs were as follows:

(Millions of dollars)	Year Ended December 31		
	1994	1993	1992
Benefits earned .....	\$ 6.5	\$ 6.3	\$ 6.7
Interest on accumulated postretirement benefit obligation .....	26.8	28.3	32.4
Amortization .....	(.3)	(1.9)	-
Net postretirement benefit costs (of which \$26.2 million, \$24.9 million and \$24.1 million			

were paid in 1994, 1993 and 1992, respectively) ..... \$ 33.0 \$ 32.7 \$ 39.1  
=====

The components of the postretirement health care and life insurance benefit obligation are presented below:

(Millions of dollars)	December 31	
	1994	1993
-----		
Accumulated postretirement benefit obligation:		
Retirees .....	\$219.0	\$243.2
Fully eligible active plan participants .....	55.7	55.0
Other active plan participants .....	89.0	96.6
	-----	-----
Total .....	363.7	394.8
Favorable actuarial experience .....	54.9	22.6
	-----	-----
Total accrued postretirement benefit liability .....	418.6	417.4
Less current portion .....	29.2	27.7
	-----	-----
Noncurrent portion .....	\$389.4	\$389.7
	=====	=====

The December 31, 1994 accumulated postretirement benefit obligation for the U.S. plans was determined using an assumed health care cost trend rate of 10.4% in 1995, declining to zero in 2002 and thereafter, which reflects the previously described limit on the Corporation's cost of annual per capita retiree medical benefits. The December 31, 1993 accumulated postretirement benefit obligation was determined using an assumed health care cost trend rate of 16% in 1994, declining to zero in 2000 and thereafter. Assumed discount rates of 8.75% and 7.5% were used to determine the accumulated postretirement benefit obligation at December 31, 1994 and December 31, 1993, respectively.

A one-percentage point increase in the health care cost trend rate would increase the accumulated postretirement benefit obligation by \$7.4 million at December 31, 1994 and expense by \$5.5 million for the year then ended.

#### Other Benefits

Voluntary contributory investment plans are provided to substantially all U.S. employees. Under the plans, the Corporation matches a portion of employee contributions. Costs under the plans were \$17.8 million, \$18.0 million and \$16.4 million in 1994, 1993 and 1992, respectively.

#### Note 4. Debt

The major issues of long-term debt outstanding were:

(Millions of dollars)	December 31	
	1994	1993
-----		
Kimberly-Clark Corporation		
7 7/8% Debentures due 2023 .....	\$ 199.7	\$ 199.7
8 5/8% Notes due 2001 .....	199.6	199.5
9 3/4% Notes due 1995 .....	100.1	100.3
9 1/8% Notes due 1997 .....	100.0	100.0
9% Notes due 2000 .....	99.8	99.8
6 7/8% Debentures due 2014 .....	99.7	-
9 1/2% Sinking Fund Debentures due 2018 .....	49.9	73.7
12% Notes .....	-	100.0
6 1/8% to 9.67% Industrial Development Revenue Bonds maturing to 2023 .....	98.0	58.2
Other .....	3.4	3.1
	-----	-----
	950.2	934.3
Subsidiaries		
11% to 16.8% Debentures due 1995, 1996 and 1997 .....	51.9	41.5
Bank loans in various currencies at fixed rates (8% to 13.69% at December 31, 1994) maturing to 2000 .....	16.5	34.7
Bank loans at variable rates (6.25% to 7.81% at		

December 31, 1994) maturing to 2003 .....	21.4	21.4
Other .....	37.0	30.9
	-----	-----
	1,077.0	1,062.8
Less current portion .....	147.5	129.7
	-----	-----
Total .....	\$ 929.5	\$ 933.1
	=====	=====

Scheduled maturities of long-term debt are \$26.8 million in 1996, \$127.9 million in 1997, \$10.2 million in 1998 and \$13.8 million in 1999.

At December 31, 1994, the Corporation had \$600 million of revolving credit facilities with a group of U.S. and European banks. These facilities, which were unused at December 31, 1994, permit borrowing at competitive interest rates and are available for general corporate purposes, including backup for commercial paper borrowings. The Corporation pays commitment fees on the unused portion but may cancel the facilities without penalty at any time prior to their expiration. Of these facilities, \$300 million expires in September 1995 and the remainder expires in December 1999.

Debt payable within one year:

	December 31	
(Millions of dollars)	1994	1993
	-----	
Commercial paper .....	\$520.2	\$475.4
Current portion of long-term debt .....	147.5	129.7
Other short-term debt .....	104.1	79.7
	-----	-----
Total .....	\$771.8	\$684.8
	=====	=====

At December 31, 1994 and 1993, the weighted average interest rate for commercial paper was 6.0 percent and 3.2 percent, respectively. At December 31, 1994 and 1993, the weighted average interest rate for other short-term debt was 9.5 percent and 10.8 percent, respectively.

At December 31, 1994 and 1993, the estimated fair value of the Corporation's long-term debt was \$1,052.9 million and \$1,165.0 million compared with a carrying value of \$1,077.0 million and \$1,062.8 million, respectively. The fair value of the Corporation's commercial paper and other short-term debt approximated the carrying amount. These fair values were based on quoted market prices for the same or similar debt or on current rates offered to the Corporation for obligations with the same maturities.

#### Note 5. Foreign Currency

##### Foreign Exchange Risk

The Corporation and its subsidiaries and affiliates have manufacturing facilities in more than 25 countries throughout the world, as well as transactions denominated in numerous currencies. Consequently, Kimberly-Clark is subject to both foreign exchange translation and transaction risks as a result of strengthening or weakening of various currencies against each other and local currencies versus the U.S. dollar.

Foreign currency losses included in consolidated net income were \$54.9 million in 1994, \$15.7 million in 1993 and \$9.2 million in 1992. The 1994 loss includes a \$39.2 million nonoperating charge for the Corporation's share of a foreign currency loss attributable to the effect of the devaluation of the Mexican peso, as discussed below. The amounts also include losses from other currency transactions and from the translation of balance sheet accounts of operations in hyperinflationary economies.

##### Translation Risk

The income statements of foreign operations other than those in hyperinflationary economies are translated into U.S. dollars at rates of exchange in effect each month. The balance sheets of these operations are translated at period-end exchange rates, and the differences from historical exchange rates are reflected in stockholders' equity as unrealized currency translation adjustments.

Summary of unrealized currency translation adjustments:

(Millions of dollars)	1994	1993
Balance, beginning of year .....	\$(240.6)	\$(197.9)
Adjustments for the year:		
Australian dollar .....	13.5	(1.0)
British pound .....	11.9	(5.4)
Canadian dollar .....	(22.3)	(16.5)
French franc .....	17.1	(9.2)
Mexican peso .....	(102.4)	(.8)
Other .....	12.8	(9.8)
	(69.4)	(42.7)
Balance, end of year .....	\$(310.0)	\$(240.6)

The income statements and balance sheets of operations in hyperinflationary economies, i.e., Brazil (through July 1994 when the operation was sold) and Venezuela, are translated into U.S. dollars using both current and historical rates of exchange. For balance sheet accounts translated at current exchange rates, such as cash and accounts receivable, the differences from historical exchange rates are reflected in income.

Translation exposure is not hedged. However, the risk to any particular entity's net assets is minimized to the extent that the entity is financed with local currency borrowing. In addition, many of the Corporation's non-U.S. operations buy the majority of their inputs and sell the majority of their outputs in local currency, thereby minimizing the effect of currency rate changes on their local operating profit margins.

#### Transaction Risk

Foreign currency risks arise from transactions and commitments denominated in non-local currencies. These transactions and commitments include the purchase of raw materials, finished goods or items of property, plant and equipment, the sale of products and the repayment of loans.

Management selectively hedges the Corporation's foreign currency risks when it is practicable and economical to do so. The instruments used to hedge foreign currency risks are forward contracts and, to a lesser extent, option contracts. These instruments are purchased from well-known money center banks or government agencies (counterparties) throughout the world. Usually the contracts extend for no more than 12 months, although their contractual term has been as long as 25 months. Credit risks with respect to the counterparties, and the foreign currency risks that would not be hedged if the counterparties fail to fulfill their obligations under the contracts, are minimal in view of the financial strength of the counterparties.

Gains and losses on instruments that hedge firm commitments are deferred and included in the basis of the underlying hedged items. Premiums paid for options are amortized ratably over the life of the option. All other gains and losses are included in current period income based on the period-end market price of the instrument.

At December 31, 1994 there were outstanding forward and option contracts, maturing at various dates in 1995, to purchase \$199 million and to sell \$312 million of various foreign currencies. These contracts have not given rise to any significant net deferred gains or losses as of December 31, 1994.

Certain equity affiliates and subsidiaries, located in Mexico and Latin America, have financed a portion of their operations with U.S. dollar-denominated liabilities, thereby creating foreign currency transaction risks. The total U.S. dollar-denominated liabilities of these entities at December 31, 1994 was approximately \$400 million of which approximately \$330 million was attributable to the Corporation's Mexican affiliate. The Corporation's share of the foreign currency transaction risk attributable to these liabilities was approximately \$170 million. During December 1994, the Mexican peso was devalued. The Corporation's share of the nonoperating, after-tax foreign currency loss attributable to the effect of the devaluation on the U.S. dollar-denominated liabilities of its Mexican affiliate was \$39.2 million, or \$.24 per share.

Equity Participation Plans adopted in 1976, 1986 and 1992 provide for awards of participation shares and stock options to key employees of the Corporation and its subsidiaries.

Upon maturity, participation share awards are paid in cash based on the increase in the book value of the Corporation's common stock during the award period. Participants do not receive dividends on the participation shares, but their accounts are credited with dividend shares payable in cash at the maturity of the award. Neither participation nor dividend shares are shares of common stock.

Data concerning participation and dividend shares follow:

	1994	1993	1992
Outstanding - Beginning of year .....	3,584,354	2,986,154	3,143,791
Awarded .....	-	1,351,100	-
Dividend shares credited - net .....	358,499	432,788	303,317
Matured .....	(84,775)	(1,142,988)	(396,554)
Forfeited .....	(62,400)	(42,700)	(64,400)
Outstanding - End of year .....	<u>3,795,678</u>	<u>3,584,354</u>	<u>2,986,154</u>

Stock options are granted at not less than market value, become exercisable over three years and expire 10 years after the date of the grant.

Data concerning stock options follow:

	1994 Price Range	Number of Options		
		1994	1993	1992
Outstanding - Beginning of year ...	\$11 7/8-\$58 5/8	3,576,935	2,451,973	3,190,498
Granted .....		-	1,351,100	-
Exercised* .....	\$11 7/8-\$46 1/4	(255,559)	(208,658)	(720,685)
Cancelled or expired .....	\$41 3/8-\$58 5/8	(38,100)	(17,480)	(17,840)
Outstanding - End of year .....	\$15.22 -\$58 5/8	<u>3,283,276</u>	<u>3,576,935</u>	<u>2,451,973</u>
Exercisable .....	\$15.22 -\$58 5/8	<u>2,363,516</u>	<u>2,107,995</u>	<u>1,624,073</u>

\* Price ranges for options exercised were \$11 7/8 to \$46 1/4 per share in both 1993 and 1992.

At December 31, 1994, the number of additional shares of common stock of the Corporation available for option and sale under the 1992 Plan or for award as participation shares at such date under the 1992 Plan was 7,397,500 shares. The 1976 and 1986 Plans have expired and no additional grants will be made under these Plans. Amounts expensed for shares under the Plans were \$12.3 million, \$10.6 million and \$5.1 million in 1994, 1993 and 1992, respectively.

#### Note 7. Commitments

##### Operating Leases:

Future minimum rental payments under operating leases as of December 31, 1994, were:

(Millions of dollars)

Year Ending December 31:	
1995 .....	\$ 52.8
1996 .....	36.1
1997 .....	27.9

1998 .....	20.6
1999 .....	15.4
Thereafter .....	67.1
	-----
Total .....	\$219.9
	=====

Consolidated rental expense under operating leases was \$113.1 million, \$100.3 million and \$118.9 million in 1994, 1993 and 1992, respectively.

Other:

The Corporation has entered into long-term contracts for the purchase of certain raw materials. Minimum purchase commitments, at current prices, are approximately \$230 million in each of the years 1995 and 1996. These purchase commitments are not expected to result in losses.

#### Note 8. Stockholders' Equity

Changes in common stock issued, treasury stock, additional paid-in capital and retained earnings are shown below:

(Millions of dollars except share amounts)	Common Stock Shares	Issued Amount	Treasury Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings
Balance at December 31, 1991 .....	161,906,544	\$202.4	1,829,324	\$(59.4)	\$26.0	\$2,395.1
Exercise of stock options .....	-	-	(720,685)	22.8	1.6	-
Purchased for treasury .....	-	-	39,359	(2.3)	-	-
Net income .....	-	-	-	-	-	135.0
Cash dividends declared .....	-	-	-	-	-	(332.2)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1992 .....	161,906,544	202.4	1,147,998	(38.9)	27.6	2,197.9
Exercise of stock options .....	-	-	(208,658)	6.8	(.5)	-
Purchased for treasury .....	-	-	16,526	(.8)	-	-
Net income .....	-	-	-	-	-	510.9
Cash dividends declared .....	-	-	-	-	-	(207.6)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1993 .....	161,906,544	202.4	955,866	(32.9)	27.1	2,501.2
Exercise of stock options .....	-	-	(255,559)	8.3	(.1)	-
Purchased for treasury .....	-	-	1,013,848	(52.2)	-	-
Net income .....	-	-	-	-	-	535.1
Cash dividends declared .....	-	-	-	-	-	(283.1)
	-----	-----	-----	-----	-----	-----
Balance at December 31, 1994 .....	161,906,544	\$202.4	1,714,155	\$(76.8)	\$27.0	\$2,753.2
	=====	=====	=====	=====	=====	=====

At December 31, 1994, unremitted net income of equity companies included in consolidated retained earnings was \$427.9 million.

On June 21, 1988, the board of directors declared a distribution of one preferred share purchase right for each outstanding share of the Corporation's common stock. The rights are intended to protect the stockholders against abusive takeover tactics.

A right will entitle its holder to purchase one two-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of \$100, but will not become exercisable until 10 days after a person or group acquires, or announces a tender offer which would result in the ownership of, 20 percent or more of the Corporation's outstanding common shares.

Under certain circumstances, a right will entitle its holder to acquire either shares of the Corporation's stock or shares of

an acquiring company's common stock, in either event having a market value of twice the exercise price of the right. At any time after the acquisition by a person or group of 20 percent or more, but fewer than 50 percent, of the Corporation's common shares, the Corporation may exchange the rights, except for rights held by the acquiring person or group, in whole or in part, at a rate of one right for one share of the Corporation's common stock or for one two-hundredth of a share of Series A Junior Participating Preferred Stock.

The rights may, or after a vote of stockholders at a special meeting shall, be redeemed at \$.005 per right prior to the acquisition by a person or group of 20 percent or more of the common stock. Unless redeemed earlier, the rights expire on June 21, 1998.

The Corporation has 20 million shares of authorized preferred stock with no par value, none of which has been issued.

#### Note 9. Acquisition and Disposition of Businesses

In 1994, the Corporation purchased the feminine care products businesses of VP-Schickedanz AG, a German company, and a 90 percent interest in the Handan Comfort and Beauty Group, a Chinese company, for approximately \$144 million. During the year, the Corporation sold its tissue mill in Memphis, Tenn., adhesive-coated label stock business in Troy, Ohio, tissue subsidiary in Brazil and Spenco Medical Corporation and received total proceeds of \$118.2 million. These transactions, individually and in the aggregate, are not significant to ongoing operations or to the consolidated financial statements.

#### Note 10. Restructuring Charge

In 1992, the Corporation announced a restructuring plan to strengthen its competitive position in consumer and service products operations in Europe and certain operations in North America. The plan included eliminating approximately 800 positions, principally in Europe; restructuring manufacturing facilities at Rouen, France, and Larkfield, England; discontinuing diaper production at mills in Fullerton, Calif., and Memphis, Tenn.; writing off the No. 2 newsprint machine at the Coosa Pines, Ala., mill; and integrating certain U.S. and Canadian consumer and service products operations.

The \$250.0 million pretax cost of the restructuring was charged to 1992 operating profit. The restructuring reduced 1992 net income by \$172.0 million, or \$1.07 per share.

Events and decisions underlying the 1992 restructuring were as follows:

- In Europe, the Corporation's earnings had been unsatisfactory due to weak economies, high marketing expenses incurred in entering certain markets and defending against intense competition, and an inability to achieve sales goals primarily in the tissue business. In 1992, management decided to significantly reduce costs to improve its long-term cost structure, competitive position and financial performance. The cost-cutting measures included reducing the workforce at mills where personnel costs were too high in relation to competition and focusing on production of fewer products at each mill to simplify the manufacturing process. The principal mills affected were in Rouen, France, and Larkfield, England.
- In North America, partially in response to the easing of border restrictions and tariffs, management decided to integrate certain U.S. and Canadian operations to increase manufacturing efficiencies and reduce overhead costs. Due to changes in product design and improved rates of operation, certain of the Corporation's older diaper manufacturing equipment was no longer needed. As a consequence, diaper production was discontinued at mills in Fullerton, Calif., and Memphis, Tenn.
- The No. 2 newsprint machine at the Coosa Pines, Ala., mill was shut down indefinitely in the first quarter of 1992 in response to weak newsprint markets, and severance costs were incurred. During the balance of 1992, depreciation continued to be recorded on the machine while management assessed its options. In December, management concluded that there was no profitable manner in which to use the machine in the foreseeable future, and wrote off the remaining book value of the machine.
- Approximately \$162 million of the \$250 million restructuring charge related to asset write-offs and \$88 million related to the accrual of liabilities for severance pay and other cash obligations arising from the restructuring. These cash

obligations have been settled as of December 31, 1994.

Note 11. Supplemental Data (Millions of dollars)

Supplemental Balance Sheet Data

Summary of Accounts Receivable and Inventories	December 31	
	1994	1993
-----		
Accounts Receivable:		
From customers .....	\$788.1	\$688.9
Other .....	76.9	64.6
Less allowances for doubtful accounts and sales discounts .....	(17.5)	(14.8)
	-----	-----
Total .....	\$847.5	\$738.7
	=====	=====
Inventories by Major Class:		
At the lower of cost on the First-In, First-Out (FIFO) method or market:		
Raw materials .....	\$180.8	\$155.1
Work in process .....	143.3	169.6
Finished goods .....	495.0	439.9
Supplies and other .....	132.8	121.5
	-----	-----
	951.9	886.1
Excess of FIFO cost over Last-In, First-Out (LIFO) cost .....	(147.7)	(110.2)
	-----	-----
Total .....	\$804.2	\$775.9
	=====	=====

Total inventories include \$337.6 million and \$387.8 million of inventories valued on the LIFO method at December 31, 1994 and 1993, respectively.

Summary of Accrued Expenses	December 31	
	1994	1993
-----		
Accrued advertising and promotion expense .....	\$154.3	\$ 139.4
Accrued salaries and wages .....	178.2	169.5
Other accrued expenses .....	301.4	285.7
	-----	-----
Total .....	\$633.9	\$ 594.6
	=====	=====

Supplemental Cash Flow Statement Data

Summary of Cash Flow Effects of Changes in Operating Working Capital*	Year Ended December 31		
	1994	1993	1992
-----			
Accounts receivable .....	\$(140.4)	\$ 36.4	\$ (84.0)
Inventories .....	(55.5)	(60.7)	(38.2)
Prepaid expenses .....	(13.6)	32.8	(10.0)
Trade accounts payable .....	33.8	(50.9)	91.0
Other payables .....	32.0	16.5	(45.7)
Accrued expenses .....	13.6	(45.0)	7.1
Accrued income taxes .....	(34.8)	26.6	(6.5)
Currency rate changes .....	(19.3)	2.5	(18.8)
	-----	-----	-----
Changes in operating working capital .....	\$(184.2)	\$(41.8)	\$(105.1)
	=====	=====	=====

\* Excludes the effects of acquisitions, dispositions and the 1992 restructuring charge.

Other Cash Flow Data	Year Ended December 31		
	1994	1993	1992
-----			
Interest paid .....	\$137.7	\$126.1	\$ 120.7

Interest capitalized .....	9.6	19.0	18.6
Income taxes paid .....	277.9	231.4	208.6
Increase (decrease) in cash and cash equivalents due to exchange rate changes .....	1.5	(3.1)	(2.4)
Reconciliation of changes in cash and cash equivalents:			
Balance, January 1 .....	\$ 34.8	\$ 41.1	\$ 42.8
Decrease .....	(11.0)	(6.3)	(1.7)
Balance, December 31 .....	\$ 23.8	\$ 34.8	\$ 41.1
	=====	=====	=====

Note 12. Unaudited Quarterly Data

(Millions of dollars except per share amounts)

	1994				1993			
	Fourth(a)	Third	Second	First	Fourth	Third(b)	Second	First
Net sales .....	\$1,920.8	\$1,836.8	\$1,830.1	\$1,776.5	\$1,764.0	\$1,781.0	\$1,725.9	\$1,702.0
Gross profit...	624.2	589.3	620.2	605.4	596.8	587.9	604.1	602.7
Operating profit .....	208.4	182.4	216.1	212.2	216.3	189.6	191.6	196.0
Net income ....	105.6	141.8	151.5	136.2	141.6	111.2	133.3	124.8
Per share basis:								
Net income...	.66	.88	.94	.85	.88	.69	.83	.78
Cash dividends:								
Declared ..	.44	.44	.44	.44	.43	.43	.43	-(c)
Paid .....	.44	.44	.44	.43	.43	.43	.43	.41
Market price:								
High .....	59	60	57 5/8	58 1/4	53 3/4	50 5/8	55 3/8	62
Low .....	47	52 1/2	51 3/4	51 3/8	48 3/8	44 5/8	45 5/8	53 5/8
Close .....	50 3/8	58 3/4	52 7/8	52 7/8	51 7/8	49	49 1/2	54 3/4

(a) Results for the fourth quarter 1994 include a nonoperating charge of \$39.2 million, or \$.24 per share, for the Corporation's share of foreign currency losses incurred by its 43 percent-owned Mexican affiliate on the translation of U.S. dollar-denominated liabilities into pesos. The translation losses are related to the devaluation of the Mexican peso in December 1994.

(b) Results for the third quarter 1993 include additional income tax expense of \$13.5 million, or \$.08 per share, related to the increase in the U.S. statutory income tax rate to 35 percent from 34 percent as a result of legislation enacted in the third quarter effective as of January 1, 1993.

(c) Historically, the Corporation declares one dividend per quarter; however, in the fourth quarter of 1992, two dividends were declared and thus no dividend was declared in the first quarter of 1993.

Note 13. Product Class and Geographic Data

For reporting purposes, the Corporation's products and services are segmented into three classes. Class I includes tissue products for household, commercial, institutional and industrial uses; infant, child, feminine and incontinence care products; industrial and commercial wipers; health care products; and related products. Class II includes newsprint, printing papers, premium business and correspondence papers, tobacco industry papers and products, technical papers, and related products. Class III includes aircraft services, commercial air transportation and other products and services.

Information concerning consolidated operations by product class and geographic area, as well as data for equity companies, is presented in the tables below and on the following pages:

Consolidated Operations by Product Class

(Millions of dollars)	Net Sales			Operating Profit		
	1994	1993	1992	1994	1993	1992(a)
Class I .....	\$5,911.4	\$5,565.5	\$5,781.5	\$655.6	\$624.6	\$434.7

Class II .....	1,099.1	1,071.7	1,061.4	188.2	171.2	121.1
Class III .....	410.1	383.0	298.9	19.4	26.2	6.4
-----	-----	-----	-----	-----	-----	-----
Combined .....	7,420.6	7,020.2	7,141.8	863.2	822.0	562.2
Interclass sales .....	(56.4)	(47.3)	(50.7)	-	-	-
Unallocated items-net .....	-	-	-	(44.1)	(28.5)	(19.1)
-----	-----	-----	-----	-----	-----	-----
Consolidated .....	\$7,364.2	\$6,972.9	\$7,091.1	\$819.1	\$793.5	\$543.1
	=====	=====	=====	=====	=====	=====

(Millions of dollars)	Assets			Depreciation			Capital Spending		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Class I .....	\$5,225.9	\$4,920.5	\$4,667.8	\$272.3	\$242.1	\$233.7	\$393.4	\$548.5	\$600.9
Class II .....	835.8	802.4	759.2	38.9	35.8	35.6	65.1	86.5	64.3
Class III .....	208.7	196.3	232.5	10.4	9.9	10.6	12.4	9.8	9.0
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Combined .....	6,270.4	5,919.2	5,659.5	321.6	287.8	279.9	470.9	644.8	674.2
Unallocated(b)..	649.3	616.7	608.5	8.0	8.1	9.1	14.3	9.7	16.3
Interclass									
assets .....	(204.0)	(155.2)	(238.9)	-	-	-	-	-	-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Consolidated ..	\$6,715.7	\$6,380.7	\$6,029.1	\$329.6	\$295.9	\$289.0	\$485.2	\$654.5	\$690.5
	=====	=====	=====	=====	=====	=====	=====	=====	=====

(a) Operating profit in 1992 for Class I, II, III and Unallocated includes \$216.2 million, \$21.5 million, \$8.2 million and \$4.1 million, respectively, of the restructuring charge described in Note 10.

(b) Assets include investments in equity companies of \$376.2 million, \$398.3 million and \$349.7 million in 1994, 1993 and 1992, respectively.

#### Consolidated Operations by Geographic Area

(Millions of dollars)	Net Sales			Operating Profit		
	1994	1993	1992	1994	1993	1992(a)
-----	-----	-----	-----	-----	-----	-----
United States .....	\$5,547.6	\$5,282.5	\$5,297.2	\$817.2	\$780.0	\$571.4
Canada .....	613.9	568.7	587.3	25.0	(28.8)	(17.1)
Intergeographic items(b).....	(334.0)	(243.6)	(236.1)	-	-	-
-----	-----	-----	-----	-----	-----	-----
North America .....	5,827.5	5,607.6	5,648.4	842.2	751.2	554.3
Europe .....	1,074.8	917.0	1,016.9	(59.4)	.9	(56.9)
Asia and Latin America .....	544.2	501.0	443.5	80.4	69.9	64.8
-----	-----	-----	-----	-----	-----	-----
Combined .....	7,446.5	7,025.6	7,108.8	863.2	822.0	562.2
Intergeographic items .....	(82.3)	(52.7)	(17.7)	-	-	-
Unallocated items-net .....	-	-	-	(44.1)	(28.5)	(19.1)
-----	-----	-----	-----	-----	-----	-----
Consolidated .....	\$7,364.2	\$6,972.9	\$7,091.1	\$819.1	\$793.5	\$543.1
	=====	=====	=====	=====	=====	=====

(Millions of dollars)	Assets		
	1994	1993	1992
-----	-----	-----	-----
United States .....	\$3,805.6	\$3,720.8	\$3,626.4
Canada .....	460.0	487.8	499.4
Intergeographic items .....	(55.0)	(35.6)	(34.7)
-----	-----	-----	-----
North America .....	4,210.6	4,173.0	4,091.1
Europe .....	1,371.4	1,085.2	965.5
Asia and Latin America .....	667.2	630.2	594.4
-----	-----	-----	-----
Combined .....	6,249.2	5,888.4	5,651.0
Intergeographic items .....	(182.8)	(124.4)	(230.4)
Unallocated items-net(c).....	649.3	616.7	608.5
-----	-----	-----	-----
Consolidated .....	\$6,715.7	\$6,380.7	\$6,029.1
	=====	=====	=====

(a) Operating profit in 1992 for the U.S., Canada, Europe, Asia and Unallocated includes \$148.9 million, \$13.9 million, \$81.8 million, \$1.3 million and \$4.1 million, respectively, of the restructuring charge described in Note 10.

(b) Net sales include \$226.0 million, \$162.3 million and \$185.8 million by operations in Canada to the U.S. in 1994, 1993 and 1992, respectively.

(c) Assets include investments in equity companies of \$376.2 million, \$398.3 million and \$349.7 million in 1994, 1993 and 1992, respectively.

(Millions of dollars)	Income Before Equity Interests			Kimberly-Clark's Share of Income Before Equity Interests		
	1994	1993	1992(a)	1994	1993	1992(a)
United States .....	\$478.0	\$432.9	\$310.8	\$478.0	\$432.9	\$310.8
Canada .....	16.0	(17.9)	(9.6)	16.0	(17.9)	(9.6)
North America .....	494.0	415.0	301.2	494.0	415.0	301.2
Europe .....	(66.6)	(19.6)	(61.8)	(70.2)	(24.5)	(66.5)
Asia and Latin America.....	36.8	33.2	36.2	24.2	22.4	27.4
Consolidated Companies .....	\$464.2	\$428.6	\$275.6	\$448.0	\$412.9	\$262.1
	=====	=====	=====	=====	=====	=====

(a) Income in 1992 for the U.S., Canada, Europe and Asia includes \$98.9 million, \$8.6 million, \$63.7 million and \$.8 million, respectively, of the restructuring charge described in Note 10.

Intercompany sales of products between classes or geographic areas are made at market prices and are referred to as interclass sales or intergeographic items.

Assets reported by product class or geographic area represent assets which are directly used and an allocated portion of jointly used assets. These assets include receivables from other product classes or geographic areas and are referred to as interclass assets or intergeographic items. Expense and asset amounts not associated with classes or geographic areas are referred to as unallocated items-net.

#### Equity Companies' Data by Geographic Area

(Millions of dollars)	Net Sales	Gross Profit	Operating Profit	Net Income	Kimberly- Clark's Share of Net Income
December 31, 1994					
Latin America(b) .....	\$1,346.2	\$514.3	\$365.1	\$149.2(a)	\$65.5(a)
Asia, Australia, Africa and Middle East .....	577.9	202.5	58.7	37.4	21.6(c)
Total .....	\$1,924.1	\$716.8	\$423.8	\$186.6	\$87.1
	=====	=====	=====	=====	=====
December 31, 1993					
Latin America .....	\$1,120.9	\$464.0	\$294.7	\$196.2	\$86.4
Asia, Australia and Middle East .....	385.9	127.4	38.2	24.7(d)	11.6
Total .....	\$1,506.8	\$591.4	\$332.9	\$220.9	\$98.0
	=====	=====	=====	=====	=====
December 31, 1992					
Latin America .....	\$ 953.2	\$374.1	\$221.8	\$150.9(d)	\$68.5
Asia, Australia and Middle East .....	377.6	142.2	50.7	31.3(d)	14.4
Total .....	\$1,330.8	\$516.3	\$272.5	\$182.2	\$82.9
	=====	=====	=====	=====	=====

(Millions of dollars)	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Stockholders' Equity
December 31, 1994					
Latin America(e) .....	\$552.2	\$ 539.4	\$275.4	\$295.7	\$520.5
Asia, Australia, Africa and Middle East .....	164.8	454.9	159.6	151.7	308.4
Total .....	\$717.0	\$ 994.3	\$435.0	\$447.4	\$828.9
December 31, 1993					
Latin America .....	\$551.3	\$ 678.3	\$245.2	\$311.2	\$673.2
Asia, Australia and Middle East .....	98.8	342.3	85.0	148.4	207.7
Total .....	\$650.1	\$1,020.6	\$330.2	\$459.6	\$880.9
December 31, 1992					
Latin America .....	\$491.4	\$ 556.0	\$226.4	\$233.3	\$587.7
Asia, Australia and Middle East .....	94.8	325.5	76.4	162.6	181.3
Total .....	\$586.2	\$ 881.5	\$302.8	\$395.9	\$769.0

- (a) Net income and Kimberly-Clark's share of net income in Latin America in 1994 include a nonoperating charge of \$91.2 million and \$39.2 million, respectively, for foreign currency losses incurred by the Corporation's 43 percent-owned Mexican affiliate in Mexico on the translation of U.S. dollar-denominated liabilities into pesos. The translation losses are related to the devaluation of the Mexican peso in December 1994.
- (b) Results for Latin America in 1994 include operations of a newly formed joint venture in Argentina. In June 1994, the Corporation combined its wholly owned subsidiary in Argentina with the operations of another company to create the joint venture.
- (c) The Corporation's share of net income for 1994 includes a gain of \$10.0 million due to the readoption of equity accounting for the Corporation's South African affiliate. Income taxes of \$3.7 million related to this item are reflected in the provision for income taxes in the consolidated income statement.
- (d) Net income in Australia in 1993 includes a \$7.8 million credit from a decrease in the statutory income tax rate to 33 percent from 39 percent. Net income in Mexico and Australia in 1992 includes a \$4.5 million charge and \$1.6 million credit, respectively, from the cumulative effect of adopting SFAS No. 109. Kimberly-Clark's share of these items is included in the cumulative effects of accounting changes in the consolidated income statement.
- (e) Includes effect of December 1994 devaluation of the Mexican peso on the translated balance sheet of the Corporation's Mexican affiliate.

Equity companies are principally engaged in Class I operations. A listing of the Corporation's percentage ownership of the common stock of each significant subsidiary and equity company is contained elsewhere in this annual report. Kimberly-Clark de Mexico, S.A. de C.V. is partially owned by the public and its stock is publicly traded in Mexico. At December 31, 1994 the Corporation's investment in this equity company was \$165.4 million, and the estimated fair value was \$1.0 billion based on quoted market prices for publicly traded shares.

#### INDEPENDENT AUDITORS' REPORT Kimberly-Clark Corporation and Subsidiaries

Kimberly-Clark Corporation, Its Directors and Stockholders:

We have audited the accompanying consolidated balance sheet of Kimberly-Clark Corporation and Subsidiaries as of December 31, 1994 and 1993 and the related consolidated income and cash flow statements for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial

statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements of Kimberly-Clark Corporation and Subsidiaries present fairly, in all material respects, the financial position of the companies at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Notes 2 and 3 to the consolidated financial statements, in 1992 the Corporation changed its methods of accounting for Income Taxes and Postretirement Health Care and Life Insurance Benefits to conform with Statements of Financial Accounting Standards No. 109 and 106, respectively.

/s/ Deloitte & Touche LLP

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Deloitte & Touche LLP  
Dallas, Texas

January 27, 1995

AUDIT COMMITTEE CHAIRMAN'S LETTER  
Kimberly-Clark Corporation and Subsidiaries

The members of the Audit Committee are selected by the board of directors. During 1994, the committee consisted of four outside directors and met three times.

The Audit Committee oversees the financial reporting process on behalf of the board of directors. As part of that responsibility, the committee recommended to the board of directors, subject to stockholder approval, the selection of the Corporation's independent public accountants. The Audit Committee discussed the overall scope and specific plans for audits with the Corporation's internal auditors and Deloitte & Touche LLP. The committee also discussed the Corporation's annual consolidated financial statements and the adequacy of its internal controls. The committee met regularly with the internal auditors and Deloitte & Touche LLP, without management present, to discuss the results of their audits, their evaluations of the Corporation's internal controls, and the overall quality of the Corporation's financial reporting. The meetings also were designed to facilitate any private communication with the committee desired by the internal auditors or independent public accountants.

/s/ Louis E. Levy

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Louis E. Levy  
Chairman, Audit Committee

January 27, 1995

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
Kimberly-Clark Corporation and Subsidiaries

The management of Kimberly-Clark Corporation is responsible for conducting all aspects of the business, including the preparation of the financial statements in this annual report. The financial statements have been prepared using generally accepted accounting principles considered appropriate in the circumstances to present fairly the Corporation's consolidated financial position, results of operations and cash flows on a consistent basis. Management also has prepared the other information in this annual report and is responsible for its accuracy and consistency with the financial statements. As can be expected in a complex and dynamic business environment, some financial statement amounts are based on management's estimates and judgments. Even though estimates and judgments are used, measures have been taken to provide

reasonable assurance of the integrity and reliability of the financial information contained in this annual report. These measures include an effective control-oriented environment in which the internal audit function plays an important role, an Audit Committee of the board of directors which oversees the financial reporting process, and independent audits.

One characteristic of a control-oriented environment is a system of internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition, designed to provide reasonable assurance to management and the board of directors regarding preparation of reliable published financial statements and such asset safeguarding. The system is supported with written policies and procedures, contains self-monitoring mechanisms and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to financial statement preparation and such asset safeguarding.

The Corporation has also adopted a code of conduct which, among other things, contains policies for conducting business affairs in a lawful and ethical manner in each country in which it does business, for avoiding potential conflicts of interest, and for preserving confidentiality of information and business ideas. Internal controls have been implemented to provide reasonable assurance that the code of conduct is followed.

The financial statements have been audited by the independent accounting firm, Deloitte & Touche LLP. During their audits, the independent auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders and the board of directors and all committees of the board. Management believes that all representations made to the independent auditors during their audits were valid and appropriate.

During the audits conducted by both the independent auditors and the internal audit function, management received recommendations to strengthen or modify internal controls in response to developments and changes. Management has adopted, or is in the process of adopting, all recommendations which are cost-effective.

The Corporation has assessed its internal control system as of December 31, 1994 in relation to criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 1994, its system of internal control over the preparation of its published interim and annual financial statements and over safeguarding of assets against unauthorized acquisition, use or disposition met those criteria.

/s/ Wayne R. Sanders  
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Wayne R. Sanders  
Chairman of the Board  
and Chief Executive Officer

/s/ John W. Donehower  
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John W. Donehower  
Senior Vice President and  
Chief Financial Officer

January 27, 1995

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

Management believes that the following commentary and tables appropriately discuss and analyze the comparative results of operations and the financial condition of the Corporation for the periods covered.

#### Analysis Of Consolidated Operating Results

By Product Class

(\$ Millions)

	1994	1993	% Change vs. 1993	% of 1994 Consolidated
Net Sales				

Class I .....	\$5,911.4	\$5,565.5	+ 6.2%	80.3%
Class II .....	1,099.1	1,071.7	+ 2.6	14.9
Class III .....	410.1	383.0	+ 7.1	5.6
Adjustments .....	(56.4)	(47.3)		(.8)
Consolidated .....	\$7,364.2	\$6,972.9	+ 5.6%	100.0%

Operating Profit	1994	1993	% Change vs. 1993	% Return on Sales 1994	% Return on Sales 1993
Class I .....	\$ 655.6	\$ 624.6	+ 5.0%	11.1%	11.2%
Class II .....	188.2	171.2	+ 9.9	17.1	16.0
Class III .....	19.4	26.2	-26.0	4.7	6.8
Adjustments .....	(44.1)	(28.5)			
Consolidated .....	\$ 819.1	\$ 793.5	+ 3.2%	11.1%	11.4%

Product Classes referred to in this Management's Discussion and Analysis are:

- Class I includes tissue products for household, commercial, institutional and industrial uses; infant, child, feminine and incontinence care products; industrial and commercial wipers; health care products; and related products.
- Class II includes newsprint, printing papers, premium business and correspondence papers, tobacco industry papers and products, technical papers, and related products.
- Class III includes aircraft services, commercial air transportation and other products and services.

Commentary:

Net sales increased as a result of higher sales volumes for most of the Corporation's businesses, which more than offset the effect of lower selling prices. Sales volumes improved 6.9 percent compared to 1993, despite the effect of businesses sold.

- Sales volumes were higher in North America for Huggies disposable diapers, Kotex feminine care products, Huggies baby wipes, Depend and Poise incontinence care products, Kleenex facial tissue, and professional health care products; tobacco industry papers, technical papers and newsprint; Neenah Paper's premium business and correspondence papers; pulp; and Midwest Express Airlines, Inc.
- Sales volumes increased for consumer products in Europe, primarily due to the introduction and expansion of Huggies disposable diapers and the July 1994 acquisition of the feminine care products business of VP-Schickedanz AG, a German company.
- Sales volumes also improved for consumer products in Asia, primarily in Korea.
- Sales volumes declined in North America for Huggies Pull-Ups training pants due, in part, to the entry of a major competitor into the market with a branded product in early 1994 and market share growth of private-label and economy-branded competitors.
- Sales volumes also declined for consumer bathroom tissue in Canada and household towels and private-label bathroom tissue in the U.S. These declines were partially offset by improved sales volumes for Kleenex premium bathroom tissue in the U.S.
- Selling prices were lower in both North America and Europe for consumer tissue products, in North America for feminine care products and at Midwest Express Airlines, Inc., principally in response to competitive business conditions. Selling prices increased for pulp and premium business and correspondence papers.

Gross profit improved in absolute terms, 2.0 percent, but

declined as a percentage of sales, primarily because of the lower selling prices, higher labor and fiber costs and the lower sales volumes for training pants in North America.

- Cost reductions and manufacturing efficiencies were achieved in certain North American consumer products businesses, most notably the disposable diaper business, and in the newsprint and tobacco industry papers businesses.
- Product improvement costs were higher, primarily for the new Huggies Supreme diapers in the U.S. and Huggies UltraTrim diapers in Canada.
- Start-up costs were incurred at the Corporation's new diaper plant in Europe and diaper and feminine care products facility in Korea.

Consolidated operating profit increased 3.2 percent compared with 1993, but declined as a percentage of sales due primarily to the lower gross profit margin.

- Promotion expenses declined in North America for consumer tissue products, in connection with the lower selling prices, and for feminine care products, due to timing of product introductions, but increased for disposable diapers in response to competitive activity.
- Selling expenses were higher in support of business expansions and the higher sales volumes.
- Results for the U.S. consumer bathroom tissue business improved as a result of manufacturing efficiencies and lower promotion spending, which more than offset the effect of reduced selling prices.
- Operating losses in Europe exceeded those of a year ago due primarily to the cost of launching Huggies disposable diapers. Results for the consumer bathroom tissue business in Europe remained poor because of industry overcapacity, weak prices and higher fiber costs.
- Research expenses were higher in 1994 to support new product and process development.
- General expense in 1993 included a \$6.5 million charge related to the settlement of a class action lawsuit brought by a group of property and business owners near the Coosa Pines, Ala., pulp and newsprint mill.

#### By Geography

(\$ Millions)

Net Sales	1994	1993	% Change vs. 1993	% of 1994 Consolidated
North America .....	\$5,827.5	\$5,607.6	+ 3.9%	79.1%
Outside North America .....	1,619.0	1,418.0	+14.2	22.0
Adjustments .....	(82.3)	(52.7)		(1.1)
Consolidated .....	\$7,364.2	\$6,972.9	+ 5.6%	100.0%

Operating Profit	1994	1993	% Change vs. 1993	% Return on Sales	
				1994	1993
North America .....	\$ 842.2	\$ 751.2	+12.1%	14.5%	13.4%
Outside North America .....	21.0	70.8	-70.3	1.3	5.0
Adjustments .....	(44.1)	(28.5)			
Consolidated .....	\$ 819.1	\$ 793.5	+ 3.2%	11.1%	11.4%

Net Income	1994	1993	% Change vs. 1993
North America .....	\$ 494.0	\$ 415.0	+19.0%
Outside North America .....	41.1	95.9	-57.1
	-----	-----	
Net Income .....	\$ 535.1	\$ 510.9	+ 4.7%
	=====	=====	

Additional Commentary:

- The decline in operating profit outside North America is attributable to the losses in Europe, as previously discussed.
- Interest expense increased \$16.8 million primarily as a result of higher debt levels and a lower amount of interest capitalized.
- Other income improved primarily as a result of net gains on the sales of woodlands and the sale of the Corporation's tissue mill in Memphis, Tenn., adhesive-coated label stock business in Troy, Ohio, tissue subsidiary in Brazil and Spenco Medical Corporation in Waco, Texas.
- Net income outside North America was adversely affected by the devaluation of the Mexican peso, which during December 1994 lost more than 32 percent of its value expressed in U.S. dollars. Kimberly-Clark's 43 percent-owned Mexican affiliate, Kimberly-Clark de Mexico, S.A. de C.V., has financed approximately \$330 million of its operations with U.S. dollar-denominated liabilities. As a result of the remeasurement of dollar-denominated liabilities by this equity company, a nonoperating, after-tax foreign currency loss was incurred, of which Kimberly-Clark's share was \$39.2 million, or \$.24 per share.
- The Corporation's effective tax rate declined to 37.3 percent from 39.9 percent in 1993. The comparison is affected by lower taxes on unremitted earnings of the Corporation's Mexican affiliate due to the peso devaluation loss, the previously mentioned sale of the Corporation's Brazilian tissue subsidiary, and by benefits from company-owned life insurance and U.S. affordable housing tax credits. In addition, the enactment of the 1993 Tax Act increased deferred income taxes related to prior years, which reduced 1993 net income \$8.8 million, or \$.05 per share. This tax change had the effect of increasing the 1993 effective tax rate 1.2 percentage points.
- The Corporation's share of net income from equity companies, which includes the translation loss from the peso devaluation, fell 11.1 percent. Excluding the effect of the peso devaluation, higher net income was earned at the Corporation's equity affiliate in Mexico. In addition, net income was up at affiliates in Australia, Colombia and Argentina.
  - Sales volumes increased more than 20 percent in Mexico.
  - Earnings from Australia improved primarily because of higher sales volumes, improved operations and a favorable change in currency exchange rates.
  - Earnings in Colombia improved on the strength of higher sales volumes and selling prices.
  - The Corporation expanded its Argentine operations through investment in a consumer products affiliate in that country, which began operation in the third quarter of 1994.
  - Equity company results in 1994 benefited from the previously announced readoption of equity accounting for the Corporation's investment in its South African affiliate, Carlton Paper Corporation Limited. The Corporation intends to buy additional shares in Carlton which will result in that company becoming a consolidated subsidiary.

Adjustments:

- Adjustments to sales shown in the preceding tables

consist of intercompany sales of products between product classes or geographic areas. Adjustments to operating profit consist of expenses not associated with product classes or geographic areas.

## LIQUIDITY AND CAPITAL RESOURCES

(\$ Millions)	Year Ended December 31	
	1994	1993
Cash provided by operations .....	\$669.0	\$746.7
Capital spending .....	485.2	654.5
Ratio of total debt to capital .....	38.9%	39.1%
Pretax interest coverage - times .....	6.6	6.6

### Commentary:

- Despite higher net income, cash provided by operations in 1994 declined due to an increase in operating working capital needs of \$184.2 million. Major factors affecting the change in operating working capital, excluding businesses bought and sold, were:
  - an increase in accounts receivable of \$140.4 million related principally to higher net sales, especially in December;
  - an increase in inventories of \$55.5 million due, in part, to preparation for the 1995 launch of diapers in France; and
  - higher trade accounts payable and accrued expenses associated with the overall growth in the Corporation's businesses.
- The decline in capital spending of \$169.3 million for 1994 reflects the completion of several major projects, including consumer products plants in Neenah, Wis.; Barton-upon-Humber, England; and Taejon, Korea.
- In July 1994, the Corporation's wholly owned subsidiary Kimberly-Clark GmbH acquired the feminine care products business of VP-Schickedanz AG, a German company, for approximately \$123 million; \$97.2 million was paid in 1994 and the balance is payable in 1995.
- In December 1994, the Corporation purchased a 90 percent interest in the Handan Comfort and Beauty Group, a manufacturer of feminine care products in China.
- In 1994, four cash dividends were paid aggregating \$281.8 million, or \$1.75 per share. In 1993, four cash dividends were paid aggregating \$273.4 million, or \$1.70 per share.
- In 1994, the Corporation repurchased approximately one million shares of its common stock for \$52.2 million. The shares will be used for general corporate purposes, including certain of the Corporation's employee benefit and compensation plans. The Corporation intends to purchase up to four million additional shares over several years as market conditions warrant.
- The ratio of total debt to capital remains outside the Corporation's target range of 28 to 32 percent due, in part, to the cumulative effects of weaker currencies in certain non-U.S. operations, most notably Canada, Mexico and the United Kingdom, which had the effect of reducing stockholders' equity by \$310.0 million at December 31, 1994. Capital is the sum of total debt, minority owners' interests in subsidiaries and stockholders' equity.
- A shelf registration for \$200 million of debt securities is on file with the Securities and Exchange Commission. The filing allows flexibility to issue debt promptly if the Corporation's needs and market conditions warrant.
- In February 1994, the Corporation issued \$100 million of 6-7/8% Debentures due February 2014. The proceeds were used principally to reduce short-term debt.
- In June 1994, the Corporation, through the Mississippi Business Finance Corporation, issued \$40 million of

7.55% industrial development revenue bonds due June 2004. The proceeds are being used to finance improvements at the Corporation's nonwovens products facility in Corinth, Miss.

- Revolving credit facilities of \$600 million are in place for general corporate purposes and to back up commercial paper borrowings. Of these facilities, which are currently unused, \$300 million expires in September 1995, and \$300 million expires in December 1999.
- The Corporation's long-term debt securities have a Double-A rating, and its commercial paper is rated in the top category.
- 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 in the foreseeable future.

TRENDS IN THE LAST THREE YEARS

Net Sales

(\$ Billions)	1994	1993	1992
-----			
Principal products:			
Disposable diapers .....	\$ 1.7	\$ 1.5	\$ 1.6
Household and other tissue-based products .....	1.8	1.9	1.9
Feminine care products .....	.7	.7	.7
All other .....	3.2	2.9	2.9
	-----	-----	-----
Consolidated .....	\$ 7.4	\$ 7.0	\$ 7.1
	=====	=====	=====

- Consolidated net sales grew \$.6 billion since 1991. The increase was due to improved sales volumes, partially offset by lower selling prices.

Analysis of Operating Profit as a Percentage of Net Sales

	1994	1993	1992
-----			
Net sales .....	100.0%	100.0%	100.0%
Less:			
Cost of products sold .....	66.9	65.7	63.9
Marketing expense .....	14.7	15.3	17.7
Research expense .....	2.3	2.3	2.2
General expense .....	5.0	5.3	5.0
Restructuring charge .....	-	-	3.5
	-----	-----	-----
Operating profit .....	11.1%	11.4%	7.7%
	=====	=====	=====

Operating profit margin declined during 1994 as a result of lower selling prices, higher labor and fiber costs and lower sales volumes for training pants in North America which more than offset the effect of higher sales volumes for most other products, improved manufacturing efficiencies and lower marketing expenses. Excluding the 1992 restructuring charge discussed below, the improvement in operating profit margin in 1993 was primarily attributable to higher sales volumes and lower raw material and marketing costs offset, in part, by lower selling prices. Other factors affecting operating profit margins for the last three years were:

- higher product improvement and start-up costs, particularly in 1994 and 1993,
- higher than historical marketing expenses in 1992,
- lower net price realizations for newsprint in all three years, despite recent pricing improvement,
- poor results for consumer and industrial bathroom tissue businesses in North America, primarily in 1993 and 1992, and in Europe in all three years, and

- litigation settlement expenses in 1993 and recovery of legal fees in 1992.

#### Changes in Net Sales and Earnings versus the Preceding Year

	1994	1993
Net sales .....	+5.6%	- 1.7%
Gross profit .....	+2.0	- 6.5
Operating profit .....	+3.2	+ 46.1
Income before cumulative effects of accounting changes .....	+4.7	+ 48.1
Net income .....	+4.7	+278.4
Per share basis:		
Income before cumulative effects of accounting changes .....	+4.7	+ 47.9
Net income .....	+4.7	+278.6

The comparison of 1994 to 1993 has previously been discussed. Highlights of 1993 compared to 1992 are as follows.

- Net sales declined in 1993 as a result of lower selling prices and currency translation which more than offset higher sales volumes.
- Gross profit declined in 1993 primarily as a result of lower selling prices.
- Excluding the effect of the 1992 restructuring charge, operating profit was virtually unchanged but improved slightly as a percentage of sales. The gross profit decline was more than offset by lower marketing expenses.
- Excluding the 1992 restructuring charge, income before cumulative effects of accounting changes declined 1.2 percent in 1993. On a per share basis, it declined 1.7 percent. The decline in net income and net income per share was primarily attributable to the effect of the 1993 increase in the U.S. statutory income tax rate, as discussed below.
- Net income was adversely affected by the enactment of the 1993 Tax Act, which increased the U.S. federal income tax rate to 35 percent from 34 percent. This tax change reduced 1993 net income by \$15.5 million or \$.10 per share. Five cents related to 1993 and five cents related to deferred taxes for prior years. The effective income tax rate declined to 39.9 percent in 1993 from 40.3 percent in 1992. Significant factors affecting the comparison were lower operating losses in certain non-U.S. operations for which no income tax benefits were recognized in 1993, a lower 1993 effective state income tax rate and lower effective tax rates associated with certain other non-U.S. operations in 1993, partially offset by the U.S. tax increase. In addition, the 1992 effective income tax rate was unusually high because a portion of the 1992 restructuring charge related to certain non-U.S. operations for which no tax benefits were recognized.
- The Corporation's share of net income of equity companies increased in 1993, primarily because of higher sales volumes and selling prices at Kimberly-Clark de Mexico, S.A. de C.V.

#### 1992 RESTRUCTURING

In 1992, the Corporation announced a restructuring plan to strengthen its competitive position in consumer and service products operations in Europe and certain operations in North America. The plan included eliminating approximately 800 positions, principally in Europe; restructuring manufacturing facilities at Rouen, France, and Larkfield, England; discontinuing diaper production at mills in Fullerton, Calif., and Memphis, Tenn.; writing off the No. 2 newsprint machine at the Coosa Pines, Ala., mill; and integrating certain U.S. and Canadian consumer and service products operations. The \$250.0 million pretax cost of the restructuring was charged to 1992 operating profit. The restructuring reduced 1992 net income by \$172.0 million, or \$1.07 per share. The Corporation is realizing lower ongoing operating costs and improved operating cash flow from the restructured operations. Additional information concerning events and decisions which gave rise to the restructuring plan is presented in Note 10 to the Financial Statements.

## 1992 ACCOUNTING CHANGES

New required accounting rules were adopted in 1992 for postretirement health care and life insurance benefits and for income taxes which resulted in a one-time "catch-up" charge of \$210.0 million, or \$1.31 per share, against 1992 net income. These changes had no effect on cash flow.

## ENVIRONMENTAL MATTERS

The Corporation is subject to federal, state and local environmental protection laws and regulations with respect to its business operations and is operating in compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. Compliance with these laws and regulations is not expected to materially affect the Corporation's business or competitive position. Management does not believe that the Corporation has been identified as a potentially responsible party at any Environmental Protection Agency-designated cleanup site which could have a material adverse impact on the Corporation's business or results of operations. Additional information concerning environmental matters is disclosed in the Corporation's annual report to the Securities and Exchange Commission on Form 10-K for the year ended December 31, 1994 under the "Business" and "Legal Proceedings" sections.

## FOREIGN CURRENCY RISKS, HEDGING ACTIVITIES AND INFLATION RISKS

The Corporation's foreign currency risks and its hedging activities are discussed in Note 5 to the Financial Statements. As previously discussed, the Mexican peso was devalued in December 1994 and resulted in a foreign currency loss to the Corporation. Excluding the foreign currency loss, the Corporation's Mexican affiliate accounted for approximately 15 percent of Kimberly-Clark's 1994 consolidated net income. Historically, the Corporation's Mexican affiliate has been able to increase both selling prices and sales volumes to recover, over time, the effects of changes in currency exchange rates, as well as cost increases. However, management is unable at this time to assess the effect of this foreign currency risk on 1995 consolidated net income because of the uncertainty surrounding the current Mexican economy, the value of the peso, and the effectiveness of the affiliate's 1995 actions to increase selling prices and sales volumes.

The Corporation's inflation risks are managed on an entity-by-entity basis through selective price increases, productivity increases and cost containment measures. The net assets of subsidiaries and affiliates operating in hyperinflationary countries are not significant. The devaluation of the Mexican peso and uncertainties in the Mexican economy may increase that country's inflation rate.

## OUTLOOK - 1995

During the year, Kimberly-Clark expects to benefit from price increases on tissue, newsprint and other paper products. On the other hand, in at least the first quarter of the year, the Corporation will face the uncertain impact of the weaker Mexican peso and the need to match a competitor's price reductions on diapers in the U.S.

Regarding the peso, Kimberly-Clark de Mexico has experienced devaluations in the past. Based on these experiences, Kimberly-Clark management expects that the company will continue its trend of strong sales and earnings growth over the long term.

In 1995, with start-up costs at Kimberly-Clark's Barton-upon-Humber diaper plant behind it, with sales volumes improving and with tissue prices increasing, the Corporation's position in Europe should be stronger, and its losses are expected to be less than in 1994.

For 1995, the Corporation's present estimate of capital spending is in the range of \$500 million to \$600 million.

In terms of capital structure, the Corporation's long-term objective is to maintain total debt to capital in a range of 28 to 32 percent. While the year-end ratio of 38.9 percent was higher than expected, primarily as a result of the Mexican peso devaluation, the ratio is expected to be closer to the Corporation's target by the end of 1995.

To maximize stockholder value, the Corporation has modified its previously announced plan for divesting its North American pulp and newsprint operations. Because of rapid escalation of pulp and newsprint prices and deterioration in the Canadian equity

market in late 1994, Kimberly-Clark has concluded that, for now, the benefits of retaining ownership of these operations outweigh the longer-term strategic benefits of selling them. The Corporation's long-term strategy continues to be the divestiture of these units; however, the revised plan should benefit Kimberly-Clark's earnings during what is expected to be a peak period for pulp and newsprint businesses.

#### ADDITIONAL INFORMATION

##### Dividends and Dividend Reinvestment Plan

Quarterly dividends have been paid continually since 1935. Dividends are paid on or about the second day of January, April, July and October. The Automatic Dividend Reinvestment service of The First National Bank of Boston is available to Kimberly-Clark stockholders of record. The service makes it possible for Kimberly-Clark stockholders of record to have their dividends automatically reinvested in common stock and to make additional cash investments up to \$3,000 per quarter.

##### Stock Exchanges

Kimberly-Clark common stock is listed on the New York, Chicago and Pacific stock exchanges. The ticker symbol is KMB.

##### Trademarks

The brand names mentioned in this report -- Kleenex(R), Huggies(R), Pull-Ups(R), Kotex(R), New Freedom(R), Depend(R), Poise(R), Hi-Dri(R), Kinguard(R), GoodNites(R), Discreet(R), Kotex Understands(R), Kimwipes(R), Kimbies (R), Classic(R), Classic Crest(R), Classic Columns(R), Camelia(R), Tampona(R), Comfort and Beauty(R), Skyway (SM) and Midwest Express(R) -- are trademarks or service marks of Kimberly-Clark Corporation or its subsidiaries.

#### CONSOLIDATED SUBSIDIARIES AND EQUITY COMPANIES

The following list includes certain companies which were 20 to 100 percent owned directly or indirectly by Kimberly-Clark Corporation, a Delaware corporation, Dallas, Texas, as of December 31, 1994. Kimberly-Clark's percentage ownership of each company is 100 percent unless otherwise indicated.

This list includes all significant subsidiaries and equity companies. The place of incorporation is the same as the location of the company except as shown parenthetically.

#### CONSOLIDATED SUBSIDIARIES

Astral Aviation, Inc. (Delaware) Milwaukee, Wisconsin  
Avent, Inc. (Delaware) Tucson, Arizona  
Chengdu Comfort & Beauty Sanitary Articles Co., Ltd., China (90%)  
Handan Comfort & Beauty (Group) Co., Ltd., China (90%)  
Jet Professionals, Inc. (Delaware) Fairfield, Connecticut  
K-C Advertising, Inc. (Delaware) Neenah, Wisconsin  
K-C Aviation Inc. (Delaware) Dallas, Texas  
Kimberly-Clark Benelux Operations B.V., Veenendaal, Netherlands  
Kimberly-Clark Canada European Finance B.V., Netherlands  
Kimberly-Clark Canada Global Finance Ltd., Barbados  
Kimberly-Clark Canada Inc., Mississauga, Ontario, Canada  
Kimberly-Clark de Centro America, S.A., Sitio del Nino, El Salvador (75%)  
Kimberly-Clark Costa Rica, S.A., Cartago, Costa Rica (75%)  
Kimberly-Clark Far East Pte. Limited, Singapore (60%)  
Kimberly-Clark Forest Products Inc., Terrace Bay, Ontario, Canada  
Kimberly-Clark France S.A.R.L., Paris, France  
Kimberly-Clark GmbH, Koblenz, Germany  
Kimberly-Clark Inc., Mississauga, Ontario, Canada  
Kimberly-Clark Industries S.A., Paris, France  
Kimberly-Clark Integrated Services Corporation (Delaware) Roswell,

Georgia

Kimberly-Clark International, S.A., Panama City, Panama

Kimberly-Clark International Services Corporation (Delaware)  
Neenah, Wisconsin

Kimberly-Clark Limited, Larkfield, Kent, England

Kimberly-Clark PHC International, Inc. (Delaware) Roswell, Georgia

Kimberly-Clark Philippines Inc., Makati, Philippines (87%)

Kimberly-Clark Puerto Rico, Inc. (Delaware) San Juan, Puerto Rico

Kimberly-Clark Sales Corporation (Virgin Islands) Veenendaal,  
Netherlands

Kimberly-Clark Sopalin, St. Cloud, France

Kimberly-Clark Technical Products, Inc. (Delaware) Roswell,  
Georgia

Kimberly-Clark Thailand Limited, Bangkok, Thailand

Kunming Comfort & Beauty Hygienic Products Co., Ltd., China (90%)

LTR Industries S.A., Paris, France (72%)

Midwest Express Airlines, Inc. (Delaware) Milwaukee, Wisconsin

Nanjing Comfort & Beauty Sanitary Products Co., Ltd., China (90%)

Papeteries de Malaucene S.A., Malaucene, France

Papeteries de Mauduit S.A., Quimperle, France

Ridgeway Insurance Company Limited, Hamilton, Bermuda

SYZYG, Inc. (Delaware) Waco, Texas

Venekim, C.A., Caracas, Venezuela (60%)

YuHan-Kimberly, Limited, Seoul, Korea (60%)

#### EQUITY COMPANIES

Carlton Paper Corporation Limited, Johannesburg, South Africa  
(38.7%)

Colombiana Kimberly S.A., Medellin, Colombia (50%)

Colombiana Universal de Papeles S.A., Pereira, Colombia (50%)

Kimberly-Clark Argentina S.A., Cordoba, Argentina (33.3%)

Kimberly-Clark Australia Pty. Limited, Milsons Point, New South  
Wales, Australia (50%)

Kimberly-Clark Lever, Ltd., India (50%)

Kimberly-Clark Malaysia Sendirian Berhad, Petaling Jaya, Malaysia  
(30.6%)

Kimberly-Clark de Mexico, S.A. de C.V., Mexico City, Mexico (43%)

Olayan Kimberly-Clark Arabia Company, Al-Khobar, Kingdom of Saudi  
Arabia (49%)

Olayan Kimberly-Clark (Bahrain) WLL, Manama, Bahrain (49%)

P.T. Kimsari Paper Indonesia, Medan, Indonesia (50%)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Kimberly-Clark Corporation's Registration Statements on Form S-8 (Nos. 2-71743, 33-5299, 33-30425, 33-49050 and 33-58402) and on Form S-3 (Nos. 33-52343 and 33-54177) of our reports dated January 27, 1995, which reports include an explanatory paragraph concerning the Corporation's changes during 1992 in its methods of accounting for income taxes and postretirement benefits other than pensions to conform with Statements of Financial Accounting Standards No. 109 and No. 106, respectively; appearing in and incorporated by reference in this Annual Report on Form 10-K for the year ended December 31, 1994. We also consent to the references to us under the heading "Experts" in the Prospectuses, which are part of such Registration Statements.

/s/ DELOITTE & TOUCHE LLP  
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DELOITTE & TOUCHE LLP

Dallas, Texas  
March 24, 1995

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ John F. Bergstrom  
-----  
John F. Bergstrom

STATE OF TEXAS    )  
                          ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that John F. Bergstrom is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
-----  
Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Pastora San Juan Cafferty  
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Pastora San Juan Cafferty

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Pastora San Juan Cafferty is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
-----  
Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Paul J. Collins  
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Paul J. Collins

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Paul J. Collins is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
-----  
Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Claudio X. Gonzalez

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Claudio X. Gonzalez

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Claudio X. Gonzalez is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella

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Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ James G. Grosklaus  
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James G. Grosklaus

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that James G. Grosklaus is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
-----  
Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Louis E. Levy

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Louis E. Levy

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Louis E. Levy is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella

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Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Frank A. McPherson  
-----  
Frank A. McPherson

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Frank A. McPherson is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
-----  
Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Wayne R. Sanders  
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Wayne R. Sanders

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Wayne R. Sanders is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
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Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Wolfgang R. Schmitt  
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Wolfgang R. Schmitt

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Wolfgang R. Schmitt is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
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Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ Randall L. Tobias  
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Randall L. Tobias

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Randall L. Tobias is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella  
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Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint John W. Donehower, Randy J. Vest and O. George Everbach, and each of them, with full power to act alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or his substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of February, 1995.

/s/ H. Blair White

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H. Blair White

STATE OF TEXAS    )  
                  ) ss  
COUNTY OF DALLAS )

I, Clairene Jorella, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that H. Blair White is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 16th day of February, 1995.

/s/ Clairene Jorella

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Clairene Jorella  
Notary Public

My commission expires: July 30, 1997

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